

# ASOCIACION DE REGULARIZATION DE VECINOS DE LA CHOLLA A.C

Regular Meeting of Board – Clubhouse Cholla Bay Mexico

June 13<sup>th</sup>, 2021

## **CALL TO ORDER:**

A regular meeting of the new Board was held Sunday, June 13<sup>th</sup>, 2021. President Mike Dugan called the meeting to order at 9:09 am. The meeting was held inside the Cholla Bay Clubhouse. Covid-19 protocols were followed.

Those in attendance were: Board members in attendance were; Mike Dugan, Kathy Barnard, Kelly Ross, Gretchen Ellinger, Darrell Smith, Pat Champion and Lew Felton. Absent: Steve Lee and Gabe Camargo.

## **MINUTES:**

Mr. Dugan asked if there were any corrections or additions to the minutes of April 25<sup>th</sup>, 2021. There being none, a motion was made to approve the minutes, seconded and passed

## **TREASURER’S REPORT/FINANCIAL:**

Mr. Dugan brought the Board up to date with the Associations financials, providing the statements as of the end of May 31<sup>st</sup>, 2021. The latest Bank Statement from Well Fargo was also provided. The bank statements from Wells Fargo will continue to be included in all future financial reports.

A motion was made, seconded and passed to approve and post the financials

## **MEMBERSHIP:**

Mr. Dugan read the report provided by Ms. Koerner: Membership paid in full 573; not current 343; Total Membership 914; Status unclear 11.

## **OLD BUSINESS:**

Ms. Champion inquired about the proposed installment of chains across the two entrances to the parking lot. The purpose of these chains is to prevent ATVs and other vehicles from using the parking lot for racing and doing “donuts”. Mr. Dugan has lengths of chains to be use for the project and stated that locks on the chains will be included. Mr. Dugan suggested that Ms. Champion have a key to the locks as she is in close proximity to the parking and would be able to provide ease of access when needed.

## **CLUBHOUSE:**

Mr. Dugan pointed out that the leak over by the bar will be fixed and the roof will need to be re-coated. A handicap ramp is to be installed in the front entryway of the patio. Mr. Smith provided a blueprint for the proposed ramp. Mr. Smith suggest installing a concrete slab for handicap parking to insure more stable footing for member's access to the patio. Ms. Ellinger asked about adding a handrail along the ramp. It was agreed that a handrail will be added. Ms. Ellinger expressed her appreciation for moving so quickly on the project.

## **EXECUTIVE COMMITTEE:**

Mr. Dugan explained the two documents from the office safe (provided by Hector of SBR) which showed the rectification and fusion of the two lots out in front of the clubhouse. Mr. Dugan stated that in his meeting with Real Taylor (of SBR), Mr. Taylor suggested that instead of obtaining three Deeds of Trust for the properties, to get an Escritura or Fee-simple title since the Vecinos organization is a Mexican corporation. Mr. Taylor later provided Mr. Dugan with documents, which were thought to be the title. Recently, Mr. Dugan reviewed the documents and discovered that they were not the title at all. Mr. Dugan then contacted Mr. Gustavo Brown and sent him all the information needed to fuse all three properties into one fee-simple title. Mr. Brown and Mr. Dugan will set up a time to meet once Mr. Brown returns to Penasco.

## **GARBAGE:**

Mr. Felton stated that the Red Bag program is working very well and that Oomislim is pleased to be receiving money from the sale of the bags. Mr. Felton said that so far, he has given \$800 or 16,800 pesos to Oomislim for their collection. As of now, 136 bags are out in circulation 79 have been paid for, the rest are with the Tecate store and water truck drivers to be sold as needed. Mr. Felton has been instrumental in the success of the program and has been monitoring the collection of the bags and has kept track of the sale, distribution and inventory of all the bags.

Mr. Felton added that the Red Bag program may have to be re-negotiated with the new Administration.

## **ROADS**

Mr. Ross reported that the roads have been very rough due to the increased traffic from town. He stated that there have been no serious issues reported and to contact him via email if one should arise.

