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BEFORE THE ARIZONA CORPORATION CC

RECEIVED

CONF

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

2007 FEB 15 A 8:47

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
PERKINS MOUNTAIN UTILITY COMPANY
FOR A CERTIFICATE OF CONVENIENCE
AND NECESSITY.

DOCKET NO. SW-20379A-05-0489

IN THE MATTER OF THE APPLICATION OF
PERKINS MOUNTAIN WATER COMPANY
FOR A CERTIFICATE OF CONVENIENCE
AND NECESSITY.

DOCKET NO. W-20380A-05-0490

NOTICE OF FILING

Mr. Scott Dutton of Walnut Creek Estates requested an opportunity to provide public comments even though he could not be present in Phoenix. Staff of the Arizona Corporation Commission ("Staff") hereby files a letter from Scott Dutton of Walnut Creek Estates and an affidavit from Igor M. Olenicoff in the above docket. Staff provided the call-in number so that he or his representative may provide comments telephonically. Mr. Dutton also wanted to provide written comments. Because Mr. Dutton could not timely provide his written comments, Staff agreed to docket them as a courtesy. Staff provided the written comments to the companies' counsel on February 14, 2007.

RESPECTFULLY SUBMITTED this 15th day of February, 2007.

Keith A. Layton
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Arizona Corporation Commission
DOCKETED
FEB 15 2007

DOCKETED BY
KK nr

1 Original and fifteen (15) copies
2 of the foregoing were filed this
3 15th day of February, 2007 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

5 Copies of the foregoing mailed
6 this 15th day of February, 2007 to:

7 Robert J. Metli
8 Kimberley A. Grouse
9 Snell & Wilmer
10 One Arizona Center
11 400 East Van Buren Street
12 Phoenix, Arizona 85004

10 Booker T. Evans
11 Kimberley A. Warshawsky
12 Greenberg Traurig
13 2375 East Camelback Road, Suite 700
14 Phoenix, Arizona 85016
15 Attorneys for Sports Entertainment, LLC

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WALNUT CREEK ESTATES

Development Company

February 14, 2007

2506 Outman Rd • Kingman, AZ 86413 • (928) 753-6006 • Development
119 E. Andy Devine Ave. • Kingman, AZ 86-01 • (928) 753-1314 • Accts. Payable

Arizona Corporation Commission

RE: Perkins Mountain Water Application
White Hills/Golden Valley Arizona

Docket SW-20379A-05-0489

Perkins Mountain Water

Docket W-20380A-05-0490

Perkins Mountain Utility

Dear Commissioners:

As the Corporation Commission reviews this application, I feel careful attention should be given to this applicant and his business practices.

With regard to the Golden Valley property, Mr. Rhodes was personally involved in the land transaction, and as you are already aware, the ownership of this property is in dispute. As evidenced by the attached summary of deed recordings filed by Mr. Rhodes under his various corporations; deeds were recorded before the sale actually took place and only a percentage of the property was actually sold (in 2004). It appears that the land was transferred numerous times between various companies and escrow records show that escrow deposits and refunds came and went from a variety of companies. As of this writing, ownership is still in question. Until ownership is resolved, the issue of being part of a potential service area is moot. This deed progression took place on only ONE sale Mr. Rhodes completed in Mohave County. There are estimated to be 1,200 more escrows which took place in Mohave County alone. If this is any indication of how Mr. Rhodes and his companies do business, there is certainly cause for concern.

Additionally, Walnut Creek is an owner of property within the proposed service district of Perkins Mountain Water Company and would not be interested in being part of the service area of this company. To our knowledge we have received no conduit to allow our withdrawal from the proposed service area by Perkins Mountain Water Company.

Would it not be in the best interests of the State of Arizona and the residents of Mohave County to know exactly who will be using the vast majority of the water availability in this area? One would also like to think that it is also important how business is conducted and will be conducted in the future. An applicants business history and past business dealings might be a good indicator of how you can expect this applicant to conduct business in Arizona.

A portion of the property listed in the attached deed progression is in legal dispute. The case is in Arizona Superior Court, case CV-05-26, scheduled for trial on July 30, 2007.

