

The following are a list of irregular and possibly illegal activities that have been discovered by residents. We want to ensure the forensic auditor RubinBrown LLP is aware of all of these activities, so they can leverage the work that has been done. [THIS LIST WAS PROVIDED Nov 30, 2023 TO TRUSTEE RAY TULLUCH who acknowledged receipt, and AUDIT CHAIR CHRIS NOLET.]

The Association of Certified Fraud Examiners (ACFE) defines occupational fraud as **"using one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets."**

1. **Financial statement fraud** – capitalization of expenses, e.g. LAND account. Over \$13 million. CFE Fraud Tree: Understated expenses. This should be the first assignment for the forensic auditor. It is easy to understand and has been clearly documented.

<https://ourivcbvoice.com/land-misstated-on-ivgid-financials-for-over-a-decade/>

<https://ourivcbvoice.com/opinion-cooking-the-books-part-2/>

<https://ourivcbvoice.com/cooking-the-books-in-lake-tahoe-part-3/>

IVGID has purchased a Government Finance Officers Award since the mid 1990s. As the “books” have been being “cooked” since 1990, this is deceptive. GFOA’s excuse for allowing government agencies to buy an award is that they rely on a “clean” audit opinion, and do no additional validation. By purchasing the award AND improperly capitalizing expenses for over 30 years, IVGID’s management has intentionally deceived the property owners (taxpayers).

2. **Financial statement fraud** – capitalization of expenses of capital projects (over \$9 million). CFE Fraud Tree: Understated expenses. Cliff Dobler has documented this area. Kendra Wong refused even the possibility of restating the financial statements.

<https://ourivcbvoice.com/forensic-audit-the-need-to-investigate-accounting-fraud-by-past-ivgid-management/>

<https://ourivcbvoice.com/ivgid-accounting-cover-up/>

3. **Recreational Facility Fee has been classed as operating revenue**, which is improper. (over \$155 million since 1989) CFE Fraud Tree: Overstated revenues.

4. **Government grants have been classed as revenue**, which is improper. (millions) CFE Fraud Tree: Overstated revenues.

5. **IVGID operates recreation programs that are unauthorized – which property owners are forced to subsidize. (Rec Center loses about \$1.5 million a year)..** For example, IVGID operates money-losing recreation programs. In addition to salary/wages, IVGID pays COMMISSIONS to some Recreation Center employees. IVGID is NOT authorized to provide recreation programs – ONLY recreational FACILITIES – as its mandate was set by Washoe County Ordinance 97. In its OFFICIAL STATEMENTS, part of its municipal bond offering filings, the District states, *“The District is empowered through its enabling legislation to acquire, provide and maintain pavement, curbs, gutters, sidewalks, storm drainage facilities, water systems, sanitary sewer systems, street lighting, garbage and refuse removal and electric power. The District may also acquire, construct and maintain lands, works, systems and facilities-for recreation.”* and *“The District was formed pursuant to provisions of the State's General Improvement District Law (Chapter 318, Nevada Revised Statutes) on June 1, 1961 as a body corporate and public, and a quasimunicipal corporation in the State of Nevada.”* (Official Statement, August 1, 1993 emma.msrb.org The District used the same boilerplate phrases in all Official Statements 1991-2008) **There is NO MENTION of RECREATION PROGRAMS because neither Ordinance 97 nor NRS 318 include this phrase.** The District is only empowered to provide RECREATION FACILITIES. To see

legislation that empowers recreation programs, NRS 377A authorizes SMALLER NEVADA COUNTIES to provide recreation programs and senior citizen programs. But NRS 377A does not apply to the District, which was formed under NRS 318. So all the recreation programs, and the payments to these employees of salaries and commissions, are improper and not authorized by law.

Nevada is a Dillon's Rule state whereby the powers of local government are limited to those expressly granted by statute. Although COUNTIES were given more leeway in 2015 by Legislative action, Districts, such as IVGID, were not.

The Nevada Attorney General stated in opinion 2006-07, "the Nevada Supreme Court has adopted and applied a common law limitation of local government power known as Dillon's Rule. See *Ronnow v. City of Las Vegas*, 57 Nev. 332, 342, 65 P.2d 133, 136 (1937). Under that general rule, a local government is authorized to exercise only those powers which are expressly granted, which are necessarily implied to carry out powers expressly granted, or essential to the accomplishment of the declared objects and purposes of the local government. "Any fair [or] reasonable . . . doubt concerning the existence of power" is resolved against a local government entity seeking to exercise it, and it "is denied. . . . All acts beyond the scope of the powers granted are void.") *Id.* at 343, 65 P.2d at 136. Dillon's Rule is a rule of construction, serving as an aid in determining legislative intent. BLACK'S LAW DICTIONARY 412 (5th ed. 1979)."

Prior legal counsel ignored Dillon's Rule and said certain powers were "incidental". This goes against what the Nevada Attorney General and case law has laid down.