Mr. Dugan stated that several stop signs needed repair and instead of re-painting or replacing them, he had stickers the size of the signs made that will cover each sign. He explained that the stickers are more cost effective that installing new signs. The stickers will be given to Arturo to cover the signs as needed.

Mr. Ross stated that there are 8 signs that need repaired and 2 new ones needed. Mr. Ross will get a cost estimate before asking for approval

Mr. Ellinger asked what the percentage the Vecinos pay towards road maintenance from the Esmerelda to Cholla Bay is. Mr. Dugan said it was approximately 3% of the total cost for maintaining the whole road. Mr. Dugan explained that the condos pay for the road maintenance as well. Ms. Ellinger asked if the Zip Line Company also contributed. Mr. Ross said he would ask Juan.

### **PARKS/ENVIRONMENTS:**

Mr. Smith reported that water for the trees has been secured for the summer months. Mr. Smith gave an estimate of costs to repair the ramadas including tile replacement, sanding and staining \$730; repair and repaint the basketball hoops and standards \$140; painting the playground equipment \$280. Total cost estimate = \$1150 which is under the \$2500 budgeted for the projects. The repairs will be done in the summer at the beginning of the new fiscal year.

### **SECURITY:**

Mr. Dugan reported that the police are out and about. However, he reminded members that summer months are coming; people are leaving for cooler places and should be sure to secure their property(s) before leaving town.

### **WATER AND SEWER:**

Mr. Dugan cautioned people to fill up their tanks as there will be a demand from the condos once the weekend is over. He reminded people that the condos are first in line to receive water.

### **NEW BUSINESS:**

## **Future Meetings: October 24th, 2021**

### **ADJOURNMENT**

A motion was made, seconded and passed. The meeting was adjourned.

### **AUDIENCE PARTICIPATION:**

*Mr. Ross asked that members announce their name, manzana and lot number to be recognized.*

*Mr. Dugan announced that in spite of the group of people circulating a petition asking the Board to resign, the Board will not resign. Each individual Board member was asked, and each stated they would not resign.*

Cindy Lynn Ostergard M38 L6 and 7; stated that her neighbors does not always get picked up by Oomislim and asked what to do about it. Mr. Felton asked her if the neighbors have an Oomislim

sticker. It was not known. Mr. Felton offered to take Oomislim to the house the next time Oomislim collected garbage.

Ms. Ostergard asked about days of road grading and whether or not the days could be changed to Saturdays or Sundays, the busiest traffic times of the week. Mr. Dugan explained that it would be best to wait and grade the roads after the weekend when there is less traffic.

Mr. Ross said he would check into changing the days.

Jerry Kettlehut M42 L38; Mr. Kettlehut read and directed his remarks to the Board and Mr. Dugan, first stating that in 2012 the Board had agreed to hire Kaizen to handle the organization's accounting and filing. Also, that Kaizen stated that a death certification for Pete Peterson needed to be filed. The Board at that time agreed to hire Kaizen. Mr. Kettlehut's question was why the Board didn't follow through as it is still an issue today.

Mr. Dugan responded that it is not an issue that Kaizen gave a letter stating that the organization is in compliance. This document was post on the website, Firedrum and Facebook page, also copied and printed out in the Q and A's given at the General meeting in April. Mr. Dugan also stated and showed a document as proof that Mr. Peterson was removed as President of the A.C. and that Mr. Dugan is President. Document: Escutoria #32800, dated March 13<sup>th</sup>, 2012.

Mr. Benjamin Brown M79 L9: Presented a document/review done by Hector Rameriz attorney the "in house" attorney for SBR. The document states that in 1991, that then President Allen Peterson and a committee of 16 went before a Notario to form the Vecinos de la Cholla A.C. and have it protocolized. Mr. Brown stated that protocolization is not like filling with the Public Registry. He continued stating that the protocolized document went to a Notario in Hermosillo, but was never filed with the Public Registry. He added that you cannot file a corporation that belongs to Puerto Penasco.

