

Act Two Déjà vu all over again

Act Two Scene 1 Media News



The Initial MVF Response

On Friday May 25th, before finalizing his May 30 edition story headlined “Embezzler faces new charges – Investigation uncover scheme in which an additional \$86,000 was stolen from the foundation”. Sebastian Montes called MVF board president Robert Hydorn for his comments. The latest allegations were that over a period of time covering 6 fiscal year “clean” audits, Laura Buttry used her unchecked access to MVF bank accounts, payroll records, wire transfer codes and general ledger accounting system to at will reach into any foundation fund and/or cost center and steal cash.

Bob’s 15 months on the board have been quiet an education. For his first year he was many times a lone concerned voice of one questioning MVF’s failed financial, operational and personnel policies and practices. On his first day on the board, Hydorn was declared an “enemy of the foundation” and appropriately ignored over the last year and a quarter.

Hydorn was elected president, only 61 days prior, by a fragile 5-4 vote with support of the 3 newly elected reform candidates. The board’s voting majority had agreed to what it thought was an appropriate “Media News events plan” but in no way were they prepared for the scope, extend and seriousness of this new disclosure. Quickly recovering his composure Bob placed in motion the emergency plan by:

- ☆ Telling Monte he needed to check on the details before commenting.
- ☆ Discussing with MVF senior staff what they knew and when they knew it
- ☆ Notifying via e-mail all board members, Village volunteers elected and/or appointed positions of responsibility, duty and obligation including the presidents the village’s homes corporations, community associations and condominiums of an eminent “Media News” event.
- ☆ Engaging Fay Jacobs formerly MVF’s director of communications to prepare his statement to the press over the Memorial Day holiday week end.
- ☆ Releasing this carefully prepared and verified official MVF Board statement to the press and communicating to the community in the June 1st edition of the Village News.

It was a valiant effort and a proper way for the MVF board to:

- ☆ Speak with a united voice,
- ☆ Draft and issue an accurate statement,
- ☆ Show proper concern about the seriousness of the event and
- ☆ Promise complete and accurate updates when additional information becomes available.

What Hydorn failed to realize that the newly elected majority transparent, accurate one voice “Media News events plan” had in no way been accepted by the “minority” on the board, senior staff and the brotherhood of Montgomery Village spokespersons (BOMS). Bob was still an “enemy of the foundation” and in accordance with its “Code of Communications” must be treated as such. In all probability Sebastian had already reached senior BOMS Lois Campbell for comment before connecting with Hydorn. Lois was quoted in The Gazette’s May 30 edition “throughout the investigation foundation staff divulged details “strictly on a need-to-know-basis”. Unfortunately for the president of the board and other enemies of the foundation on the board there was a lot they “did-not-need-to-know”. Bob and his fellow voting majority board members still didn’t know what they didn’t know.

Montgomery Village Government & Politics



For those readers not totally familiar with the Village’s governing structure a brief explanation may be in order. There are 2 distinct dominant viewpoints among the various MV homeowners, stakeholder groups and organizations known as the “Reformits” and the “Traditionees”.

The Reformits feel there are serious built-in deficiencies in delivery of basic services, personnel staffing and organization as well as maintenance of foundation’s facilities. The Reformits think past boards have failed to exercise adequate oversight and supervision over staff, contracts and the foundation’s finance and fiscal matters. The Reformits believe reform of the MVF’s governance and operation is needed now and that Traditionees are in denial and usually deploy an ineffective decision-making management style.

Reformits believe the MVF board of directors is the duly authorized elected policy and decisions body. Based on its powers and duties as outlined in the governing documents the board establishes policy, committees’ advice the board on policy and management and staff implement policy.

The Traditionees content that over the years and currently, MVF is as a well run community with superior recreation facilities and a strong sense of community pride enhanced by numerous Foundation sponsored programs. The Foundation's facilities are cost effectively maintained at acceptable community standards and that cost and fees have remained low without adversely affecting maintenance, operations or capital funding for future needs.

