

## COMPLAINT AGAINST THE NEVADA HUMANE SOCIETY

### Introduction

It has recently come to my attention that the Board of Directors and CEO of the Nevada Humane Society (NHS), Reno and Carson City, have been operating in violation of their bylaws and IRS mandates for non-profit organizations. As a concerned citizen, and former journalist, I have assembled the following information that I have uncovered. I request that the Internal Revenue Service (IRS) review this information and open an investigation into the NHS Reno and Carson City, to determine the facts associated with the following 5 allegations.

#### 1. Board Self-Dealing by Appointing Unqualified Member to be CEO

In 2018, the Board of Directors for the Nevada Humane Society (NHS) fired its then-CEO Mr. Diaz Dixon, and replaced him with one of the existing Board members, Mr. Gregory J. Hall, who was then **VP of the Board**. The vast disparity between Mr. Dixon and Mr. Hall's experience was self evident. Prior to leading NHS, Mr. Dixon had spent more than 14 years at a non-profit, named Step 2 Reno, which provides substance abuse treatment programs to women and children. Prior to being appointed to lead NHS, Mr. Hall was a lawyer with no experience in non-profit operations, animal shelters, or personnel management. This change of leadership was even more concerning because the Board appointed Mr. Hall, WITHOUT performing an open search or conducting interviews for more qualified candidates.

Before this event, NHS CEOs had been hired through search and interview processes, and as a result, NHS had been led by a series of capable managers, some of whom were even outstanding. Prior to Mr. Diaz, Mr. Kevin Ryan was the CEO. Mr. Ryan was the former Executive Director for Pet Helpers in Charleston, South Carolina, with extensive experience in animal welfare and non-profit organization leadership. Before Mr. Ryan, Ms. Kiska Icard was CEO. She had previously served as Executive Director of the Sonoma Humane Society. Prior to Ms. Icard, Ms. Bonney Brown served as the Executive Director of NHS for 6.5 years, realizing a no-kill shelter status for NHS by saving 94% of animals in 2010 and 2011. There is one more significant fact: while NHS reported the appointments of previous CEOs, with information on their experience and qualifications, no similar announcement was made with regard to Mr. Hall's appointment.

This could be because Mr. Gregory J. Hall had no experience or training in non-profits, animal shelters, animal welfare, animal training, non-profit fund raising, personnel management, non-profit funds management, business book-keeping, or any of the other major duties or responsibilities of an animal shelter CEO. My thorough search for Mr. Gregory J. Hall in the public domain yielded no glowing testimonies of his work as an attorney; and no history of managing an organization (little less a multi-million-dollar organization). In fact, it is impossible to find a resume or a biographical description of Mr. Hall's professional experience on any public forum, not even the NHS website. He has no LinkedIn account, no mentions in any lawyer review websites, and no public affiliation with animal shelters (other than being a Board member and appointed CEO at NHS). According to multiple reports, Mr. Hall has told individuals that his only prior personnel

management experience was at a bicycle shop with four employees. Other individuals have reported that Mr. Hall's father (and prior employer) told them that he had to fire his son from his (father's) legal practice for being uninsurable (too expensive to insure). While these are second-hand reports, their extreme example of the unfitness of Mr. Hall to be the CEO of NHS is worthy of investigation. If these are true, one has to wonder why the Board would have given Mr. Hall the position of CEO? From an objective perspective, it appears that Mr. Hall's appointment could only be based on the fact that Mr. Hall needed a job, and obtained the position in spite of any consideration of what was best for the animals in the shelter. This would be a classic example of the Board of Directors engaging in self-dealing.

The facts that Mr. Hall did not have qualifications to be CEO of NHS; the Board did not engage in any kind of search for a qualified candidate; and the NHS Board appointed someone from the Board to be CEO, are very concerning. It is not a great leap of faith to believe that the animals in the shelter would have benefited from a more qualified and experienced CEO. This assertion is proven by the large number of complaints received during the entire time that Mr. Hall was running NHS. The complaints detail systemic lack of care for the animals in the shelter, lack of training for shelter employees, chronic mis-diagnosis of "aggressive dogs," dogs being locked in cages receiving only 15 minutes of outdoor time a day, sick dogs suffering for hours before they receive care/euthanasia, no dog enrichment programs, and most concerning, the firing of all managers with animal care qualification (and promotion of kennel cleaners to management positions).<sup>1</sup>