Mr. Dugan asked why then did his company file documents in Hermosillo? Mr. Brown replied that it was beside the point. Mr. Brown said then said he searched the Public Registry in Penasco, for the Vecinos organization, the results where that it is a church. Dugan held up a document showing the Vecinos organization has been filed with the Public Registry and stamped with the official Public Registry stamp. Mr. Brown disagreed and insisted that the stamp is from the Notario.

Mr. Ross summarized the discussion by stating that the organization is legal and suggested that both the Vecinos' attorney and the attorney the group Mr. Brown represents should get together to figure things out. Mr. Ross also stated that this Board is committed to fixing any and all problems pertaining to the organization relating to Mexican Law.

Mr. Jerry Kettlehut: Reiterated that he served on the Board and he and fellow Board members Ms. Weber and Ms. Keller fixed the problem in 2012. He continued by asking if the Board has Helen Dahlstrom's computer. The reply was "no". Mr. Ross then explained that her computer and all materials and documents related to the investigation into Ms. Dahlstrom's wrong doings are not available until an indictment is made. Ms. Dahlstrom is still innocent until proven guilty.

Mr. Dugan shared a story that turned out to be pure rumor, which Ms. Dahlstrom had been arrested and was in jail. Upon questioning the AG in charge of Ms. Dahlstrom's case, the AG told Mr. Dugan not to believe third-hand reporting, that if there is any doubt, conduct an inmate look-up at the Pima County Jail. Mr. Dugan emphasized the fact that nothing can be done regarding recovering any loss until Ms. Dahlstrom has been arrested, arraigned and indicted.

Mr. Kettlehut stated that he was on the Board when the software Ms. Dahlstrom used for accounting was purchased. He questioned whether or not it was purchased. Mr. Dugan assured him it was that the software was "Quick Books". Mr. Ross added, it was how Ms. Dahlstrom was able to "doctor" the financials.

Mr. Kettlehut asked what was being done to prevent any further embezzlement from happening again. Mr. Dugan stated that the three members of the Executive Committee are handling the financials providing a check and balance system. Ms. Ellinger the opportunity to run for Treasurer in this past election was never taken and that the Executive Committee was elected to the position without opposition. No one ran against them or any other position. Ms. Champion emphasized the point that people voted for the Executive Committee since no one else was willing to run for the position.

Mr. Ross ended the discussion by saying the Board is trying to address all issues regarding the embezzlement with the help and input from the community. He said help us not attack us. Mr. Dugan explained that we trusted Ms. Dahlstrom and that he has known her for over 30 years, but he will be the one to testify against her when her case goes to trial.

Mr. Brown returned to the issue of the legality of the organization, stating that it was recommended that the organization start new, but that it never happened. Adding that it cannot be fixed now without heavy penalties. Mr. Dugan asked who told him this. Mr. Brown replied that it was ??????? (could not hear who it was). Mr. Brown said they had been misinformed that the clubhouse and parking lot were in the corporation. Mr. Dugan stated that Mr. Gustavo Brown had not given the paperwork. Mr. Brown stated his brother did not have to provide the paperwork that he would provide a letter to be given to the Notario. Mr. Dugan he would get with Gustavo to get the letter.

There was more discussion back and forth regarding the Bank Trust for the clubhouse and parking lot, whether or not taxes were being filed and paid, writing checks from an American bank account, legal or not legal transactions. but nothing was resolved. Mr. Dugan suggested for the second time that lawyers from the Vecinos and the Group get together and work things out.

Ms. Laurie Weber M68 L1: Brought up the issue of bank statements and stated that the Group's representatives Ms. Keller, Mr. Kettlehut, Ms. Stanish and herself have requested to see the bank statements from the past seven years. She asked why they were only able to see the statements from one account and not the other. Mr. Dugan explained that the statements they saw were from the only account that Ms. Dahlstrom was exposed to. Mr. Ross explained further how Ms. Dahlstrom was able to embezzle the funds. He stated how "brilliant" Ms. Dahlstrom is to have been able to do what she did.

