

## The Wizard of SCG Summary

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The man behind the curtain is ***The Wizard of SCG***, to paraphrase “The Wizard of OZ;” it is none other than SCG’s board of directors (BOD). The BOD has engaged in a program of propaganda to placate the members and hide the inner workings of SCG, its BOD, its CAM, and its advisory committees. “Fantastic” you may well cry; not really, just the facts for discerning members.

Read the full paper: [Behind The Wizard of SCG curtain: an awakening call](#)



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## Behind *The Wizard of SCG* curtain: an awakening call

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With the boards fixation on keeping SCG current and appealing to new buyers, propaganda has been extensively used in its marketing and community-oriented programs.

OK, let’s get down to a few issues of substance backed by the records or request for the records that a member can check out for himself.

**UPDATE:** In all fairness I have been in a dialogue with board members who have advised me that my concerns are being addressed. I am pleased by their response but wait for results. (Oct. 14).

### The past

1. The wrongful extension of the amendment voting period in violation of the bylaws that require SCG to follow Robert’s Rules. No rationale or explanation was ever made. Why the extension? Perhaps because:

**“FUTURE ASSESSMENT INCREASES ARE DUES OF \$3,000 PER HOME COMING?** We are less than 10% (600) short of Consents needed to invest; CARE funds; One way to grow the value of your home is to make sure we have updated our governing documents (CC&Rs).” (Nov. 2019 Lifestyles; 8 months past annual meeting).

2. The GET charter is explicit that nothing gets done without BOD approval, and that includes selection, interviews, candidate profiles, controlled interviews, etc. The candidates are expected to have read *Fundamentals of a*

*Community Association*, another CAI document. (See (9) below for CAI undue influence and domination of SCG).

3. The abuse of discretion in not permitting write-in candidates this past election, which is easily seen as a “Stop George” measure. The BOD agreed by its silence. No justification was offered. Is SCG democratic?
4. The 2021 Candidates Package makes it clear that there is the equivalent of a manager – employee attitude in operation at SCG with respect to the board and the members. Under Director’s Role, “9. *Directors have a fiduciary duty to the Association and to each member*” is qualified by 9a, “*Directors work first and foremost for the best interests of the Association.*” This authoritarian tone – contrary to our democratic values – places the personal property rights, and constitutional and fundamental rights secondary to the objectives and goals of SCG and its representatives, the board of directors.

#### SCG as IRS tax-exempt social welfare

5. Did you know that in 2015 the BOD claimed to the IRS that SCG was a “social welfare” organization entitled to tax benefits? Excerpts from the Application:

“The Association enhances, preserves and protects the quality of life, aesthetics and activities of the Sun City Grand community and its homeowners. The Association provides for the common good and welfare of the community through recreational, health, social and educational programs, **benefitting both the Sun City Grand community and the surrounding community.**” [Highlighted wording only appears on the Application and nowhere else in any SCG statements of mission or purpose or vision.]

“The Association is not (sic) claiming exemption as a homeowners association. Rather, the Association is claiming exemption as a social welfare organization under IRC § 501(c)(4). This Section establishes criteria for an organization to qualify as a social welfare organization. . . . “An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community.”

6. The earlier recorded CC&RS from 1996 (initial) to 2020, in comparison to the purposes stated in the Application, are vague on the mission and goals of the Association, containing the following general wording:

“This Declaration imposes upon the Properties (as defined in Article I) mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Properties . . . . This Declaration shall be binding on and shall inure to the benefit of all parties having any

right, title, or interest in the Properties . . . .” The widely publicized Vision and Mission statements are an expansive interpretation of the CC&Rs document.

7. Authority for such a claim is not found in the CC&RS at that time or in any of the subsequent amendments. Article 5(b) of the Declaration as submitted as part of the application: *“to provide an entity for the furtherance of the interests of the owners of the Lots subject to the Declaration.”*
8. To the contrary, as stated in its Articles and CC&Rs, SCG is a private member, nonprofit that serves its members and not a public service HOA. SCG cannot be both in spite of granted tax exempt status as a social welfare nonprofit.
9. Involved in approval to seek social welfare status were current president Aiken, who was VP at the time, and Martha Bails, a director (July 31, 2014 BOD). The application was signed by Bails, as president, who served on the 2020 Concordance committee until July this year. Elli Brooks was a director when the application was filed, and she, too, served as a member of the Concordance committee along with Bails.
9. The heavy influence of CAI is prevalent in this decision by the board. The directors at the time of filing who were CAI members are: Bails as president of SCG and the CAI AZ chapter; Eli Brooks and 4 other directors (only 1 not a CAI member); SCG accounting firm and CAI member, Mansperger Paterson, who prepared the application; former CAI “central” President Gary Porter’ articles advocating for HOAs as social welfare nonprofits, summarized as Schedule L; and SCG CAI attorney Ekmark.
10. My detailed analysis of HOAs as social welfare organizations explains the requirements for such classification that I believe SCG failed to meet. See [Understanding private elitist HOAs as social welfare HOAs](#).

