

Teralyn Lewis

From: Michelle D. Briggs <MBriggs@ag.nv.gov>
Sent: Thursday, March 21, 2019 6:31 PM
To: Teralyn Lewis
Subject: FW: Baldrige

Follow Up Flag: Follow up
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Teralyn – could you include this in public comment for the next meeting?

Thanks,
Michelle

From: LoriBurger@ebmc.com <LoriBurger@ebmc.com>
Sent: Tuesday, March 12, 2019 12:27 PM
To: Michelle D. Briggs <MBriggs@ag.nv.gov>
Subject: Re: Baldrige

Hi Michelle,

I wanted to circle back on a few observations:

I was surprised a member of the Committee criticized me/Company after I left the table without giving me the ability to respond. I tried to return but Chris said no. Those last comments are what persons will repeat about EBMC and I did not have a chance to defend EBMC. EBMC does have segregation of duties. One person sets up vendors, one processes invoices, one person prepares checks, one person mails, and head bookkeeper reviews and signs off financial production. Board's review and Auditors audit. Everyone missed this. But, we discovered and took action. We didn't hide it from the CIC or law.

The issue is she falsified w-9s, falsified invoices, falsified minutes, forged signatures, falsified financial, stole mail and had warm and protective relations with Board Members. From a Board's perspective financial were falsified so they didn't easily catch it. Had they scrutinized the bank statement, they might have caught the large checks. Malinda, fought us on having staff to Board Meetings. Lying and telling long stories that the Board's did not want other EBMC staff at meetings. I in fact did catch a issue with Malinda and wrote her up on it in February of last year and attended a board meeting to alert the Board. But she simply moved her activity to another account. I did not suspect a larger issue and the Board never suspected either. When it comes down to it, anyone can steal -but we can do better and have.

I had expected the Commission to ask me different kinds of questions such as, knowing what you know what could the CIC implement to help prevent this kind of thing happening: I might have said:

- Official Minutes of the HOA are to be kept by the Secretary not the Management Co/Manager. The management co. has to have access to minutes to place on HomeWise docs for prospective purchasers or to provide to members as requested. We have to store them on our server and have access to place on Community websites, But, I was lucky to figure out minutes had been altered. If the Originals are maintained separately with the Board this would help stop forging of minutes because they are kept in a different location.
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- Vetting of Vendors (W-9s, Insurance Certificates, proof of Workers Comp) should not be performed by the Management Co., though they can coordinate it. As an example, EBMC is currently working with YARDI to implement such as process. This would have eliminated the possibly of a vendor being created.
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- Access to setup vendors should be restricted. EBMC now only has 2 people in the company of 350 that can create a vendor set up.

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- A required training of Board Members to explain financial and a checklist developed by the CIC for the Treasurer to complete no less than quarterly.
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- Scanning of all invoices for preservation in a secured location where they cannot be tampered with to avoid loss of invoices (EBMC is doing this now).
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- EBMC instituted last January 2018 a scanning process where invoices are sent electronically the Board, once done electronic Board Member signatures are placed on checked. Thus eliminating checks being mailed or delivered to boards' for signatures. This was 98% complete but the two accounts Stonefield and Eldorado had not adopted this process as of this incident.. Malinda, stalled the onboarding of this.
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- Additionally, the Manager does not deliver checks to vendors or Boards. Boards are to come into the office for wet signatures when necessary. Additionally, vendors may come into the office to pick up a check.
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- I do not know how one of the HOAs had an Audit every year and this was not discovered. New requirement for Auditors should be put in place.
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- Financial. EBMC now transmits for its accounting department the full financial to the Board, the Manager does not distribute it. In the Board package the required financial elements are then included by the Manager. But this makes sure the Board receives the full unaltered financial and there are checks and balances.
- The CIC could also go so far as to say every 4 years the Auditor and CAM must change. The prior CAM cannot serve as the Manager for the Community for a period of 12 months.
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Lastly, I have had 6 people tell me already that the amount fine does not fit the crime and was no severe enough. Why didn't the Commission place a max fine of \$5,000 per violation. The fine would have been justified and deserved

Lori

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