



COMPLAINT - FORM 1A

For CACM Use Only

File No. _____

Date Received _____

Complainant _____

Respondent _____

INSTRUCTIONS

This Complaint – Form 1A may only be filed by a majority vote of a Board of Directors of a Common Interest Development (CID) owners' association board against a CACM manager member. To have your complaint reviewed by the Professional Standards Committee of the California Association of Community Managers, Inc. (PSC), carefully complete all information requested in this form and attach supporting documentation. You may also review the "Sample Form 1A" located on <http://www.cacm.org> to assist you in appropriately filling out this form. Thoroughness is extremely important.

CACM suggests that you obtain a copy of CACM's Code of Professional Ethics and Standards of Practice (CODE), and Disciplinary and Appeals Procedures (DAP) found on <http://www.cacm.org>.

REQUIRED ITEMS (Exhibits 1-3, fee)

1. STATEMENT OF FACTS, i.e., a narrative statement explaining the details and circumstances of the alleged violation(s), including specific section(s) of the CACM CODE allegedly violated, and any supporting documentation, attached to this Form 1A as Exhibit 1.
2. WRITTEN RESOLUTION, approved at a lawful meeting of the board of directors, and signed by a majority of the board authorizing submission of this Complaint against a CACM manager member, attached to this FORM 1A as Exhibit 2.
3. ALL BOARD MEMBER NAMES, email address, whether they were present or absent at the lawful meeting approving the submission of this Complaint, and the actual vote of each Board member, attached to this FORM 1A as Exhibit 3.
4. Submission of the required filing fee of \$500 made out to California Association of Community Managers, Inc. or CACM.

Name of Complainant (CID Board of Directors) - **XYZ VILLA HOMES BOARD OF DIRECTORS**

Address - **12345 MAIN STREET, ANYWHERE, CA 00000**

Email Address of Point of Contact – **CJONES@XYZVILLAHOMES.NET**

Telephone – **(555) 123-4567**

Date Submitted – **4/20/0002**

PLEASE SEND ALL DOCUMENTATION ELECTRONICALLY, RETURN RECEIPT REQUESTED, TO:

tfreeley@cacm.org
Attn: President & CEO – confidential

If electronic transmission is not available to you, please submit documentation by way of certified or registered mail or traceable overnight delivery, marked PERSONAL AND CONFIDENTIAL to:

California Association of Community Managers, Inc.
Attn: President & CEO
23461 South Pointe Dr., Ste. 200
Laguna Hills, CA 92653

THIS COMPLAINT IS FILED AGAINST:

Manager Member Name – JACK DOE
Company or Association – ABC Management Firm
Address - 2222 MAIN ROAD, TONOWHERE, CA 00000
Email Address – JDOE@ABCMGMT.NET
Telephone – (555) 000-1111

ATTESTMENT AND AUTHORIZATION

I (name) **CATHEY JONES**, (title) **PRESIDENT** hereby attest that I have been given the authorization by the CID Board of Directors to submit this Complaint, and hereby acknowledge and attest that by signing this formal complaint, I shall act, or act on behalf of the complainant, and hereby agree to cooperate with the PSC in its investigation of alleged violations and further agree to participate in the hearing process, if so requested by the PSC, and further attest that this formal complaint has been approved by a majority of the association’s board of directors.

I do hereby attest that this information is true, accurate and complete to the best of my knowledge and I understand that any falsification, omission, or concealment of material fact may subject me to administrative, civil, or criminal penalties.

CATHEY JONES	PRESIDENT	4/20/0002
Board Member Name / or Manager Name	Signature	Title
		Date

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EXHIBIT 1**STATEMENT OF FACTS**

Narrative statement explaining the details and circumstances of the alleged violation(s), including specific section(s) of the CACM CODE allegedly violated, and any supporting documentation.

(A SEPARATE SHEET MAY BE USED)

The Board of Directors allege that Jack Doe of ABC Management Firm is in violation of the CACM Code of Professional Ethics and Standards of Practice, Code 7.0 - Use of Client Funds: "The Member may not misuse any funds being held for a client under a fiduciary relationship."

On January 2, 0000, Jack Doe was hired to manage XYZ Villa Homes. During a two year period, the Board of Directors consistently heard allegations that Jack Doe may be spending beyond his means. Since these rumors were personal in nature, the Board chose not to investigate.

At the March 23, 0002 Board meeting, several members of the community voiced their concern about Mr. Doe's spending habits and asked if the community was paying for them. (Please see Appendix A, Minutes of the 3/23/0002 Board meeting). The Board responded that Mr. Doe's private life was his own and that his personal purchases are not subject to approval of the Board or review by the community. However, the Board President said that she would have a conversation with Mr. Doe to discuss the issue and ensure XYZ Villa Homes expenditures were appropriate and made within the approved budget and within his authority.

On March 25, 0002, Ms. Cathey Jones, President/Chair of the XYZ Villa Homes Board, visited Mr. Doe in his office to review accounts. She noticed a new leather couch and a beautiful desk in the room, a newly remodeled and expanded office incorporating the former adjoining office, and a beverage bar in the back of the room, fully stocked with high-end liquor (See Appendix B, photographs of the room before and after remodel).

When asked about these purchases, Jack Doe said they were all in the budget. He produced records to demonstrate when the remodeling was done and when the items were purchased. He also produced the records demonstrating where the purchases were accounted for in the association's books of record. (Please see Appendix C, remodeling records and relevant portions of the association's books of record).

