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# NEW MEXICO LEGAL CENTER, P.C.

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December 9, 2019

Michael Reynolds  
c/o Stephen Natelson  
Natelson Law Firm  
411 Camino del Placita  
Taos, NM 87571

The Greater World Land Users Association and  
The Greater World Land Users Association Homeowner's Association  
P.O. Box 1041  
Taos, NM 87571

Greater World, Inc.  
P.O. Box 823  
El Prado, NM 87529

John LaSala  
P.O. Box 2946  
Taos, NM 87571

Amy Duke  
P.O. Box 409  
El Prado, NM 87529

Judy Sutton  
P.O. Box 2201  
El Prado, NM 87529

Pursuant to Rule 1-023.1 NMRA, *Derivative Action by Members*, this notice is intended to provide notice to those associations, entities and individuals listed above as required by Rule 1-023.1 and to provide an opportunity to those individuals and entities to correct those improper actions, discussed in detail below, within 45 days of receipt of this Notice.

If no action is taken, then a Motion for Leave to File an Amended Complaint in Case No. D-820-CV-2015-00328 will be filed. This amended complaint will substitute the Does Defendants, to those individuals and entities named above and will include additional causes of action for Declaratory Relief, Shareholder Derivative Action, Prima Facie Tort, Breach of Fiduciary Duty, Conspiracy to Commit Breach of Fiduciary Duty, Breach of Contract and Breach of the Covenant of Good Faith and Fair Dealing against all Defendants (listed above).

This notice is being given by Lee Boothby, Esq., on behalf of her clients, Jody Rhines, Marcus Romero, and Michael Balassone, whose interests fairly and adequately represent the interests of the Greater World homeowner/members similarly situated in enforcing the rights of their association and the latest illegally formed non-profit corporation.

**I. The current status of Rhines et al. vs. Michael Reynolds et al. and Does 1 through 10, inclusive, Case No. D-820-CV-2015-00328**

1. In the Court's Order filed on August 8, 2018, the Court held that there remained genuine issues of disputed fact as to Plaintiffs' Count 1, for Breach of Fiduciary Duty, paragraphs 15, (E) (F), (G), (H), and (M), set forth as follows:

E. Defendants were to have paid for the road improvements and repairs through the completion of the subdivision. However, in 2014, the Defendants required the members of GWC to pay for \$16,000 in road repairs after flooding took out many of the substandard culverts. Had Defendants constructed the road according to the regulations Plaintiffs are informed and believe and thereon allege that these repairs would not have been necessary. In any case, Defendants were responsible for the repairs to the road and not GWC of which Plaintiffs are a member.

F. Signage that currently exists has been paid for by GWC dues and this is the proper responsibility of the Defendants reasons as well as guard rails and signage at the 'land dam' area.

G. The Defendants have stacked the Board of Directors of GWC with their own employees and/or agents and/or co-conspirators. Thus, the Board of Directors and the Defendants, are one and the same.

H. The Defendants had the Board of Directors authorize the GWC to pay for Defendants' insurance and property taxes for property Defendants still own.

M. On June 30, 2015, Defendant Reynolds sent an email to Plaintiff Balassone stating that Members can only bring up one issue per board meeting. This was sent before the Board even voted on it. This demonstrates the fact that GWC has no independent board of directors and this edict was issued in retaliation for Plaintiffs' complaints, as set forth herein, which the Defendants and the GWC Board of Directors continue to ignore.

The Court declined to change this ruling at the August 30, 2019 hearing.

**II. The Greater World Land User's Association and Michael Reynolds, its incorporator and sole director, started on April 26, 1994 and expired on April 25, 2014.**

**Statement of Facts**

1. On April 26, 1994, Michael Reynolds filed, in Book M-167, pages 82-98, as Doc. No. 174126, in the real property records of Taos County, New Mexico the following documents:

“The Greater World Communities of Taos, New Mexico Treatise; Articles of Association for the Greater World Land User’s Association; By-laws of Reach Land User’s Association; and Land Users Code for the Greater World Communities of Taos, NM.

