

STATE OF NEW MEXICO THIRTEENTH JUDICIAL DISTRICT COUNTY OF VALENCIA

SOCORRO ELECTRIC COOPERATIVE, INC.,

Plaintiff,

v.

CHARLENE WEST, et al.,

No. D1314-CV-2010-0849

Judge: Mitchell

And

CHARLES WAGNER, individually and on behalf of those similarly situated, et al.,

Cross-Claim Plaintiff,

v.

SOCORRO ELECTRIC COOPERATIVE, INC., et al.,

**Cross-Claim Defendants.** 

## PLAINTIFF'S RESPONSE TO MOTION FOR ATTORNEY'S FEES

Plaintiff Socorro Electric Cooperative, Inc. hereby brings this, its' Response to Defendants' Motion for Attorney's Fees. In support of this Response, Plaintiff states as follows:

## I. Attorney's Fees Not Recoverable Under Declaratory Judgment Act.

"The rule in New Mexico is that absent a statute or contractual provision allowing them, attorney's fees are not recoverable....The only exceptions to this rule are narrowly defined." *McKinney v. Gamnett Co., Inc.* 660 F.Supp. 984, 1025 (D.N.M. 1981)(citations omitted). In the current matter, there is no statute or contractual provision which provides for the awarding of attorney's fees, and there is no applicable exception to New Mexico's general rule.

As Defendants correctly state in their Motion, Plaintiff Socorro Electric Cooperative, Inc. (hereinafter "Socorro Electric") brought suit under New Mexico's Declaratory Judgment Act (§44-6-1, et seq., NMSA 1978). A thorough review of the Declaratory Judgment Act establishes that no part of the Act reverses or alters the general rule stated above. Defendants have cited no aspect of the Act supporting their request, nor have they provided this Court with citation to any case law establishing the propriety of altering the "American rule" in declaratory judgment matters. In fact, the three most relevant cases establish that prevailing parties in declaratory judgment cases are **not** entitled to an award of attorney's fees. In Amkco, Ltd. Co. v. Welborn, 2001-NMSC-012, ¶20, 130 N.M. 155, the New Mexico Supreme Court expressly ruled that trial "costs" which apparently included attorney's fees, were *not* recoverable in a declaratory judgment action. In Security Pacific Financial Services v. Signfilled Corp., 1998-NMCA-046, ¶¶20-21, 125 N.M. 38, the Court of Appeals reiterated the primacy of the "American rule" and then stated that under a claim for declaratory judgment, "attorney fees are not recoverable by rule of law or by statute." As far back as 1971, the New Mexico Supreme Court refused to award attorney's fees to a prevailing party in a declaratory judgment action which stemmed from a divorce action. See, Gullo v. Brown, 82, N.M. 412, 483 P.2d 293 (1971). The New Mexico Supreme Court refused to remand the Gullo case for re-consideration of the attorney's fees issue despite the fact that two federal appellate courts, in related litigation, had expressly instructed the lower federal courts to consider attorney's fees based on the vexatious nature of the litigation. *Id*. at. 416, 297.

Based on the arguments presented above, it is abundantly clear that New Mexico courts do not have statutory authority to award attorney's fees in a declaratory judgment action, and that

there are very few circumstances where a common law rule would allow for the awarding of such fees.

## II. Attorney's Fees not Recoverable Under Any Exception to General Rule.

Apparently acknowledging that an award of attorney's fees is not permitted under the Declaratory Judgment Act, Defendants attempt to argue that the current suit falls within the very narrow exception mentioned in *Marron v. Wood*, 55 N.M. 367, 223 P.2d 1051 (1951). Defendants state that the *Marron* decision stands for the proposition that "in a declaratory action, the court has discretion to award attorney's fees." A review of *Marron* and later cases establishes that this assertion is incorrect.