Ms. Charlotte Keller M3 L39: At the advice of legal counsel, the handout read and passed out to the Board and members in attendance will not be included in the minutes. Much of what was read was untrue and misinformation. (*See enclosed Report from Kaizen*). On the back page Ms. Keller's handout contained two screen shots folded into one document supposedly from the Public Registry from Puerto Penasco. This document was altered and inaccurate. (*Again, see enclosed Report from Kaizen*)

Mr. Steven Wipf M28 L1A: Mr. Wipf expressed some concern regarding the embezzlement and what was happening in 2012. Before his concern could be addressed, Mr. Brown jumped in to the conversation. The conversation and consequently the recording became so garbled and so confusing, it was hard to determine what his question was about.

Ms. Raquel Wipt M28 L39: Asked about the large deposits in the accounts when Ms. Dahlstrom was Treasurer. Mr. Dugan explained the likelihood that Ms. Dahlstrom would create an invoice to offset the checks she wrote. Ms. Weber made an assumption that Ms. Dahlstrom could have written fraudulent invoices from her company, wrote in her books that it was made out to company "ABC", when in fact it was written to the Vecinos. She further contended that this took place over seven years. She also emphasized that this was her personal assumption.

There was further discussion among people in the room and the conversation became very contentious, accusations were shouted out by Ms. Keller so Mr. Dugan asked people to stop.

Ms. Barb Dammann M19 L3: asked why didn't this big corporation in Tucson with all the accounting regulations of the United States behind it, find out about their embezzlement? Mr. Dugan explained that most of her transactions were "below the radar" (\$10,000) and that Ms. Dahlstrom possibly formed friendly working relationships with tellers at the banks she was using, making it easier for her to facilitate each transaction. Mr. Dugan offered another possibility that because her employers are very conservative and do not borrow, they did not need to file reports with an accountant or CPA, making it easy for Ms. Dahlstrom to embezzle their funds.

Mr. Brown stated that Mr. Dugan's electronic signature has expired and needs to be renewed. Mr. Dugan was told by Kaizen that he did not need to renew his electronic signature until the organization files in 2021 with SAC.

Mr. Dwayne Howell M42 L11: Expressed his appreciation for the Board, stating it is a thankless job. He suggested that the attorneys and accountants get together to determine what needs to be done. He stated he would like to see concerned parties get together to work things out as well. Mr. Ross added that he joined the Board to help out the community and that the Board will do the best they can to improve the community. He recommended people with issues and concerns to come to the Board to talk things out versus attacking the Board.

Mr. Brown said he and his "little Board" wanted to meet with Mr. Dugan stating that he had information to give him, but that Mr. Dugan refused to meet with him. Instead, Mr. Brown accused Mr. Dugan of going on Facebook and bashing him. Mr. Dugan does not go on Facebook

and does not post. Most likely supporters of the Board may have posted their opinions of Mr. Brown.

Ms. Sherry Walters M57 L3: expressed her understanding that restitution for the embezzlement loss may be able to recoup some of the money from the sale of the Dahlstrom house. Mr. Ross stated that the Board has been discussing placing a lien on the property. However, it cannot be done until Ms. Dahlstrom has been indicted. Mr. Dugan stated that a realtor has taken a listing on the property.

Mr. Kettlehut stated that he appreciates everything the Board is trying to do but asks for assurance that this issue/problem will never happen again and that there is a plan in process to make that happen. Also, he wants to be assured that our assets are listed under the Association. Mr. Ross re-stated that the attorneys will get together to work these things out. Ms. Walters said that things will be done as soon as the attorneys together.

Mr. Dwayne Howell expressed his concern about Ms. Dahlstrom's indictment, and any restitution will go to the company she worked for as they lost the most. Mr. Dugan was told by our attorney that once an indictment is made, we can bring the information to our attorney here in Mexico and can then a lien can be filed against the Dahlstrom properties. However, until there is an indictment, there is nothing that prevents the Dahlstroms from selling their property. Mr. Dugan stated that he heard that a realtor has taken a listing on the house. Ms. Ellinger affirmed that until there is an indictment there is nothing that can be done here in Mexico.

Ms. Ostergard asked when the attorneys will get together. Mr. Dugan said a date will be set by the first of July. There was much discussion among members, and much of what was being said could not be heard due to too many people talking at once. Bottom line, a date for the attorneys to meet will be the first of July.