For the Veteran's Club, IVGID controls payments and takes in revenues from their fund-raisers. These payments are made from IVGID's operating checking account, which is co-mingling funds. IVGID is not authorized to be the Trustee of any Clubs – The "Incliners" are another club for which IVGID sometimes pays expenditures. The excuse in the past was the District was exempt from sales tax – but it pays sales tax for Vet's Club purchases.

Senior Transportation – IVGID received \$17,000 from Washoe County for "Senior Transportation" – but it spends tens of thousands on vehicles, wages for drivers, fuel, and other costs. IVGID is not authorized to provide transportation.

CFE Fraud Tree: Economic Extortion may be the category for these activities. The category is used for "pay-to-play" schemes, where vendors pay employees to receive contracts. The Recreation Facility Fee has characteristics of extortion. It is extortion because it is levied on all property owners, except government, who must pay the fee or be in fear that their property will be confiscated because tax liens will be placed against the property. Fear is an essential part of extortion, and Washoe County has confiscated parcels In Incline Village and Crystal Bay for tax delinquencies. It is extortion because the fee grew so large – at \$830 per year – that it was no longer "reasonable". It is extortion because the tax was called a "standby charge" even though no calculations justifying the fee levy were ever provided. Instead, the ALLOCATION of the fee was to various IVGID venues, and not to the purchase of facilities or capital expenditures for facilities. The fees became a slush fund to be used as IVGID management wished. If an entity is levying a tax, using the proceeds in ways other than the fee was intended, and threatens confiscation for non-payment – that would seem to fit the term "economic extortion".

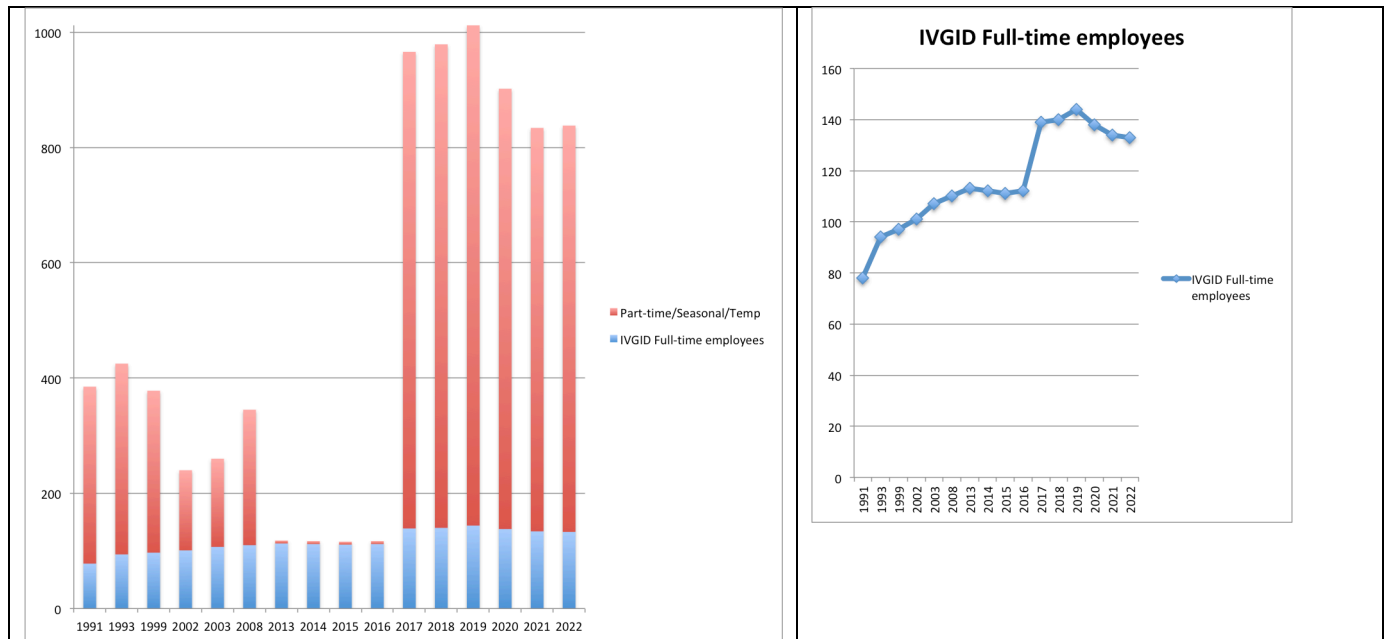


6. Lack of competitive bidding. Excuse is that Nevada law allows this. (Potential cost: millions of dollars a year). CFE fraud tree: potential bid rigging. The CMAR contract for Burnt Cedar pool was inappropriate as pool construction is commonly performed. The Granite Construction contract using CMAR may also be improper, as pipeline construction is commonly performed. The District purchases pavement, sealing and other services. A resident's analysis of 2018 & 2019 procurement showed red flags for bid-rigging.