Marron was a very fact specific case stemming from a dispute between two old New Mexico families as to the control and operation of a laundry business, to which each family held 50% of the shares. These rival factions brought suit to establish the meaning and interpretation of certain rights and privileges of the shareholders and the directors of the corporation. After highly contentious litigation at the trial and appellate levels, the New Mexico Supreme Court ruled that the trial court "must have" determined that the personal animosity between the two primary principals of the corporation was hampering the efficient operation of the laundry company. Marron, at 380. As a result, the trial court had ordered that the company itself pay all attorney's fees associated with the suit, and in that context the Supreme Court refused to review the lower court decision on the issue of fees. Id.

While the Supreme Court in 1951 did not use the precise words that might be used today, the clear implication running through the *Marron* decision is that the trial court was imposing a sanction on both parties. More modern decisions have expressly recognized this right to impose

attorney's fees as sanctions. New Mexico trial courts have inherent authority to impose in order to regulate their dockets, promote judicial efficiency, or deter frivolous filings. See, *State ex rel. New Mexico State Highway and Transp. Dept. v. Baca*, 120 N.M. 1,4, 896 P.2d 1148, 1151 (1995). Defendants have presented no argument that Plaintiff's underlying suit was frivolous, or that any of Plaintiff's actions in the course of this litigation are worthy of sanction.

Since the original 1951 Marron decision, various courts have cited the case, but none of the New Mexico cases presented by Defendants actually support the ruling or use it as a basis for any other decision. In Carabajal v. Candelaria, 65 N.M. 159, 333 P.2d 1058 (1958), the Supreme Court rejected the application of *Marron* to the matter. Instead, the Court relied on the principle that attorney's fees could be awarded where the litigation had prevented the unlawful expenditure of public funds. Carabajal, at 161. The Supreme Court cited the Marron case without substantive discussion in Gregg v. Gardner, 73 N.M. 347, 388 P.2d 68 (1963), but Marron had no impact on the Court's ruling, which ultimately denied an award of attorney's fees. More recently, in Turpin v. Smedinghoff, 117 N.M. 598, 874 P.2d 1262 (1994), the Court held that the Marron decision, if it was still valid at all, applied very narrowly to situations where "two warring principles" seek declaratory judgment. *Turpin*, at 601. Additionally, in cases not cited by Defendants, both the New Mexico Supreme Court and the United States District Court for the District of New Mexico expressly refused expand Marron beyond its very narrow factual basis. See, Martinez v. Martinez, 101 N.M. 88, 678 P.2d 1163 (1984); McKinney v. Gannet Co., *Inc.*, 660 F.Supp. 984 (D.N.M. 1981).

The assertions made in regards to the two 50-plus year old federal tax court cases presented by Defendants are similarly misplaced. Neither *Shoe Corp. of America*, nor *Harris Corp.* establishes that attorney's fees are recoverable in any particular circumstances in New

Mexico courts. See, *Shoe Corp. of America v. C.I.R.*, 29 T.C. 297 (1957); *Harris Corp. v. C.I.R.*, 30 T.C. 635 (1958). As federal taxation cases, these two decisions merely establish that where a trial court, of whatever state or jurisdiction, orders a corporation to pay attorney's fees, those fees are to be considered as "ordinary and necessary business expenses." These expenses were thus deductable under the relevant provisions of the 1939 tax code. Such a conclusion, even if it still remains true under more modern tax codes, is irrelevant to the matter now before this Court.

Defendants have attempted to use the narrow, highly fact-specific ruling in *Marron* to create a broad exception to the general rule that an award of attorney's fees must be provided for in contract or by statute. As demonstrated above, time and again over the past 60 years the New Mexico Supreme Court has refused to expand the decision. The *Turpin* decision itself ominously comments that the *Marron* court's decision was made "without analysis," thus at least implying that, given the developments in this area of law over the last six decades, the current Supreme Court might be prepared to overturn the decision should the opportunity present itself. See, *Turpin*, at 601.

Because no statute or contract allows for the award of attorney's fees in the current matter, and because Defendants have failed to present this Court with any applicable exception to the ordinary "American rule" as to attorney's fees, Plaintiff requests that this Court deny Defendants' Motion for Attorney's Fees in its' entirety.

