

NEWS

John Wessman, charged with bribing a mayor, had a love-hate relationship with Palm Springs

Barrett Newkirk The Desert Sun

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In 2003, John Wessman convinced a group of homeowners and boutique hotel operators to let him build more than 30 tightly packed condominiums in the middle of their historic Palm Springs neighborhood. The Spanish-style buildings would out-scale nearly everything else in the area named for the nearby tennis club, but people were satisfied as long as Wessman kept one building on the north side of his lot to a single story.

Wessman, a prolific developer whose projects often brought controversy, appeared at a community meeting with illustrations showing the shorter building, said Marina Rossi, whose parents owned a small hotel immediately next to the site. Neighbors left feeling like they'd reached a resolution and that the smaller building would not obstruct their views or cast shadows over their swimming pools.

But after construction began on the St. Baristo condos, the neighborhood was again up in arms. What had been described as two-story condo buildings in the rest of the development looked like they had three stories. Then Rossi and others learned the city had approved plans to make the one single-story building as tall as all of the others.

HACIENDA: John Wessman was a silent partner at Hacienda Cantina. City Hall didn't know

"Clearly, he told the neighbors he was going to decrease the height, and then went to the council and got approval for a completely different plan," Rossi said.

Construction on most of the condos was completed in 2005. But the final phase that includes the disputed building hasn't begun. Rossi is part of a neighborhood group who filed a lawsuit against the city last year seeking to force Wessman to stick to the single-story design.

With Wessman now facing criminal charges and possible prison time for paying what prosecutors say were \$375,000 in bribes to former Palm Springs Mayor Steve Pougnet, Rossi is convinced Wessman was making deals, if not paying out-right bribes, to help him get what he wanted at St. Baristo.

"We have proof that he was doing it now. I guarantee you he was doing it then," she said.

Wessman and Palm Springs shared a complicated relationship well before questions of possible criminal activity entered the picture. Other business people, many of whom benefited as Wessman prospered, saw his ego and no-nonsense style as keys to success. Residents who opposed his ideas said it made him a jerk. City officials were usually caught in the middle.

On the afternoon of Feb. 16, five hours after the Riverside County District Attorney's Office announced 30 felony counts against Wessman, Pougnet and another developer, Richard Meaney, Wessman Development said its namesake and founder was retiring and would no longer be part of the company's day-to-day operations. The announcement made for an abrupt end to a 50-year career that involved dozens of building projects in Palm Springs, nearby cities and places beyond California. Michael Braun, Wessman's son-in-law, is running the company and has

promised to continue ongoing building projects, including the massive and incomplete redevelopment of downtown Palm Springs that has been a major source of anger toward Wessman.

MORE: Rich Meaney ran Hacienda on a forged signature and stiffed his chef, court documents say

In the release announcing Wessman's retirement, Braun said Wessman denied the criminal allegations and will vigorously defend himself.

Palm Desert attorney Rod Soda said Wednesday that his firm, along with the Los Angeles law firm Larson O'Brien, were representing Wessman. Soda said in an email "there are glaring errors and inconsistencies in the prosecution's case. As indicated by Mr. Wessman's spokesperson last week, we fully intend to mount an aggressive defense and we will establish Mr. Wessman's innocence."

Rudy Herrera, whose company Family Development has worked with Wessman on residential projects, said the bribery charges sadden him, if they're true.

Herrera said the business of real-estate development is all about relationships, and it's important for developers to have good relationships with local officials. Like many people contacted for this article, Herrera credited Pougnet and Wessman for working hard to get Palm Springs' economic engine running.

MORE: John Wessman owns a lot of the desert -- strip malls, vacant land, plazas, developments

"All of the things they did could have been accomplished without the money," he said. "John has the ability to get things done. If this is the case, then it just taints everything."

A history of feuds

The pending lawsuit over the St. Baristo claims Wessman expanded the project after presenting it to the neighborhood, going from 12 buildings to 13 and from 36 condos to 38. Braun declined to comment on the suit, but Rossi said she believes Wessman got greedy and tried to cram more living space into the St. Baristo in order to boost profits.