7. Payment of 14% to Granite construction when no % is in contract. (over \$900,000 over life of contract). <https://ourivcvoice.com/deficient-contract-raises-specter-of-false-claims-fraud/> Paying more than what the contract specifies; although this is not OCCUPATIONAL FRAUD – it is FALSE CLAIMS FRAUD. Nevada law NRS 357.

8. No fixed asset inventory performed for years – likely decades. (Over \$1.4 million computer equipment assets likely need to be removed from the books. Another \$16.5 million in assets need to be evaluated to determine if they should be removed from the books.) CFE Fraud Tree : possible asset transfer. The accounting manual last updated 2014 has NO PROCEDURES regarding physical inventory of fixed assets, as pointed out by the Moss Adams August 2023 report. In response to public records requests, IVGID has not been able to produce the "FA vs GL Variances" report, even though per the IVGID 1994 Records Retention Schedule indicated the last 8 years should be available. Financial statement fraud: Overstatement of assets. Possible misappropriation of assets by employees.

9. Massive increase in employees (graph) – both full-time and part-time, without justification. (over a million a year). Some employees, such as FLEET, may be paid year-round but only work full-time during April – October (golf season). The "Supervisor" works from his home in the Reno/Storey County area – not how can he supervise employees?



For years 1991 – 2008, the data is from the municipal bond OFFICIAL STATEMENT filed by IVGID with the Municipal Bond Rules organization msrb.org. For years 2013-2016, IVGID refused to provide part-time and seasonal employee numbers, except for Trustees. Both Transparent Nevada and residents were provided with only full-time employees and Trustees.

The data that IVGID provided for payroll is suspect. For 10 high level salaried employees, their “base pay” went DOWN sometime between 2014 and 2018. This likely means the “base pay” was not being reported accurately in the public records request. Or, it could mean that base pay excludes tax-deferred income. But then the definition of base pay is being manipulated, doesn't it?

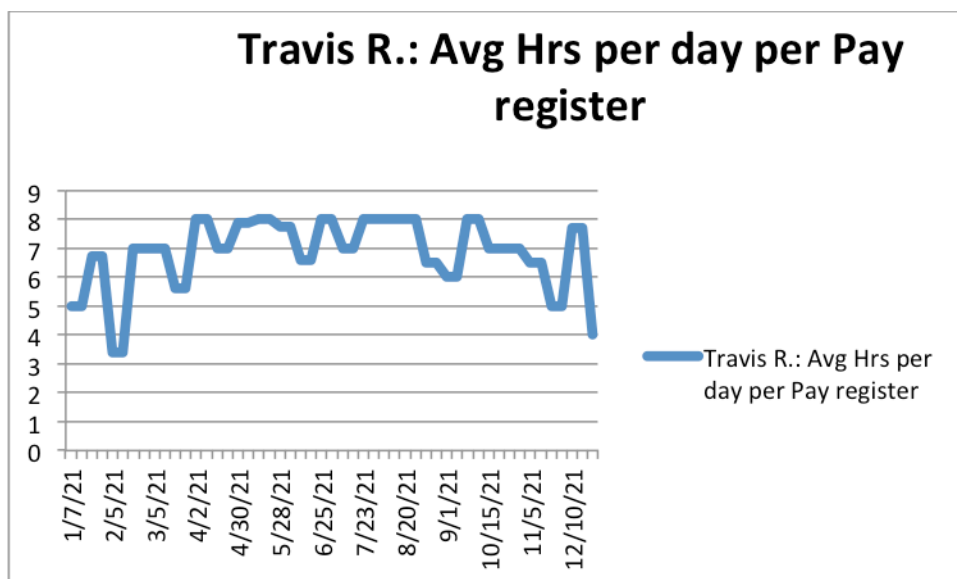
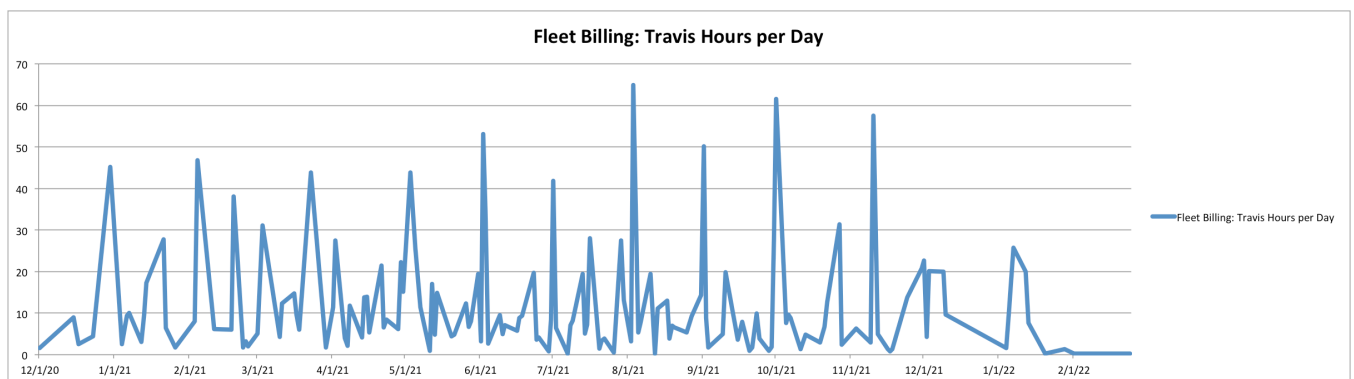
The increase in full-time employees in 1993 is because of the Recreation Center opening. No new venues requiring staffing have been added since 1993. The creation of patronage jobs, regardless of labor needs to staff venues and run operations, has substantially increased the payroll costs of IVGID.

