

-THE CAI FILES-

"The new guardians of the nation will be corporate governance in partnership with government. Our motto will be, 'Not the favor of a friend or the insult of an enemy shall go unrewarded.'"

April 1, 2005

Las Vegas, Nevada

Even though this is being written on April Fool's Day, it is not a prank. A short time ago, we exhibited an e-mail written by an attorney in Colorado to the CAI Legislative Action Committee. It got to be known as the "Coerce and Bribe Letter." In this posting, we offer Exhibit 2. It is our intention here in Nevada to expose the insidious control that the Community Associations Institute exercises over the Nevada Real Estate Division. It established this control over a decade ago. It is our opinion that, with the assistance of Nevada State Senator Michael Schneider and the rest of his CAI cronies, the absorption of a State agency, the Nevada Real Estate Division, is complete.

While this is a very serious matter, it is my desire that you read the following letter from John Leach very carefully. I would appreciate it if you would give me your opinion of the writer. I would like to know what you think of his professionalism, intellect, and mental state.

JAMES, DRIGGS, WALCH, SANTORO,
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February 18, 2000

Via Facsimile
486-4275
and Regular Mail

State of Nevada
Department of Business & Industry
Nevada Real Estate Division
Ombudsman Office, Common-Interest Communities
2501 E. Sahara Ave, Suite 102
Las Vegas, NV 89104
Attn: Mary Lynn Ashworth, Ombudsman

Re: Nevada Real Estate Division Subpoena Duces Tecum
Ombudsman File #00-S1

Dear Ms. Ashworth:

This morning, I learned that a copy of my February 9, 2000 letter to you, issued in response to the Nevada Real Estate Division Subpoena Duces Tecum and served on the Sun City Summerlin Community Association (the "Association"), has been produced to Phil Testa. Mr. Testa has now distributed the letter to at least one attorney and presumably other individuals. Mr. Testa is not an attorney. Mr. Testa is not a party to this matter. In fact, this is a matter solely between the Nevada Real Estate Division (the "Division") and the Association. This is not an arbitration or mediation proceeding where the parties are required to provide copies of their filings to the other parties. Thus, even Mr. Sijver is not entitled to a copy of the letter.

This raises the question, how did Mr. Testa get a copy of this letter. For some time now, it has been evident that your office has communicated with Mr. Testa on a regular basis. He has repeatedly made comments that included information that could only have been provided by your office. Is the public to assume that Mr. Testa is part of the Division? If not, then why is he privy to the communications and correspondence with your office. It is unfortunate that citizens in this community are subjected to this man and his programming. It now appears that the Division is a primary source for many of Mr. Testa's comments. I trust that the Division is prepared to share in the liability, if any, associated with Mr. Testa's conduct.

EXHIBIT

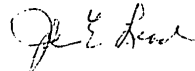
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In his correspondence, Mr. Testa suggests that the Division's issuance of the Subpoena in this case is "a national event." He also states that my office thinks it is "a joke." While I certainly do not share Mr. Testa's opinion on the magnitude of this issue, I take this matter very seriously. That is precisely why the Association transmitted its letter to you, outlining its position, in advance of the scheduled date for production. The Association stands by the opinion taken in the February 9, 2000 letter and is prepared to defend that position in a court of law. The only "joke" in this whole scenario is Mr. Testa's belief that he has something to offer on this subject and that the Division feels it must consult with Mr. Testa on any issue. Please let me know what position the Division is taking with respect to the Subpoena.

I regret having to transmit this letter. I have attempted from day one, notwithstanding false allegations which you have condoned and proliferated, to work with your office. However, I will no longer sit idly by while the Division continues its apparent partnership with Mr. Testa.

Very truly yours,

JAMES, DRIGGS, WALCH, SANTORO,
KEARNEY, JOHNSON & THOMPSON



John E. Leach, Esq.

JEL:mc
cc: Rex Davenport
Joan Buchanan

In 1997, I discovered John Leach, founding father of CAI Nevada. While I had had quite a few very unpleasant contacts with other CAI attorneys, John Leach stood head and shoulders above the rest. It was my opinion then, as it is now, that he is lacking in any of the qualities that I personally regard as the established concept of a true man.

We at Justice established a hot line in 1997. The Nevada Bar Association, Las Vegas City Council, Clark County Commission, local NBC and CBS stations, and even the Health District, were referring troubled homeowners to the Justice Hot Line.

