

Woodlake Update from Keith Allison

Fellow Woodlake Residents,

Over the past few weeks, several residents have asked that I provide an update as to the status of various aspects of the legal action within the Woodlake community, and any other information as to a timeline I may have on our joint efforts of restoring the lake and/or other parts of the club operations.

Usually when I begin getting requests for additional information it is normally preceded by a message or publication purported to be from Dr. Steiner as President of WLCCC. These are usually published first on the website of Steiner's "liaison" (as described in their emails) in Woodlake, Mr. Ken Shedarowich, Steiner's unofficial Woodlake site.

In reading this published information, it appears to be a repeat of the information they provided last year, sans various promises they made to the Woodlake Community. These publications, like the previous ones, accused me and my companies of various legal maneuvers, implying I was somehow slowing down any progress in the Woodlake community. They also implied that I am a partner with Julie Watson and that somehow my lease of various club facilities before I acquired any ownership of Woodlake was invalid or illegal. The leases, effective Feb 2019, are valid legal documents filed with the Moore County Register of Deeds, signed by the Authorized Officer of Record of WLCCC. My attorneys would not file any fallacious documents with the county as this would be a criminal offense.

Many residents, including the POA and the Restore Woodlake Committee, understand the history and why I leased certain parcels of Woodlake County Club Corp from Ms. Watson in early 2019, when, at the time, she was still a 50% owner and the designated Managing Partner of WLCCC.

For those residents not familiar with the reason WLCCC ceased operations, is that in Aug 2018, Steiner dispatched two California attorneys to close all Woodlake operations, fire all employees, and remove the books and records of WLCCC from the registered corporate office (the Oates House). They left Ms. Watson with no access to any funds, and the correspondence I saw dated shortly before this time indicated Steiner and Ingolf Boex were discussing plans to sell the Woodlake Community in pieces. According to the records Boex and Steiner conspired to put the former ownership (Boex aka Woodlake Partners) into bankruptcy in 2015. That's when Steiner and Julie Watson became 50/50 partners in WLCCC. The records show Boex continued to act as Steiner's agent at WLCCC until sometime in 2017. The records also show they had inquired about trading the empty lake bed for wetland credits for other developments or to sell. It showed they were "effectively writing off the community." My leases assured that as a resident, myself and other residents would still have the ability to organize and still access the club facilities and golf courses at some future date, whether or not the property was sold or went into bankruptcy. Again, when I leased the property there were zero club operations. It currently cost me several thousand dollars a month to lease the property, plus I pay the costs of insurance and utilities. Since I became the lease holder, I have spent over a hundred thousand dollars just maintaining the leases on the club to assure that we have the possibility of future use for Woodlake residents, whether or not the property is sold, broken up into pieces, or goes again into bankruptcy. This will also (for now) prevent the property from any development

on the two (former) golf courses, as long as I continue to hold the leases and make the lease payments. I have not asked any of my fellow residents to pay or subsidize these expenses I am personally incurring in any way whatsoever.

When I signed the leases WLCCC was required to make certain repairs needed on the buildings and the golf courses. When these repairs were not done, I inquired why from Ms. Watson and at that time is when I found out that her 50/50 partner (Steiner) had two attorneys from California take all the books and records, along with the checking accounts and all funds from members' dues to California. That is when I offered to purchase Ms. Watson's interest in WLCCC. I knew this would give me direct access as to what happened to the Woodlake Community, which appeared to me to be highly illegal. My goals, unlike the other owner, were to assist the residents to restore Woodlake, if possible, along with the club facilities. For the last 15 months I have been working with the leadership of the Community on various activities and use of the facilities, which Steiner had halted, including use of the 19th hole for community meetings. Thanks to some dedicated residents, the pool was opened last summer after a long closure. This was done directly through and by the Community, and now the same type endeavor is underway for the 19th Hole. All this fits my goal to have residents/members run the club facilities as many communities do. The pool was correctly opened despite the pool facilities being broken into last year by Mr. Ken Shedarowich, and creating over a thousand dollars in damages.

