

# THE RISLEY NEWSLETTER

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## LONG DISPUTE CONCLUDES SUCCESSFULLY FOR ANTIQUÉ CAR ENTHUSIASTS

### **Elections, Lawsuits, and Vindication**

Philip Reed is an avid, antique car enthusiast. Old cars are not only his hobby, but his life's work. He has restored numerous "turn-of-the-century" antique cars, often fabricating parts from scratch when they can't be obtained. A number of these beautiful, operating, old relics are now on display in his antique car museum in Santa Fe Springs, California.

This interest in antique cars led Phil to become a member of the Horseless Carriage Club of America (HCCA) in the 1950's, nearly fifty years ago. He became active in the Club and held various offices. He served as President in 1983, and on the Board of Directors for fifteen years. He is a paid and Honorary Life Member. Phil also served as President of the HCCA Foundation for 5 years. In some ways, he was "Mr. Horseless Carriage Club of America." Unfortunately, Phil did not hold an office or directorship during the last few years. The leadership strayed from its original goals and direction. Phil's earlier dedication, work, and membership in an antique car club are not terribly unique. Others in America have done the same in other organizations. But his recent experience is extraordinary.

In 1998, Phil and other HCCA members, including Frank Hoiles of Tucson, Arizona, voiced criticism of the existing HCCA officers and directors. Phil and Frank became so alarmed that they came to believe that a change in leadership had to be made. They decided to recommend an "alternate" slate of candidates for the Board of Directors in the Club's November 1998 election. This activity by Phil and Frank was anathema to the Club's existing officers who could not tolerate dissent or criticism. So, in the tradition of Saddam Hussein, they simply kicked Phil, Frank, and Richard Coffey out. They also yanked the charter of the Tucson-based *Old Pueblo*

***Regional Group***, because it was also critical of the HCCA leadership. They willy-nilly terminated Reed's, Hoiles', and Coffey's memberships. It didn't matter that Reed was an extraordinary club leader, past President, forty year member, and Honorary Life Member. It didn't matter that the *Old Pueblo Regional Group* had twenty-five members. They completely disregarded the American way, the Democratic process, and Free Speech. But even this conduct by these people holding power in the HCCA is not unique. Others have become dictators when power and control are involved in their organization. But this action involved a vicious attack principally on Reed and is best understood by the words circulated on the Club's internet Web Page, words which were false.

The HCCA official Web Page stated: "Philip Reed was visibly shaken when he left the Special Board Meeting. Stealing \$74,000.00 from the Club is serious business . . . Philip Reed and Trumar Enterprises were working *together* to cover up what we now know as \$64,000.00 to \$74,000.00 of misappropriation . . . Would you believe that Phil had a member of the Board seriously propose that every future Club President must pay for an alcoholic party as a condition of his election . . ."

These false statements strongly implied that Phil Reed was responsible for the missing funds. And "pay for an alcoholic party" what does that mean? Anyone reading the Web Page, which was open to the public and to club members, would understand that the statements referred directly to Phil. This exposed Phil to public humiliation, contempt and ridicule, not only from his friends and colleagues in the Club, but anyone around the world. Within days, Phil asked for a retraction, but it was refused.

The story continues with club elections. Soon after the HCCA mailed ballots to all of its membership, Phil and Frank mailed their letter to the membership recommending that members vote for an alternate slate of candidates. The ballots were cast, and by pre-arrangement were sent to Mr. Michael Duran, an independent public accountant located in Fullerton, California. Mr. Duran had served as an accountant, consultant, and vote tabulator to the HCCA for several years. When the ballots were received by Mr. Duran, he counted and tabulated the votes and determined that Phil's and Frank's dissident slate of Directors were elected. Mr. Duran sent the results to the Club Secretary, Sam Gurney. When Sam Gurney received the election results from Mr. Duran, he sent a letter congratulating the newly elected Board Members and regrets to the President and the other defeated candidates. So, it's all over! Wrong! When the Board of Directors met in Monterey, California, on January 20, 1999, the President, in what had become typical, dictatorial fashion, refused to seat the newly elected Board Members. He refused to relinquish the gavel and podium. Rather than leaving office, the defeated Directors unilaterally determined the election was tainted and decided to

hold a new election. No evidence of a corrupted election was offered to substantiate the claim. None of the newly elected Board Members participated in this decision. To top it off, the maverick President and defeated Board fired their CPA, Mr. Duran. Apparently, this was because they didn't like the way he counted the votes.

In light of these egregious facts, this lawyer, who has represented Phil Reed for many years, contacted the California State Attorney General

to investigate the Club's election process which had gone astray. Not surprisingly and unfortunately, four months later, the Attorney General refused to investigate.

In the meantime, soon after the January 1999 meeting, Phil and Frank wrote a second letter to the membership, telling the members what had happened in Monterey, and asked them to vote again to oust the maverick Directors and President, who had already been voted out of office. This new, and expensive, mailing contained a copy of a powerful letter written by past President James Zordich. Mr. Zordich criticized the invalidation of the election results by the maverick President and his Board. These letters were effective. When the votes in the second election were tabulated and confirmed by a new CPA, it confirmed the results of the first election. The membership had once again voted out the maverick President and Directors. Great. But the following stretches incredulity:

On February 7, 1999, before the second election, the HCCA Legal Committee, composed of the maverick President and two Directors, decided to file a lawsuit against Philip Reed, his wife Joy Reed, Frank Hoiles, and James Zordich. As incredible as it may seem, this action by the Legal Committee was without authorization of the HCCA Board of Directors, but proceeded nevertheless.