Mr. Kettlehut, asked about the financial records. Mr. Dugan said he would share what information he has with Ms. Weber. Mr. Ross said he would request copies of bank records but can only get those from 2017 on. He said he would email Ms. Weber when he has an answer.

Ms. Ostergard asked that the members be informed once the attorneys have met. Mr. Dugan replied that the results will be post on the website.

Ms. Dawn Richert M25 L15 and 16: Stated that we are all neighbors and wants to make sure that the issues will be resolved and that there will be checks and balances put in place to prevent future problems from occurring. She supports moving forward and working together to get things done regardless of who is on the Board.

Mr. Felton: Stated that in the past, he had recommended we used a bulk email service to communicate with the members of the Association. He has worked tirelessly to improve the service since Ms. Dahlstrom is no longer with the Association. Mr. Felton continued by saying that he will post information, news, events as soon as it becomes available. He also is posting information on the Association's website and has created a Facebook Page. This has been done to keep information flowing and available through several mediums now available. Mr. Felton

has posted the results of the local elections recently held in Penasco and plans to continue providing information not only pertaining to our Association but also events and activities in Penasco. Ms. Keller asked if he could shut down the former website. Mr. Felton said the bill has not been paid and will probably be shut down by the company.

There was more discussion regarding the closing of the old website

Mr. John Watton M25 L9: Expressed his concern about why people are not paying their dues. His opinion is because of the embezzlement, the Board should have been aware and consequently there is a lack of trust.

There was more discussion among members, voices talking over voices, so no one was heard.

Mr. Rodney Blum M3 L20: Stated he is a new member and wants to be a part of the community but feels excluding non-members from the Association works against it. He also feels that the Association and the Board in particular should be more inclusive and allow nonmembers in thus resulting in more people becoming involved. Mr. Dugan and Mr. Ross explained that it would not be fair to the 500+ members, who have been paying their dues all along. Mr. Blum continued stating that he was asked to show proof of payment of dues by Ms. Koerner but said he could not produce his receipt. He stated that Ms. Koerner would not accept this year's payment of dues until he paid last year's dues. Therefore, he said he would not pay. He asked how he can get back in. Mr. Ross said to speak with Mr. Dugan, that he will help him and anyone else with payment issues on a case by case basis.

There was more discussion that took place among the members, again too many talking at once and no one was heard.

Mr. Wyatt started to speak but was interrupted by members challenging him and talking over him. He was able to continue stating that no one stepped up to run against the Board members in the past election and suggested that the people opposing the Board were trying to stage a coup. He spoke of the last election when the office of President was open and that Mr. Dugan was not going to run, but no one else stepped up to run against him. So, he ran. Mr. Wyatt said he is impatient with people who want to abandon the organization that is who want to stage a coup and want to take over the organization with lawyers and do not have the "gumption" to stand for elections. He admitted that he was one of the people who signed the "vote of no confidence" early on, but since then he has seen the Board do what they can do under some very difficult situation. He has also seen another group spread a lot of misinformation. He complimented the Board for being polite, talking in civil tones, answering questions while several people in the audience were being "very uncivil, extremely uncivil". Mr. Wyatt said that what he hears from the "anti-Board group" is a lot of assumptions of the Board's involvement in the embezzlement without evidence; He noted that the embezzlement could have happened without the Board's knowledge as it has happened to other organizations in the past. Mr. Wyatt thanked the Board for their work and that he appreciated what they do.

Mr. Ross stated that the embezzlement has been very upsetting to all of us on the Board and we have taken it personally. He stated that the AG said it did not matter how many checks and



balances we may have had in place, the embezzlement would have happened. It happened to her employer and they did not know . . . until they did. He asked the members to offer solutions and not attack us. We did not resign because we want to fix the problems and to please work with us. Mr. Dugan offered that all we're trying to do is keep the roads graded, the building and park maintained, banos on the beaches and have a nice library. He complimented the members for making it possible through the payment of their dues.