I am a Woodlake resident; however I did not become actively involved until my neighbor suggested that I attend a Town Hall meeting in Vass on November 14, 2018. At this meeting I heard a presentation by the two California attorneys and Mr. Shedarowich on restoring the community. I was unaware at the time that Mr. Shedarowich had flown to Canada to meet Mr. Steiner and provided him a business plan, which I later found out included Mr. Shedarowich as the General Manager of Woodlake, seeking salary and benefits for himself at close to six figures. At this Town Hall meeting, for those that were in attendance will recall, I only asked two questions. The first one was if the ownership of WLCCC (i.e. what they represented at the time was only Steiner) was willing to put up a performance bond to assure the community that what they were promising would be accomplished. A performance bond is normally put up by construction companies and others on any construction project. This is an insurance policy commercially available that says if they do not complete the items as promised the insurance company will hire another contractor or agent to complete the work. A performance bond generally costs only a few thousand dollars. I was shocked when they informed me and the audience that they did not have authority to make that decision. I asked them what was their position. They said they were attorneys representing "Doctor. Steiner" (I believe they thought he was a medical doctor). I then inquired if they were licensed to practice law in NC, and when they said they were not is when I dropped the microphone and walked out of the building. I was pursued by several members of the community who asked me to become involved and help them "save Woodlake." I hesitated at the time and if I knew what all that I was getting involved in I probably would have said no. But I was so upset that the entire meeting, which I concluded to be a sham and very misleading to all in attendance.

What I later learned was that these two attorneys from California under Steiner's direction, had taken all the records, accounts, and information to California and set-up a California LLC with a similar sounding name to Woodlake (they called it Woodlake Country Club LLC) which is owned and controlled directly by

Steiner. I was also upset when I found out that the Woodlake dues I had personally paid after July of 2018 were not going to the benefit of WLCCC but was being taken, (or effectively embezzled) by a non-majority owner of Woodlake (Steiner), who had no authority to transfer dues money from Woodlake residents to this company he set up in California. He also hired one of the WLCCC office employees to collect Woodlake residents' dues from the WLCCC post office box in Vass and forward or deposit the funds directly into his "fake" Woodlake company set up in California. My lawsuit, which is still pending in Moore County Superior Court, was for an accounting and return of these monies, and all the books and records of WLCCC is still ongoing. The meeting in Raleigh, referred to in the "Shedarowich/Steiner" newsletter, is required of all lawsuits and is mediation before trial to see if the parties can reach an agreement. I was unaware Mr. Steiner would be attending because he had not previously attended the Stockholder and Board meeting held last year at Woodlake (only his attorneys and his representative attended). These meetings were in accordance with the corporation's by-laws. Additionally, I had just gotten out of being in the hospital for five months for an injury I received in the Cayman Islands, where a screw had broken on a plate in my shoulder which had been surgically placed there a year before thus rupturing my spine. At the time of the meeting I was recovering and was still unable to walk; however, my daughter, who is our Corporate General Counsel and an attorney, attended the meeting with our legal staff. I was told that Steiner and his attorney stayed in another room and never met with them directly.

The publication was correct in one aspect - I have been in somewhat productive discussions with one of Steiner's representatives that he sent previously here (Mr. Donald Marr of Terra Firma, Nova Scotia, Canada) who I understand was working with Steiner on a project in Canada until it was shuttered recently. Mr. Marr now resides in Spain. He and I have been having productive conversations trying to avoid additional court proceedings and additional court filings. What the newsletter to the Community failed to mention is both parties took a voluntary continuance back in February 2020, to pursue these discussions, and since that time I think everyone is aware that the Courts have been closed for most operations due to the current COVID-19 pandemic. The so called newsletter also incorrectly stated I was the "holdup" and "the ball was in my court." This was not as represented in the legal proceedings but with our discussions to seek a resolution outside the Courts. I am cautiously optimistic that we may be able to resolve these issues outside the Courts, at whatever point the parties grasp the reality of the liens and investment needed at Woodlake.