Labor Distribution Reports (LDR) with hours and wages/salary/benefits have not been provided although public records requests have been made, with the exception of Calendar Year 2021. That year, it was accidentally included as it was part of the Excel file provided. IVGID Trustees time is recorded for them by some unknown employee – per the LDR 2021, Trustees worked 80 hours every two weeks. But the Trustees are part-time. An analysis of the 2021 LDR performed in November 2023 by a resident brought multiple questionable practices to light. The LDR was obtained in response to a PRR for ALL payroll, benefits, and emoluments of employees. **a) Vacation and “Comp time” pay was not included in the report. This means public records regarding vacation time costs were concealed, as the payroll was understated substantially.** b) For salaried staff, 8 hours appears to be recorded – even though more – or less – than 8 hours is actually worked. For example, Tim Kelly, a recreation programs supervisor, consistently had 80 hours every pay period. But he coaches for both the Lake Tahoe School and Incline High School. These teaching activities would conflict with being a supervisor, as he would be away from IVGID during business hours of 8 am – 5 pm., in particular 3 – 5 pm. How can he supervise staff if he is not there? Who is recording the time for which an individual is paid – human resources? OR the person who is working? c) Is IVGID receiving value for money? 6 employees consistently worked below 80 hours a week, including HR staff. Is IVGID over-staffed? Twelve

employees were in seasonal roles, but paid year-round. They did not have an alternate seasonal role. What duties did they perform in the 5 to 7 months that their venue was not open? Four seasonal employees were paid well beyond the season end of their venue. d) How are comp time and vacation time tracked?

A payroll earnings report was obtained on November 20, 2023 after a second request for a LDR. The report showed the District paid \$220,012 in overtime, but the payroll data reported to Transparent Nevada showed 0 overtime. The report showed the District paid \$1,272,434.78 in “other earnings” (acct 5020) and \$228,478.24 in “Other earnings” (account 5013) but the Transparent Nevada report showed 0 in “other earnings”. Only the categories of base pay and benefits were reported to the Transparent Nevada. The Earnings report did not include any data on benefits cost.

The request for “Attendance / timekeeping records for all employees for calendar year 2022” was not provided. Only a time-card summary report for one employee was provided: Travis Riley. But the billing log report for Travis often exceed 8 hours per day as shown by the graph below. The billing records should be a accurate and reliable record of work performed – and they are not. In 2021, for Travis time, Fleet billed the 2 golf courses & Chateau 1,647 hours Labor \$: \$154,246.2 at a rate that included overhead: \$86.865 per hr. the Labor Distribution Report showed he was paid for 1,747 hours. A year has 2,000 hours with 2 weeks vacation (80 hours).



This analysis was done because of a public records request for equipment records for 6 mowers showed

Internal Billing by Fleet staff exceeds 8 hours a day, and sometimes as much as 34 hours per day. The billing charges affect golf rates, and should be accurate and verifiable. These billing records contain falsified dates – do they also contain falsified hours? Are replacement parts cost accurate – using a specific markup - or falsified?

\$22,567.34	Repair parts purchased by Rich Allen in 2021 with p-card. Wes & Travis have no p-card)
\$57,314.12	Repair Parts\$ for just Travis for 2021 per Equip Work log

Based on Travis Riley’s data, Fleet mechanics are full-time employees receiving benefits – but Travis Railey’s 2021 shows he worked 75 to 80 hours prepay period only 10 of 26 pay periods of the year. CFE Fraud Tree: Potential ghost employees. Why is he not assigned to work on Ski Dept equipment during the “off-season” of golf?

The MUNIS payroll system appears to be mis-configured. Salaried employee pay for vacation hours is being debited to account 5012: “Hourly payroll”. A separate account should be used for vacation pay, sick pay and leave pay. In 2022, Over \$500,000 was debited to account 5012 for salaried employes This setup issue was brought to the attention of Director of Finance Bobby Magee and Trustee Sara Schmitz, who wrote by email Nov 30, 2023, “I have discussed this with Mr. Magee. This is how the system works and IVGID will not be spending \$ to have this customized.” Ms. Schmitz is confused; This is a configuration issue – NOT how a payroll system “works”.

