



RESPONSE TO THE "GROUP"

Many of you may have recently heard unpleasant statements regarding the Vecinos de la Cholla board, and its members, from a small, but noisy, group of malcontents. The board has been quiet while letting the legal process take its course, but feels the time has come to address the "mis-information" being spread as gospel truth.

The accusation that "the Dugans" were collaborating with the treasurer who stole funds from the HOA, and have gained from the stolen funds, is verifiably false. Mike Dugan, and members of his family, have served the Vecinos de la Cholla tirelessly for years in volunteer positions as well as in support roles. This service has at times cost significant amounts of money, and in most cases the Dugan's paid and did not ask for reimbursement. Further, the accusation that some sort of investment company was used to funnel money from the Vecinos de la Cholla to private account(s) is untrue. In fact, there was a company created in the late 1990's for the purpose of purchasing distressed homes for remodel and resale. The partnership did not work out, and was dissolved, but the corporation continues in active status until automatically closed by Arizona state after the statutory period has expired without renewal.

This has been the theme of this group from the beginning, one of whom took US banks and lenders for \$806,000, declared bankruptcy, then moved to Mexico. Research: United States Bankruptcy Court District of Arizona Phoenix Division Case No. 09-10908-Phx GBN. This person also received multiple ethics complaints to the local real estate board, AMPI. One of which was from your association! Ask a board member for a copy.

Presently, the most recent correspondence from the special agent two weeks ago indicates the Attorney General's office is preparing their case and will present to the Grand Jury and an ultimate arrest. The President has been working with the AG's office and supplying anything that they need on behalf of the Vecinos. This process takes time and is only exacerbated by the health concerns present in the world. As soon as the case becomes public, the Board will obtain the indictment and post, if allowed, on Firedrum. The Vecinos are listed as a "victim" and the State will send updates as the situation changes.

The minutes that needed to be recorded for our last General Meeting have been prepared and are being recorded as soon as appointments can be made this week. The attorney retained is awaiting the official copy of the constitution in order to respond to our legal issues and will be looking at libelous statements made by those that have posted on Social Media about your board members for possible legal action in Mexico.

Due to much input from many sources, some correct and some far off the mark, Vecinos de la Cholla has hired an attorney and an accountant to help us to get into compliance with Mexican law with regard to filing documents in the public registry and with SAT, the Mexican version of the IRS in the USA. This process is well under way but has been slowed by pandemic restrictions that seem to affect processes on both sides of the border. As well, the attorney is awaiting a certified copy of the Vecinos constitution, needed in order to assist with our legal issues, which include libelous statements made on social media about your Vecinos board members, for possible legal action in Mexico.

The embezzlement of money from our treasury is not only criminal, which the AG, followed by our attorney, will address. All of us who knew the treasurer are saddened - she was our neighbor and our friend. To add to the distress of the board and many of our members, a small number of very vocal people have transformed the treasurer's theft into a political witch hunt that is all but calling for the heads of some of the board members. That minority has, for some time, wanted to "upgrade" our community with a paid administrator, private security, etc., all of which will contribute to higher dues, without necessarily improving anything. A

case in point is our garbage service, which was provided for many years by the Vecinos de la Cholla at a cost of approximately \$50 per year, which included collection 2 or 3 times weekly at homes, beach accesses and Firecracker Park, plus cooperation with the annual Cholla Bay community clean-up. After this same minority finished "fixing" our garbage service, our dues are \$50 lower, but each home pays (or is supposed to pay) approximately \$220 per year, for service twice weekly (most weeks), with no collection at beach accesses and the park, and no additional assistance. Period. Since the garbage service change, Cholla Bay is much less clean, attracts coyotes, and the beaches are, sadly, dirtier than they have been in many years.

There is a difference in philosophy regarding the use of the Vecinos' prudent reserve funds. While the vocal minority wants to use those funds for ongoing expenses, your board believes those funds should be reserved for capital expenses. As an example, the minority hopes to use prudent reserve funds to pay for their proposed services, i.e. a paid administrator and private security to start, until such time as dues can accommodate them. Your board vehemently objects to this strategy, because we believe that eventually sewer and water service will come to Cholla Bay. It will be costly to install. Your board feels that, rather than a special assessment in the thousands of dollars to each lot, the prudent reserve funds should be available to offset, or hopefully pay in full, the assessments for members in good standing with Vecinos de la Cholla.

Your board has always made the good of the community its first priority and will continue to do so. We have unintentionally made some mistakes based on trust, and have learned that those mistakes, with the right assistance, are fairly easy to correct, and we are doing so. We have developed a 3-person "treasurer," so that our funds are properly managed and protected, and we intend to pursue restitution from our former treasurer at the right time. As we progress, we hope that more Vecinos will be interested in serving on the board; new perspectives are always welcome!

Hopefully, this letter has answered some of your questions and given you new confidence in your board.

Sincerely,

Mike Dugan, for your Vecinos Board