The Traditionees believe in a decentralized consensus form of governance and system of checks and balances. Under Traditionee's rule certain committees can determine binding policy guidelines within its committee charter and a plurality of homes corporation representatives can exercise power to delay, alter and/or table indefinitely MVF board actions, goals or initiatives.

The March MVF board election the 3 Reformits candidates received 81% of the votes cast leading to its fragile voting majority.

However, as Nancy Pelosi and Harry Reed have learned a voting majority is not sufficient unless you can control the decision making, governing and communication processes; have the loyalty, support and compliance of the staffing organization and are synchronized and in concert with the committee organizations.

From the News Report

As reported in the May 30th and June 6th editions of the Gazette and the original warrant of felony theft filed on there were 6 types of cash theft schemes encompassing individual and total employee 401 k retirement funds, payroll bank accounts, MVF operating fund bank accounts, fraudulent charges and credits entries postings to the general ledger accounts maintained by MVF financial services department, forgery and identity theft. As outlined in the Gazette reports:

Retirement funds "The earliest dates to March 28, 1999, when Buttry allegedly withdrew \$15,000 from the 401k retirement of a long-time foundation employee who had already retired. Buttry made another multi-thousand dollar withdrawal from that account a year later".

MVF fund accounts "and when the retiree tried to access her retirement funds in 2004, Buttry used other foundation funds to cover the missing money"

General ledger accounts "...and then created a fictitious entry in the foundation's expense records for nearly \$32,000".

Forgery "...Buttry also allegedly altered two foundation checks totaling more than \$29,000 in 2004 and made herself the payee according to the charging documents".

Payroll and identity theft There were 21 other fraudulent transactions from the summers of 2004 and 2005 ranging between \$75 to \$3,500 for 7 employees, for whom Buttry created false payroll accounts in years when those employees did not work and deposited the wages into her personal account. A former lifeguard who was being audited by the IRS for wages supposedly paid to her in 2005—a year she did not work put investigators on the path that led to the \$86,000 theft-scheme charge. **The Gazette 6/7/07**

“Police now say a former employee of the MVF embezzled nearly \$100,000 from the nonprofit over five years ...when a former life-guard for the foundation notified Village officials she was being audited by the IRS for income from 2005, a year she did not work for the group...Buttry recreated the 2004 payroll account for 2005 and deposited the fraudulent wages into her own bank accounts...investigators discovered 6 similar fraudulent payroll accounts.” **The Gazette 5/30/07**



Act Two - Scene 2 Setting the Record Straight



As bad as “The Groundhog Day” exposure of the first week of February, these latest allegations concerning the troubled state of MVF financial recordkeeping, reporting and communications are much more complicated and far reaching. On the surface it could be the end of the Traditionees’ rein of power and influence. Not by a long shot. Although they were no longer a voting majority, the Traditionees was not going to loss face, have their honor disrespected and/or give up their rightful power and status.

The board’s voting majority were not the only ones with a “Media News events plan”, as the Traditionees were surprising well prepared. It involved a 4 pronged “surge” strategy:

Expanded beyond the print media message blitz by the Brotherhood of Montgomery Village Spokespersons (BOMS), including activating the BOMS reserve forces, and

From all areas and organizations in the Village recruit a Traditionees coalition of support

Attack and discredit (A&D) all initiatives and actions by the Reformits on the MVF board.

By any means maintain control of the Village finances, budget and audit processes and senior accounting staff.

Media message blitz The BOMS’ expanding from its “Campbell-Huson-Silliman” core to include Mike Conroy, acting director of communication, board member Dick Wright and by providing them with limited misinformation, board president Bob Hydorn and newly recruited spokesperson Jay Jacobs. Several members of the BOMS’ reserve forces recruited from the Traditionees’ Coalition contributed through the surge.

