

EXTREMELY IMPORTANT - Good Morning Board of Supervisors. As a courtesy to the taxpayers of El Dorado County, I give you one last communication¹ regarding the VHR permit program and the unethical, corrupt, mishandling of VHR permits, fees, and taxes associated with that program. It's important that you all know that I am 100% going to sue the County of El Dorado unless there is a last-minute miracle and it occurs to the board that they are risking millions in taxpayer dollars rather than simply accepting fault and correcting one single VHR permit issue, along with an overhaul of the entire program to include ethical standards (#1626 for 2480 Lupine Trail).

Although this email is long, I wholeheartedly believe it is 100% your fiduciary duty to read it along with my previous three emails (linked in footnote) all including over 25 pages of written communication and exhibits. showing a multitude of policy errors, corruption, staff ineptness, unethical behavior and a myriad of other issues that need to be addressed. Bottom line - The Board of Supervisors has failed its people and the hard-working constituents deserve better. Ms. Dawson, I kindly ask you to respond to me to acknowledge this has been forwarded to each member of the board.

After witnessing the presentation from El Dorado County's own elected Tax Collector, Karen E. Coleman on May 2, 2023, at the weekly Board of Supervisors meeting, I have drawn an alarming conclusion which only adds to the issues cited in my other emails. I believe that one or both of the following two statements must be true:

- El Dorado County's incumbent Tax Collector has effectively stolen hundreds of thousands of dollars from me by illegally accepting taxes and fees that I did not owe.

And

- County staff and previous District 5 Supervisor, Sue Novasel negligently withheld the issuance of my permit or otherwise flat-out lied to me regarding the status of my permit then harassed and bullied me while enacting a witch-hunt reminiscent of mid-20th century McCarthyism.

You may recall the following statements made by Ms. Coleman at that meeting:

"Do you want the revenue or not? ...People are still going to [rent without a VHR permit] anyway. How are we going to stop them from doing it?... I don't think that we should stop taking the money from people doing it illegally."

When asked why she collected money from homeowners who were renting without permits, Coleman likened it to cheating on taxes, which makes little to no sense but her follow up statement was the most alarming:

"It would be just like people who cheat on their income taxes. I mean, there's cheaters all through the tax system, correct? You take the money when you can, that's my approach, that seems to be my duty, to collect the taxes, so that's what I do."

¹ My previous communications can be reviewed at the following links: Email 1, [December 2022](#) ; Email 2, [January 2023](#); Email 3, [March 2023](#).

Coleman then stated that she had illegally collected taxes before, "...when the cannabis program started, and permits weren't valid, but I told those people that they still needed to pay their taxes if they are operating in our county."

I could not believe what I was hearing. As an elected official, Karen E. Coleman represents the county. These statements coming out of her mouth are the same as if the county itself was admitting to the board that it has been illegally collecting taxes for years. Coleman made it clear that she facilitated the illegal collection of taxes under the guise of enforcing compliance with the VHR program. There are so many problems with this, it should be making your heads spin to think of the various legal issues they present. I must say that I was also appalled that only one supervisor on the board was bold enough to condemn such activity. I applaud the newly elected Ms. Laine for recognizing the seriousness of Coleman's admission to illegal activity.

Coleman stood up and told you all that she facilitated the illegal collection of taxes. That is the very definition of corruption. She clearly failed the public and her elected position which is to uphold the legal collection of taxes and not to enforce permit compliance. By illegally accepting TOTs from unpermitted properties, she is encouraging the unpermitted VHR activity and effectually stealing money from homeowners in addition to perpetuating misconceptions that they have a permit when they don't. Is a local government beholden to abide by the laws it sets? Is the El Dorado County Tax Collector above them?