Since 1979, gold and silver cards for lifetime recreational privileges have been awarded to a variety of people. One of the first recipients was Arthur Wood, owner of the developer of Incline Village, Crystal Bay Development Co. Ten cards were awarded to Boise Cascade in 1976. Over 130 current and past employees, including Trustees prior to 1994, have been given cards. These cards buy loyalty and omerta. No statute allows GIDs to give lifetime privileges to anyone, so this appears to violate Dillon’s Rule. No budget is set for the use of public funds for these cards. No reporting is done on their cost to the public.

10. Procurement of rolling stock, regardless of condition. (likely \$100,000 of more a year). IVGID procures vehicles, service equipment for golf, ski, parks generally on a 5-year replacement schedule REGARDLESS of CONDITION or USE of the fixed asset. These “early replacements” are costly, especially with high inflation. WHY is Rich Allen of FLEET doing these early replacements? It has likely always been done that way. Vendors may be happy – but IVGID taxpayers are footing the bill. No disposal forms are completed even though signed forms are an Accounting Manual requirement. And are there any kickbacks involved? <https://ourivcbvoice.com/ivgids-financial-meltdown-part-1/> CFE Fraud Tree: potential kickbacks. CFE Fraud Tree: Asset Transfer.

11. Bonus payments are made that are NOT approved by the Board of Trustees. (over \$290,000 a year). CFE Fraud Tree: payroll schemes. For example, some catering employees receive the 15% service charge that IVGID includes in its catering contract. In fact, these payments were NOT “tips”. The government of California has a FAQ on tips and gratuities, including this relevant question/answer:

Q. Is a mandatory service charge considered to be the same as a tip or gratuity?

A. No, a tip is a voluntary amount left by a patron for an employee. A mandatory service charge is an amount that a patron is required to pay based on a contractual agreement or a specified

required service amount listed on the menu of an establishment. An example of a mandatory service charge that is a contractual agreement would be a 10 or 15 percent charge added to the cost of a banquet. [emphasis added] Such charges are considered as amounts owed by the patron to the establishment and are not gratuities voluntarily left for the employees. Therefore, when an employer distributes all or part of a service charge to its employees, the distribution may be at the discretion of the employer and the service charge, which would be in the nature of a bonus, would be included in the regular rate of pay when calculating overtime payments.

https://www.dir.ca.gov/dlse/faq_tipsandgratuities.html

Over \$290,000 of the \$448,000 were service charges for banquets at IVGID facilities. IVGID then paid the 19 employees who worked at the banquets these service charges. [General Ledger fiscal year 2020 and fiscal year 2021]. The general ledger clearly shows "SERVICE CHARGE" in the transaction description when banquet transactions were processed. These were discretionary payments, and not a tip or gratuity left by a patron. The payments were "in the nature of a bonus" – **a bonus not approved by the IVGID Board of Trustees**. The Nevada Commission on Ethics stated in Opinion No.93-34, "*The IVGID Board of Trustees, who approve the pay levels for management and employees as well as bonuses and perquisites for those employees, is the only authority that has jurisdiction to develop and follow criteria based upon merit and performance, for determining which employee should be awarded gifts or other special recognition for excellent employee performance.*"

Another example of bonuses not approved by the Board of Trustees is the payment of \$1.47 million bonuses to employees for 2013 and 2014. These bonuses were not approved by the Board of Trustees. CFE Fraud Tree: Payroll schemes.

12. Propaganda Magazine published at taxpayer expense. IVGID publishes a magazine 5 times a year and MAILED it to all owners plus distributes this with the local newspaper. (including labor hours of IVGID staff: \$60,000+). CFE Fraud Tree: Misuse. This magazine has advertising and is a puff public relations magazine, for which owners foot the bill. The vendor CC MEDIA receives ALL the advertising revenue. The many reasons why this magazine should be stopped are described here:

https://ourivcbvoice.com/trashing-the-ivgid_quarterly/

13. About half of IVGID's full-time staff have p-cards, and controls are extremely lax. (Misuse may range from \$7,000+ to over \$100,000, depending on how the forensic auditor evaluates questionable transactions). CFE Fraud Tree: Personal Purchases. There are thousands of dollars in questionable payments. Some payments are not approved. Some appear to be personal benefit, not public benefit. Amazon is a frequent vendor. There is no separation of duties – the purchaser is the receiver of the goods. Descriptions of purchases are often the name of the General Ledger account used, such as Operating. Some p-card purchases have no GL account assigned when purchase is made. This means the purchaser likely did not verify there were budgeted funds available.

14. Golf Fees (GHIN Fees) paid for by IVGID – this is potential vote buying. Payments have no public purpose. There is no statute authorizing such expenditures. <https://ourivcbvoice.com/why-does-ivgid-pay-golf-fees-for-some-voters/> CFE Fraud Tree: Misuse.

