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Board President's March 17 Report

Comment: This is Board President Mike Dixon's and Treasurer Roz Berman's second attempt to distort the truth and confuse the membership. This is one of many actions to deny me as a SCA Director to participate in a detailed meeting to review the planning for the 2007 income tax return. Refusal to allow full participation in such board business is evidence of knowingly violating the laws and plans to refuse to return the millions of accumulated surplus funds to members. See other records for more evidence of this illegal behavior.

Board President Mike Dixon has released the following report to the community:

Over the weekend I received requests from several residents asking me what happened at last Friday's discussion between the Board officers, Finance Committee members, RMI, and our auditor. Rather than respond individually, I decided to share the facts with all the residents via an e-mail bulletin.

First, Bruce Alitt is Chief Investigator for the Real Estate Division, not for the Ombudsman. Mr. Allit contacted Mr. Leach at my request because, as I explained to Mr. Allit, we would look to our Association attorney for legal guidance on the matter.

Following their conversation, I was advised that we had three options:

We could legally hold the discussion without Mr. Frank. The majority of the board felt this was not in the best interests of the Association for several reasons. Mr. Frank threatened to attend the discussion accompanied by his attorney (which is a violation of NRS116). There was the likelihood that an Affidavit would also be filed with the Ombudsman even though NRS116 does not require that all Board Members be invited to every discussion of Association matters. The law only requires that the monthly Executive Board Meeting and Annual Residents' Meeting, be "noticed".

Our second option was to cancel the workshop. The majority of the Board rejected this option since the discussions were for those who are participating in the preparation of our 2007 tax returns. The discussions were held to understand the impact of options related primarily to the lawsuit with S&D Cafe and to the total amounts of delinquencies. Delaying the discussion would likely mean the Board would not be prepared to discuss and decide on the options at our March Board meeting, in time to meet the April 15 filing deadline, and we would once again have to request an extension.

Mr. Alitt suggested the Board could hold the discussion with only 2 or 3 Board Members present. At the suggestion of one Director it was agreed that since the officers are the ones most responsible for the information on the return, they should be the three participants representing the Board in the discussions. Since the participants will need to present the information to the rest of the Board for full Board discussion and decision, this option seemed to follow the "business judgment rule" required by NRS116.

As a result of this decision by the Board, all Board members were advised that only the officers needed attend. Despite this, Mr. Frank refused to leave the Conference Room and then the

Greene Room, even after being reminded that only the officers were invited, He was assured that we have legal opinion that there is no requirement in NRS116 that all board members be included in every discussion. He was also cautioned that his participation could be construed as an attempt to constitute a “quorum” and provide basis for an allegation that the workshop was a meeting and was “illegal”. Given that I had just provided Mr. Frank with ample evidence that our actions were compliant with NRS116, I did shrug my shoulders and tell him to file a formal complaint with the Ombudsman office if he believes NRS116 was violated. That is his right.

Upon the advice of our attorney, I invited the officers, Finance Committee members (none of whom are candidates for the Board), Gary Lien (the independent auditor who prepares our tax returns) and a representative from RMI (who provides the “numbers” for our tax return) to meet in my home. Upon his arrival, Gary Lien cited the adversarial relationship created by the allegations about our past tax returns made by Mr. Frank and Mr. Briggs. He explained that he was uncomfortable participating in the discussion under these circumstances, and so he then left. The Board officers, Finance Committee members, and RMI's CPA then analyzed the impact of not being able to discuss our 2007 tax returns with Mr. Lien. It is inevitable that we will once again file for an extension, an administrative decision that has been made in the past without Board vote.

Please feel free to contact me directly if you have further questions on this situation.

Mike Dixon, Board President

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