# III. Lack of Evidence as to Reasonableness of Requested Fees.

As argued above, Plaintiff believes that this Court should deny Defendants' current Motion in its' entirety as a matter of law. However, Plaintiff would additionally point out that Defendants' request fails to provide any factual evidence upon which this Court could make a

determination as to attorney's fees. Neither Mr. Deschamps nor Mr. Kortemeier have provided this Court with an affidavit stating their billable hourly rates in the current matter, nor have they shown that Defendants have agreed to pay a particular hourly rate or that Defendants have actually paid *any* amount to the law firm of Deschamps and Kortemeier. The Court should note that Deschamps and Kortemeier have apparently been soliciting contributions to a "Legal Defense Fund" and expressly representing that this fund will be used to pay their legal bills. This issue is discussed in more detail at Sec. V below.

Similarly, neither Mr. Deschamps nor Mr. Kortemeier has shown that their "customary" fee of \$300 per hour is a *reasonable* hourly rate or that the time spent on the litigation of this matter has been reasonable. While both Counsel may "believe" that such a high billing rate is "average" for a case of this nature, such beliefs are not proper factual evidence. Defendants have presented no supporting information or affidavits establishing the "average" rate for litigation in the 13<sup>th</sup> Judicial District or the overall reasonableness of the amount of time expended on the litigating the declaratory judgment portion of this case. Without some objective evidence as to these issues, this Court cannot make an objective determination as to the overall reasonableness of Defendants' request for attorney's fees.

## IV. Lack of Evidence as to Scope of Services.

In addition to failing to provide the Court with factual evidence in relation to their hourly rates, Defendants' request for attorney's fees also fails to segregate services provided in relation to Plaintiff's declaratory judgment action from those provided in support of Defendants' Counter-Claims and the class action Defendants are attempting to pursue. The unmarked invoice attached to Defendants' Motion demonstrates the confusion of these two strains of litigation.

The Court docket shows that as early as August 24, 2010, the Deschamps and Kortemeier Law Offices had filed a Cross-Claim and Request for Class Certification. This is entirely distinct from Plaintiff's original underlying request for declaratory judgment. Various charges on the "Invoice" submitted by Defendants expressly state that they are in relation to conversations, meetings, etc. with "Ikard" and with "Wagner." Based on the representations made to Counsel and various statements made before this Court, Plaintiff reasonably believes that Mr. Wayne Ikard, and his firm, Ikard Wynne, LLP, is involved strictly with the class action portion of the current litigation. Similarly, Mr. Charles Wagner is the named party representative for the class Defendants are attempting to certify. Plaintiff's believe it is reasonable for the Court to infer that all charges indicating interaction with either Mr. Ikard or Mr. Wagner are not related to Plaintiff's underlying declaratory judgment action.

Additionally, a review of the docket demonstrates that the law firm of Kennedy & Han, P.C. entered their appearance in the current matter on November 9, 2010. See, *Entry of Appearance*, filed 9/10/2010. Having reviewed the scope and context of the suit, attorneys at Kennedy & Han, acting on behalf of Plaintiff, voluntarily dismissed the vast bulk of the "unnamed members" who were originally named as Defendants in this matter. Even before November 2010, Plaintiff was actively attempting to dismiss its' claims and to minimize the overall costs of the current litigation. Two other Defendants John R. Gerbracht and Mountain Mail Newspaper, were dismissed by the end of November 2010. During this time period Plaintiff's counsel indicated to all Defendants and their counsel that Plaintiff would voluntarily dismiss the suit. In the end, only the Defendants represented by the Deschamps & Kortermier Law Offices, and Defendants Fitch and Tausch, refused to allow voluntary dismissal of the suit.

A balancing of the equities suggests that these Defendants should not be rewarded for refusing to minimize costs and continuing litigation which Plaintiff voluntarily sought to have dismissed.