In the recent "newsletter" sent out by Steiner, he purportedly signed it (actually it's a cut and paste) as President of WLCCC. Mr. Steiner is aware that he is no longer President of WLCCC as in accordance with the bylaws that he established in 2015, when he and Ms. Watson became partners. The bylaws stated that he would be President only until the first Stockholders and Board Directors meeting, at which time he would have to be re-elected to that position. The first ever meeting of the WLCCC Stockholders and Board of Directors occurred on April 23, 2019, and Mr. Steiner's then attorney and a representative for him were in attendance. Mr. Steiner ceased to be President at that time. Additionally, in accordance with the bylaws he was required to post a bond before he can be involved in any WLCCC business, which he has not done. This would include publishing "newsletters" representing he is President of the WLCCC. This is just another action by him to which he will have to answer to the Courts.

I apologize for the redundancy to those residents that already know the above; however, I felt it important that from reading some of the questions I received it was obvious that many residents were not familiar with what had occurred and what was currently occurring. In looking at some of the transpiring blogs, I can see how it would be easy to receive misinformation or as is commonly called nowadays as “fake news” as it was obvious some of the writers had no clue as to the situation, history, or the facts.

The one question that I am asked most often is where do we go from here? To answer I think it is important to understand that there are three separate and distinct components to the community. While separate and distinct they are all interrelated to restoring the Woodlake Community. For that reason let me outline these three components so that everyone can understand the governance and responsibility for each of these separate components.

Component 1: Private Gated Community with Member Owned and Managed Association

Woodlake is a private gated community and is governed by declarations (assignments and various covenants), a Property Owners Association (POA) with by-laws, an Architectural Review Committee (ARC), and various rules and regulations. Of note is that Woodlake is the only association in North Carolina where the ARC is not a functioning committee under the POA and that association assessments are not a fixed amount but based on tax values of lots and residences (aka millage). These monies are administered by our POA and have nothing to do with the legal or monetary issues with WLCCC. Your POA is a proactive association that addresses issues, such as illegal dumping, speeding, street repairs, and security.

Recently the community has incurred problems with several individuals and juveniles vandalizing Woodlake property. I have authorized the POA to have these individuals or any others not following the rules arrested for trespassing if necessary. We also plan to file civil claims in Court for the damages caused by these individuals, or their parents if minors. Please report any violations to the POA.

We have a great group of people that have selflessly volunteered to serve on various committees keeping your community governance functioning. I suggest everyone attend the monthly POA meetings and learn what is going on in the community. Most of the questions I get are items that would normally go through a Homeowners Association. In fact, in one letter I received the resident referred to me as “his owner” and this was in reference to his compliant of the neighbors’ houses being used as rental units and the condition of the community in general, which I am glad to say is operated independently of Steiner and is part of our self-governance like most all other gated communities. I encourage everyone to become actively involved. I am currently working with your POA to modernize the declarations and make the organization more effective. The POA operations are paid through property owner’s assessments (similar to HOA monthly dues) and again is totally separate from my and Steiner’s legal issues and moreover apart from the lake, clubhouse and golf course facilities, or any of the ownership issues or funds as I have outlined herein.

Component 2: The Lake

The lake, dam and associated parcels are not part of the leased property (less the marina), as I did not want to interfere with the Restore Woodlake Committee's (RWLC's) (a subcommittee of the POA) efforts to rebuild the dam and restore the lake. That committee led a successful Class-Action lawsuit in that resulted in an April, 2018 judgment against WLCCC (under Steiner's and Watson's ownership) for over \$160M total, with ~\$121M in "punitive damages." Reference: Moore County Superior Court – case 17 CVS 1184. That judgment has a 20-year effectivity.

A brief note on the "seniority" of legal judgments – their priority sequence is set by the filing date of the individual judgment. The priority liens include almost one million dollars in unpaid property taxes. This is one reason I believe Moore County is reluctant to help the community as unpaid taxes go back to 2013. Steiner was supposed to bring the taxes current in 2015 when he and Boex completed the bankruptcy; however he failed to do so.

Prior to the Class-Action judgment being finalized, on 25 April, 2017, Steiner, individually and unilaterally, filed a \$2.5M Deed of Trust (DOT – a DOT is a debt), using WLCCC properties as collateral, with the Moore County Register of Deeds (Book 4804, pages 547-551 – instrument 2017005711). The net effect was that the DOT filing date precedes that of the Class-Action judgment, i.e., the DOT priority is ahead of the Class-Action judgment. In mine, and my legal team's opinion, we don't believe this DOT can survive a Court's legal scrutiny.

