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Dan Hutchins, left, celebrates with Edmund Metzold during the closing ceremony for California AIDS Ride 7, on June 10, 2000, in Los Angeles.

Holier than thou

A bitter battle between organizers and beneficiaries tears the California AIDS Ride apart.

By Cyril Manning

Feb. 1, 2002 | Every summer for the past eight years, more than 2,000 Lycra-clad strangers have swept into the dusty town of Bradley, Calif., on bicycles, pedaling by the hundreds onto a main street that boasts little more than a schoolhouse and some horse stables. They arrive on Day 3 of the California AIDS Ride, a swarm of sweaty, exhausted fundraisers journeying 580 miles from San Francisco to Los Angeles.

The citizens of Bradley welcome the horde each year as best they can. They set up a barbecue -- the school's main fundraiser for the year -- and chat eagerly with the exuberant riders. It is a ritual repeated all along the route, from the tiny outpost of Guadalupe to the wealthy beach community of Santa Barbara; in each place, the annual appearance of AIDS riders is a cause for local celebration.

This year, however, the arrival of the cyclists may bring more confusion than good vibes. A bitter feud between the event's organizers and its beneficiaries culminated recently in the creation of a competing AIDS ride, which is scheduled to take place two weeks before the original one. So intense is the animosity between the two groups that folks along the route might find themselves acting as referees rather than playing hosts to the cyclists.

It wasn't supposed to be this way, of course. For thousands of past participants, the California AIDS Ride (which they call CAR) has been a model of what a charitable event can be -- in this case, a days-long physical challenge that pulls together a committed band of hardworking individuals, all of them supportive, inclusive and united by a common cause. The event had an aura of purity, cherished by veterans of the experience, many of whom felt that it was this quality of community and selflessness that made the ride rare -- and successful.

But, as is often the case with events that assume the status of cultural phenomena, the California AIDS Ride was vulnerable from the start to charges of "selling out," a ruinous fate that many participants believed would doom the whole enterprise. Indeed, the battle that now rages between opposing AIDS ride producers, charities and participants was sparked by allegations that the creator of the original ride had become greedy. It is ironic, then, that the result of the year-long clash may take its greatest toll on the charities that count on the event -- or events -- for funding.

Dan Pallotta, an independent fundraising consultant at the time, came up with the idea for an AIDS ride in 1993, after many of his friends had died of AIDS. He conceived of it as an opportunity for people "to express their grief, their passion and their determination," while earning money for AIDS charities in the state. Pallotta started a company to produce the ride -- Pallotta TeamWorks -- and recruited Tanqueray as a major sponsor for the inaugural event in 1994.

Up until last year, even as his company produced a full slate of other events with equally complex logistics, Pallotta managed to make the ride an annual ritual that its participants described as "life-changing." Many past riders have a hard time being more specific about the ride's almost mystical quality, but nearly all of them refer to a unique "spirit" that has permeated the lives of CAR riders and volunteers. Steve Dannemiller, a three-time AIDS rider who has spent much of his time leading training rides for new participants, says of his first ride: "It was the most incredible, empowering experience of my life. It renewed my faith in humanity, and in the humanity of Los Angeles."

These effusive declarations are typical among veterans of the AIDS Ride; but so, too, are complaints about Pallotta TeamWorks. Almost from the beginning, riders have had a love-hate relationship with the company. Pallotta delivers fun, smooth-running events that some even describe as "visionary," but the fact that he does it as a business bothers riders who worry about corporate taint. They bristle at what they see as a high-gloss, high-cost approach to fundraising; and they balk at the fact that part of every donation collected goes to Pallotta TeamWorks.

Up until last year, many riders begrudgingly endured Pallotta's promotion and budgeting; others accepted it as a fact of life. The CAR "spirit" seemed able to coexist with Pallotta's corporate influence. But shortly after the 2001 ride, the grumbling about commercial encroachment became an outcry.

In fact, the Los Angeles Gay and Lesbian Center (LAGLC) and the San Francisco AIDS Foundation (SFAF) -- joint beneficiaries of the California AIDS Ride from the beginning -- reported receiving "an overwhelming number of complaints about Pallotta's focus on self-promotion rather than AIDS and HIV issues." On Oct. 11, citing not just a barrage of complaints, but declining returns from the event and unacceptable expenses incurred by the company, the charities announced that they would break their ties to Pallotta and launch their own San Francisco-to-L.A. cycling event called AIDS/LifeCycle.

Pallotta responded by lining up a new beneficiary for CAR 9: AIDS Project Los Angeles. His company then filed suit against the charities it had once helped fund, seeking to stop AIDS/LifeCycle from hitting the road on the grounds that the event violates Pallotta's contract with the charities. A Superior Court judge in Los Angeles has since rejected Pallotta's argument, clearing the road for both rides to go forward. AIDS/LifeCycle is scheduled to take place from May 13-19. The California AIDS Ride will run just two weeks later, from June 2-8.