For this additional reason, based on Defendants' intentional refusal to allow dismissal of the suit, Plaintiffs would request that the Court deny Defendants' request for attorney's fees, or, in the alternative, limit any recovery to fees which were billed or paid before November 30, 2010.

# V. Existence of SEC Members Legal Defense Fund.

As a final matter, Plaintiff would note that the Deschamps & Kortermier Law Offices have apparently been actively soliciting contributions to an "SEC Member Legal Defense Fund" established and managed by said law firm. As early as August 2010, this law firm was apparently actively seeking clients to serve as both Defendants to the original suit and Counter-Claimants to the contemplated class action. See, Exhibit A, *Form Letter*, dated August 2010. The Deschamps & Kortermier Law Offices have also been seeking anonymous donations to the Defense Fund cited above. See, Exhibit B, *Homepage* of InformedCynic.com, (last accessed June 30, 2010).

The InformedCynic.com website, with the apparent support of the Deschamps & Kortermier Law Offices, continues to incorrectly inform Socorro ElectricCo-op members that they are being individually sued and to solicit funds from said members. This solicitation continues despite the explicit dismissal of all such "unnamed members." See, Exhibit C, FAQ from InformedCynic.com (last accessed June 30, 2010). Plaintiff takes no position as to whether the continued solicitation of clients and donations to a "Legal Defense Fund" by the use of false information violates any ethical or professional duty of counsel, but such behavior certainly weighs against any award of attorney's fees in the current suit. Defendants have expressly stated

to the general public that "attorney's fees are paid for by donations from member/owners and you are encouraged to donate what you can." Exhibit C.

Under these circumstances, even if the Court were inclined to award any attorney's fees in this matter, the Court could not make any reasoned and balanced award of attorney's fees unless and until the Court first investigated this alleged "Legal Defense Fund" to determine the assets held by the fund, the contributors to the fund, the representations made to those individuals in relation to the use of contributed funds, and the ability of the fund to pay the attorney's fees now being requested by Defendants.

## **CONCLUSION:**

As demonstrated above, Defendants have no contractual, statutory or common law basis for seeking to recover attorney's fees in the current matter. Additionally, Defendants' counsel have not presented sufficient factual evidence to support their actual hourly rates, the reasonableness of those rates, or the scope of services which underpin the award they are requesting. WHEREFORE, Plaintiff requests that this Court DENY Defendants' Motion for Attorney's Fees in its' entirety.

Respectfully submitted,

KENNEDY & HAN, P.C.

<u>"Electronically Filed"</u>
<u>\_\_\_\_/s/ Darin Foster, Attorney at Law</u>
Paul J. Kennedy
Darin M. Foster
201 12<sup>th</sup> Street N.W.
Albuquerque, New Mexico 87102

and

LAW OFFICES OF DENNIS FRANCISH Dennis Francish 5400 Lomas Blvd. N.E. Albuquerque, NM 87110 Counsel for Plaintiff

## **CERTIFICATE OF SERVICE:**

I certify that a copy of this Response was served by the Court's electronic filing system to the following counsel of record on this 1st day of July, 2011.

s/s Darin Foster

Darin M. Foster

ALL PARTIES ENTITLED TO NOTICE (D1314-CV-2010-0849)

Lee Deschamps *I* Stephen Karl Kortemeier Deschamps & Kortemeier Law Offices, P.C. POB 389, Socorro, NM 87801 575-835-2222 *I* fax: 575-838-2922

William Ikard *I* Jordan Haedicke Ikard Wynne LLP 2801 Via Fortuna, Bldg. 7, Ste. 501 Austin, TX 78746

Fitch & Tausch LLC POB 1647, Socorro, NM 87801 Attorneys for Thomas Fitch and Polly Tausch Deschamps & Kortemeier, LLC
P. O. Box 389
Socorre, NM 87801-0389
August \_\_\_\_\_\_\_, 2010
Re: Socorro Electric Cooperative, Inc.,-vs- Charlene West, et al.

Case # D-1314-CV-2010-00849

Gentlemen.

Sincerely.

