

July 16, 2010

Good morning,

Under the "Legals" section of the July 14, 2010 issue of the "Chieftain," you will find the notice of the suit filed in the State of New Mexico, County of Valencia, 13th Judicial District Court by The Socorro Electric Cooperative, Inc. (Plaintiff) against the unnamed member-owners of the cooperative, our two local newspapers, and Charlene West, individually, and as a member (Defendants).

This Notice of Suit by Publication informs us that the SEC wants to throw out three of the ten bylaws that we passed at the Annual Members Meeting on April 17, 2010 and that "Unless you serve a pleading or motion in response to the complaint in said cause on or before 20 days after the last publication date, Judgment by default will be entered against you."

Word of the filing of this outlandish suit broke last week and the reaction has been a mixture of astonishment and bewilderment. What does all of this mean and what can we do about it?

It means that the majority of the Board of Trustees has authorized the attorney, Dennis Francish, that they hired in December, 2009, to sue every person and business that receives their electricity from the SEC using the funds of the members that are being sued to do so. It also means that the members have to take action to answer this suit or lose by default.

What do we do about this extraordinary suit and how can we protect all of the member-owners? We must hire attorneys to respond to the complaint thus taking away the risk of Judgment by Default and we must start raising money to pay these attorneys by a member wide appeal. There are almost 10,000 members in the SEC. Theoretically, if every one of the 10,000 kicked in \$25, we would have \$250,000 or just half of what the 11 Trustee cost us last year. But, there are too many people who cannot afford \$25 and many of us who can afford more so it comes down to each member deciding how much they can chip in to fight this suit and make this cooperative into a truly democratic entity where the Board of Trustees and SEC attorney act in the members' best interest.

The following section in quotations marks is a statement approved by our lawyers describing the actions that Charlie and I have taken. The local attorneys referred to are with the law firm of Deschamps and Kortemeier who have agreed to receive money dedicated to the SEC Members' Legal Defense Fund. You can mail your donation directly to them at 104 Church St., Socorro, NM 87801 where it will be escrowed. Donor's names will be confidential. In addition to this fund, Charlene West and a group of reform minded folks have had tee shirts made and are selling them for \$10 each.

"Charlie and Charlene Wagner, individually, and on behalf of the SEC Reform Group and on behalf of the member-owners of the Socorro Electric Cooperative are actively investigating the best possible way of responding to the unfounded and inappropriate lawsuit by the SEC against its members.

"We have consulted with and retained local attorneys and attorneys from Texas who will be handling different aspects of this case. The Texas firm is specialized in class action lawsuits and has experience with cases involving rural electric cooperatives. These cases have forced co-ops to follow the law and bylaws of the cooperatives and act in the best interests of their members.

"Based on such consultation, it is our opinion that a class action proceeding offers the best protection for member-owners' rights without each member having to hire their own separate

attorney and that a class action proceeding is also the best way to minimize the necessary legal expenses for the member-owners who unfortunately are having to pay through their electric bills for the privilege of being sued by the cooperative.

"This legal action will respond to the SEC Complaint before the answer date specified in the 'Notice of Suit Service by Publication'."

Charlene F. Wagner