"He's also just arrogant," she said.

Admirers of Wessman don't dispute that. His colleagues in the construction and real-estate trades called the wealthy 78-year-old businessman smart, aggressive and brash, but also flexible when needed. He was known to be forgiving if a tenant fell behind on rent and got credit for trying to work with people critical of his plans.

"He's well focused on what he tries to accomplish," said Bruce Maize, general manager at Discovery Builders California in La Quinta. "Sometimes he ruffles feathers along the way, but clearly his track record of what he's developed in the valley is enviable."

With so many building projects over the course of decades, some were bound to stir controversy. But whether the fight came from neighbors, business owners, environmentalists or preservationists, major Wessman projects never seemed to get built without first overcoming opposition.

Since 2005, two Wessman residential developments known as Crescendo and Boulders on undisturbed rocky landscape in Palm Springs have been stymied by the economic downturn and lawsuits raising environmental issues. Last year, Wessman Development sought to revive the projects and asked the city to extend its earlier approval. Officials said no, and in January the company filed its own lawsuit against the city.

In 2009, Wessman backed away from plans for a four-story mixed-use project in downtown Palm Springs after the city sided with preservationists and granted historic protection to the former Santa Fe Savings & Loan bank. The designation effectively blocked any major changes to the building and adjacent lot. The Palm Springs Art Museum purchased the building from Wessman in 2011 for \$2.1 million and converted it into its Architecture and Design Center.

Preservationists again stepped forward to demand the downtown Town & County Center be saved after Wessman proposed demolition as part of the larger downtown plan. In April 2016, the city granted protected historic status to the aging commercial complex and so far Wessman Development has not announced new plans.

READ MORE: Wessman, preservationists squabble over mid-century downtown complex

One Wessman deal with the city transpired without wide scrutiny and then later became part of the City Hall corruption case. After developer Dennis Cunningham lost an undeveloped property through foreclosure, Wessman stepped in and purchased it. The City Council then agreed to recall bonds Cunningham secured for improvements at the site, potentially gifting Wessman millions of dollars for his new property. Instead, a lawsuit ended with a \$1.4 million settlement paid by Cunningham and another developer. The project, known as Pedregal, remains a long-planned but never-started housing development.

The Pedregal deal involves all three people charged in the Palm Springs corruption probe. Meaney was working for Wessman at the time, communications with city staff show. And Pougnet voted to approve the bonds deal after aggressively supporting it during a council meeting.

The District's Attorney's Office said bribe payments to Pougnet began in September 2012, two months after the mayor helped pass the Pedregal deal, and continued through September 2014.

In 2015, after Pougnet's ties to Meaney became well known, Cunningham talked to the FBI about the Pedregal vote. At the time, he told The Desert Sun that Pougnet had "ramrodded" the decision. In December, he filed a lawsuit against the city, Wessman and Meaney seeking to reverse the earlier settlement.

The council's decision on the Pedregal bonds wasn't an unheard of move but it was unusual. Craig Ewing, the city's planning director at the time, said recently that he could recall it happening only a few times during his 28-year career.

Ewing said Wessman is like a lot of developers in that they view the public review process for construction projects as slow, uncertain and therefore expensive. That's why developers will look for the quickest path to get a project approved, and they will try to influence that process however they can, Ewing said, so it's up to public officials to be on guard.

"The developer will call them at night, take them out to dinner, all kinds of things," he said. "The day the developer offers a bribe is the day the elected (official) needs to step up and do the right thing."

Get rich or die trying

If Wessman riles people's emotions, it's because of his tendency to not mince words, local real-estate broker Bob Hughes said.

"He's a straight shooter. He's out of the wild west," Hughes said. "If you ask him a question, he doesn't sugarcoat it. He doesn't have time to sugarcoat it."