Organizers hope to register more than 2,000 participants for each ride, and each rider is required to collect nearly \$3,000 in charity donations. Each ride has a fundraising goal of about \$10 million, and both rides aim to net 60 percent for charity after expenses. Proceeds from AIDS/LifeCycle will fund SFAF and LAGLC; AIDS Project Los Angeles will distribute proceeds from the California AIDS Ride to charities across the state.

Given the similarities between the goals of the rides, and the much-discussed "spirit" of the riders, it seems extraordinary that the two events can't find a way to unite for a common cause. In an open letter signed by eight prominent leaders of the L.A. AIDS activist community, Pallotta suggests that such a lack of cooperation "is the wrong way to maximize the resources that we all want to see raised for HIV/AIDS work."

But SFAF and LAGLC insist that producing their own ride is the only acceptable solution. "We really have no choice about whether or not we stage this event," says SFAF spokesman Gustavo Suárez. "The California AIDS Ride has generated a quarter of our budget for years. We need AIDS/LifeCycle in order to provide essential services to our clients suffering from HIV and AIDS."

Pallotta predictably maintains that it is the new ride that threatens to undercut AIDS fundraising. "This is not an issue of the noble nonprofit against the for-profit company," says Norm Bowling, Pallotta senior vice president of business and public affairs. "They made the decision not to participate as beneficiaries, and that's fine. But to schedule their event two weeks ahead of CAR 9 is not only unfair, but also blatantly provocative. It contravenes a long-standing ethic in charity fundraising not to undercut another organization's event. If we decided to do a walkathon in San Francisco and staged it two weeks before the foundation's AIDS Walk, they would have a very different perspective on this."

Bowling stresses that "legal action was absolutely a last resort" in the struggle with SFAF and LAGLC. But his statements may not convince AIDS ride participants who are outraged that Pallotta filed suit against the charities. "It disgusted me to get an e-mail from Pallotta that said, 'We're so sorry, but we had to sue the AIDS Foundation,'" says veteran rider Corry Wagner, who plans to sit out both rides this year.

The legal battle between Pallotta and the charities focused on contractual issues, but the real struggle is for the hearts and pledge dollars of potential riders. Since October, SFAF and LAGLC have publicly accused Pallotta of financial mismanagement and shameless self-promotion, while Pallotta has continued to lobby the charities to return to the original AIDS Ride as co-beneficiaries with AIDS Project Los Angeles.

In their allegations of financial impropriety against Pallotta, SFAF and LAGLC pointed to an increase in the company's administrative costs, which went from an average of 60 cents per dollar returned to charity between 1995 and 2000, to 50 cents per dollar in 2001. The charities accused Pallotta of lavish, unbudgeted spending, while Pallotta maintains that returns were low due to an unexpectedly high number of registered riders who dropped out without collecting pledges.

SFAF and LAGLC also claim that they found a number of other questionable financial details once they started to investigate Pallotta's reduced returns. In court documents, the charities alleged that Pallotta charged SFAF for travel expenses, equipment rentals and tax fees for events unrelated to the California ride, as well as for corporate expenses including part of the cost of the company's CFO search and a \$900 dinner for eight employees.

Organizers at AIDS Project Los Angeles, though fully aware of the allegations, say they are not at all concerned about their relationship with Pallotta. "We have imposed significant financial reviews in our contract with the company," says Jeffrey Haber, co-chair of the organization's board of directors. "We are very comfortable that we can control the finances of CAR 9."

But financial issues are just one facet of the dispute between Pallotta and SFAF and LAGLC. The charities have indicated that they are disturbed by the extent of Pallotta's marketing efforts, which they say reached a troubling crescendo during the 2001 ride. The company was promoting 26 different events during CAR 8, says the charities, and the campaign pervaded the ride. Pallotta also had added a shiny new fleet of \$30,000 trailers, in which participants could register for 2002 events, learn where their donation money was going, buy Pallotta merchandise or order a commemorative video.

Disgruntled riders also complained to the charities that dinnertime speeches and events no longer focused on a community touched by AIDS, but instead reinforced Pallotta's ubiquitous messages of human kindness and personal transformation. Hundreds of riders complained -- both during and after the event -- that the company's self-promotion was eclipsing its focus on AIDS and HIV issues.

"I give Pallotta points for the way they market -- to a point," says Dannemiller, who now works for AIDS/LifeCycle. "But they took it three steps too far. It was all very slick, very canned. The kindness that embodied the earlier rides felt very forced." While Pallotta hawked T-shirts, erected signs and hung giant banners touting the "journey of kindness," riders like Dannemiller were beginning to cringe. "I remember feeling a bit embarrassed that I'd told new riders they would have this great experience," says Dannemiller.

Pallotta has defended his company's strategy, calling on ride participants to face the realities of the corporate world. In an e-mail to 2001 ride participants, he argued his case: "Why does Nike sell billions of dollars worth of sneakers, but AIDS charities raise only tens of millions each year? Because Nike markets. Why is it that we love huge electronic billboards for Apple Computer but we get offended if we see the same kind of marketing for a cause? Aren't our causes more important than sneakers and computers?"