15. There is no statute allowing DONATIONS by a GID- another mechanism for vote buying. *But*

IVGID makes donations disguised as “marketing” and in-kind use of its facilities for less than the rack rate. CFE Fraud Tree: Misuse.

16. Uniforms, meals and other cash payments to employees are made with no withholding. *(estimated \$30,000 per year) CFE Fraud Tree: Personal Purchases.*

17. Public funds and resources are being used for employee parties, meals for staff and management, holiday gifts for public works employees and other improper uses for PUBLIC FUNDS and RESOURCES (see attached pages for EXAMPLES: over \$20,000). CFE Fraud Tree: Mischaracterized expenses. There is no statute authorizing such expenditures.

Employee EVENTS were organized using public resources, and were likely usually held at IVGID-owned property: the Chateau at 955 Fairway Blvd in Incline Village, NV. These events included going-away parties for former General Manager Steven Pinkerton, former Director of Finance Gerald Eick. An employee EVENT was held at RENO ACES – entertainment for employees is an improper use of public funds. The all employee barbeque may have been held at Burnt Cedar Beach – which is a violation of the Beach Deed, as it is to only be used by Incline Village residents and their guests. See the transaction list, including other IVGID parties for employees.

18. There is no statute authorizing payment for travel by GID employees. (\$35,000+ annually). *There are over 70 statutes authorizing travel for employees of other government entities. IVGID pays lobbyists – but never has sought to get a travel statute passed by the legislature. These travel payments have amounted to tens of thousands of dollars a year in the past. COVID reduced them, but they have been on the rise again. CFE Fraud Tree: Mischaracterized expenses.*

19. Lease of public land to IVCBVCB for \$1 per year. (Over \$25,000 annually) – this benefits tourists, and certain local businesses – but not the inhabitants who are overwhelmed by tourists in summer and parts of the rest of the year. CFE Fraud Tree: Misuse.

20. Lease of public land to Parasol Foundation for \$1 a year. (Over \$25,000 annually) When the sale by Boise Cascade to IVGID placed a restrictive covenant on the land, stating it was to be used only for recreational use. CFE Fraud Tree: Misuse.

21. Petty cash accounts –*these accounts hold thousands of dollars – not \$200. Are expenditures for a public purpose? Or personal use? Are receipts reviewed and approved? There are NO PROCEDURES for petty cash in the accounting manual (2014) as pointed out by Moss Adams Aug 2023 report. CFE Fraud Tree: Expense Reimbursements.*

22. There is no statute authorizing GID to join associations, e.g. TWSA or Cities organization. *Without an authorizing statute, all its expenditures are unauthorized. In contrast, cities can join associations. NRS 270A.010 Power of cities and towns to join organization. It shall be lawful for the governing body of any city or town in this state, whether organized under the general laws or a special or home rule charter, to join with the governing body of any other city or town, or cities or towns, in the formation of an organization of municipalities for the purpose of securing concerted action among such municipalities in behalf of such measures as the organization shall determine to be in the common interest of the municipalities.*

23. In furtherance of the conspiracy and to effect the objects of the conspiracy, the Director of Finance

EICK changed the type of fund used for “business-type activities” from Enterprise Fund to Government Fund effective fiscal year 2015. These changes affected the two golf courses, the beaches, the recreation center and the Diamond Peak ski resort. The purpose was to manipulate the financial statements to avoid showing depreciation and asset renewal costs and to avoid setting user charges at rates sufficient to cover all costs including capital assets and debt service. The district charges each residential parcel owner an annual standby and service charge fee (“recreation facility fee”) to subsidize its operations with monetary losses totaling several million annually. The standby and service charge fee was originally intended for sewer and water districts to have a mechanism to charge for vacant parcels with no sewer / water billing yet in place. The standby and service charge was also used as a fee to be charged for non-payment as a one-time disconnect or reconnect fee. Such a charge might range from \$50 to \$75. From FY 2010 – 2020, the “recreation facility fee” was \$830 per parcel annually for Incline Village residents with beach access, generating nearly \$7 million dollars. For FY 2021, the fee was decreased to \$780. For FY 2023, the fee was decreased to \$455, with all money directed to the Beach Fund. Crystal Bay residents paid \$0. In May 25, 2023 Board minutes, Trustee Tulloch said, *“I think I made clear, I'm against collecting in anticipation of something we may or may not do. I think we've been going that far too long. When we talked with the capital budget spend earlier, we've spent 5 million in the first three quarters of a 29 million budget. Yeah, it's obvious we're over-collecting.”* Trustee Schmitz said, *“We have been over-collecting, we have been intending to do projects and spend down the fund balance, and we don't deliver on that. And from an NRS perspective, an enterprise fund cannot collect more than what it needs. It can be on an annual basis, it can be in a longer-term perspective, but you have a plan. And our plans, we have haven't executed on, and that's been demonstrated by our continued growth of the fund balance. So, as we look at this budget also, community services does not need a facility fee in order to over its cash flow. It does not. And it hasn't for a few years, which is why we keep building up this fund balance.”*