2. **The Articles of Association** (p.000083) (**Exhibit 1**) These articles stated in relevant part:

- a. The unincorporated non-profit association was "[i]n compliance with the requirements of Section 53-10-1-8 N.M.S.A. 1978".
- b. Article IV (p.000084): "it [is] mandatory for a land user to be a member of the Association." It continues to state that, "[t]he Association shall have the power and authority to levy assessments on the members to cover the costs of taxes and insurance, . . .as more fully set forth in the Bylaws."
- c. Article IV. Section A states: "Fix, levy, collect enforce payment by any **lawful means** (emphasis added) charges or assessments necessary to cover the cost of real estate taxes and insurance on the property; pay all expenses in connection therewith, and pay all office and other expenses incident to the conduct of the business of the Association related to the collection and payment of real estate taxes and insurance . . ."
- d. **NMSA 1978 § 53-10-4. Rules and regulations; subjects; effect** (states the method upon which these charges or assessments can be instituted is by a vote of the majority of its members as they may determine):

"The members of any such association or club formed under this act may prescribe from time to time, rules and regulations for the government of said club or association as the majority of its members from time to time may determine, may prescribe what fees and dues shall be payable, and the time when the same shall be paid as a condition for membership, or the continuance thereof by any member, and may provide in such rules that upon default in payment of such dues, or the violation of any of its other rules or regulations, a member's membership may be determined; which rules and regulations shall be deemed a contract between the member affected thereby and the balance of the members composing such association.

- e. **Between 1994 and the present day there has never been a vote of the members as to what charges or assessments are authorized to be made. This is in direct violation of § 53-10-4 (above.)**
- f. Article VI Board of Directors (p.000085): For the first seven years of the Association, the Board of Directors will be comprised only of Michael Reynolds (1994-2002).
- g. Article VIII Duration (p.000085): "The Association shall exist for a period of twenty-five (25) years. The Association may be renewed thereafter under then similar

statutory provisions as now pertain upon the written consent of seventy-five (75) percent of it's [sic] then members in good standing."

- h. Article VII Dissolution (p.000085) "The Association may be dissolved with the assent given in writing and signed by all members. Upon dissolution of the Association . . . the assets of the Association shall be distributed among the members in good standing proportionate to their original membership certificate as it relates to the sum of all the other membership certificates issued before the date of written assent of dissolution by all members."
- i. **NMSA 1978 § 53-10-7. Maximum term of existence; dissolution; distribution of proceeds of property.** "Any association or club formed under the provisions of this act may exist for such period of time not exceeding twenty years. . . ."
- j. Therefore, pursuant to the statute, the association ceased to exist after 20 years and overrules Article VIII (above).
- k. The text of a statute is the "primary, essential source of its meaning[,] and where a statute's language is clear and unambiguous, we are required to "give effect to that language and refrain from further statutory interpretations." NMSA 1978 §12-2A-19 (1997) (See, Exhibit 12, Attorney Mark Glenn's written opinion pgs. 1-2.)
- l. **FACT:** There is no "written consent of any of its members to renew the Association, let alone 75%. It has never been sought by Michael Reynolds or any of the purported board of directors, all of whom were either appointed by Michael Reynolds or are his "rubber stamp" cronies.

3. **By-Laws of Reach [sic][Greater World] Land User's Association. (P.00088) (Exhibit 2)**

- a. Article V Selection of Terms of Office of Director/Co-Directors (p. 000090) Sec. 1 states: "The affairs of this association shall be managed by a single director, Michael Reynolds, the designer and founder of the concept, for the first five years following this assignment.
- b. **FACT:** This is in violation of § 53-10-4. **Rules and regulations; subjects; effect** (see the statute above). It is a majority of the members that control any association.
- c. This 5-year rule also contradicts the Articles which states that Michael Reynolds is the only director for a period of 7 years.
- d. **FACT:** The entire Article V is in violation of § 53-10-4, because this statute vests all of the power in the majority of the members of the association, and not in one or more board of directors.