As was proven during the “Media News” event in the first week of February, there was no reason to let “Public Concern” to gain momentum this time either. the “Setting the Record Straight” strategy of quickly, aggressively, continuously and religiously following the VVF financial “damage control plan” and the BOMS’ “Code” of communication the strategy worked very well last time. After 91 days of being on message the “Reasonable Answer” was accepted as fact. From all indications even Sebastian’s columns parroted the code’s scripted chant as the voices of the dissidents quieted as more and more regulars at the various board

and committee meetings in the Village showed up with traces of purple lips from exposure to the Village News bi weekly printed cool aid.

The updated “Set the Record Straight” messages themes about the latest “Bump in the Road” included

“Forensic audits raised-awareness, educated staff and will help avoid future thefts”

“If stolen funds are accounted for – that’s a good thing”

“Reformed financial department, present loyal-hard-working management, staff and supervision is better than ever”

“The perpetrator will be punished”

“Internal controls and MVF’s finances and records have never been better and are too numerous to mention.”

“Auditor, hard-working-loyal staff, police prevented further losses”

“Avoid the details of the series of felony thefts; Legalities prevent us from informing you at this time”

Recruit coalition Traditionees reinforcements would be recruited from the entrenched committee power structure; close personal associates, friends and family of those opposed to change; MVF staff who fear accountability as well as reaching out to tribal leaders of the village provinces.

Attack and discredit (A&D) Inspired by Karl Rove political strategy, attack and discredit the opposition regardless of the merits, advisability or correctness of their position, the Reformits voting majority initiatives and/or public statements must be attacked and discredited.

Financial control Place and keep in place Traditionees in all financial related positions of influence, obligation, responsibility and duty within the board, committee and staffing operational and governing structures.

The Surge

In record time Friday June 1st The Village News “Set the Record Straight” timing was perfect following only by 2 days The Gazette’s May 30th regular Wednesday publication date. The MVF media research department had determined most of the Gazette’s MVF stories were emerged in a sea of multiple advertising inserts and seldom seem, read, understood or noticed. In addition, the research confirmed that 73 % of Gazettes’ Wednesday 12,000 copies delivered in the Village was deposited directly to the Village’s Thursday recycling trash pick ups. In contrast the Village News Friday’s door to door delivery more than likely made it inside for bathroom reading for several days before ending up with the Gazette as part of the Wednesday evening “putting the trash out” ritual.

The June 1st Village News included 5 articles addressing the latest good news about MVF finances. During June and July, The Village News stories faithfully spun a favorable “Set the Record Straight” message. Lois Campbell, Pat Huson, Keith Silliman and Dick Wright were in attendance and presented the favorable financial condition news at the President’s Council meeting early in June and the June 21st Audit Committee meeting. Mike Conroy, of course, was in attendance to cover everyone’s comments for subsequent Village News editions.

Despite the Reformits landside election victory and temporary board voting edge Traditionees sentiment remains strong among Village faith based institutions. A motivated and willing coalition was recruited from the membership and supporters of the powerful and controlling Audit Committee; Homes Corporation communities which have remained investors in the MVF’s failing and cash draining Community Management and Maintenance Services Funds; family and significant others of threatened senior MVF staff and the recently empowered insurgent President’s Council.

Coalition cell members quickly responded to A & D the board decisions made at its May meeting to appoint Katherine Gray Treasurer and establish a Reformits dominated EVP search committee. Letters to the editor, written by the BOMS reserve force quickly followed in the Village News’ May 18th edition “A&Ding” the board members who voted affirmatively. Spokespersons for the President’s Council issued a subpoena to MVF President Bob Hydorn to appear at a meeting of the Council and justify and explain the Board’s decisions.

Financial control by the Traditionees seemed secure as Keith Silliman and Dick Wright were reappointed to Audit Committee, Katherine Grey announced her intention to step down as Treasurer and Lois Campbell approaching her first year anniversary as Interim Director of Finance and Administration. With the surge sufficiently distracting everyone, few noticed that Lois was firmly in charge of the search for a permanent DFA and posting the “Mission Accomplished” banner over the entrance to the MVF Financial Service Department.

As amazing as it might seem The Traditionees’ 4 pronged “Set the Record Straight “surge” strategy has exceeded expectations.