Ms. Ostergard stated that people told her they do not pay their dues because they do not like the Board. Her question to them is how do you get to your house? She suggested that the non-payers are hurting everyone else who does pay. She does not always agree with everything that goes on, but she still pays her dues. Mr. Ross says that some people just will not pay because they do not like being a part of an HOA. He continued saying that in the past few years building and homes have increased in Cholla and some new owners have been told by some Realtors that they did not have to pay HOA dues. Mr. Ross explained that if the 350 non-paying members would pay their dues ( $350 \times \$150 = \$52,500$ ) we would recoup what was embezzled in three years.

Mr. Blum asked again how he can get back in. He will not pay for someone else's debt. Mr. Ross told him to contact Ms. Barnard and she will help. We will work with anyone on a case by case basis. Mr. Blum and Mr. Dugan started a discussion about nonpayers and forgiving their past due payment of dues. Mr. Dugan said it would not be fair to those who have paying for services all along to have people who have using the services for free to come in without paying past due dues.

Ms. Ellinger explained the process for becoming a member. When you buy a property, if your Real Estate Agent is doing their job correctly, you should be informed that there is a Homeowner Association; there is an application fee of \$35 and an application form to fill out at the time of closing. The transaction coordinator generally gives the \$35 to Ms. Koerner and if your property has been paid in the past as it should be then your dues will be prorated at the time of closing. Mr. Dugan added that any closing that has happened and we didn't get the money from that from the seller; we have never gone after the new buyer. Ms. Ellinger continued saying that some Realtors who sell in Cholla Bay do not know Cholla Bay and some have told their clients that there are no dues in Cholla Bay or that dues are optional. She stated that dues are not optional and joining takes place at the time of closing. But if that doesn't happen you can pay the dues yourself and not back dues from the seller. Mr. Blum confirmed that there are Realtors who say dues are optional. He continued stating that some people who come down once in a while feel they don't need to pay dues. He suggests we talk to people, get the word out to bring people in and explain to them about paying their dues. Ms. Ellinger stated that there is a Sonoran Law that requires a letter from the Homeowner Association stating that the dues are paid. That letter becomes part of the closing file. Mr. Brown said that the Public Registry "shot that down", because they are not a legal entity. Ms. Ellinger said that it was not her experience.

Ms. Jenny Vance M25 L9 suggested that the way people are asked to pay back dues, discourages people from paying and joining the Association. She commended the Board for what they are doing now since the embezzlement. But reminded them that this happened on their watch and that working with those whose dues are in arrears would go a long way for increasing membership. Mr. Felton stated that we would look at it on a case by case basis. He explained that the dues letter will be sent out to everyone by the end of the month and in the letter it states that

we are willing to work with people who need assistance with paying dues. He cited an example of a couple who had passed away and dues had not been paid in a while. When the property was sold, we worked with the new owners at the time of closing.

Mr. Dugan thanked everyone for attending the meeting.

Enclosed are the following three documents:

1. Cover Letter
2. Report from Myriam Hernandez Attorney at Law – Kaizen International Business Advisors and Administrative Services
3. Summary of meeting with Mike Dugan and Gustavo Brown



Asociación de regularización de  
**vecinos de la cholla**  
P. O. Box 620 • Lukeville • AZ • 85341  
[www.VecinosDeLaCholla.org](http://www.VecinosDeLaCholla.org)

Since the beginning of the Association, many groups have attempted to interfere with the work of the Association, not because they could do better but, to seek control, self-satisfaction, or monetary gain. For the past year, many accusations, falsehoods, innuendoes and flat out lies have been stated and written about the Association and the present board members. Ms. Charlotte Keller has made statements in the recent (June 13) meeting and produced documents alleging they are from the Public Registry of Puerto Peñasco website. They requested our attorneys and their attorneys meet before July 1. To date, we have not heard who their attorney is and wonder if one exists.

This Group has often stated that the Association;

- Is not legal,
- That it is not in compliance with Mexican Law,
- That the president is not the legal because it has never been recorded,
- That we collect dues in the US and we laundry money and each time it is fraud.
- They have shown documents from the public registry showing that the president is a deceased person. *This is but the last of the allegations made.*

(See enclosed report from the Association's Attorney, Myriam Hernandez of Kaizen International Business Advisors and Administrative Services.)