A pattern emerged. Most of the callers were women who were truly in dire straits. Almost exclusively these women had a similar problem - an attorney by the name of John Leach. I am sure that you have all heard the most terrible of horror stories. To help you understand why Mr. Leach earned my total vigorous negative attention, I will give you two quick examples:

First: A 30-year-old woman with a seven-year-old daughter develops a degenerative bone disease, and is therefore forced to have a complete hysterectomy. Because of this, her cad of a husband abandons her and their daughter. She can move about her unit only with the use of a walker. The attorney of record for the association she lives in is John Leach. The poor girl receives fines, sometimes weekly, sometimes daily. The offense - her walker makes too much noise.

Second: A 75-year-old woman who is almost legally blind. Her unit is in a very modest community. Due to some trauma in her past, she suffers from what we now call "post-traumatic stress syndrome." Her only comfort is her dog. Attorney John Leach writes to this woman on behalf of the association making a demand that this woman's dog be taken to a veterinarian and weighed. The association's documents specify that no dog can weigh more than 35 pounds. The dog weighs in at 42 pounds. The woman is instructed to reduce the weight of the dog or remove it from the property.

Women are not weak and helpless. I know this because I was raised and trained by some of the most capable, independent women that ever walked this earth. The same could be said for the rest of the women in my family and those I call "friend." On the other hand, I was taught that on occasion a woman can find herself alone, sick, and defenseless. It is my belief that anyone who would take advantage of or attack any woman suffering misfortune is less than human.

To cut to the chase, Justice made a poster child in the media of the young woman who was suffering from the bone disease. John Leach left the association. At the same time, Justice petitioned

the Nevada State Agency for the Disabled on behalf of the 75-year old woman. The documentation between State agencies and John Leach's office was very weighty. John Leach was defeated and got to eat the extra seven pounds of dog, complete with hair.

No attorney likes to lose, especially to a piece of work like me. It became a "thing" between me and attorney Leach. We really got to know each other. It got to the point that when I got a call from a homeowner, especially a woman, and John Leach was involved, I was off like a shot. Members of Justice would concentrate on that property and, most especially, its attorney, John Leach. It got to the point where Mr. Leach really got to appreciate the members of Justice, especially me. These confrontations started at the most basic level and escalated into the State Legislature.

The confrontations really accelerated when the Office of the Ombudsman was created in Nevada. I cannot tell you what emotions ran through me when I found out that John Leach dictated policy and form to the Nevada Real Estate Division, and that Joan Buchanan, then-Administrator of the Real Estate Division, was a devout member of the CAI cult.

Mary Lynn Ashworth, the newly appointed Ombudsman, was a strong supporter of homeowners' rights. She informed her superior, Joan Buchanan, that she would not become a CAI sycophant. She bonded with the Justice movement and suffered the consequences. I can swear that Ms. Ashworth never provided me with any documents of any kind. What Mr. Leach could not understand was that so many people held him in such low esteem that they were volunteering information to me. It was hung on my door; it came through the mail; it was given to other friends of Justice.

So as you read the above letter from John Leach to the Real Estate Division, you may be able to figure out why John Leach mentioned my name fourteen times in such a short letter.

I'll explain very quickly what happened. Mr. Bernard Silver, a resident of Sun City Summerlin, requested information from his board. The board refused on the advice of their attorney, John Leach. Mr. Silver asked the Ombudsman's Office to issue a subpoena for the information. The board, again on the advice of John Leach, decided to ignore the subpoena. Mr. Silver, with the aid of Justice, informed the members of the Association that

their board was about to have a very expensive legal confrontation with the State Attorney General. The people revolted, and the subpoena was honored. John Leach again had to bow his head.

So it's nice to go down memory lane, remember some of our victories, and inject a little bit of humor into such a serious matter.

What we intend to do here in Nevada is to continue to post irrefutable exhibits which will prove that CAI has absorbed the Nevada Real Estate Division. Hopefully, this information will help homeowners in other states protect themselves from a similar pathology. First the Ombudsman's Office, then the Commission. You buy a home in Nevada and you are subjected to three layers of government, all of these de facto governments controlled by CAI. I think it ends here. As we grow in numbers and experience nationally, we will soon learn that the oversight of HOAs must be done from the State Attorney General's Office, Criminal Division, concentrating on election fraud, coercion, bribery, and most especially bid-rigging.

PHIL TESTA