I understand that in the suit filed in Valencia County by the Socorro Electric Cooperative, Inc. (SEC) for a Declaratory Judgment, I am potentially a defendant as an unnamed member/owner of the Co-op.

I also understand that you represent Ms. Charlene West and Charles and Charlene Wagner, among others, in this matter.

I am hereby asking that any and all of your responses with regard to the defense of the above named defendants will be filed on my behalf as well.

Because I believe I share with the thousands of other member/owner defendants the common need to enforce those bylaw changes enacted April 17, 2010, and to require the board of trustees to follow them, as required by law, and to recover wasted assets misappropriated through their misfeasance, malfeasance, nonfeasance and self-dealing over the years, you are filing a countersuit against the Board and its individual board members.

You are also authorized and directed hereby to pursue any and every legal remedy available to attempt to recover those assets by way of filing that counter-suit against the Board and to include me in that portion of these legal proceedings as well.

I am informed by Mrs. Wagner that I will not be required to advance any funds toward this representation because the above named defendants have instituted a defense fund from which costs of suit will be paid, and that any legal fees for my representation will either be awarded by the Court, or will be a customary percentage of monies recovered, if any, in the countersuit. Any monies I do choose to contribute to the defense fund will be refunded proportionately in the event that the court awards costs at the conclusion of suit.

Printed Name	Signature
Address	NM
Phone ( )	Best time to callAM/PM



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### INFORMED CYNIC HOME PAGE

Defense Authorization Form 👃

now member owners can be represented in court FAQ Li (Word version)

> Please Heip the Member Laga: Defense Fund

A special trust account has been setup on behalf of member-owners for their legal defense. This specialized account preserves the identity of those who do not want their names out in the open.

Please make the check or money order out

"Client Trust Account" With a notation on the check of "SEC Member's Legal Defense

Mail to: SEC Members' Legal Defense Fund c/o Deschamps & Kortemeier P.O. Box 389 Socorro, NM 87801

#### Magdalena Links

Mountain Mail Magdalena News (Facebook) Public library Foodies The Grizz Project Village website London Frontier Theatre My Magdalena 87825 Census fact sheet

## SOCORRO PORTABLE #1

Magdatena, NM

Temperature: 91.0°F Humidity: 15% Dew Point: 37.0% Rainfail: NA Pressure: -999.00in Die 11, 5 m mars 190

> Magdalena Radar 7 Day Forecast Weather History



Tonights Moon

020496

June 28. -

What the Defense Authorization form is and. The June 28, 2011, board meeting was the one of the shortest in the history of the SEC. See video below.

> President Bustamante and Jack Bruton were absent. David Wade chaired the meeting. There was some confusion in the order of the agenda and during the V. Approval of Agenda-Additions/Deletions, Trustee Wagner raised the issue of improper meeting notice which would render the meeting along with all meetings and any actions taken during the meetings since April 17, 2011 null and void. The bylaws call for the meeting notice which would include the meeting agenda to be mailed to the members in their billings and the Open Meetings Act also call for the agenda to be published in the local newspaper along with the meeting notice. You will note that the notices of the meetings of the Socorro City Council and the Socorro County Comm. with their agendas are published in the local newspaper. Judge Mitchell ruled on May 18, 2011 that bylaws and OMA must be followed. Note Trustee Wolberg's

> At this point, Mr. Wade jumped over VI. Action on Minutes to VII. Public Comments and there were several in the audience that wished to speak. Mr. Wade was notified of the omission and returned to the minutes. After the minutes were dealt with, Atty. Dennis Francish addressed the Point of Order that Charlie Wagner had raised in connection with the improper meeting notice. Mr. Francish made the point that "if Mr. Wagner intends to hold void the meeting" that there should be a motion to dismiss the meeting as illegal for failure to have proper notice Trustee Wagner so moved, Trustee Mauldin seconded. The vote was by show of hands instead of by roll call and the tape shows that no trustee voted against and it is difficult to see who voted for except for Wagner and Mauldin. The improper recording of the vote is also a violation of the OMA.