One of the first things I do when I get a complaint from someone asking me, "when is the lake going to be back" is look and see if they are a contributor to the RWLC. I contributed to the RWLC before I ever got involved in this, as I believe they are working the problem as hard as it can be worked. They already have dam rebuild blueprints, as well as a lot of the required hydrology work done; so, when the title to the lake and judgments are resolved, immediate action can be taken. I am confident that at some point in the not too distant future, we'll have a restored lake. I can assure everyone I will do everything I can to prevent the lake from being traded or bartered for any wetland's "credits," or sold off at an auction. As a note, during 2017-2018, the owners tried to sell the lakebed as a wetland's "credits." They engaged the services of Mogensen Mitigation, Inc. Environmental Consulting in Raleigh to explore selling the WL lakebed for wetland's "credits." The project was discontinued when they failed to pay the agreed upon fee – sound familiar!? The recent "Steiner" publication claimed he "has" 4 attorneys working on this case. To correct that, it should have said he had 4 attorneys. In fact, I believe it has been more like 6. My attorneys have had to waste time getting each new attorney "hired" by Steiner up to speed. This has created more delays than anything else in this process. In any event, the intellectual property of the Mogensen study is currently owned by the RWLC and posted on their website for residents to read.

Component 3: Clubhouse/ Pool and Golf Courses

This is the majority of where the legal actions are focused, and the major items I have been working on to remove obstacles in order that these operations can be restored and investments can be made. With ownership split 50/50 between myself and Steiner, neither party is going to make any investments in these facilities with millions of dollars in liens until all encumbrances are cleared. There are currently substantially more liens on the Woodlake property than the property is worth. However, with

cooperation of a few residents, we have been able to reopen the pool and work is ongoing right now to open the 19th Hole. Each of these are operated independently with separate memberships. No one should be paying dues to WLCC Corp; so, the good thing is no one is paying for any amenities that they are not receiving. I have authorized property owners if they would like to, to mow the former golf course (now natural areas) if they so desire. I have been maintaining (at my cost) the areas around the Oates House, front gate, pool, 19th Hole and Woodlake Blvd. As noted, I am currently paying thousands of dollars each month to keep these facilities secured and to be made available again in the future for the community. I receive no monies from your association or any other entity. So if anyone is still asking the question "What can I do to help?" please contact any of your community leaders, or Charlie Jones and Lou Mason, co-chairs of the Restore Woodlake Committee, and they can direct you on how you can help. If you do not have the time, then help with a financial contribution to the RWLC. One thing each resident and any former club member of WLCCC can do to help my attorneys that are accounting for any missing or embezzled funds, is that if you paid any membership dues on or after July 2018, is to make copies of any cancelled checks (front and back) and send to me at PO Box 36158 Fayetteville, NC 28303. Again, this is to help provide a full accounting of your money that appears to have been taken by Steiner. If so, I will be seeking relief from the Courts for any illegal takings or other improper actions by the "German" interest.

All the legal information above is a matter of public record; however, there is still a lot more of the legal ins and outs that I am not able to discuss as these cases move through the court system, nor will I bore you with a propaganda newsletter every 2 weeks. However I will continue to work with the Community and our leadership on such things as the pool, 19th Hole, and getting the liens removed on the lake, which is separate and not part of the parcels I leased. I will assure the Community that I will do whatever I can to prevent the lake property from being sold or used for any other purpose than a lake.

Despite all the obstacles we face, our Community is making strides and needs your undying support. I can tell you I did not know that I was getting involved in such a mess when I agreed to help; however once I got into it and saw what was occurring I, like all Woodlake property owners, had a lot of money invested in my property at Woodlake and I felt it important that I do my best to fix it. I can tell you I am not in it for any profit as I have spent hundreds of thousands of dollars so far with not one dime in return, nor have I asked residents to share in the costs. If you have questions just be sure to direct to the correct component between the three above, and if you expect results to please help by putting in the time and resources to the above components and their committees which will go a long way in helping all of us in our mutual goals and objectives.

With Regards,

Keith Allison