Now let me turn the tide a bit. Those illegal taxes that she is talking about are just a minor fraction of the total taxes that would be owed if they were legal. Either illegal VHRs haven't paid any taxes, or they have paid only a small fraction for years! You have enabled this. When you consider the ethical VHR permit holders who have paid 100% of their TOT taxes, remember those like me who lost our permits (due to your policy and staff errors) but continued to pay our TOT taxes. The Board of Supervisors along with corrupt staff have punished and hindered the ethical constituents while enabling illegal non-paying or fractional tax-paying VHR holders. This is absurd! By your own assumptions, you had over 900+ illegal rentals not paying taxes. I ask the board to look at what the county's revenue from the TOT program over the last ten years. Assuming all 863 legal permit holders paid TOTs as expected and the 900 illegal VHRs paid little or no TOTs, the amount of taxes that *would have been owed* by these 900 illegal rentals is the approximate amount that has been stolen from the county. According to your 2022-2023 Budget Revision TOT revenues make you \$8,254,577. Extrapolated over 10 years, this would add up to more than \$82.5 million dollars that the county has lost from illegal renters wreaking havoc on the local community. This large dollar amount could have gone back into the community of South Lake Tahoe helping infrastructure, housing, education, and the entire local community. Your lack of supervision has lost millions of dollars for your community AND created absolute chaos and misery for the South Lake Tahoe locals because they have had to deal with this illegal activity from the 900+ (now assumed 400+) VHR's in which the county ADMITS to enabling. All while berating the 863 ethical, law abiding, tax paying, community caring VHR program constituents. What are you doing??? The people deserve better than this!!

TRANSIENT OCCUPANCY TAX DETAIL	
Description	Recm'd Adopted Budget
Revenues	\$16,483,091
Fund Balance	\$ 8,228,514
Transient Occupancy Taxes	\$ 8,254,577

Ex. 1 from page 31 of El Dorado County's 2022-23 Recommended Adopted Budget Revisions.

No wonder the VHR program has been a wreck for so long. Coleman connected a lot of dots on why the VHR, and hosted rental programs are in disarray. You have a corrupt Tax Collector at the helm. Isn't the Board of Supervisors supposed to *supervise* county operations? Why has nothing been done when this has been happening for years?

After hearing the statements made by Coleman and 100's of hours of my own research I have realized that the VHR and hosted rental programs are completely broken. You have a big problem and have been an absolute disaster in addressing it. What the board has failed to realize is that it is the board's job to make sure there is proper implementation of program changes and corruption is not allowed to be a part of that process. As the Board of Supervisors, your fiduciary duty is to be ethical, ensure competency matters, and remember that you work for the people!

That being said, it's fair that I tell you about myself so that you understand when I say that I am prepared to sue El Dorado County, it is not taken lightly. I was fortunate enough to retire 7 years ago at the age of 41. My profession was the analysis of companies for financial solvency, competency and growth purposes. I can analyze and understand a company better than almost anyone in the nation. I was ranked third in my field out of 1,251 people on a 1, 3, 5, and 10 yr. basis. I attribute my success to the fact that I surrounded myself with amazing competent people with whom I managed to build a 44-billion-dollar business within a larger company. After my first year in retirement, I started another company with a friend and former colleague. Within 14 **months**, our fledging company was valued at 3-billion-dollars, and I conceded that my first financial success was not a fluke. After fulfilling my professional dreams, I realized that family is always the most important thing we all have in our lives, in which I was granted the luxury of choosing more time with them. I permanently retired from that profession to focus on being the best father that I can possibly be for my five children. The income from this 2480 Lupine Trail was an integral part of what allowed me to do this while still supporting my children and their college goals. In my mind this home belongs to my children. It is where my grandchildren will get to make memories and become part of the local community which we already love and support.

I only tell you about my background to let you know that when this goes to court, I am going to subpoena every email, phone record, and document related to the VHR and hosted rental programs. This will include the server backups that may hold deleted items. I promise you through experience of analyzing poorly run companies, I expect the county's current situation within the VHR/Hosted rental program to yield documents showing corruption, unethical behavior, incompetencies, ineptness, and most likely gross negligence from which the law does not shelter individuals from being personally liable. I say this as a constituent who realizes that things must change for the better either from me or the board itself. It's for the people!

In the same fashion with which I created my professional success, I have surrounded myself with amazing competent people in an effort to seek rectification from El Dorado County in the matter of my VHR permit for 2480 Lupine Trail.

One is a highly respected public employee who influences legislation and it's correlating policy implementation for underrepresented children throughout the State of California. She works closely with several counties on proper implementation of federal, state, and local programs based on state and federal statutes, regulations, and related policies from the federal to local level. She literally could not

believe what had taken place and was embarrassed for you in a sad way. She believes El Dorado County is a perfect case study for what NOT to do in government and public policy implementation.

Another is a friend who uses his law degree to develop state regulations and related policies in order to ensure their proper implementation. He also voluntarily teaches legal continuing education courses through the law library in Sacramento. He was astonished that the board's counsel had not informed them of the seriousness of the issues with the VHR program updates and tax collection processes.