> Throughout this discussion, motion, and voting, Atty Francish kept repeating that the meeting had to be dismissed. This raises some questions. Trustee Wagner has been making this same Point of Order for the past 14 months and has been ignored by Board and Attorney. Why now does the lawyer want to dismiss meeting. The Agenda listed several interesting items. (See below) It might also be posted on the SEC website. Note "RESOLUTION TO RATIFY AND CONFIRM BOARD ACTION" which was a motion to approve in blanket form all of the actions of the past illegal meetings. This is NOT what Judge Mitchell ruled must be done. Also note that the Policy Committee and the Bylaw Committee were scheduled to deliver reports although Judge Mitchell instructed the lawyers on both side of the suit against the members to present a "clean copy" of the bylaws to him.

This was a very strange meeting and presented the appearance of prior planning. The presence of so many members was gratifying and will be important as future actions develop.

062811-meeting comments 🙏 062811-agenda 🙏 062811-board video (6 5min 55kb)

June 18 -

Co-op case moves forward (Dichieftain)

June 14 - Ortiz Arraignment

Yesterday was the arraignment on the assault charge against

Next Regular Co-op Board Meeting **TBA** 

> 310 Abevta Ave. NE. Socorro (Across from the DAV Hall) Map SEC Website

#### - SEC LAWSUIT COURT HEARINGS -

The latest Court hearing was held via a telephone conference among the lawyers involved in the case and Judge Mitchell on June 16, 2011. Information in The Chieftain (see below - "Co-op case moves forward".)

#### MORE SEC NEWS

- 6/24 Some savings can increase other COStS (Letter - D Chieftain)
- 6/18 Co-op case moves forward (Dichieftain)
- 6/17 State gives us legal course of action (Letter - D Chieftain)
- 6/17 Not sold on Tri-State brochure (Letter - D Chieftain)
- 6/16 Hearing will clear up judge's ruling (D Chieffain)
- 6/4 Co-op trustees told reformers won't guit (D Chieftain)
- 6/3 Ruling still doesn't solve problems (Letter - D Chieffain)
- 6/3 Coverage of Co-op appreciated (Letter - D Chieftain)
- 5/27 Co-op meeting called into question (D Chieftain)
- 5/27 Co-op trustee files complaint (D Chieffain)
- 5/26 "in Litigation" no excuse to not comply with Public Records Act (Abg. Journal)
- 5/26 Judge Voids Wisconsin Law Curbing Unions - Violated OMA (NY Times)
- 5/18 Members not to speak at CE annual meeting- (Lovely County Citizen, AR)
- 5/21 Socorro Electric Loses Lawsuit (D Chieftain)
- 5/21 It's time for the Co-op to Comply (Letter D Chieftain)
- 5/18 Judge to rule in co-op's lawsuit (D Chieftain)
- 5/17 Co-op not meeting its commitments (Letter - D Chieftain)



## 1. Am I personally being sued?

Yes. The suit filing reads:
THE SOCORRO ELECTRIC COOPERATIVE, INC, PLAINTIFF vs.

CHARLENE WEST, individually, and as a member of the Socorro Electric Cooperative, all UNNAMED MEMBER/OWNERS of the Socorro Electric Cooperative, Inc. individually, and as members of the Socorro Electric Cooperative, the MOUNTAIN MAIL Newspaper, individually, and as a member of the Socorro Electric Cooperative and the EL DEFENSOR CHIEFTAIN Newspaper, individually and as a member of the Socorro Electric Cooperative, DEFENDANTS

All member/owners are "Defendants" and are being sued "individually, and as a member of the Socorro Elec. Co-op.

## 2. Why is the SEC suing me and other members?

The Board of Trustees wishes to get a Declaratory Judgment and Injunctive Relief setting aside three bylaw amendments passed overwhelmingly at the 2010 Annual Members Meeting. In other words, the Board does NOT want to abide by three of the by-law amendments member/owners passed in the election last April.

