

PRESS RELEASES DATED AUGUST 27 AND 28, 2010

8/27/10 – Press Release

On August 26, 2010, Trustee Charlie Wagner was talking with Randy Robbins, auditor, of Bollinger, Segars, Gilbert & Moss, L.L.P., the firm that has audited the SEC for the last eleven years. Charlie wanted to know the finish date of the audit and who received the audit results that reported financial irregularities. The audit was completed on May 13, 2010 and results were reported only to Paul Bustamante, President of the SEC Board of Trustees according to Mr. Robbins. (Telephone conversation - August 26, 2010)

Whistle-blowers at the SEC have made it very clear that money taken in loans to both the General Manager (Mr. Pineda) and Head Accountant/Office Manager (Ms Torres) during 2009 started to be repaid to the co-op in May and June, 2010. The timing of the audit information release to Mr. Bustamante and the sudden rush to repay funds by Mr. Pineda and Ms. Torres makes it clear that there is a strong probability of a leak of the audit information by Mr. Bustamante.

It is apparent that we need a forensic audit conducted by an outside forensic firm with no ties to the SEC. The lead attorney at the National Rural Electric Cooperative Association (NRECA) has recommended such a firm to Charlie Wagner who obtained a proposal and time line of one week starting next week if they receive approval by the board. (A report on the audit meeting will follow in due course.)

Part 2 -

8/28/10 – Press Release – Subject: 8/26/10 Auditors Meeting

The open portion of audit meeting was a combination of intense boredom, misuse of parliamentary procedure by the board and the chair, and a very long executive session with no report to the public at the end.

In attendance were Randy Robbins and Jack Moss of the audit firm of Bolinger, et.al. which has done the regular audits of the SEC for the past eleven years, Larry McGraw of the Rural Utilities Service based in ABQ/Rio Rancho, Dennis Francish, Attorney, constituted a quorum of board members. Mr. Bruton and Mr. Cordova were absent, President Bustamante came late and left early which led to David Wade, V.P., acting as chair. Also in attendance were fourteen members-owners.

The regular meeting of the SEC Board of Trustees was held on the previous with a motion and second from that meeting postponed for a vote until this special audit meeting on 8/26/10, the next evening. This motion concerned the hiring of a forensic audit firm to look into matters at the SEC.

On August 13, 2010, President Bustamante asked Charlie Wagner to look into locating a forensic audit firm which he immediately proceeded to do. Trustee Wagner worked for many years for NRECA and knows who to contact for information. Mr. Russ Wassum, NRECA's lead attorney in the cooperative financial and accounting field recommended BKD, one of the 10 largest CPA and advisory firms in the U.S. with much experience with nonprofits and rural electric cooperatives. BKD had rushed a proposal for a forensic audit with a start time of Monday, August 30, 2010.

The proposal was given to the board at Wednesday's board meeting. I include this detail as during the discussion of a forensic audit, Mr. Wolberg kept sarcastically referring to BKD as somebody Mr. Wagner went onto the internet to find. Mr. Wolberg knew that was not the case and his comments and call for a delay are a turnaround from his previous views on the matter. (See [E-Mail Exchange between Wolberg-Wagner re: audit](#) dated 8/28/10 on www.informedcynic.com) Charlie asked for a vote on the motion for hiring BKD and at this point parliamentary procedure went out the window. A motion to delay the vote until after the audit report was passed. Mr. Wade stated that he wanted to wait for other members of the board to arrive. Only Mr. Bustamante had arrived at the end of the audit report and Mr. Wade said that he was tabling the motion (!) and a special meeting would be called to consider the issue.

This mess of illegal motions and personal attacks calls into question whether or not the board really wants an

outside eye forensic audit by a firm with no connection to the SEC. Covering the material on financial irregularities in executive session kept the members from knowing what has been happening in the co-op that they own. The material covered in the open session was all "everything's okay." The full audit report with all information should be made available to the members without delay. On a related note, we, the members, voted to limit the board to one meeting a month. The month of August has seen one regular meeting, two special meetings, and another special meeting pending because Mr. Wade "tabled" a motion that should have been voted on Thursday. Every meeting means per diems and mileage for the board, lawyer's fees, and overtime for SEC staff.

The board still doesn't get it.