In a 12/7/2020 report, CPA Firm Moss Adams recommended changing financial reporting methods back to using an Enterprise Fund, stating, *“These activities generally meet the GAAP definition of ‘business-type’ activities and are better suited for reporting within enterprise funds.”*

Trustee Wong was Chair in 2015 when the change from an Enterprise Fund took place. As a licensed CPA in California, and since her CPA credential helped get her elected, she should be held to a higher standard. As a CPA, she KNEW that the change from an Enterprise Fund was improper – and allowed it to happen. As a CPA, she knew the change was a cover-up. Residents had complained about questionable activities and improper accounting, requesting a forensic audit. As Chair, she set the Board agenda. There is a federal law to address cover-up of a felony: it is called misprision of a felony.

24. THREE Unauthorized sales of land by Director of Finance Gerald Eick. Eick sold 3 parcels for which Washoe County has transferred ownership to IVGID. CFE Fraud Tree: Asset transfer. These parcels were included in 87 parcels that were transferred in 2013 under the condition that the parcels remain open space. Instead, Eick spent \$11,000 in district funds to obtain an appraisal for 9 of the lots which were placed in the General Fund. He capitalized this amount in the LAND account. The 2017 CAFR stated the other parcels were placed in the Community Services Fund – but the detail Fixed Asset Ledger did not contain ANY of the parcels acquired from Washoe County. The LAND account for the Community Services Fund did not contain the land. In 2020, more stream restoration costs were capitalized in the LAND account. Three parcels (shown below) from the Community Services Fund were sold without public knowledge and without Board approval to private parties known to EICK. EICK signed the deed of sale documents even though he was not the legal owner, and was not authorized to

sell the parcels. SUSAN HERRON notarized the real estate sales documents, even though she knew Eick was not authorized to make the sales. The parcels were sold without an appraisal to the following buyers:

Date	Buyer	Parcel ID	Purchase Price
3/3/2014	Sabin Living Trust (Jonathan Robert Sabin)	126-294-28	\$14,095
7/18/2014	Randolph-Wall Living Trust	126-294-29	\$14,095
12/10/2015	JDG Trust (James Robert Gately)	126-294-18	\$19,000

The District denied wrong-doing and no one was held accountable.

25. Kickback payment by Waste Management to IVGID. (estimated 325,000 per year). There is no statute authorizing such a payment to General Improvement Districts. Nevada statutes allow such a payment only to a city or a county. <https://ourivcbvoice.com/why-were-the-mark-smith-emails-kept-secret/> CFE Fraud Tree: Kickbacks.

26. Concealment of public records. According to ACFE, destroying or withholding physical documents is one of the five concealment methods used by fraudsters. The fraud of false financial statements and misuse of public funds was aided through concealment of public records. Evidence is available from the emails released from the Mark Smith lawsuit. The District Clerk, Susan Herron has conspired with legal Counsel to hide public records from the residents who request them. In 2017, multiple residents requested the General Ledger for various fiscal years, including Ray Tulloch, Kevin Lyons and Judith Miller. All requests were refused. Ms. Herron said in an email, " *I don't have a public record entitled General Ledger.*" The General Ledger is a PERMANENT public record per the 1994 Retention Schedule IVGID filed with the state of Nevada. <https://www.projectauditors.com/Private/iv-app/readpdf.php?file=b.pdf&page=63> Trustee Matthew Dent requested a Chart of Accounts; General Manager Pinkerton responded that the Chart of Accounts could not be provided. <https://www.projectauditors.com/Private/iv-app/readpdf.php?file=b.pdf&page=2131> The District paid Mark Smith's attorney about \$77,000, basically admitting they had concealed public records. Kendra Wong was originally charged, as was Jason Guinasso, but Mark Smith elected to drop them from the lawsuit. <https://ourivcbvoice.com/nevada-globe-reports-on-ivgid-public-records-concealment-allegations/>

Not until a reporter from the Nevada Globe, Megan Barth, requested the FY2020 and FY2021 General Ledgers was a PRR for a General Ledger provided. District Clerk Susan Herron conspired with Steven Pinkerton, IVGID attorney Jason Guinasso to conceal these public records.

Susan Herron conspired with Josh Nelson, IVGID attorney from BB&K, to conceal public records. Picture pass holder (PPH) records and punch card records were denied, citing a statute of Nevada law regarding reservations for recreation classes being confidential. Punch cards and PPH cards are mechanisms to allow beach entry – for which there is NO reservation system. The cards allow for DISCOUNTS at Diamond Peak – for which there are no reservations. There are over 85,000 picture pass cards according to a Board packet on the PPH system. As IVGID has demonstrated a lack of internal controls across all departments, it is clear an examination is needed of these cards.