4. **Land Users Code for The Greater World Communities of Taos, NM April 1994 Edition Reach/Star/The Greater World Exhibit D (p.000093) (Exhibit 3, only relevant sections.)**

- a. Enforcement (p.000097): ". . . Members will be required to validate their Agreement to the Land User's Code updates by signing addendum's as they are issued. Refusal to sign a Land User's Code Update can result in membership nullification as noted below . . . ."
- b. **FACT:** This is also in violation of **§53-10-4**, because the members have never been given a vote and this clauses proves that no member had any rights in the Association.

5. **FACT:** Because Articles V and VI of the Bylaws are in violation of **§53-10-4**, the following purported Amendments **signed only by Michael Reynolds** are null and void:

(i) "The Greater World Communities of Taos, New Mexico Treatise; By-laws of Reach Land User's Association; Land Users Code for The Greater World Communities of Taos, NM (**May 1994 Ed.**); and Articles of Association for the Greater World Land User's Association", filed on **June 13, 1994**, as Doc. No. 175375; (signed only by Mike Reynolds and no vote taken by the members.)

(ii) "Land Users Code for the Greater World Community of Taos, NM (**Dec. 2001 Ed.**); Clarification of G.W. Obligations (**Dec. 2001 Ed.**); Articles of Association for the Greater World Subdivision (**Dec. 2001 Ed.**); By-Laws of Greater World Subdivision (**Dec. 7, 2001 Ed.**)", filed on **March 25, 2002**, in Book M-317, pages 199-205; (signed only by Mike Reynolds and no vote taken by the members.)

(iii) "Land Users Code for the Greater World Community of Taos, NM (**Dec. 2001 Ed.**); Clarification of G.W. Obligations (**Dec. 2001 Ed.**); Articles of Association for the Greater World Subdivision (**Dec. 2001 Ed.**); By-Laws of Greater World Subdivision (**Dec. 7, 2001 Ed.**)", filed on **March 25, 2002**, in Book M-317, pages 199-205; (signed only by Mike Reynolds and no vote taken by the members.)

(iv) "Land Users Code for the Greater World Community Subdivision" (**Aug. 2003 Ed.**), Articles of Association for the Greater World Subdivision (**Aug. 2003 Ed.**); By-Laws of Greater World Subdivision (**Aug. 2003 Ed.**), filed on **August 25, 2003**, in Book M-397, pages 797-809; (signed only by Mike Reynolds and no vote taken by the members.)

(v) "Land User's Code Amendments for the Greater World Community Subdivision" (**March 2005**) filed on **August 23, 2005**, in Book 508, pages 300-301; (signed only by Mike Reynolds and no vote taken by the members.)

(vi) "Land User's Code for the Greater World Community Subdivision (**Aug. 2003 Ed.**); Articles of Association for the Greater World Subdivision (**Aug. 2003 Ed.**); By-Laws of Greater World Subdivision (**Aug. 2003 Ed.**); and Addendum to the Greater World

Documents”, filed on **March 12, 2010**, in Book 711, pages 443-452; (signed only by Mike Reynolds and no vote taken by the members.)

(vii) “Notice of Homeowner’s Association”, filed on **June 7, 2015**, at Book 877, page 966. (signed only by Mike Reynolds and no vote taken by the members.)