We have met with our attorneys and have requested a report and a position statement from them. We have engaged two separate law firms, all giving the same opinions

Now, Ms. Keller and Bengi (Aron) Brown have started a new campaign, telling many of our members not to pay their dues, because they will be part of a fraud. This is not true and is a willful act of fearmongering and misleading the members of the Association. *Please read the enclosed report provided by Ms. Hernandez.*

It is hoped that all of you can see through this questionable attempt at a coup and that all their questions have been addressed and answered truthfully. *Please read the enclosed report provided by Ms. Hernandez.* Also, we realize that although we have had a terrible situation that happened over time and through many boards, the crime on the part of the current Board has been “trust”.

Since the discovery of the theft, the Board moved swiftly to prevent any activities that might damage the Association; the Treasurer, Ms. Helen Dahlstrom, was immediately removed from the Board, the Association’s checking accounts were closed, the remaining funds were transferred to a new checking account and the Executive Board now serves as overseers of the account providing a check and balance system to protect it.

It is regrettable that there has been so much negativity and ill feelings spread throughout the community. It has served only to divide us. This Board has been and is working hard to continue serving the members (and non-members for that matter) as best we can and in spite of the division. Based on all we have learned from our attorney, the Association is in a good, legal and compliant standing with the State of Sonora Mexico, country of Mexico. Although there are those who wish for a different Board, we as Board members will continue to serve for the rest of our term.



INTERNATIONAL BUSINESS ADVISORS  
& ADMINISTRATIVE SERVICES

Kaizen Title and Escrow  
Tel & Fax. 01152638-3831010 y 3831313  
USA Tel-Fax. (480) 248-2424  
E-Fax. (480) 907-2280  
Mobile US 425.449.3619  
Puerto Peñasco, Sonora Mx. 83550  
P.O. Box 1415, Lukeville, Az 85341

## REPORT

The following is a report to acknowledge specific facts linked to a petition for information granted by members of the board of directors appointed by the entity known as ASOCIACION DE REGULARIZACION DE VECINOS DE LA CHOLLA ASOCIACION CIVIL, incorporated before Notario Publico on June 5th. 1991, under deed number 6697, volume CXI, granted before attorney at law OSVALDO RENE ORTEGA FELIX, Notario Publico 91 in Puerto Peñasco, Sonora, then recorded at city record department, under folio 38, section V, L.I. volume ONE, dated December 17th. 1991, to grant full compliance and legal existence of such incorporation.

Therefore, the existence of the aforementioned entity is in full compliance with laws and regulations ruling in the Mexican Republic.

Furthermore, in regards to deed number 32800, volume 505, granted on March 13th. 2012, before Notario Publico number 5, attorney at law Prospero Ignacio Soto Wendlandt, with residence and legal exercise in Hermosillo, Sonora, we observe ORDINARY GENERAL ASSEMBLY MEETING EXECUTED BY ASOCIACION DE REGULARIZACION DE VECINOS DE LA CHOLLAZ A.C. Where it is agreed by the general assembly, to convey administration of such ASOCIACION to MICHAEL COURTNEY DUGAN as president of the board of directors, with full and wide power of attorney to execute all acts to protect heritage and assets in the name and representation of the ASOCIACION CIVIL in comment. The above mentioned deeds granted before public faith in Mexico, support legal personality to entity and individuals appointed according to Mexican laws, therefor their legal existence and actions are duly supported by federal law.

In regards to ACTA DE ASAMBLEA GENERAL executed on April 27th. 2019, at 9:00 AM at cholla bay community center, such is currently being processed at Notario Publico number 5 attorney at law Prospero Soto Castelo, with residence in Hermosillo, Sonora, awaiting for proper recording at city record department in Puerto Peñasco, Sonora. Same condition prevails for ACTA DE ASAMBLEA recently performed in 2021, being status in custody of Notario Publico number 5 Prospero Soto Castelo, with residence in Hermosillo, soon to be completed to file at city record department in Puerto Peñasco, Sonora.

