

ARIZONA CAPITOL TIMES

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Lawsuit says Casa Grande HOA run like a racket – community suffers

By Bill Coates

Friday, March 6, 2009

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Desert Carmel is a quiet collection of about 100 houses and mobile homes in Casa Grande. It adjoins the Francisco Grande Resort.

The development dates back to the 1960s. Crooner Pat Boone served as a pitchman in ads for Desert Carmel. He even had a home there, for a time. The promise was a thriving community of 3,500 families that would enjoy amenities such as clubhouses with barbecues and swimming pools.

Resident Peggy Neisent — driving a stick-shift compact car — took a visitor around to show what happened to that promise. The two swimming pools have been filled in with dirt. One clubhouse has been leased out to a volunteer fire department. Trash has piled up in an adjoining lot. The other clubhouse has been closed off with a chain-link fence and razor wire. What's left of it was covered with graffiti.

The streets were overgrown with weeds. Stop signs, utility boxes and a half-built house were all covered in graffiti.

A back road from the main entrance into the community dead ends at a large flood-control canal. The last flood washed out the road. It was never repaired.

“They didn’t do anything with the assessment money,” Neisent said. “They didn’t maintain the roads, the facilities that were promised. We have no clubhouse. We have nothing.”

No new homes have been built for a few years, largely because the DC Lot Owners Association — the community’s HOA — outlawed septic tanks. No new sewer hookups are available. “It could have been a really nice area,” Neisent said. In another interview, she added: “It just deteriorated before your very eyes.”

The deterioration can be traced to the homeowners association, she said.

She followed up her disappointment and frustration with a lawsuit, joined by some 50 Desert Carmel homeowners. The 27-page complaint accuses the board members of racketeering, along with a breach of contract. The homeowners filed an amended complaint with Pinal County Superior Court in August.

The suit names 13 defendants, but it focuses on two members of the three-member DC Lot Owners board. It says they used the board for their own personal gain. They put money from association dues into their own pockets, instead of into the community. They planned to push out the remaining residents and cash in on a newly planned development, according to the suit.

The two board members came from outside the community.

Shawn Lampman, the association’s president, is a Las Vegas real-estate developer. In 2005, Lampman stood to benefit from the \$52 million sale of a golf course to the city of North Las Vegas, according to the online edition of the Las Vegas Review-Journal. It was to be made into a regional park. The city’s mayor voted for the purchase,

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along with the rest of the City Council. The mayor and Lampman had been partners in another business, though one not connected to the golf course.

Robert Bealmear, the other DC board member named in the suit, had practiced law in Colorado. He was disbarred in 1982. Eleven years later, he drew a two-year sentence for a federal wire-fraud conviction, according to court documents filed by the plaintiffs.

Lampman, Bealmear and others who had served on the board ended up owning roughly 3,000 lots. Some were held individually. Many were held by companies in which the members owned or had interests, according to the complaint.

They dominated the board because votes are apportioned by lot ownership.

According to the complaint, Lampman and Bealmear planned to redevelop Desert Carmel and “sell their significant interests in the property at a substantial profit.”

Neisent first moved to Desert Carmel in the 1980s. She has pictures of her sons splashing around the clear-blue water of the community pool. In 2006, the board had the pools drained and filled in with dirt.

Bealmear told the Casa Grande Dispatch in April 2007 that the association’s insurance company recommended closing the pools. They had structural damage, he said.

Bealmear showed up at Desert Camel in 2001.

“He came down and started running meetings,” Neisent said. “He just kind of named himself president.”

According to the complaint, he seemed to come out of nowhere. Bealmear “simply appeared in the community as chairman for the association meeting, where he was ‘elected’ to the board by the majority landholders at that time ...” the complaint said.

Bealmear later bought a house in Desert Carmel, as a winter residence, Neisent said.

Lampman became a board member in 2006. He moved the association’s records to Las Vegas, Neisent said.

According to the complaint, the association reported an income of \$800,000 in 2006. The defendants spent \$500,000 of that on themselves, the plaintiffs contend.

The board began paying Bealmear a salary out of association funds in 2003, the complaint said. It made his pay official in a February 2006 meeting, voting to pay him \$75 an hour, in addition to a \$5,000 retainer.

Since early 2006, Bealmear received more than \$100,000 a year from the association’s fund, the complaint said. That was in addition to travel expenses, including hotels, airfare and entertainment.

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State law bars HOA board members from getting paid. According to the Feb. 24, 2006, DC Lot Owners minutes, the board said Bealmear wouldn't be paid for his board work, but as an independent contractor.

Melanie McKeddie, Neisent's attorney, said Bealmear billed the association for everything but time actually spent in meetings. That included flights to meetings, even though he lived in the community.

In addition, board members had decided not to pay HOA assessments. As part of the HOA assessment, each lot holder pays \$160 a year. But the board members voted to exclude their holdings from the assessments. That meant lost revenue of \$480,000 a year, according to the complaint.

Unpaid assessments date back to 1994, totaling some \$7.4 million, according to the complaint.

The DC board had no interest in Desert Carmel's upkeep in any case, Neisent said. They wanted to start all over with a whole new community — one that would draw in new investors. That meant buying out current lot holders or making life unpleasant for them, Neisent said.

In November 2006, Realtor Sean Margulis sent homeowners a letter offering to buy their property. It painted a bleak picture of the current development and said lot owners would be better off if they sold out. He'd buy their property and pay them off quickly.

Margulis characterized himself an independent buyer from Tucson. That wasn't the case, said lawyers for the homeowners.

"The association's records reveal the association paid for Margulis' efforts," the complaint states. A Web search found a Sean Margulis in business with his mother as part of a Las Vegas real estate firm. The Tucson phone number on a 2006 letterhead has been disconnected. Margulis could not be reached at Magna Innovative Real Estate in Las Vegas.

For those homeowners who didn't sell, Neisent said, the board took another tack.

"They started foreclosing on people saying they hadn't paid their assessments," she said. Then, on reflection, added: "Some of that was true, because people just got tired paying and getting nothing back."

She drove down a street lined with dying palms. It had speed bumps that seemed to complement the potholes. "It seemed like they wanted to get rid of us," she said.

The board members perhaps made a mistake in going after Neisent herself. They sought to foreclose on her property for failure to pay dues. She said she paid them. Her dispute has been folded into the lawsuit.

Neither Bealmear nor Lampman could be reached for comment on the lawsuit. Bealmear's Desert Carmel number has been disconnected. Their attorneys filed motions to dismiss, but those were denied. No hearing date has been set.