### **III. The Greater World Land User's Association Homeowner's Association and Michael Reynolds (Exhibit 4.)\**

1. On June 17, 2015, Michael Reynolds recorded a "Notice of Homeowner's Association", as referenced above.
2. Michael Reynolds named Earthship Biotechure, LLC as the Management Company for the Association! On its website, it states that this company is a eco-construction company.
3. This Notice of Homeowner's Association, was never voted on nor authorized by a majority vote of its members.
4. Furthermore, the Land User's Association which expired on April 25, 2014, was never properly dissolved in accordance with NMSA (1978) **§53-10-7. Maximum term of existence; dissolution; distribution of proceeds of property:**

"Any association or club formed under the provisions of this act may exist for such period of time not exceeding twenty years as may be fixed in the statement required to be filed by Section 1 of this act; and upon the dissolution or winding up of any such club or association prior to the termination of its existence or otherwise, the property real and personal then possessed by said club, or any real estate the title to which is then standing in its name shall in law be deemed to be held by the said club or association for the use and benefit of the members at the time of such dissolution, and upon a sale or disposition, the proceeds shall be distributed among the members of such club or association at the time of such dissolution."

5. Mike Reynolds never conveyed legal title to the common land to the Association, but only conveyed legal title to land acquired by its members, during its period of existence and thereafter.
6. Nor was the Association properly dissolved pursuant to the Article VII of the Articles of Association. (Exhibit 1.)
7. NMSA 1978 §53-10-7, (cited above), requires that the real property held by the association "for the use and benefit of the members" shall be sold or some other method of disposition. Since Reynolds has constantly represented that the "common land" belongs to the members, it stands to reason that the method of disposition of the common land be put to a vote of the membership then existing as of April 25, 2014, or the members successor's in interest.
8. The following is a potential list of methods that could be used by the majority of its members to properly dissolve the Land User's Association:

- a. Reynolds establishes the fair market value of the common land via a land appraisal, and Reynolds pays the members of the community as of April 25, 2014, the fair market value of the common land and Reynolds retains legal title. Reynolds must abstain from voting.
- b. The majority of the members, through a recorded vote, agree to establish a new entity, and agree to take title to the common land. Reynolds must abstain from voting. If the majority chooses this method, the road maintenance, property taxes, and insurance shall be paid by the members through annual assessments. The amount of the annual assessments must be agreed to by a majority of the members.
- c. The majority of the members, through a recorded vote, do not agree to be governed by any new entity and title to the land remains in the name of Reynolds, until such time as Reynolds has sold 90% of his lots. At that time, the majority of the members, through a recorded vote, may agree to establish a homeowner's association and take possession of the common land. Reynolds must abstain from voting. Under this scenario, Reynolds is required to provide a community center and sport's park as he has promised since 1994, before the members will accept responsibility for the common land. Reynolds, as the developer, will be required to provide road maintenance, and pay his own property taxes and, at Reynolds option, pay for liability insurance on the land he continues to own.

**IV. Greater World, Inc. a New Mexico Non-Profit Association and against Michael Reynolds, John LaSala, Amy Duke, and Judy Sutton**

1. On August 30, 2019, there was a hearing before the Honorable Judge McElroy, who was to have heard, Plaintiff's Motion for Summary Judgment and Defendant's Motion for Reconsideration. A handful of members attended the hearing. The Judge stated that he was not going to change his mind and explained why there were still material facts in dispute. The hearing was scheduled for three hours; but lasted 34 minutes. Afterwards, a group of members began circulating statements with signatures attached. The first signature was dated September 8, 2019 and the last signature was dated September 23, 2019. There is a total of 36 member signatures.
2. Attached hereto and marked as **Exhibit 5**, are true and correct copies of all of the signatures accumulated as of September 23, 2019.
3. Attached hereto and marked as **Exhibit 6**, is an email dated September 21, 2019, from member LaNaeh Ashford to Judy Sutton, Amy Duke, Michael Reynolds, and the "Greater World Board". In this email LaNaeh confirms that she was excluded from a "mass email" sent to the members by the purported board. It also puts those named on notice that their actions are arbitrary, capricious, and unlawful, and are against the wishes of over one-third of the members of the community.