However, and fortunately, the newly elected Directors were finally seated at a Board Meeting in Bakersfield on April 17, 1999. The new Board Members promptly adopted a resolution remanding the action of the previous Board, which had expelled Phil Reed, Joy Reed, Richard Coffey and Frank Hoiles, and revoked the charter of the Old Pueblo Regional Group. This new Board voided and declared the previous action a nullity. Under new leadership, the Board resolved that *The Old Pueblo Regional Group* and the expelled members were entitled to participate fully in all HCCA activities, and the *Regional Group* was reinstated in good standing. But the litigation continued.

After nearly five months of litigation and filing numerous documents, requiring numerous appearances in court to resist an Application for a Temporary Restraining Order, and Order to Show Cause for granting a

Preliminary Injunction, and several other matters, the HCCA finally instructed its lawyers to dismiss its lawsuit.

Because the conduct of this maverick President and his maverick Board was so egregious and intolerable, the Reeds, Hoiles and Zordich elected to file a Complaint against the maverick President, his Board, and his lawyers for Malicious Prosecution, Abuse of Process, Defamation, Illegal Expulsion of Members, and Intentional and Negligent Infliction of Emotional Distress, and sought to recover the needless expenses incurred by the maverick President and Board on behalf of the Club in a Derivative Claim. The litigation was recently settled before trial because the insurance company for the Club, and the insurance carrier for the lawyers who were also sued, realized the impropriety of the conduct by their insureds.

When asked by this reporter, Mr. Risley stated, "Each step taken by the maverick President and Directors was a new and appalling surprise. It was hard to believe that these folks would go to such extremes to preserve their position of power. Fortunately, the legal process was applied to arrive at a just and proper result. Unfortunately it took an extraordinary amount of time and expense before justice was achieved."

## **Friendship Tested By Dementia**

Minnie and Walter Lohman lived a good and full life. He was a CPA with one of the world's largest accounting firms. She was his life long companion. They had no children. They belonged to the Wilshire Country Club and owned a spacious condominium on Wilshire Boulevard in Los Angeles. Over the years, they accumulated a reasonably large estate.

Louis and Virginia Miranti lived in Las Vegas, Nevada. Louis was a well-connected real estate developer in Vegas. He developed large tracts of single family residences in the 1950's and 1960's. Walter Lohman became Louis' accountant. Their professional relationship grew into a social one. Over the years the two couples became friends and enjoyed frequent social outings, both in Las Vegas and Los Angeles.

Just before Walter Lohman's death in 1994, he asked Louis to watch out for Minnie after he was gone. Louis promised to do so. When Walter died, Virginia Miranti had also passed away. Soon after Walter's death, Minnie called Louis for help with daily living and management. The gods of wealth had favored the Lohman's, but were not so kind to the Miranti's. In 1997, Minnie Lohman was 86 years of age, and Louis Miranti was 83. They shared the Los Angeles condominium on Wilshire Boulevard for about a

year and a half when difficulties struck. They quarreled, and unfortunately, Louis left for Las Vegas, leaving Minnie alone in Los Angeles. She was unable to care for herself, and in short order was found wandering the streets by neighbors. They called paramedics who took her to the hospital, and from there this unpleasant story grows dim.

The only relatives were a long-estranged niece in Iowa and her adult daughters. When the neighbors contacted the niece, they came to Los Angeles to find Minnie Lohman in bad straits. She immediately had Minnie transferred to the John Douglas French Center in Los Alamitos, an Alzheimer's facility in Orange County, California, many miles from her home. From there, Minnie was able to call Louis in Las Vegas and told him where she was, but wasn't sure why or how she got to Los Alamitos. At this point, Louis Miranti contacted the Los Angeles County Bar Association from Las Vegas and asked for a referral for an attorney for his friend, Minnie. The referral service contacted Risley with Ms. Lohman's phone number at the John Douglas French Center and the story of a three-year contested conservatorship began.

Competing Petitions for the Appointment of Conservators were filed in the Los Angeles Superior Court. The Court ultimately accepted a compromise and appointed a private, professional Conservator of the "Person" of Minnie Lohman and a bank and Ms. Lohman's niece as Co-Conservators of the "Estate" of Minnie Lohman. The bank was given full authority to manage all financial matters.

When the Conservatorship was in place, Risley finally negotiated the release of Ms. Lohman from the John Douglas French Center and returned her to her home on Wilshire Boulevard. However, things were not quite the same. Knick-knacks and art objects had been moved or placed in storage and a full-time caregiver was installed to supervise Minnie twenty-four hours a day. Unfortunately, from a legal perspective, the niece was designated Trustee of the Lohman Trust, but failed and refused to file a proper Accounting. Risley then moved the court to compel an Accounting, and remove the niece as Trustee. Surprisingly, removal was denied, on the grounds that only the Conservator was authorized to remove a trustee. Unfortunately, the Trustee was a Co-Conservator of the Estate and would not take action to remove herself. The Co-Conservator bank would not take action because they did not believe it was their obligation and didn't want to be in conflict with the other Co-Conservator.

In the meantime, Minnie Lohman continued to deteriorate, suffering from dementia and other physical complications, and she became combative with her caregivers. Later the deterioration resulted in a complete breakdown requiring hospitalization and then placement in a restricted, or locked, facility where she presently resides.

The good news is that she has an excellent Conservator of the Person and after much negotiation, the matter was finally resolved successfully last month when, by stipulation, the court ordered the niece to resign as Trustee and a financial institution under court supervision be appointed as Trustee in her place.

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