

8/26 - In the August 25th issue of the "Chieftain" with the headline, "Countersuit filed against co-op" and the serving of summons on individuals named in that filed "Cross Claim & Class Action Certification Request" as they walked into the boardroom resulted in another odd SEC board meeting.

Odd seems to be standard operating procedure these days with the SEC as financial irregularities surface and the investigative committee appointed by the board president is suddenly disbanded by order of the board president.

This was a very long meeting - 2 hours in open session - another hour plus in executive session and there is the auditor's meeting tonight so I will skip over some items without reporting in detail.

There was a review of the 2010 BUDGET which has just made its way to the board for approval in the 8th month of the budget year. It still needs some work to include addition information and to rearrange the report into a more usable format. The revised budget will be reviewed at next month's regular board meeting. Maybe the 2010 budget will be approved in 2010, maybe not.

The MANAGER'S REPORT consisted of the following reports: Expenditure Report, Credit Card Expenditure, RUS Form 7, Arrears (Delinquent) Report, Satellite Report, Outage Report, Safety Report, Construction Update, Vehicle Fleet Update, Personnel Update.

Details such as transferring signatures on bank accounts and transfer of credit cards due to the unpaid leaves of the general manager and the head accountant/office manager were handled.

Under OTHER BUSINESS Charlie made a report on a firm which specializes in forensic audits and has experience with electric co-ops. Pres. Bustamante had asked Charlie to locate such a firm and these guys were recommended by NRECA's top lawyer. Their proposal was excellent, their price very reasonable, and they were ready to start next week and have everything examined and analyzed within a week. Somehow the desire for an in-depth forensic audit seems to have waned and the vote to hire this firm was postponed until after the auditor's report tonight. We have been dealing with this firm for the past eleven years. Both gentlemen from the audit firm were present at last night's meeting and spoke with the board during the executive session.

LEGAL REPORT; During this portion of the meeting, odd became bizarre. Atty. Francish raised the subject of the Cross Claim and Class Action. He does not approve of either and misrepresented the reason for the Counter Suit and who should represent the Defendants (past and present board members). He asked for and received authorization to hire Paul Kennedy to handle this suit. Guess who pays for this attorney who represents the board against the members? You got it - the members who are the class seeking Class Action Certification . (You can read and/or download the actual Cross Claim on this website)

Now comes the kicker ----- The board votes to dismiss their suit against the members which is serving as the vehicle for the Cross Claim and Class Action knowing that these suits will result in Discovery and the turning over of some rocks that really, really need to be turned over. During discussion of this motion, Charlie asked if dismissal would mean a lifting of the injunction against Charlene West and the implementation of the three challenged bylaws passed at the 2010 Annual Meeting. No one answered not even Atty Francish who usually has a great deal to say. It is very questionable that the board can dismiss at this point in the proceedings.

EXECUTIVE SESSION; Over an hour standing around the parking lot.

BACK TO THE OPEN MEETING; The Board moved to fire the General Manager, Polo Pineda and Head Accountant/Office Manager, Kathy Torres despite Charlie's warning that the board had to have ironclad proof of wrongdoing before taking such action as it would place the SEC at risk for a lawsuit for improper termination. Both Mr. Pineda and Ms. Torres have hired lawyers.

In fact, Ms. Torres has filed another complaint with the EEOC claiming retaliation because of her first complaint to the EEOC.

If your heads aren't spinning by now, you are much better at following the dots than I. And tonight we do it again!