Part of Wessman's charm to Hughes was his unassuming style. Hughes recently spotted Wessman eating lunch alone at Tyler's Burgers downtown. He was on his phone and wearing jeans and a t-shirt, looking nothing like a rich businessman.

"You expect a guy with a suit and tie and rings and stuff," Hughes said. "That's not John Wessman. He's understated to the nth degree."

The scope of Wessman's wealth is impossible to pin down. He's talked of flying his private plane between homes in Palm Springs; San Carlos, Mexico; and Durango, Colorado. Outside of the Coachella Valley, Wessman Development has projects in the works in Durango and Memphis, Tennessee. In addition to real estate, Wessman is a co-owner of Il Corso Italian restaurant in Palm Desert.

Il Corso, which opened three years ago, combined Wessman's love of business and good food. His third passion, cycling, was evident in his regular morning rides. He's been known to show up at project sites and government meetings still wearing his cycling gear.

Hughes thought it was noteworthy that in a community renowned for its golf courses, he had never known Wessman to pick up a club.

"He's an all-work-and-no-fun type of guy," Hughes said.

PALM SPRINGS CORRUPTION: Follow the money and the votes

Boys on farms like the one where Wessman was raised in Hemet don't typically grow up to own multiple expensive homes, upscale Italian restaurants and block after block of property in multiple cities. But from the start of his career, Wessman seemed to have that goal in mind.

Bob Fey, a longtime Palm Springs real estate agent, first met Wessman when he was working framing homes 50 years ago. He remembered Wessman saying back then that he'd be a rich man or die trying to become one.

"John doesn't do anything half way," Fey said.

Fey and Wessman were friendly with each other but not particularly close. Wessman liked his privacy, but Fey said when Wessman had a house in the Mesa neighborhood he would gladly leave his gate open so friends could cut through the property if they wanted to shorten their hike on a nearby trail.

Over six decades, Fey said, he's seen plenty of favor-trading between developers and government officials. "I think this stuff, especially in small towns, happens all the time," he said.

Other recent cases in California indicate Palm Springs is hardly unique. In Cudahy, the former mayor pleaded guilty to taking bribes for a medical marijuana dispensary. In South El Monte, the bribes came from an unspecified city contractor. In Huntington Park, the FBI said a towing company bribed the mayor.

In Palm Springs, prosecutors said Wessman used shell companies run by intermediaries to pay Pougnet what amounted to a series of bribes over a two-year period while Wessman was seeking city approval for his building projects. For example, investigators said Pougnet accepted \$24,690 in September 2012 shortly after he and the City Council approved changes to a financial agreement involving the downtown project. Investigators said the payments continued through September 2014 when Pougnet got \$75,000 shortly after he voted on revisions to Wessman's downtown plans.

Fey was surprised by how much money Wessman is said to have paid Pougnet, but he pointed out that the alleged bribes coincided with the largest, most expensive project in the city's history. The downtown redevelopment plan, in

which Wessman and the city are partners, is expected to cost more than \$300 million.

Wessman never went to college and had little formal work experience when he came to Palm Springs in his 20s. He offered to take a job with Press Construction without pay for a week to convince the owner he could do the work. After seeing what he could do, the company agreed to pay him \$3.50 an hour, Wessman later recalled. Within a few years he had bought Press Construction before eventually forming his own company with his own name.

In a 2011 interview at his home in the Las Palmas Heights neighborhood of Palm Springs, Wessman talked about his ability to visualize the inner-workings of a building, to close his eyes and see the plumbing and the electrical wires.

“I’ve lived it all my life,” he said. “Remember, No. 1: I’m not a developer. I’m a builder who became a developer.”

Chance of a lifetime

In the same interview, Wessman talked about what was at stake with his downtown plan. His biggest project ever was still only a vision, much of it riding on whether Palm Springs voters would approve a sale tax increase that November to raise money for a new downtown, among other things.

