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Eli Broad's foundation withholds pledge payments

Citing unspent exhibition funds, the Broad Foundation delays contributions from its \$30-million pledge to the Museum of Contemporary Art. MOCA declines to comment.

By Mike Boehm, Los Angeles Times

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Los Angeles billionaire Eli Broad's foundation has held back promised contributions to the Museum of Contemporary Art, which former MOCA Chief Executive Charles Young says is not allowed under Broad's 2008 pledge agreement with the museum.

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Half of the Broad Foundation's \$30-million pledge to MOCA is for exhibitions and is to be paid in \$750,000 quarterly installments through 2013. Bloomberg News reported this week that payments had not been made.

On Friday, a MOCA spokeswoman declined to comment when asked whether the April 1 and July 1 exhibition payments — totaling \$1.5 million — were made, or whether the museum had asked for the funds and been refused.

In a written statement, Broad spokeswoman Karen Denne said that pledged payments have been held back because "MOCA currently has \$2.1 million in grant funds from the Broad Foundation that it has not yet spent on exhibitions. Once our unspent exhibition funds have been used, we will make additional payments."

"No one has been more supportive of MOCA than Eli Broad," Denne said. "The intent of the grant was to enable MOCA to continue its stellar exhibition program while getting its house in order financially. Mr. Broad wants to ensure that those funds are used expressly for that purpose."

She also cited a clause in the agreement that says the museum is obligated to "mount three or more exhibitions during each of MOCA's fiscal years of a quality consistent with or greater than MOCA's exhibitions since its inception." Denne did not clarify whether by citing the clause, she was saying that the payments have been withheld because Broad thinks MOCA's shows have failed to meet that standard.

Broad's pledge bailed out MOCA when its finances were depleted at the end of 2008. A copy of the agreement obtained by The Times shows that MOCA does not have to spend the Broad Foundation's exhibition funds immediately; it can stockpile them at its own discretion: "Uses may occur in any fiscal year

in which...Exhibition Pledge amounts are received by MOCA and can be rolled into subsequent years."

Elsewhere, the agreement says that even if the Broad Foundation thinks MOCA has violated any of its provisions, "no breach by MOCA... shall excuse the Broad Foundation from fully complying with all of its obligations under this agreement."

Young, the former UCLA chancellor who served as MOCA's interim chief executive in 2009-10, said that the Broad Foundation had tried several times during his tenure to delay its exhibition pledge payments. Young said that he and Richard Weill, MOCA's chief financial officer at the time, insisted that it had no right to withhold them and they eventually received the money.

"If you read the agreement, they do not have the right to withhold payments for any reasons," said Young, who had been recruited by Broad for the museum job. "If there's a disagreement, they go to [a resolution process], but the payments must be made."

Young said that "we had an exchange on that issue two or three times" with Broad or Joanne Heyler, director and chief curator of the Broad Art Foundation. "When we didn't get the money, we said, 'The agreement says you have to pay,' and they did. They were late at times, but always within a reasonable time they acceded to our request or demand to pay."

MOCA has been dogged by controversy since late June, when its respected longtime chief curator, Paul Schimmel, was forced to resign.

Four of Broad's fellow trustees with lifetime appointments and four noted Los Angeles artists who recently resigned from MOCA's board have complained that exhibitions under museum director Jeffrey Deitch have not lived up to the standards of the past.

Deitch has insisted that his shows, which often highlight intersections of art and pop culture, are rigorous but draw criticism because they represent a necessary new wave in art exhibitions.

In an op-ed piece for The Times last month, responding to the tumult, Broad had sounded a supportive note for Deitch and the MOCA board, saying, "I am confident ... MOCA will ... [continue] to offer world-class exhibitions." He wrote that the budget for the fiscal year that began July 1 is \$14.3 million, in keeping with MOCA's "prudent financial and exhibition plan."

In recent interviews, life trustees Lenore S. Greenberg, Audrey Irmas and Frederick Nicholas have said they are concerned Broad now has too much power. Life trustees are board members who are honored for significant service to the museum, but they don't have a vote.

Irmas said the board is afraid to challenge Broad because of the \$30 million he pledged to MOCA in 2008 to stave off its financial collapse. "We're paying the price for the \$30 million," said Irmas. "I think the whole board is traumatized by Eli Broad."

Young said that during his tenure, Broad or Heyler would sometimes say that scheduled exhibition pledge payments had been held back because of discrepancies they saw in financial statements provided by MOCA and detailing what exhibition expenses were being covered by Broad's money.

"Looking at the financials, they would say, 'They all don't add up, you're counting some things here as expenses which aren't really expenses'" allowable under the agreement, Young recalled. "We'd say, 'We are not, and at any rate, that doesn't matter. Even if they didn't fall within the terms of the agreement, you're obligated to pay.'"

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