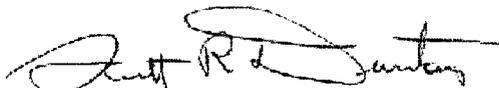
We, too, have encountered difficulties with regard to Mr. Rhodes providing information to us about his numerous business concerns and responsibility of those concerns. In a recent deposition Mr. Rhodes had difficulty explaining ownership and relationships with his numerous business entities. Although sparse, any information we possess that is a matter of public record, would be made available to your office.

Attached please find a brief outline of our relationship with Mr. Rhodes and/or his numerous companies. Also attached is an Affidavit of Igor M Olenicoff who has had business dealings and legal issues with Mr. Rhodes.

Mr. Rhodes, to this point, appears unwilling to provide any information regarding his business concerns and believes that you, the commission, does not require this information to make an informed decision. I believe it is your business when you are making a decision that affects our most precious commodity and affects the lives of everyone in Mohave County.

If Mr. Rhodes is the "leader in affordable masterplanned communities the southwest" then as a leader, he should be more than willing to explain his corporation hierarchy and who really is going to be responsible for our growth and use of resources in Mohave County for decades to come.

Sincerely,


Scott R. Dunton

Our land transaction was presented originally as a transaction with Jim Rhodes. It then changed to Rhodes Homes, then to Charles Sakura, then to Sedora Holdings, then to American Land Management. All of the companies were described as controlled by Jim Rhodes. Jim Rhodes was involved in the property transaction whereby he sold the property in question to Desert Communities, then to Rhodes Homes of Arizona and back to Desert Communities. We are uncertain as to the current ownership of this property today.

The money trail for the purchase of the above transaction was as follows:

\$700,000 was paid by Sedora Holdings and then returned to American Land Management. Rhodes Ranch paid \$7,100,000 on behalf of American Land Management with no lien. American Land Management paid for the property and sold it to Desert Communities and subordinated their mortgage. Desert Communities borrowed \$4,000,000 on the property and then transferred the property to Rhodes Homes of Arizona. Then it was deeded back to Desert Communities. We believe that Rhodes Ranch actually purchased the property. The only common thread for the companies and the monetary transactions is Jim Rhodes.



First American Title Insurance Agency of Mohave, Inc.
2213 Stockton Hill Road Kingman, AZ 86401

PR: 4000

Ofc: 4291

DATE: 12/07/2004

RECEIPT NO.: 29198441

FILE NO.: 291-4401443

RECEIPT FOR DEPOSIT

FUNDS IN THE AMOUNT OF: \$700,000.00

WERE RECEIVED FROM: Sedora Holdings, FBO American Land Management, L.L.C.

CREDITED TO THE ACCOUNT OF:

TYPE OF DEPOSIT: Cashier's Check

REPRESENTING: Earnest Money Deposit

Comments:

Property Location: Vacant Land, Kingman, AZ 86401

DEPOSITED CHECK INFORMATION:

Check No.: [REDACTED]

*** OUT OF STATE ***

ABA No.: [REDACTED]

Bank Name: Business Bank

Account Number: [REDACTED]

BY: Veronica E. Mascarello, 12/07/2004

ESCROW OFFICER: Veronica Mascarello

"The validity of this receipt, for the deposit referenced,
is subject to clearance by the depository financial institution and credit to our account."

ARIZONA REVISED STATUTES SECTION 6-841.03 requires the following notice be given:
Any monies deposited into an escrow account are not insured against loss from fraud or theft by either the
State of Arizona or the United States Government.

File Copy

1STAM00454



First American Title Insurance Agency of Mohave, Inc.
2213 Stockton Hill Road Kingman, AZ 86401

PR: 4000

Ofc: 4291

DATE: 12/23/2004

RECEIPT NO.: 29199072

FILE NO.: 291 4401443

RECEIPT FOR DEPOSIT

FUNDS IN THE AMOUNT OF: \$7,100,000.00

WERE RECEIVED FROM: American Land Management, L.L.C

CREDITED TO THE ACCOUNT OF:

TYPE OF DEPOSIT: Wire

REPRESENTING: Closing Costs

Comments:

Property Location: Vacant Land, Kingman, AZ 86401

DEPOSITED WIRE INFORMATION:

Bank Name: Rhodes Ranch General Partnership

Contact:

Federal Routing Number:

Confirmation Number: 5000

Confirmation Date/Time:

BY: Christi S. Norton, 12/23/2004

ESCROW OFFICER: Veronica Mascarello

"The validity of this receipt, for the deposit referenced,
is subject to clearance by the depository financial institution and credit to our account."