“There aren’t very many times in your lifetime where you’ll have the opportunity to do something really special and really make a difference — and I mean truly make a difference in the environment around you,” Wessman said. “This is one of those times.”

Wessman closed on his purchase of Desert Fashion Plaza, the mostly empty downtown mall, on Sept. 11, 2001. (He was in a meeting finalizing the deal when his daughter in New York City tried to reach him just after the terrorist attack.) Most of the next decade was a series of new plans and false starts. At one point Wessman proposed buildings as tall as eight stories with 500 condos and space for restaurants and shops. A year later the number of condos doubled, but the buildings were only six stories. The city asked him to take the buildings even lower.

READ MORE: Wessman projects outside of Palm Springs are uncertain after bribery charges

As Pougnet prepared to become mayor in 2007, he threatened that if Wessman didn’t submit a specific site plan soon the city would have to consider taking the mall through eminent domain. At the end of 2010, with still no signs the old mall was going away, Pougnet proposed raising taxes so the city could buy the mall from Wessman.

Then — literally overnight — the mayor and developer made peace. Pougnet has said he and Wessman hashed out their differences over wine the night before Pougnet’s State of the City speech in February 2011. It was at that luncheon where Pougnet surprised many residents by announcing that going forward the city and Wessman would be partners on the downtown project.

Six years later, the old mall is completely gone and new buildings are rising up in its place, although slower than people anticipated. Some of the delay may be the result of the shakeup on the City Council that followed attention on Pougnet’s work for Meaney — and Meaney’s ties to Wessman — in 2015. Amid the scrutiny, Pougnet said he would not seek re-election, and in November of that year two new city council members and a new mayor, Robert Moon, won seats. The new city leaders put fresh eyes on the downtown plans and were not afraid to push back against Wessman as they worked out the finer details.

Many people also blame a series of lawsuits filed by a group called Advocates for Better Community Development, or ABCD, for slowing down progress. The group has filed four lawsuits over the downtown plans since 2013, and Frank Tysen, ABCD’s most prominent member, said the criminal charges make an additional lawsuit a distinct possibility.

Tysen, who now calls Wessman "not an honorable man," used to be a fan of the developer. Tysen said that when he was a city planning commissioner in the late 80s and early 90s, he never voted against a Wessman project.

But Tysen said Wessman changed when he built the St. Baristo condos. It was the same impression Rossi had when she saw Wessman's plans for the site had gotten bigger. Instead of building beautiful, practical buildings, Tysen said Wessman was more interested in fitting more square footage into his properties.

Tysen owns the boutique Casa Cody hotel a block from where Wessman is building two high-rise hotels. He and ABCD's complaints about the downtown plan have questioned the size of the buildings and challenged the city's approval process, including waivers to rules for street widths and building setbacks.

Tysen called the suggestion that the lawsuits are the reason construction is behind schedule "nonsense." He said it's been years since ABCD filed anything regarding the Kimpton hotel being called The Rowan, which is scheduled to open in late summer. The hotel was originally set to open in the fall of 2016.

If Wessman and Pougnet are eventually found guilty, Tysen said the entire downtown project should be torn down.

"It was conceived in corruption," he said. "It would never have been allowed to go on under normal circumstances."

Wessman defender Jim Stuart, who specializes in matching national retailers with locations in the Coachella Valley, said Tysen is costing the city money by delaying businesses from opening downtown.

Stuart said the strip of stores downtown that includes the Mexican restaurant Maracas Cantina is just one of the locations that show Wessman's attention to style. Plus he noted it's popular with shoppers. "He builds showcases," Stuart said.

If Wessman comes across as a big ego with a short temper, Stuart suggested that would be the case with anyone driven to build great things. When Wessman is challenged, Stuart said, he fights back because the final results reflect more on him and his company than anyone else.

"He knows what he wants, and he knows how to get it done," Stuart said. "But people are always getting in his way."

Reporter Barrett Newkirk can be reached at (760)778-4767, barrett.newkirk@desertsun.com or on Twitter @barrettnewkirk.