These are:

- A. ONE REGULAR MEETING OF THE BOARD OF TRUSTEES SHALL BE HELD MONTHLY AT THE TIME AND PLACE AS THE BOARD SHALL SCHEDULE BY RESOLUTION. THE MEETING SHALL BE OPEN TO MEMBER-OWNERS AND REPRESENTATIVES OF THE PRESS WITH TIMELY NOTICE OF THE MEETING ADVERTISED IN MONTHLY BILL MAILINGS AND LOCAL NEWSPAPERS. A SECTION OF THE MEETING AGENDA SHALL BE RESERVED FOR MEMBER PARTICIPATION DURING WHICH MEMBER/OWNERS MAY ADDRESS THE BOARD WITHOUT PRIOR APPROVAL OF THE BOARD.
- B. THE SEC BOARD OF TRUSTEES SHALL VOLUNTARILY AGREE TO ABIDE BY THE NEW MEXICO OPEN MEETINGS ACT AND THE INSPECTION OF PUBLIC RECORDS ACT.
- C. THE SOCORRO ELECTRIC BOARD OF TRUSTEES AND MANAGEMENT SHALL GUARANTEE TRANSPARENCY OF ACTION WITH OPEN ACCESS TO SEC BOOKS, RECORDS, AND AUDITS FOR A PROPER, NONCOMMERICAL PURPOSE WITH EXCEPTION OF THOSE RECORDS WHICH WOULD VIOLATE THE PRIVACY ACT.

It is obvious that these three amendments to the SEC Bylaws all provide openness and transparency to members and press to which the board is opposed.

## 3. What if everyone ignores this suit?

The Board will receive a "Default Judgment" granting their "Complaint." They win by default, and the three bylaw amendments you voted for will not be followed.

## 4. What will stop such a "Default Judgment"?



The filing of an "ANSWER" by one or more of the Defendants. Several such "ANSWERS" have already been filed.

## 5. What if I ignore the suit and do nothing?

Default means that you lose. The Board can continue to hold secret meetings and to withhold information that you as an SEC owner are entitled to request and receive. You will not be able to attend SEC Board of Trustee meetings.

## 6. What if I decide to defend myself and hire my own attorney?

You can hire an attorney who will file an "ANSWER" and handle your individual case for a fee.

# 7. Can I join with the people who have already retained an attorney who has filed on their behalf?

Yes, that is the point of the MODEL ATTORNEY CLIENT RELATIONSHIP REQUEST form (The Defendant-Authorization-Form.pdf) which you can download from this website. If a large number of member owners join together it presents solidarity of intent which follows that expressed in the votes at the 2010 Annual Membership Meeting. One member-owner who filed individually has joined his filing to the larger group filing.

## 8. What if I don't fill out and send in the form?

You are still a "DEFENDANT" in the lawsuit.

## 9. What if I do fill out and send in the form?

You are still a "DEFENDANT" but you are being represented by a law firm that will answer for you and other member-owners to counter the claims made against you. All member-owners have the right to make and change the bylaws that govern the behavior of their elected representatives, trustees.

By signing the Model request for Representation, you are retaining lawyers to enforce your common ownership rights and to attempt recovery of co-op funds wasted by the reckless and unauthorized expenses incurred by the Board and Management in the past. You are also asking the Court to protect cooperatively owned assets from the self-serving misconduct of past, present, and future Trustees.

## 10. If I complete and mail in the form, will I have to pay the attorney?

You will not be billed for attorney fees. Your name will be added to others who complete the form and show the court a united front in this legal battle. Attorney fees are

paid for by donations from member/owners, and you are encouraged to donate what you can.

A special trust account has been setup on behalf of member/owners for their legal defense. This specialized account preserves the identity of those who do not want their names out in the open.

Please make the check or money order out to:

"Client Trust Account"
With a notation on the check of
"SEC Member's Legal Defense Fund".

Mail to: SEC Members' Legal Defense Fund c/o Deschamps & Kortemeier 104 Church St. Socorro, NM 87801