ARIZONA REVISED STATUTES SECTION 6-841.03 requires the following notice be given:
Any monies deposited into an escrow account are not insured against loss from fraud or theft by either the
State of Arizona or the United States Government.

File Copy

1STAM00452

Deed Progression - Rhodes Homes Golden Valley Development		2-14-2007
12-30-2004	Warranty Deed Entire 2004122331 Am Land Mgmt to Desert Comm Grantor/Grantee	Section 25 etc
12-30-2004	Deed of Trust 2004122332 Desert Communities to First Am Title Am Land Mgmt BNFY Trustor/Trustee	Section 25 etc
12-30-2004	Warranty Deed Only 91.667% 2004122393 Lowry to American Land Management Grantor/Grantee	Section 25 etc
1-3-2005	Corrective Warranty Deed 2005000089 Am Land Mgmt to Desert Comm Grantor/Grantee	Section 25 etc
1-3-2005	Deed of Trust/Security Agreement 25000090 First Am Title Am Land Mgmt BNFY to Desert Communities Benfy-Secured/Trustor-Debtor	Section 25 etc
1-24-2005	Deed of Trust/Security Agreement 2005007345 Various People/Desert Communities Benfy-Secured/Trustor-Debtor	
1-24-2005	Subordination Agreement 2005007344 ALM/Desert Communities Benfy/Subordinator	Parcel 206-18-002 Parcel 208-32-005 etc
7-14-2005	Assignment Deed of Trust 2005077367 Various People/Consolidated Mtg-Desert Comm Assignee/Assignor	
9-15-2005	Warranty Deed 2005126691 Am Land Mgmt to Rhodes Homes AZ Grantor/Grantee	Sections 3,4,9,10
10-05-2005	Warranty Deed 2005110087 Desert Comm to Rhodes Homes AZ Grantor/Grantee	Section 25 etc.

11-9-2005	Warranty Deed 2005126690 Desert Comm & Am Land Mgmt to Rhodes Homes AZ Grantor/Grantee	Section 2
11-14-2005	Corrective Warranty Deed 2005126690 Am Land Mgmt to Rhodes Homes AZ Grantor/Grantee	Sections 3,4,9,10
	To correct legal description	
11-14-2005	Corrective Warranty Deed Desert Comm/Am Land Mgmt to Rhodes Homes AZ Grantor/Grantee	Section 2
12-19-2006	Warranty Deed Lundsford Pitts Yandell to Am Land Mgmt Grantor/Grantee	Section 25 etc
	8.33% never transferred in original sale	

This progression list compiled though research of Assessor's records. The title company has not been able to provide us with a complete list as of this date.

1 AFFIDAVIT OF IGOR M. OLENICOFF IN SUPPORT OF
2 MOTION FOR SUMMARY JUDGMENT

3 STATE OF NEVADA }
4 COUNTY OF CLARK } ss.

5 IGOR M. OLENICOFF, being first duly sworn, deposes and says:

6 1. I am the sole officer and director of Olen Residential Realty Corp., ("Olen") a
7 Nevada corporation.

8 2. On July 9, 1998, Olen employees Ron Svoma and Dale Lyon and I met with Jim
9 Rhodes, president of Bravo, Inc. dba Rhodes Framing ("Rhodes Framing").

10 3. On that date, I showed and provided copies of affidavits from Ron Svoma
11 ("Svoma") and from another contractor, which clearly showed a pattern of illegal conduct by Mr.
12 Rhodes and Rhodes Framing.

13 4. Specifically, I explained that I had become aware that Svoma, in conjunction with
14 Dirk Griffith, Rhodes Framing's General Manager and purportedly a shareholder in Bravo, Inc.,
15 with the knowledge of Jim Rhodes, had been involved in an illegal scheme whereby Ron Svoma
16 caused Olen to purchase more lumber than it required for various apartment projects in Las
17 Vegas.

18 5. The excess lumber was then taken by Rhodes Framing and used in its residential
19 developments.

20 6. In exchange for the stolen lumber, Rhodes Framing paid Svoma varying
21 percentages of the value of that lumber. Rhodes received substantial amounts of Olen's lumber
22 at a fraction of its true value.