## **Currently**

### **Concordance Committee**

11. At the July 14<sup>th</sup> board meeting the charter for a **Concordance Committee** was approved, apparently again. Why wasn’t it made available since it had to be a document submitted to the board and therefore part of the record?
12. As of yesterday, Oct. 5, this committee did not appear on the SCG website under committees. Its charter dates back to the **July 9, 2020** board meeting with Steve Bowen as Chair, and Ellie Brooks and Martha Bails as Members, who were replaced on June 9, 2022. Brooks serves as a “Historical Resource.”

13. As a result of my request for the charter, it is now available for all to see and comment on. A review of the Concordance committee charter is revealing; I was startled by what it contained. The stated Objective focuses on amendments to the R &Rs – get it done before the end of the year and track changes. Under Duties, the committee is to reconcile differences – hence “Concordance” — with the Bylaws and CC&Rs among other things.
14. **There is no mention of or reference to compliance with state law! It is unbelievable and shocking!** A new law was passed 2 months after these board developments. The governing documents are required to conform to state laws. Recall that the last amendment contained this requirement as part of the justification for any changes.
15. A partial list:
- “The Association shall perform its functions in accordance with this Declaration, the Bylaws, the Articles, and Arizona law. (CC&Rs §3.1);
- “Without limiting the generality of the Board's discretion, if the Board reasonably determines that a covenant, restriction, or rule is, or is likely to be construed as, inconsistent with the applicable law . . . .” (§4.2)
- “Except as otherwise specifically provided in this Declaration, the Bylaws, Articles, or by law . . . .” (§4.3)
- “If the Board determines that such maintenance is necessary or desirable and if otherwise permitted by applicable law. (§5.1)
- “In the case of a special meeting . . . a meeting shall be called and held as provided in section 3.5 and Arizona law. (Bylaws §2.4)
- “Meetings shall be held when required by the Declaration, these Bylaws or Arizona law.” (§2.8)
- There are many additional references regarding conformity with the law in the Bylaws: §§3.5, 3.7, 3.9, 3.10, 3.13 and 3.17.

## **Conclusion**

This peek *behind the scenes* exposé of *The Wizard of SCG* is an awakening call to SCG members. Important developments over the next few months — another required CC&Rs amendment & board elections — cannot be subject to the decisions and attitudes of the past. The areas of serious concern have been presented in his paper:

1. The effects of the new law on the elections procedures and process have not been examined by the BOD or any of its committees, leading to the continuation of BOD control and more inbreeding of candidates; “there cannot be change without change.”
2. The failure to provide ongoing information to the members on contemplated amendments to the CC&Rs and Bylaws, especially the R & Rs, as available under the public domain procedures. Apparently, only the secretive Concordance Committee has such access while neglecting state law conformity.
3. In the public domain, agency changes to its R&Rs, as a valid parallel, requires<sup>3</sup> --
  - a. A public announcement,
  - b. public access to any and all documents,
  - c. a 3-month comment period that makes all written or verbal testimony a record of the proceedings,
  - d. a public decision by the agency,
  - e. and a comment period on the decision, all part of the public record.

## **Notes**

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<sup>1</sup> “*The man behind the curtain*” from the *Wizard of OZ* was discovered by Dorothy. It’s a term likely originating from stage theatre, to look “behind the curtain” or “behind the scenes” means to gain an insight into how something works/operates beyond what is normally presented to outsiders. The phrase has been used to describe someone who is in the background secretly plotting and conspiring or also a hypocrite of great proportions. Being discovered, the Wizard urges Dorothy to “*pay no attention to that man behind the curtain!*”. By saying this, he’s trying - unsuccessfully - to persuade Dorothy and her companions to ignore how the spectacle of the Wizard is actually created; to ignore that the magical wish-granting Wizard is just a man operating an array of special effects. SCG members cannot ignore the man behind the curtain!

<sup>2</sup> “*Propaganda*” is false statements, half-truths, omission of facts, and misrepresentations designed to produce a favorable attitude and mindset in the targets.” The BOD provides

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illusions of happiness, approval, and are supported by the majority of their members; its messages use propaganda statements — disinformation consisting of false, misleading, half-truths, omitting facts, and fear.

<sup>3</sup> See *Arizona Rulemaking Manual* [2011 cover.fm \(azsos.gov\)](http://www.azsos.gov/2011_cover_fm)