

**Aucilla Shores Community Suffers Huge Financial Loss
Civil Action Pending Against AAPOA Officers**

First and foremost our thanks to those of you who have signed onto the demand letter that precedes possible civil actions against AAPOA Officers Sheppard Salter, Peter Arundel and if necessary, the AAPOA Board of Directors.

Quite frankly, if AAPOA President Sheppard Salter continues his willful refusals to comply with our association bylaws and the state statutes governing homeowners associations, civil action will be the best option open to us. The oppressive behavior he has repeatedly demonstrated is clearly the action of a tyrannical leader and will no longer be tolerated. His bullying of concerned AAPOA members and incredibly, even his fellow board members during meetings is without question an abuse of his duties as association president. His behavior towards those who simply seek answers to legitimate questions is outrageous.



**Caterpillar 140G Road Grader
A \$53,000 Capital Investment**

Salter's oppressive management style has polarized the community and gives credence to outsider opinion that Aucilla Shores is the pariah of Jefferson County. Numerous property owners liken Salter's intimidating behavior to that of a street gang leader . . . he has even retaliated against a sitting board member for asking financial and procedural questions involving compliance with state and federal laws. According to that board member, she was removed from her treasurer's position because she was posing questions that Salter didn't want raised – about

violations of state statutes, and about the unwise sale of a capital investment asset, which is the biggest loss ever suffered by our community.

Neighbors; Salter's version of imperial rule must end. . .

Towards that end; the financial losses sustained by the association because of Sheppard Salter and Peter Arundel's negligent sale of the association's motor grader and bulldozer for \$15,000.00, creates a perfect opportunity to address many of our association's leadership failures.

Their disposal of the association's fully operational motor-grader perpetrated what is calculated to be a minimum \$38,500 loss. That irreplaceable capital investment asset was fundamental to the long term maintenance and public safety of the community road system. Properly maintained heavy equipment doesn't lose its value. The decision to seek buyers for the equipment was made during a non-noticed board meeting. The actual sale was completed without membership notification, without calling for or obtaining a qualified competent appraisal, without advertisement to seek competitive bids and without full participation by the board in making essential financial and impact assessments prior to the sale.



Senseless Waste

Reasonable Actions? No!

What reasonable persons would sell community owned capital investment assets without first informing the very community who collectively owns them?

What reasonable persons would approve the sale of a community owned capital investment asset without first acquiring a competent written appraisal? Why did they not even bother to go on-line where they would have discovered that similar equipment of the same model and year is selling for \$50,000 to \$80,000?

What reasonable persons would not seek competitive bids when selling a community owned major capital investment asset?

Salter and Arundel clearly exceeded what any reasonable person would consider their board member authority. . . . The question is why?

Was the association in financial trouble? The answer is No! An internal audit confirmed it. Even if it had been, any reasonable person would expect the board to inform the membership of a financial crisis -- that's what special assessments are for-- and by the way, in 2006 a Special Assessment of \$44,148.94 was required of our community -- this was the same year that the motor grader and bulldozer were sold for much less than they are worth!

Interviews with qualified volunteer motor grader drivers revealed that the Arundel's disliked the motor grader because they didn't know how to operate it. Could this be the reason for so thoughtlessly disposing of the equipment?



Ditch Failure
Needs recrowning and drainage ditch installed

An interview with the motor grader buyer revealed that the motor grader was in fair condition when he purchased it and required nothing more than basic maintenance for which he spent an estimated \$1,700.00. He stated that Salter & Arundel had very limited knowledge regarding road construction, repair, or maintenance; as they did not know that the machine that they were planning to use to replace the motor grader (the red farm tractor with blade attachment) is not capable of accomplishing the

crowning work. He went on to say that his June 2008 inspection of our road system revealed that most of the roads have become ditches (meaning that the ditches need to be “pulled” and the roads re-crowned); and that in his professional opinion, the only type of machine specifically designed to accomplish this kind of work successfully is a motor grader; just



Our roads have become ditches exposing phone lines.
The motor grader could have prevented these problems.

like the one that Salter and Arundel sold to him for \$15,000.00 (along with the association's bulldozer).

The real painful part of his interview for all AAPOA property owner's who have heard about it, is that the buyer admitted that he sold the bulldozer for scrap, which netted him \$1,800.00, which he used to pay-for all the minor parts and maintenance required on the motor grader. Why didn't our board leadership think of this option?

Another burning question: why were qualified and experienced heavy equipment operators and mechanics who have offered their volunteer services repeatedly-- been turned away by the road crew management? Is it ego or is it that they simply didn't want anyone looking over their shoulder? What possible reason would a volunteer organization have for turning down qualified, experienced help?