23 7. On another occasion, over some period of time, approximately \$155,000 worth of
24 lumber was stolen from Olen's job site known as Spanish Ridge Apartments. Rhodes Framing
25 claimed to know nothing about the theft. It was later discovered by Olen that Rhodes Framing
26 was the party responsible for the lumber theft, removing truckloads of lumber on Sundays to be
27 used for its own benefit.

28 8. On a series of other occasions, Rhodes Framing participated in another scheme

ORIGINAL

Shirley B. Pangjames

JAN 29 2 36 PM '99

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1 AFFT
2 EDWARD J. HANIGAN, ESQ.
3 Nevada Bar #000242
4 3777 Pecos-McLeod, Suite 104
5 Las Vegas, NV 89121
6 Telephone: (702) 434-1300
7 Attorney for Plaintiff

8 **DISTRICT COURT**
9 **CLARK COUNTY, NEVADA**

10 **OLEN RESIDENTIAL REALTY CORP.,**

11 Plaintiff,

12 vs.

13 **JAMES M. RHODES,**

14 Defendant.

Case No: A394611
Dept No: I
Docket No: J
Date: N/A
Time: N/A

15 **AFFIDAVIT OF IGOR M. OLENICOFF**

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1 whereby Olen subcontractors were given contracts to perform work on Olen projects at a price
2 higher than the subcontractor's bid amount. Over the course of the job the subcontractor was
3 paid the inflated contract price.

4 9. The scheme was carried out as follows: the subcontractor was paid the inflated
5 contract amount. The subcontractor was then forced to "kick back" the difference between the
6 inflated contract price and the subcontractor's bid amount. These sums were divided between
7 Rhodes Framing and Olen employee, Svoma.

8 10. Olen discovered the aforementioned illegal acts and confronted Svoma with the
9 information. Svoma confirmed them as true and subsequently informed Olen of the amount of
10 its losses.

11 11. Each of these facts was brought to the attention of Jim Rhodes during the July 9,
12 1998 meeting in his office.

13 12. This information, along with signed affidavits and copies of canceled checks from
14 subcontractors to Rhodes Framing's company accounts were shown to Jim Rhodes on the subject
15 day. Olen was prepared to file a civil complaint on that day, a copy of which I showed to Mr.
16 Rhodes, and to pursue criminal action against Jim Rhodes and his responsible employees if
17 necessary.

18 13. Having presented the above information to Jim Rhodes, he acknowledged his
19 responsibility for Olen's losses. He asked that Olen not pursue those remedies since it would
20 give Jim Rhodes a "black eye" in the community.

21 14. I made a business decision and agreed to temporarily forego pursuing those
22 remedies and allow him to refund Olen's losses, which Rhodes agreed, equated to approximately
23 \$1,100,000.00. However, Jim Rhodes indicated he could not pay that amount and negotiated
24 with me for a lower settlement amount, \$750,000, suggesting that our remedy for the balance
25 of Olen's damages should be against Svoma.

26 15. I agreed to that only if that money was paid forthwith. Mr. Rhodes brought out all
27 of his company checkbooks and indicated that the most he could pay at that time was \$200,000,
28 but assured me that he would pay the remaining \$550,000 over the next 11 months, and agreed to

1 personally sign a Promissory Note in that effect. The \$200,000 which he gave me cleared the
2 back after some difficulty, but Mr. Rhodes has refused to return my phone calls and
3 correspondence or make any payments on the Note.

4 16. As part of the settlement, Mr. Rhodes demanded a Mutual Release, if he was to
5 repay the \$750,000. I agreed to that.

6 17. The Mutual Release was a demand of Jim Rhodes and not a further inducement to
7 Mr. Rhodes by me or Glen. There was no benefit to Glen in the Mutual Release and no promise
8 was made that Glen would provide him with any copies of documentation beyond what was
9 shown to him at the meeting. I suggested that the best source of information to verify these
10 matters would be contained in their records, from past and present employees who conducted
11 these illegal activities, and the job records in where the stolen Glen lumber was taken.

12 18. I never stated to Jim Rhodes that Spurna would be fired nor that he would be sent
13 to prison.

14 **FURTHER YOUR AFFLIANT SAYETH NAUGHT.**



15
16 **ISAAC M. CHARNICKOFF**

18 **ATTESTED and SWORN to me this**
19 **21 day of January 1999.**

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21 
22 **Notary Public in and for said County and State.**

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