Also, in regards to collection of dues from home owners of such A.C. arising from checking accounts placed at foreign banking institutions (U.S.) it is important to state that U.S.

C. Myriam Hernandez  
[myriam@kaizenmx.com](mailto:myriam@kaizenmx.com)

Mónica Hernández  
[monica@kaizenmx.com](mailto:monica@kaizenmx.com)

Karen Marquez  
[karen@kaizenmx.com](mailto:karen@kaizenmx.com)



INTERNATIONAL BUSINESS ADVISORS  
& ADMINISTRATIVE SERVICES

Kaizen Title and Escrow  
Tel & Fax. 01152638-3831010 y 3831313  
USA Tel-Fax. (480) 248-2424  
E-Fax. (480) 907-2280  
Mobile US 425.449.3619  
Puerto Peñasco, Sonora Mx. 83550  
P.O. Box 1415, Lukeville, Az 85341

banking institutions comply with all related due diligence linked to anti money laundering regulations including K.Y.C protocols for every single checking account, therefor such collection complies with transparency in regards to legal money flow pertaining to origin and destination of funds.

Keeping in mind a legal precept that dictates in Mexico: "What is not forbidden, is allowed". In regards to image circulating that "shows" status of A.C. according to ICRESON, (City record department) Such image is not considered as a public document, has no legal value for not being an original public document, and has also been manipulated by having words in English, when legal public documents have to be executed in Spanish language.

The above report is being extended in Puerto Peñasco, Sonora, Mexico, on the 22nd. Day of June, 2021.

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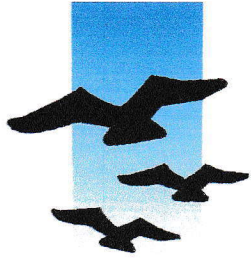
Claudia Myriam Hernandez M.  
Attorney at Law  
License number 12201456

C. Myriam Hernandez  
[myriam@kaizenmx.com](mailto:myriam@kaizenmx.com)

Mónica Hernández  
[monica@kaizenmx.com](mailto:monica@kaizenmx.com)

Karen Marquez  
[karen@kaizenmx.com](mailto:karen@kaizenmx.com)

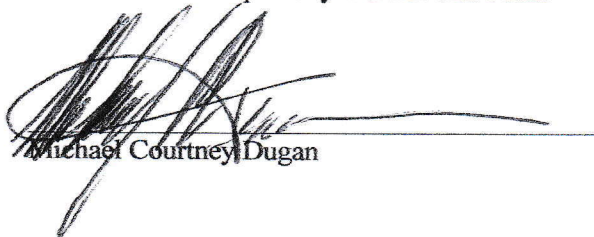




Asociación de regularización de  
**vecinos de la cholla**  
P. O. Box 620 • Lukeville • AZ • 85341  
[www.VecinosDeLaCholla.org](http://www.VecinosDeLaCholla.org)

On Monday, June 21, 2021, I met with Gustavo Brown to discuss the issue of the transfer of lots purchased by the Asociación de Regularización de Vecinos de La Cholla, A.C., (henceforth known as “the Vecinos”). We reviewed the documents relevant to the properties, he affirmed that the lots have been paid for previously and agreed that probably the best way to deal with the transfer was to combine the present deed of trust registered 1/10/2008 (Manzana 8 Lots 18&19) with Manzana 8 Lots 1&4 as a fee simple title which would eliminate the need for annual deed of trust issues. He further stated that he would explore the process and would start the process to issue the Letters of Instruction as soon as possible.

He had concerns regarding the false statements made by the small group regarding legality of Vecinos and me as president. I showed him the recorded documents of the Vecinos and the current recorded document showing me as president along with the receipt from the public register’s office. I also showed him the altered public document; presented to the Vecinos by Ms. Keller at the June meeting which she wanted the Vecinos to be publishing to the membership which was not advised by legal counsel. Additionally, we discussed the many years that the Vecinos and the company have worked together and the members past and present that we both have known. It was a cordial meeting with the promise that the company would move forward with the transfer process and my commitment to help in any manner that I can.



Michael Courtney Dugan