4. Attached hereto and marked as **Exhibit 7**, is an email from member Alicia Bomhoff to the "Greater World Clerk" dated September 22, 2019, attaching the signatures of 20 members (see Exhibit 2).
5. Despite this notice on Sunday September 22, 2019, Michael Reynolds, John LaSala, Amy Duke, and Judy Sutton signed the Articles of Incorporation of "Greater World". Attached hereto and marked as **Exhibit 8**, is a certified copy of the Greater World Articles of Incorporation.
6. **FACT:** The signors on these Articles were current "board members" except for Gillian Fryer, who was duly elected by the members, and whose term was not set to expire until December of 2019. Gillian Fryer, a licensed California attorney, was the lone dissenting voice and canary in the coal mine, warning the members of the board, for many months prior, that the association had expired in April of 2014. It is obvious why Mike Reynolds excluded her from the incorporators of this new corporation.
7. Attached hereto and marked as **Exhibit 9**, is the April 3, 2019, Board Meeting Minutes. Item number 6 "Letter from Lawyer" is Gillian Fryer's summary of attorney James Chavez's legal opinion regarding the legal status of the GWLUA. Attorney Chavez, an expert in homeowner association law, opined that the GWLUA was not a legal entity.
8. Attached hereto and marked as **Exhibit 10**, is an email dated September 23, 2019, from Zachrey Helmberger to the greater world clerk and to the "board" as well as individuals. In this email he attaches the 21 unique signatures he has accumulated (see exhibit 2) in addition to Alicia's 22 signatures. This brings the number of dissenting community members to 43.
9. Attached hereto and marked as **Exhibit 11**, is an email dated September 26, 2019, from Nicole Leduc who worked as a clerk 50% of her time for the GWLUA and 50% of her time for Earthship Biotecture, from November 2014 to September 2019. She objects to the cancellation of the board meeting and the unilateral actions taken by Reynolds and his "gang of four".  
  
"[Y]ou have disrespected every Member of this community by denying them a vote on whether or not to incorporate based on a request for input in an extremely limited time on a weekend, no dialogue with the Board and worse, and absurd parameter (51%) of a quorum (66% of the community responding in opposition). . . ."
10. A group of the dissenting members hired attorney Mark Glenn, another expert in homeowner associations, to represent them. Attached hereto and marked as **Exhibit 12**, is his email response dated October 22, 2019, to Gillian Fryer who was representing this group. Mr. Glenn also opined, as did attorney Chavez, and attorney Winston, the plaintiffs' expert, that the GWLUA was no longer a legal entity.
11. Attorney Glenn writes: "I would argue that the attempt to create a nonprofit corporation was improper and illegal. The most recent edition of the 2003-05 Bylaws of the Association seemingly would require a special meeting of the members and a two-thirds majority vote to



form a new corporation that would take the place of the Association. Section 47-16-17 of the New Mexico Homeowners Association Act, which was effective July 1, 2019, requires that members be given written notice of an Association meeting at least 10 days and not more than 50 days in advance of the meeting." (Exhibit 12.)

**V. Michael Reynolds' obligation as the developer of the Greater World was to pay for the road improvements, road maintenance, including signs, the property taxes and liability insurance on the land he owned**

1. On January 24, 2019, the Custodian of Records for the GWLUA, was served with a subpoena to produce the following records:
  - The financial records of the Greater World Land Users Association beginning on January 1, 2008 through December 31, 2018.
  - Copies of all bank statements for the bank account(s), in the name of the Greater World Land Users Association (or any similar name used when the account was established) beginning on January 1, 2008 through December 31, 2018. The bank statements must be complete i.e. show the checks written on the account, transfers made, the deposits made, etc.
  - Copies of the originating bank documents to the above-referenced bank account(s), which would include, but are not limited to, the signature cards, the social security number or EIN number that was used to establish the bank account(s) etc.
  - Any documents which evidence any loans made by the Greater World Land Users Association to any individual or entity.
  - The records maintained by the Greater World Land Users Association that pertain to Michael Reynolds, or any of his companies or affiliates, that own land in the Greater World Community, and the record of their payments (or delinquency) of annual dues/assessments as it relates to the lots they own in the Greater World Community from January 1, 2008 through December 31, 2018.
2. As a result of the productions of the documents, including, check registers, bank statements, and other financial records that could be found or existed, the Deposition of Amy Duke was taken on March 27, 2019 and completed on April 10, 2019.
3. Prior to her deposition, spreadsheets summarizing the financial documents and backup were prepared. At the deposition each line item on the spreadsheet was compared to the backup document, and Amy Duke would put a check mark if it was correct or make a note if there was an error or question. When each line of questioning was finished, Amy Duke would sign and date the spreadsheet.

