

Response to Ms. Keller's questions:

1. Where are the checks and balances protection when the three executive Board members serve as the treasurer?

Answer: There are three of us; Mike pays the bills, Kathy reconciles the checking account with the bank and the petty cash, Kelly oversees both.

2. Why was the Board unable to recruit a qualified treasurer?

Answer: We asked for people to run for the office, no one stepped up. So instead of one Board member taking care of the accounting, all three Executive Board members do. Keep in mind NO ONE offered to run and NO ONE has ever run against Ms. Dahlstrom since she first was elected to the office in 2006.

3. How was Helen Dahlstrom able to access so much money? Isn't there a provision that checks require two signatures?

Answer: Simply the answer is no. Two people were authorized to sign on the former account, but the checks that were written did not "require two signatures" by the bank when processed, just one of the two authorized signatories, as are most business accounts.

Research on 2 signature checking accounts revealed that Banks do not want any part of them because the liability involved. There isn't a bank that would enforce the two signature rule; they have disclaimers written all over them and expect the owners of these types of accounts to monitor them internally. There have been lawsuits against banks and they have lost, so won't guarantee anything.

4. Who provided the second signature when President Dugan was away for nearly a year and a half?

Answer: Mr. Dugan missed two Board meeting during the year and a half time frame. He flew back from his hiatus at his own expense just to attend the meetings. Again, the checks did not and do not require two signatures, just one signature of the two signatories. See answer to number 3.

5. Did the Vice President act as President during that absence to provide appropriate oversight for Dahlstrom's activities regarding HOA funds?

Answer: Yes, he did when needed. Ms. Barnard paid the bills for Oomapas (until it was turned over to the Water Truck Drivers.) and the porta johns. She also paid the police for repairs on their vehicle and other miscellaneous expenses as they arose through petty cash.

6. What action is being taken by the Executive Board to recuperate the money stole by Helen Dahlstrom?

Answer: See below question number 7.

7. Has a lien been placed on her property in Tucson? Has a lien been placed on the Dahlstroms' property in Cholla?

Answer to questions 6. And 7: No lien can be placed on the Dahlstrom's properties until a judgement has been rendered. Once there is a judgement, then every effort to recuperate monies lost will be made both in the US and Mexico.

8. Where are the HOA books kept and who is updating ongoing information?

Answer: The "books" are digitally kept on an electronic file and being updated by the bank as each transaction takes place. Each transaction, deposits and withdrawals are sent to each member of the accounting team when made. The HOA financials are posted on the website after every HOA meeting including a copy of the Bank Statements.

9. Did the Delegate of Vigilance review the books and monitor withdrawals at any time during his first term in office?

Answer: Mr. Lee would from time to time talk to Helen about the money but not out of suspicion but curiosity for a lack of understanding one thing or another.

10. Has the Delegate of Vigilance made a complete review of the accounting and reconciled it with the bank statements since the embezzlement?

Answer: Yes, we have all done that and it is correct and Kaizen agrees.

11. Several times the Board has met without notice or access to the membership. In the U.S. that would be a violation of the open meeting laws. Does such a law apply in Mexico?

Answer: The minutes are posted after every meeting on the website and the dates of future meetings are included in the minutes. Due to Covid restrictions and protocols in place, it has not been possible to hold regular meetings. The Board has worked hard to get the minutes out as soon as possible once each meeting has been concluded. It is hoped that in the next few months the Covid restrictions will be lifted and we can hold meetings as before the pandemic.

The Government in the Sunshine Act applies to an "agency" within the meaning of the term as defined in the Freedom of Information Act. Purely private entities are typically not within the scope of open meeting acts. Private entities that work for or with a government are not necessarily subject to the open meeting law by virtue of that relationship. Nonprofit corporations organized by private persons to support or assist governmental entities are typically not subject to open meeting laws. As to applicability in Mexico, that is unknown if they have a "Government Sunshine Act."