A detail fixed asset list (ledger) was requested in 2023. The list that was provided was 10 pages, with a

font type so small it required reverse engineering to read. Diana C. Robb, former IVGID accountant, and current Public Works employee conspired with Susan Herron to conceal the data by making it unreadable to the naked eye. However, using software the list was able to be readable and it was analyzed, revealing the financial statement fraud regarding the LAND account that has been going on for over 30 years, since at least 1991.

Public records requests for payroll records for part-time and seasonal employees were refused by Susan Herron in 2020. Transparent Nevada requested the employee payroll records beginning in 2013. However, records for 2013-2016 did not provide part-time and seasonal employees; only the Trustee records and full-time employees were provided to Transparent Nevada. Were there ghost employees in these records? Why were these records Nevada provided when multiple requests were made?

General Manager Indra Winquest promoted Susan Herron to a position that was not authorized in the budget. <https://ourivcbvoice.com/public-records-concealed-promotion/> Was this a thank you for concealing public records?

27. Concealment and potential destruction of records by implementing a new payroll and accounting system. According to ACFE, destroying or withholding physical documents is one of the five concealment methods used by fraudsters. In November, 2020, Director of Human Resources, Dee Carey, Dir of Finance Paul Navazio and Director of Information Technology Michael Gove requested the Board spend \$\$\$\$ to replace the hr/payroll and accounting systems. No specifics were provided regarding why the current systems needed replaced. The Board approved the project 5-0, over protests by residents.

As of November 12, 2023, the books had not been closed for AN ENTIRE YEAR, in part because the data conversion was out of balance by \$3.9 million and all accounts had not been converted, e.g. Land, Vehicles, and other accounts were missing from the OOB general Ledger obtained by a resident through a public records request.

The old system are no longer available for inquiry or reporting. This will make the activities of the forensic auditor much more difficult.

<https://ourivcbvoice.com/ivgids-financial-meltdown-part-2/>

<https://ourivcbvoice.com/audit-chair-nolet-ivgid-gross-mismanagement/>

28. Misrepresentation regarding effluent pipeline reserve. Public Works began accumulating \$2,000,000 per year in savings for the construction of the Effluent Export Project. *"We expect to have accumulated a total of \$8,000,000 by the construction project start date in spring 2016 while also continuing to collect \$2 million annually for this critical project."* Source: New homeowner packet.

The Chair of the Board, Kendra Wong, did not agendaize reservation of the funds for a Board vote, as she should have. Instead, the district diverted millions of those funds for other purposes and delayed replacement of the compromised pipeline. They erected a cold storage building which cost over \$2,500,000. Hired a Canadian contractor PICA; their work was not completed per scope, but they were paid anyway (over \$100,000). Paid unapproved bonuses in 2013 and 2014 to District staff of \$1.4 million dollars.

As a result of the delay, cost of that replacement has soared from \$23 million to over \$78 million and the current board has been forced to a) obtain financing from the State Revolving Fund, that will be tens of millions of dollars to fund the project and b) dramatically increase the Water/sewer rates in coming years. <https://ourivcbvoice.com/opinion-effluent-projects-costs-balloon-to-78-million>

This is what IVGID said in its “New Homeowner Packet”: *Phase II will replace the remaining six miles of aging pipeline within the Lake Tahoe basin. The six miles of pipeline is comprised of approximately 17,300 lineal feet of welded, cement mortar lined, high pressure pipe and 13,700 lineal feet of bell and spigot, cement mortar lined, low pressure steel pipe. This pipeline experienced a significant leak in 2009. Subsequent investigations confirmed progressive corrosion of this pipeline that necessitates replacement. Design of this project is underway with construction estimated to start in 2014.*

29. Audit Committee was a sham when Kendra Wong was on it.

30. IVGID’s legal counsel has acted as a fixer for the District, rather than providing honest legal advice. The lawyer provides counsel that what the Board or General Manager wants to do is ok – even when it is not. Example: employee access of Beaches in 1988, when Beach Deed does not authorize such access. Attorney Geno Menchetti, deceased 2019. This practice was finally stopped in 2022. Obtaining a WRITTEN legal opinion, rather than a verbal opinion, took MONTHS because the lawyer, the Thorndal firm, was taking direction from the General Manager, and not the Board. Josh Nelson of BB&K and Jason Guinasso both facilitated IVGID’s management’s practice, aided and abetted concealment of public records, and were not independent advisors reporting to the Board.

Chair – IVGID Board of Trustees

Chair: Kendra Wong, 2015 – 2018, elected 2014

Chair: Tim Callicrate, 2019-2022, elected 2014

Chair: Matthew Dent, 2023-present, appointed 2015

Note: All individuals accused of allegations are assumed innocent until proven guilty in a court of law. This is why a law enforcement investigation is a necessity.

Statute of Limitations

As this matter is a conspiracy, federal law, 18 USC Section 371 Conspiracy states that until the conspiracy is uncovered, the clock for the statute of limitations does not begin to run. No federal law enforcement has investigated – or Nevada law enforcement. So the clock has not yet started.