

Was there a co-op cover up?

by [Staff](#) | September 1, 2010 | Filed under: [News](#)

Socorro Electric Cooperative trustee Charlie Wagner believes there's been a coverup of the financial irregularities that resulted in the firing of two managers. And he wants a vote to be taken to recall Paul Bustamante, the co-op's president.

Wagner claims Bustamante was aware of the problem when the accounting firm of Bolinger, Segars, Gilbert and Moss completed the initial audit back in May. But it wasn't until more than two months later — after a co-op employee sent an anonymous letter alleging the improprieties — that anything was done about it.

At that time, Bustamante appointed a committee made up of trustees to investigate the matter. At an Aug. 13 special meeting the employees, General Manager Polo Pineda Jr. and Accountant-Office Manager Kathy Torres, were placed on administrative leave without pay. The board ultimately terminated the managers at its regular meeting on Aug. 25.

"If it had not been for the whistle blowers, Bustamante may have continued to conceal the auditor's revelations indefinitely," Wagner claimed in an e-mail he sent on Monday, Aug. 30, to Bustamante and several other parties, including the auditors, the co-op attorney and a representative of the Equal Employment Opportunity Commission.

Bustamante responded to the e-mail the same day, copying El Defensor Chieftain in his reply. In it, he denied there was a cover up and provided an explanation for what transpired between now and the time he first learned of the financial irregularities.

In an Aug. 31 phone interview, Bustamante reiterated much of what he wrote in the e-mail. He admitted that he told just two other trustees — Luis Aguiar and Milton Ulibarri — in the days after the auditors had completed the first draft of the audit, which turned up some irregularities.

"At that time, the numbers were off and hadn't been reconciled," he said. "It was something that was turned up the last day of the audit."

Bustamante said he intended to inform the entire board at the trustees' June meeting, but that meeting was abruptly canceled when member-owners in attendance refused to leave the boardroom for executive session. He said the board would have heard the audit report from Bolinger, Segars, Gilbert and Moss in July, but because of the delay the auditors didn't give their report to the board until last week.

Bustamante also said the matter was being addressed before then. He had talked to Pineda about the approximately \$35,000 Pineda and Torres had borrowed from their pension plans in 2009, but had not paid back.

"That money was later collected," Bustamante said. "There are canceled checks."

Bustamante denied he tried to hide anything.

 Search

 [Subscribe to Blog RSS Feed](#)



Latest News

[Co-op hires investigator](#)

[2012 Year in review](#)

[USDA launches agriculture census](#)

[Prevent DWI: Police urge revelers to drink responsibly](#)

[The Blotter \(12/29/2012\)](#)

[Advertisement](#)

"There was no cover up," he said. "That's Charlie's strategy. He's thinking there's a conspiracy and that we coerced Kathy to file a claim against him with the EEOC."

Torres filed a claim against the entire board on July 7 for failing to address her complaint that she had been sexually and racially discriminated against by Wagner.

As for Wagner calling for him to be replaced as president, Bustamante said, "If there's somebody else who can do the job and is willing to take on the responsibilities, I'll respect their wishes. I'm just trying to do what's best for the co-op. It wouldn't hurt my feelings."

Wagner said on Tuesday, Aug. 31, that he sent the e-mail on Monday, and another one in response to Bustamante's reply, to spell out the facts.

"My answer is intended to set the record straight and if he's not going to do the job as president, then he's putting himself in the same boat as the people who were terminated," Wagner said.

Wagner said Bustamante's excuse about the June meeting being canceled is irrelevant, because Bustamante failed to inform the board at its May meeting that a possible crime had been committed. And instead of informing the board of the irregularities, Wagner said Bustamante went first to the people who were "suspects."

Wagner has been pushing for a forensic audit to be done in wake of the financial irregularities that had been discovered and the auditor's report that revealed numerous material weaknesses.

At last week's board of trustees meeting, and the following day at a meeting to hear the auditor's report, Wagner attempted to get the board to approve the hiring of BKD CPAs and Advisors. The firm, he said, was recommended to him by high-level officials with the National Rural Electric Cooperative Association. Wagner said then that BKD could have a forensic audit done within a week.

The board was hesitant to hire the firm right away. After tabling the matter last Wednesday, the board chose on Thursday after hearing the auditor's report to seek other bids and schedule another special meeting to decide what to do next.

Bustamante said the co-op has sought other bids since then. He said Bolinger, Segars, Gilbert and Moss had declined the invitation, since it conducted the initial audit. One other firm had expressed interest in submitting a bid, he said, but nothing had been received by noon yesterday (Tuesday).

Bustamante said a special meeting to decide on a forensic audit would likely be held either Tuesday or Wednesday of next week.

Check Saturday's (Sept. 4) edition of El Defensor Chieftain for an article or announcement of the special meeting.

Contact [T.S. Last](#)

« [News Line](#)

[News Line](#) »

SUBSCRIBE

ABOUT US

CONTACT US

ADVERTISING

PRIVACY POLICY

TOP

Copyright © 2012 El Defensor Chieftain

Accessible WordPress Theme by [Lotus Seeds Des](#)

If you have a question or comment, [contact us](#). | Interested in [promoting your business](#) on our site? | There's always more in our print edition. [Subscribe to El Defensor Chieftain!](#)

<http://www.dchieftain.com/2010/09/01/was-there-a-co-op-cover-up>

2 / 3