12. How does the Board, in good conscience, come together in secret, with a quorum, make decisions for the membership and authorize expenditures of members' fund?

Answer: No meetings were held in secret. The dates of all meeting have been and continue to be included in the minutes and posted on the HOA website. The Board works in good conscious and continues to conduct business, pay bills and maintain the Park and Clubhouse and roads as it always has. During these Pandemic times, the members should be thankful that the board puts their health and life at risk to meet and to continue the business of the community. While others complain, the board has continued the services you paid and approved in the budget.

13. Who holds the Bank Trust for the HOA Clubhouse and what names are listed as principals/owners of the building and adjacent lots?

The clubhouse is held in the name of the Asociacion de Regularizacion de Vecinos de La Cholla, A.C.

14. Why did the officers of our HOA not step up to negotiate our rates with Oomislim during the last two years?

Answer: We were sent a "Cease and Deist" letter from the Director of Oomislim with the understanding we would be charged and fined with criminal activity if we did not stop collection garbage. Henceforth, the HOA was out of the garbage collection business. The city considers La Cholla a tourist area and as such charges tourist rates. Interesting, in Tucson, the rate is \$20. per month and they have once a week pickup.

See Letter from Director of Oomislim below



XI H. AYUNTAMIENTO CONSTITUCIONAL DE
PUERTO PEÑASCO, SONORA



ORGANISMO OPERADOR PARA EL MANEJO INTEGRAL DEL SISTEMA DE LIMPIA MUNICIPAL
SECCIÓN ADMINISTRATIVA

SUBJET: Application fee for service
OFFICE NUMBER: 041
Puerto Peñasco, Sonora. April 01, 2015.

HOME OWNERS ASSOCIATION OF CHOYA
P R E S E N T . -

This letter is directed to the Asociation de Vecinos de la Choya and all the residents of the Choya Bay Community.

You are being informed that the Organismo Operador para el Manejo Intengral del Servicio de Limpia Municipal (OOMISLIM/ Municipal Sanitation Department) has the faculty and authority to provide the service of garbage collection and disposal to authorized landfills. This authority is given to OOMISLIM in accordance to the laws of the State of Sonora. These laws empower this Sanitation Department , under my charge, with the responsibility of enforcing and maintaining trash collection for this municipality.

TITLE II MUNICIPAL GOVERNMENT
FIFTH CHAPTER OF THE POWERS OF THE CITY COUNCIL
ARTICLE 61 APPLICABLE TO THE CITYCOUNCIL OF SKILLS AND FOLLOWING FUNCTIONS:
...III. IN THE ADMINISTRATIVE SCOPE: SET IN THIS LAW AND OTHER LAWS, THE FOLLOWING FUNCTIONS AND PUBLIC SERVICES: CLEAN COLLECTION, TRANSPORTATION, TREATMENT AND DISPOSAL OF WASTE.

Therefore, any individual or entity, that provides un-authorized garbage collection, without permission from the Administrator of this agency (OOMISLIM), and receives compensation in cash or kind, is in direct violation of the laws of the State of Sonora; as well as the laws which have been set forth by the Honorable Municipal Council of Peñasco. Their regulations also grant full authority to OOMISLIM .

TITLE 1, ARTICLE 2 READS: TITLE 1, GENERAL PROVISIONS ARTICLE 2. IT IS THE RESPONSIBILITY OF THE UTILITY (OOMISLIM) FOR THE COMPREHENSIVE MANAGEMET OF MUNICIPAL SANITATION DEPARTMENT PUERTO PENASCO AND THE MAINTENANCE OF PUBLIC CLEANLINESS OF THE TOWN, AND TO COMPLY WITH THE RULES LAID DOWN IN THESE LAWS.



XXI H. AYUNTAMIENTO CONSTITUCIONAL DE
PUERTO PEÑASCO, SONORA



Furthermore, administrative fines, or detention by municipal police may occur for any violations in the rules of Peñasco Sanitation Department (OOMISLIM).