At a Special Executive Board meeting held on March 31, 0002 (Please see Appendix D, relevant portions of the Minutes of the 3/31/0002 Special Executive Board meeting), Ms. Cathey Jones reported to the Board that she had discussed the allegations with Mr. Doe and found that the matter needed further investigation into association expenditures. Upon

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her review of the expenditures, she noted that there was no capital budget approved for the \$25,223.23 remodeling of the onsite office space, and that the expenditures for the furniture and back bar were allocated to "Office Operations", which were not explained to or approved by the Board. (Please see Appendix E, relevant portions of the budget). The total cost of the expenditures were above the \$2,500 spending authority of the manager. She reported that these expenditures were excessive and extravagant, and requested approval from the Board to retain their accounting firm to further investigate the matter.

On April 5, 0002, Justice Smith, CPA of the accounting firm of Financial Resource Recording, LLC reviewed and reported on all association expenditures of the past 24 months to ensure they were approved and properly recorded. (Please see Appendix F, Justice Smith's report of the expenditures).

The following documented expenditures were found to have been made without Board authorization and were not property recorded. (Please see Appendix G, copy of the receipts below):

June 12, 0000	\$ 726.67	Ritz Carlton, Dana Point
August 3, 0000	\$ 1,554.22	Bloomington's, Costa Mesa
December 15, 0000	\$ 822.23	Ritz Carlton, Dana Point
February 14, 0001	\$ 2,566.10	Bel-Air Hotel, Los Angeles
February 16, 0001	\$ 688.01	Mozambique, Laguna Beach
June 10, 0001	\$25,223.23	Sonny Day Construction, Dana Point
June 10, 0001	\$10,875.00	Mahogany Victorian Back Bar, Sonny Day Designs
June 14, 0001	\$ 7,300.68	Lexington desk, Marc Pridmore
June 20, 0001	\$ 6,003.89	Lexington sofa, Marc Pridmore
June 24, 2001	\$ 2,010.07	Lexington coffee table, Marc Pridmore
July 3, 0001	\$ 4,022.97	Lexington credenza, Marc Pridmore
July 31, 0001	\$ 2,055.38	Lexington end table, Marc Pridmore
August 16, 0001	\$ 705.20	Craig's Mirror Image Shine Shoe
September 22, 0001	\$ 200.00	Salon Gregory's, Newport Beach

Justice Smith, CPA can be reached at (555) 111-1110 and will be available to testify at the hearing before the Professional Standard Committee.

In another Special Executive Session of the Board on April 15, 0002, (Please see Appendix H, relevant portions of the Minutes of the 4/15/0002 Special Executive Board meeting), Mr. Doe was asked to explain the expenditures. His response, as documented in the minutes of the meeting was, "I wanted something that was appropriate for the work that we do for the community. The cloth chairs and lack of space to entertain guests in the office was unacceptable." He told the Board that "it's not extravagant. I need quality and I want people to feel like they can come in and be comfortable."

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At the regularly scheduled Executive Session Board meeting of April 20, 0002 (Please see Appendix I, relevant portions of the Minutes of the 4/20/0002 Executive Session Board meeting), the Board found Mr. Doe's purchases to be unacceptable and immediately terminated its relationship with him. The Board further unanimously passed a resolution to seek redress for Mr. Doe's blatant violation of the CACM Code of Professional Ethics and Standards of Practice, Code 7 - Use of Client Funds (See attached resolution as Exhibit 2.)

We respectfully submit our grievance to CACM for consideration.

Signed: XYZ Villa Homes Board of Directors

EXAMPLE

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EXHIBIT 2

WRITTEN RESOLUTION

Written resolution approved at a lawful meeting of the board of directors, and signed by a majority of the board authorizing submission of this Complaint against a CACM manager member.

(A SEPARATE SHEET MAY BE USED)

RESOLUTION

WHEREAS, Jack Doe is a former manager for XYZ Villa Homes and a CACM Manager Member; and

WHEREAS, the Board of Directors of XYZ Villa Homes has sufficient evidence that Jack Doe has violated CACM's *Code of Professional Ethics and Standards of Practice*; and

NOW THEREFORE BE IT RESOLVED, that on April 20, 0002, the Board of Directors of XYZ Villa Homes hereby agrees to file a complaint with CACM against Jack Doe, former manager of XYZ Villa Homes, for violating Code 7.0, *Use of Client Funds*, which is part of the CACM *Code of Professional Ethics and Standards of Practice*. Mr. Doe misused XYZ Villa Homes funds by making purchases on a corporate credit card for unauthorized business and personal items; and

RESOLVED FURTHER, that the Board of Directors of XYZ Villa Homes agrees to submit a check in the amount of \$1,000 to CACM to execute the complaint against CACM Manager Member Jack Doe.

CATHEY JONES

President

Signature

JIMMY SMITH

Vice President

Signature

MARY JONES

Treasurer

Signature

California Association of Community Managers, Inc.

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JOHN JACKSON

Secretary

Signature

SUZAAN YOUNG

Director

Signature

EXAMPLE

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EXHIBIT 3

- 1) Please indicate the total number of Board members of your CID: **5**
- 2) Please provide the name of each Board member, email address of each Board member, and indicate the presence or absence of each Board member and the vote of those present at the lawful meeting approving submission of this Complaint.

Board Member Name	Email Address	Present	Absent	Vote (yes, no, abstain)
Cathey Jones	CJones@XYZVillaHomes.net	X		YES
Jimmy Smith	JSmith@XYZVillaHomes.net	X		YES
Mary Jones	MJones@XYZVillaHomes.net	X		YES
John Jackson	JJackson@XYZVillaHomes.net		X	NA
Suzaan Young	SYoung@XYZVillaHomes.net	X		NO

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