4. Attached hereto and marked as **Exhibit 13** are copies of those spreadsheets used as exhibits at Amy Duke's depositions. The Summary of Expenses are shown below.

**Summary**

<b>Prop.Taxes</b>	<b>\$39,709.51</b>
<b>Ins.</b>	<b>\$7,166.66</b>
<b>Signs</b>	<b>\$1,556.25</b>
<b><u>Road Main.</u></b>	<b><u>\$42,695.67</u></b>
<b>Total</b>	<b>\$91,128.09</b>

5. As explained above, pursuant to NMSA (1978) § 53-10-4, "[t]he members of any such association or club formed under this act may prescribe from time to time, rules and regulations for the government of said club or association as **the majority of its members from time to time** may determine, **may prescribe what fees and dues shall be payable.**" (Emphasis added.)
6. Mike Reynolds continues to claim that the "board" authorized that the members pay these amounts through assessments. But it has already been shown that Mike Reynolds was not following the statutory law for Land User's Associations.
7. The spreadsheets, also prove that the members began paying Mike Reynolds property taxes for property he still owned, as far back as 1996 for 1995 property taxes.
8. If a shareholder's derivative suit is required, the Plaintiffs will demand that Mike Reynolds be ordered to place \$91,128.09 into the Court's registry for further proceedings to be determined by the Court as to how these proceeds should be disbursed.
9. Since Mike Reynolds and the above named entities and those individuals who claim to be board members of those entities, are refusing to hold Mike Reynolds accountable for his malfeasance, they are conspiring to commit breach of their fiduciaries duties, among other actionable offenses.

**VI. Michael Reynolds', John LaSala's, Amy Duke's and Judy Sutton's unlawful attempt to exonerate Michael Reynolds and all of the prior board of directors, from the acts that were taken between January 2005 through October 2019.**

1. Attached hereto and marked as **Exhibit 14**, is a "Greater World Resolution No. GW2019-01." It is signed by the four individuals named above. The intent of this resolution is to sanction the fact that the members have paid a total of \$91,128.09 in expenses that should have been paid by Mike Reynolds, as the developer.
2. This "gang of four" are illegally taking actions that affect all of the Greater World Community homeowners to their financial damage.
3. This "Resolution" must be rescinded immediately.

4. The additional remedy for this illegal conduct is that Michael Reynolds immediately place \$91,128.09 into the Court's Registry for further proceedings to be determined by the Court in Case No. D-820-CV-2015-00328, as to how these proceeds should be disbursed.
5. Furthermore, the Greater World, Inc. must cease all activity and all monies in any of the Associations' checking or savings bank accounts should be frozen, until such time as a supervised vote by the members can be taken, which shall be preceded by a properly noticed Meeting of the Members pursuant to Section 47-16-17 of the New Mexico Homeowners Association Act as referenced by Attorney Glenn (Exhibit 12). The attorneys for the various parties should be present at this meeting so that the members can ask relevant questions and receive informed answers. This would include, Lee Boothby, Stephen Natelson, Kelan Emery and Mark Glenn.

Respectfully submitted,

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cc: Mark Glenn, Esq.  
Kelan Emery, Esq.  
Jody Rhines  
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Michael Balassone