I also have a close friend who works in public law and has pointed out additional policy failures from the county, but his exact words were, "I can't believe it's gotten this far. The board needs to take accountability. There is something very wrong here".

Lastly, my father-in-law retired after 40yrs of being a California Superior Court Judge. As you can imagine, he is in absolute disbelief from a legal point of view. He expressed to me on one occasion that there appears to be a serious lack of ethics. His statement to me was, "John, even the government has to abide by the law, this is unbelievable".

If all these extremely intelligent and competent people in my life believe that every misstep by the county (as referenced in all of my emails) are correct and true from a reasonable person standpoint, then I no doubt have over 95% odds of winning this lawsuit. On a personal note, I wonder to myself why any ethical person on the county's side would want to win such a lawsuit knowing all the damage they have done will yet again cause extreme misfortunes to so many. Why not just acknowledge it and realize it is your fiduciary duty to make it right.

I will share just a few additional documents as the last pieces of evidence. I received a [letter from the Tax Assessor in March 2023](#) telling me I need to complete and submit a property statement by April 1, 2023. The letter said it was:

"...because you are a rental property owner or have an active vacation Home Rental Permit with the City of South Lake Tahoe or El Dorado County as of the lien date January 1, 2023. An ACTIVE PERMIT indicates an active rental. Rental properties and residences used as a vacation home rental are subject to business property tax assessments on all furniture and equipment used in the rent activity."

When I called the number, I spoke with the primary specialist in this department and asked why I received this letter. Her response was, "Mr. Dillie, I show here that you have an active VHR permit so you are required to fill out this form." You can imagine my surprise at being told that I have an active permit. She continued, "Yes Mr. Dillie, you have an active VHR permit." I asked if she was sure and she said, "Yes." I thanked her and hung up. Once again realizing the current, continuous lack of supervision and understanding around these programs from its own staff and continuing to provide disinformation.

Your own staff believes I have an active permit, so why hasn't it been issued?

I'd also like to share one last thing. I located an [email from March 8, 2021](#) from Amelia Pedri stating that my application was processed and ready for payment. It even included a new VHR number VHR21-0191. She also states that there are two open code cases that will need to be paid in full in order to receive my permit. I have also located an [email from Lynda Jorgensen on March 9, 2021](#) stating that the fines were paid and should not hold up my VHR permit approval. Ms. Jorgensen's email states that a

Bear Box review needs to be completed. Two weeks later on [March 23rd](#), I received an email from Krista Eissinger in the Environmental Management Department confirming she had signed off on the bear box requirement and will notify the planning department. I also have an [eTrakit](#) confirmation from March 2021. Stating that as of March 9, 2021, my VHR permit "is now in issued status." And before you read the email thread and think that it contradicts my claim that citations were the county's method of notifying homeowners that permitting had changed, I want to point out that Lynda cited my home twice before she ever told me what the issue was but even when she did, she still did not tell me that permitting had undergone any changes.

If my permit was issued on March 9, 2021, why was it never sent to me? Why did NO ONE contact me except for issuing a citation later that year for renting without a permit? Why was the county inept again? Why did I get citations beyond this date at all?

Any reasonable person would look at the documents I've already submitted and conclude that the county has egregiously mishandled itself in this case. Anyone who looks at the documents linked above would surely reach the same conclusion. The county knows my situation is not unique. There are others still experiencing the same loss of permit status as a result of the county's negligence and its refusal to correct the problems it has created for the people while its employees get to play God by deciding who they help and who they don't. The county accepted my permit and inspection fees. It accepted my TOT taxes. It accepted hundreds of thousands of dollars while claiming my VHR permit was not valid. This equates to theft of every dollar it took from me not to mention the significant loss of present and future income.

It's your fiduciary duty to review the facts I've provided. You are risking taxpayer money once a lawsuit is filed. Based on the current lack of accountability I am going to assume that I will not hear from anyone, but I will wait two weeks before I give my lawyers their first retainer. At that time all current offers are off the table and my long respectful process of trying to help the county improve for the people through research and helpful information will come to an end and we will be communicating quite differently.

God bless everyone on this thread and God bless a way better future for the VHR/Hosted Rental program including the local Tahoe community and all El Dorado County's constituents!

Sincerely,

John Dillie
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