Indeed, before they parted ways with Pallotta, SFAF and LAGLC actually praised the company for attracting media attention and raising awareness of AIDS. For the last eight years, the company has been credited with helping keep AIDS issues in the spotlight even as media attention to the crisis began to wane.

Nonetheless, Pallotta TeamWorks has admitted that it did much wrong on the last AIDS ride and has pledged to fix its mistakes. "The chemistry was not there," says Pallotta TeamWorks president Stephen Bennett. "We talked too much about Pallotta. We did not fully acknowledge riders' commitment to the cause, and there was not enough focus on HIV and AIDS. That was a mistake."

Since the 2001 ride, says Bennett, the company has dedicated itself to focusing again on the issues. Pallotta also says it has suggested a number of financial controls to protect the ride's beneficiaries. But for SFAF, LAGLC and many past participants, the company's response has been too little, too late. Says Dannemiller: "I honestly believe that if Pallotta had responded to riders when the outcry was so loud, some of these problems would have been avoided."

In order to get 2,000 registered riders, as well as support volunteers, each ride must now convince prospective participants, and veterans like Dannemiller, that *their* event will successfully recapture the spirit of the early rides. As the original font of this particular magic, the California AIDS Ride has history on its side.

Participants of the early rides talk about the powerful displays of the best in human nature during the pioneering events: Strong cyclists would climb the same hills again and again encourage weaker riders to the top. Others would pedal all day in fairy-tale or Wizard of Oz costumes. Everyone remembered to thank the volunteers -- the hundreds of people who served food, hauled bikes, drove trucks, picked up trash and cheered the riders on. And within the enormous campsite Pallotta called its "Mobile City," 3,000 volunteers would camp together, eat together and gather for nightly entertainment as well as serious reflections on those who were dead and dying of AIDS.

"The sense of community struck me the most," says former San Francisco rider Wagner. "It was obvious that people were there for a common cause. I was blown away by the way everyone bonded together and took time for each other, really being interested in each other in a way that doesn't happen in the outside world."

Samantha Zutler, who rode in the sixth California AIDS Ride and crewed in the seventh and eighth, agrees. "Even now," she says, "there's a really strong sense of AIDS Ride community. That's obvious from the volume of our outcry after CAR 8. People are committed to the cause, to the idea of the AIDS Ride."

It is probably impossible to reconcile the wish of veteran riders for the event to remain "special," with the need of AIDS charities to pull in as many donations as possible. But organizers of both 2002 rides have promised to recapture the spirit of the early AIDS rides, using as a means of promotion the nostalgia that fueled their feud.

Says Suárez, "We know exactly what people mean when they speak of the 'pioneer spirit' of those early rides. That's why on LifeCycle, you will not see things like elaborate stages, fireworks in the middle of the day, expensive marketing trailers or huge luxury buses." Also, Suárez promises, "Riders will not hear, 'This is about you, this will change your life,' because the event isn't about changing riders' lives -- it's about raising money for HIV and AIDS. The transformational power of those early rides was an organic result of the event. People gain tremendously by giving to the community."

Dannemiller, one of about 700 riders who have signed up for LifeCycle so far, obviously was swayed by the competing ride's sales pitch. He not only signed up for the ride, but he applied for a job. He was recently hired as LifeCycle's associate marketing director. "The early AIDS Rides made me feel like a hero -- and I knew I was. I'm looking for that feeling to return."

Meanwhile, Pallotta TeamWorks has promised to eschew the marketing tactics it employed in 2001, working closely with AIDS Project Los Angeles to create a program "focused on the issues," says Bowling. They will bring in their trailers, but, says Bowling, the company "will use them in a different way: To get out information about the beneficiaries of the ride and as an educational center on hot topics pertaining to the issues."

There are riders, however, who cannot be convinced that Pallotta is not in it for himself and that they, despite their status as volunteers, are furthering his personal cause with their participation. "It's possible that the AIDS Ride has simply run its course, because things like this don't last forever," says rider Zutler. "I think maybe Dan Pallotta sees that, and is really quite visionary in his big ambition to change the complexion of charity by running all these different events -- and that is amazing. But this group of people never signed on for Dan Pallotta's grand vision. They signed on to raise money for AIDS charities."

It is possible that neither event will inspire enough confidence among returning riders to succeed. In early October, when SFAF and LAGLC were still lined up as beneficiaries of the California AIDS ride, there were 1,000 registered riders for the event. Three months later, the two rides -- which require participants to devote months to planning, training and collecting donations -- have registered a combined total of just 1,100 participants.

Even riders who have been deeply loyal to the AIDS ride say they are fed up with the fighting. "For the first time in years, I'm contemplating not doing the ride," says Justin Atkin, who's been involved in the ride in a variety of ways since 1994.

"I don't want to end up feeling like I've defected to one side or the other," he adds. "Both sides have hurt the ride in ways that will take a long time to heal."

About the writer

Cyril Manning is a freelance writer living in Boston. He participated in CAR 8 as part of the volunteer crew, and cycled across America as part of a 1998 Pallotta fundraiser for the American Lung Association.

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