

**Sent:** Friday, February 4, 2022, 09:35:59 AM PST  
**Subject:** Re: Warning

Joe,

We took your allegations seriously and due to the many incorrect statements that have been made regarding the current Board, and to ensure we had been operating in accordance with the bylaws of LPMWC, we felt it necessary to have the Company's attorney, Andrew Turner, address your claims. Attached please find his response.

LPMWC Board of Directors- Pete Bishop, Laurie Myers, Mark Nuss & Lee Roth  
**Lassen Pines Water Company, Inc.**  
530.474.5120

On Monday, January 24, 2022, 10:32:50 PM PST, [REDACTED] BABICH <jbab7@att.net> wrote:

LPMWC board,

At the last annual board meeting, the votes for Lee and Mark failed to meet quorum. The board over reached its authority and appointed Mark and Lee to the board. The By-Laws have a specific section that told the board what was to be done if NO DIRECTOR IS ELECTED.

**By-Laws page 26, article 6.02 states that if the board does not hold an annual meeting to elect directors OR if NO DIRECTOR IS ELECTED, then the community can hold a special election and elect the directors.**

The board appointed Mark and Lee without the power to do so... So, according to the board, every annual meeting gives the board the right to just appoint directors. Why hold a vote? There is no need for a vote, the board can just appoint the "term ending" directors BACK into their old positions for the next 3 years... NO, that is breaking the By-Laws which the By-Laws are **granted** by the Attorney General of California... **So, the board broke CA Law...** This will be brought up to a judge soon.

Mark and Lee are NOT on the board, since they did not meet quorum and can not be appointed to a full 3 year term. The community still has those two positions to fill. Article 6.02 does not give a time limit so "We the Community" can still fill those positions when we want to meet and form a special elections..

Since Mark and Lee are not on the board, Pete had no authority to sign the \$2.2 million contract on Nov 29th, one day before the recall election under an emergency meeting (no work has taken place so what is the emergency?). That means Pete is responsible to pay that amount. Also, any attorney fees that Mark caused by hiring Andy Turner is on Mark's dime. These points will be brought up to the judge. Mark and Lee are not board members so any actions they have caused is on their own dime and any costs that they have caused this community will be asked, of the judge, to have them be personally liable for those costs... LPMWC's insurance covering the board ONLY covers legal board members, not imposters who have been corruptly appointed, by a corrupt board. There is no insurance coverage for Mark and Lee.

After the judge removes Mark and Lee and the remaining board is removed there will be further actions taken by the new legal board. Joe  
P.S. How could Mark and Lee "resign" after the vote was counted? Once the vote was counted, Mark and Lee's term ended meaning their resignation was a moot point. The board did not follow the By-Laws and as they say, "Ignorance of the law is no excuse." READ page 26, article 6.02... Mark and Lee are just community members, not board members. Mark has used the LPMWC website and a Facebook type tool to slander a few members and if anyone disagrees with him, they will be slandered too. Mark has hijacked LPMWC's website...  
No meetings can be held since Pete and Laurie are the only "legal" board of directors and they do not meet quorum with 2 directors.

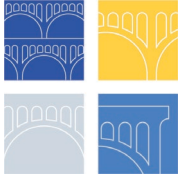
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## MEMORANDUM

**Date:** February 3, 2022

**To:** Board of Directors  
Lassen Pines Mutual Water Co.

**From:** Andrew D. Turner, General Counsel

**Re:** Response to Various Claims Made by Joe Babich

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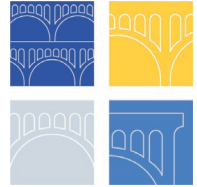
You have asked us to provide a response to claims made by Joe Babich in a recent email entitled “Warning” regarding the director positions held by Lee Roth and Mark Nuss.

**Background:** Under Lassen Pines’ Bylaws, there are a few ways a person can be elected director. Directors serve a 3-year term [§6.04], and serve staggered terms [§6.04(a)]. Ordinarily, directors are elected at the annual meeting of members [§6.07]. Where there is a vacancy on the Board brought about by resignation of a director [§6.10], the remaining directors vote to fill the vacant position [§6.14]. Where the vacancy is brought about by the removal of a director, either by the Board [§6.11] or the members [§6.12], “the vacancy shall be filled by the affirmative vote of a majority” of the membership.

If the Board fails to call an annual meeting, or if at an annual meeting directors are not elected, “the directors may be elected at any special meeting of the Members held for that purpose” [§6.07]. This provision seems to be the focus of Mr. Babich’s assertions.

**The Facts:** The Board called an annual meeting for March 27, 2021, which meeting was conducted via teleconference, pursuant to the Governor’s Executive Orders addressing the pandemic and public meetings. Ballots were mailed to all members of the corporation, with a return deadline of March 26, 2021.

For “a membership meeting or written ballot,” 33% of the members eligible to vote “constitute a quorum for the transaction of business.” [§4.11] With a membership of about 280, and accounting for the disqualification of some members due to non-payment of assessments and charges [§3.04], about 90 members had to submit ballots or participate in the meeting electronically. No members appeared via teleconference in the Annual Meeting. The number of ballots received were 66, which falls significantly short of the number required for a quorum. (It is worth noting, however, that of the 66 votes cast, 58 were in favor of electing Mr. Roth and Mr. Nuss to the Board for another term. This means that Mssrs. Roth and Nuss had sufficient votes to get elected had a quorum been present.



**Discussion:** Mr. Babich’s core argument is that once the ballots were counted, the terms of Mssrs. Roth and Nuss ended. This is not the case.

The Bylaws provide that a director serves a three (3) year term, and holds office “until the expiration of the term for which elected **and** until a successor is elected and has qualified.” [§6.04, emphasis added.] This means that 2 things have to happen before a Director’s term is actually over: (i) their current term has ended, and (ii) a successor is elected and qualified. In the situation at hand, this second requirement failed, and the affected directors [Roth and Nuss] simply continue in office until the next annual meeting, or they are otherwise removed from office.

In this instance, Mssrs. Roth and Nuss elected to resign and seek reappointment to the full 3-year term, in order to maintain the staggered sequence of electing directors set forth in section 6.04. Each resigned and were reappointed by the remaining Board members. As such, they are acting in accordance with the Bylaws in remaining on the Board, and any action taken by the Board is proper.

**Other Issues:** Mr. Babich makes a number of additional assertions in his “Warning” email, each of which is similarly misguided.

He claims that since the actions taken by the Board were in violation of the Bylaws, “which the By-Laws are **granted** by the Attorney General of California... **So, the board broke CA Law...**” First, as discussed above, the Board’s actions were proper and in accordance with the Bylaws. Second, and most importantly, Bylaws are not “granted” by the California Attorney General. Bylaws are required under the Corporations Code, but are never submitted to any state agency or officer for any kind of approval. Bylaws are drafted at the direction of and approved by the Board of Directors. They are then maintained in the corporation’s records.

Mr. Babich next claims the \$2.2 million contract regarding the system upgrades is the personal liability of Mr. Roth, and any attorney’s fees are the responsibility of Mr. Nuss. Equally misguided, these assertions are simply false.

**Conclusion:** All of Mr. Babich’s claims start with the assertion that Mr. Roth and Mr. Nuss are not Board members, by virtue of the expiration of their terms of office. As has been set out above, this assertion is not the case, and Lee and Mark continue to serve as directors in good standing.

Very truly yours,

A handwritten signature in blue ink that reads "Andrew D. Turner". The signature is fluid and cursive, with a long horizontal line extending from the end.

Andrew D. Turner

ADT/ds