These are all pertinent questions that Sheppard Salter has, in violation of state statutes, denied members an opportunity to ask at association meetings; nor has he provided answers to them when requested by a fellow board member.



A statement of frustration by a property owner . . .

Bottom line --- the community was denied the right to consider and discuss the capital investment asset sale. Salter and Peter Arundel need to be held accountable for the worst single financial loss ever suffered by our community.

What is our next step?

The demand letter sent by our attorney has already been received by Mr. Salter and Mr. Arundel, along with the rest of the board of directors. Next we are mandated to go to mediation which can be a relatively low cost process if they agree to be reasonable – it's up to them. During mediation, they will be advised to agree to follow state statutes -- pure and simple. That's something they should have been

doing all along and if they had done so would have saved the community thousands of dollars in legal fees this year. Remember please, that between January and July of this year they had already spent nearly \$5,000 trying to evade compliance with state statutes! This is unacceptable!

So... we drew that proverbial line in the sand because the community had become completely outraged. Rest assured that the legal remedy chosen will give them the opportunity to do the right thing on behalf of the entire membership . . . and if they decide to do so it will be a step in the right direction. If they don't decide to do the right thing -- we will take it further, and



Locked out of our own community center.

it could cost them personally.

The Morris Law Firm officially notified the AAPOA Board of Directors demanding that on behalf of over eighty property owners that they act responsibly by taking the following actions regarding the equipment sale:

***“On behalf of our clients, by way of this correspondence, formal written demand is hereby made that the Board of Directors/Association promptly and immediately pursue claim and recovery against the individual(s) who are responsible for selling and disposing of the road grader and dozer of the Association, which said disposition and transfer was without authority, was without reasonably obtaining value, and was for substantially less than fair market value of the subject equipment. Information obtained to date indicates that the subject equipment was sold for \$15,000.00, and the fair market value was \$53,500.00, thus, the amount which should be recovered from the involved individual(s) is \$38,500, together with interest from the date of the sale.*”**

Formal written notice is hereby provided that if the Board of Directors/Association does not pursue claim and recovery with regard to same, our clients, individually and by Membership Derivative Action, will institute claim and litigation with regard to same. The claim and suit will be against the

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involved individuals in that their action was not within the scope of their authority on behalf of the Association and/or the action(s) were personally negligent."

At the next scheduled BOD's meeting on August 4th, Board of Director, Ashley Hotz will attempt to put forth motions ***"that the Board of Directors adopt an appropriate Resolution to move forward with claim and any suit necessary against the individuals who were acting in an individual capacity and inappropriately sold and disposed of assets of the Association, to wit: the motor grader and bulldozer."*** She will also move that the Board adopt an appropriate Resolution ***"barring any corporate officer from paying for any costs or attorneys' fees for any individual who is sued in an individual capacity for improper disposition of the assets of the Association, to wit: the motor grader and dozer."***



Darth Salter's management style.

However, we know from long experience that President Salter in his capacity as meeting presider, blatantly violates both the state statutes and our bylaws by forbidding discussion topics and board or member related motions from being heard. When Director Hotz submitted her agenda items Salter sent her a terse note saying that her items would not be included. This will not stand, and our attorney has warned Salter that his position in this matter is "precarious" at best. This is but one example of Salter's outrageous dictatorial behavior.

Historically, governing documents for business organizations include language that promote the democratic principle of checks and balances . . . Article VII, Section 2. Duties (of the Board of Directors), paragraph (b) of the AAPOA Bylaws is certainly one of those. It clearly states that: ***"It shall be the duty of the Board of Directors to: supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed."*** Ironically, even though Salter continuously conducts himself as an imperial ruler, exceeding even the broad executive powers granted to a president who is elected by popular vote (which Salter wasn't because the BOD itself elects all officers); by article

definition, he is actually accountable to the collective board and they are tasked with supervising him. Technically, this simple fact makes them responsible for his actions as president. Should they fail to act, it is reasonable to consider them to be complicit with his action, which opens up numerous other litigation possibilities.

We need your help to assure that the AAPOA complies with state statutes and acts responsibly. As you know, the legal process is complex and expensive. Each and every person who wants to bring an end to this egregious issue must contribute in some fashion so we can reclaim the community's financial loss from Salter and Peter Arundel. A financial contribution to pay for legal costs is by far the best way to help at this stage. Our attorney has set up an escrow account where money can be sent. We ask that you make whatever contribution you can. From our core group we typically have been receiving \$500 contributions; but please just give whatever you can give and it will be appreciated.



Funding is vital; please help us . . . help our community.

Please make checks payable to “ROBERT E. MORRIS, P.A., TRUST ACCOUNT. On the “memo” line of the check please write 4985-08091 so it will be credited to the AAPOA litigation account.

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Thank you!