In the interest of this Department (OOMISLIM), and with specific instructions from the Municipal President, we hope to make this transition a smooth one.

Please comply with the rules established by the Municipal Government to avoid fines and penalties for non-compliance.

OOMISLIM is the department that provides the service of Garbage Collection, handling, and final disposal of materials, organics and inorganics, within the City of Peñasco. We would like to invite your Representatives of the Asociacion de Vecinos de la Choya to come to our office to establish the procedures to help you comply.

Sincerely

"Creciendo con Puerto Peñasco"

LIC. CARLOS R. DECINA TORRES
DIRECTOR GENERAL "OOMISLIM"

OOMISLIM

ORGANISMO OPERADOR PARA EL MANEJO
INTEGRAL DEL SERVICIO DE LIMPIA
MUNICIPAL DE PUERTO PEÑASCO, SONORA

15. Why are the red trash bags not being picked up by Oomislim?

Answer: We are working with the Director of Oomislim (Director Morales) and he has approved the collection of the red bags. It is unfortunate the crews have not received the information and our Administrator, Mr. Felton is working to remedy the “glitch” as soon as possible.

Response to Ms. Martin’s questions:

16. Since it has been plenty of time for you to review the books, how was Helen able to steal the money? What was the method and how was she able to achieve this?

Answer: Helen was able to embezzle funds from the HOA as well as her employer because she was a trusted treasurer and controller. The method she used is called “kiting” which is negotiable paper such as a check, representing a fictitious financial transaction and used temporarily to sustain credit or raise money. In short its money laundering, which she had done through several companies including our HOA.

17. We allocated \$5000 to put up a chain to Tucson Beach and add signs. Please show me the final cost break down of what was spent..

Answer: The breakdown of funds used is: \$605 for cement, cables, paint, posts, locks, keys and signs; \$600 for labor. Labor was provided by a local contractor. The remaining funds allocated were not used. The work was completed in April, 2019.

Response to Ms. Flinn’s questions:

Question: Update please on our former Treasure and what the AG in AZ is doing.

Answer: Details of the AG’s investigation cannot be divulged until it has been completed. Progress is being made and the investigation is nearing the end. Based on the backlog of cases because of Government office closures due to the pandemic, cases are being prioritized according to the time filed. We have been informed that it will be soon.

Question: What is the Executive committee doing acting as our Treasury?

Answer: One: No one else has stepped up. Two: Until a new Treasurer can be found, the three remaining members of the Executive Board oversee the new account and are paying the bills, maintaining the building and the Park, and taking care of small repairs i.e. the gate at the Cholla Bay Police Station. This is done to insure there have been no interruptions of services for the community.

Response to Mr. and Mrs. Flinn’s question:

Question: What about our old garbage truck driven by Hippie? What is up with that?

Answer: One, Hippie never drove the old garbage truck; Jessie drove the truck to pick up garbage that HOA members paid for, before Oomislam took over collection. Two; Gabe Camargo Green now uses the truck (and maintains it at his own expense) to collect and dispose of construction debris around Cholla

The following question was submitted after the requested deadline but answered below.

Question: What software is the HOA using that was purchased 8 years ago?

Answer: There was no purchase of any software. Money was allocated to purchase new online billing software and was never used because a program was never found.

Comment from the Board:

*Some have stated that the board has not been “transparent”. This word has been a catch all word for those that have no substance, looking for revenge rather than looking at the truth. Organizations advocating complete **transparency** with the explicit aim of punishing **bad** behavior and rewarding good behavior may come as communicating moral standards that are impossible to meet. The current members of the board have been honest in their actions at all times working for the good of the community with the least interference to its members.*

***Honesty**, by definition, is to tell the truth and being true. **Integrity** is having strong moral principles based on **Honesty** and to follow those principles religiously.*

*Your board members have and will continue to display **Honesty** and **Integrity** to our members*