The Board of Directors in 2018 were: Ms. Tierra Bonaldi, President; Mr. Gregory J. Hall, VP (then CEO); Ms. Dawn Ahner, Director (then VP); Ms. Kris Wells, Secretary; Ms. Jan Watson, Treasurer; Mr. Dick Whiston; Mr. Jack Grellman, Esq.; Ms. Joan Dees; Mr. Ken Furlong; Ms. Kristen Saibini; Ms. Mendy Elliot; Mr. Allan Martin; and Ms. Rachel Watkins, CPA. **Four of these 13 directors had served more than 6 years continuously without leaving for at least one year. This is in direct violation of the NHS Bylaws** (See Pt 5. Bylaws state that members have to take a one-year break after 6 years on the Board). The violators included the President, and Treasurer of the Board of Directors. Additionally, another Board member is under suspicion from having taken money from the organization while serving as a Director – see Pt 3). It is also unknown whether Mr. Hall recused himself from the vote on hiring him as CEO. It would be informative to find out what the votes were, to install him as CEO, and whether, without the support of directors who should NOT have been on the board, himself, and a fellow Board member who has taken funds from the NHS, Mr. Hall would have had sufficient votes to become CEO. If the bylaws had been followed and new people had been on the Board who may not have been as agreeable to the idea of putting an unqualified individual, Mr. Hall, into the CEO position without doing the due diligence of a qualified candidate search, Mr. Hall might not be in the position he is in today. The Board is supposed to keep records of these votes. Whether they did, we do not know. But there is a likelihood that given the flouting of their on bylaws by directors of the Board, Mr. Hall may have been installed illegally in his position without the required votes.

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<sup>1</sup> These complaint letters have been sent to the Reno Mayor's office, and Reno & Sparks Animal Welfare Board.

## 2. PATTERN OF DECLINING PERFORMANCE AND RISING COSTS

Since Mr. Hall was installed as CEO of the Nevada Humane Society, the performance of the shelter has declined sharply, while costs have risen equally sharply. Key personnel salaries have vastly outpaced placement of animals, especially between 2019 and 2021. Please see Chart 1. The data is derived from NHS tax returns.

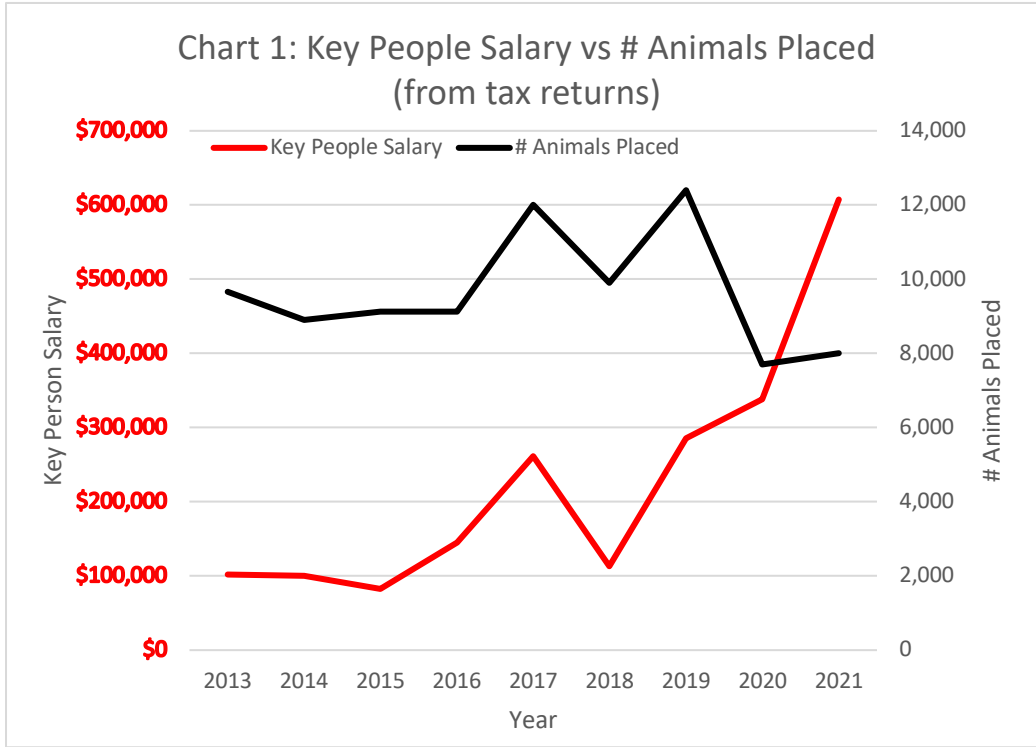


Chart 1

Additionally, the average cost per hour for employees (minus top 6 highly compensated individuals) has risen sharply, see Chart 2.

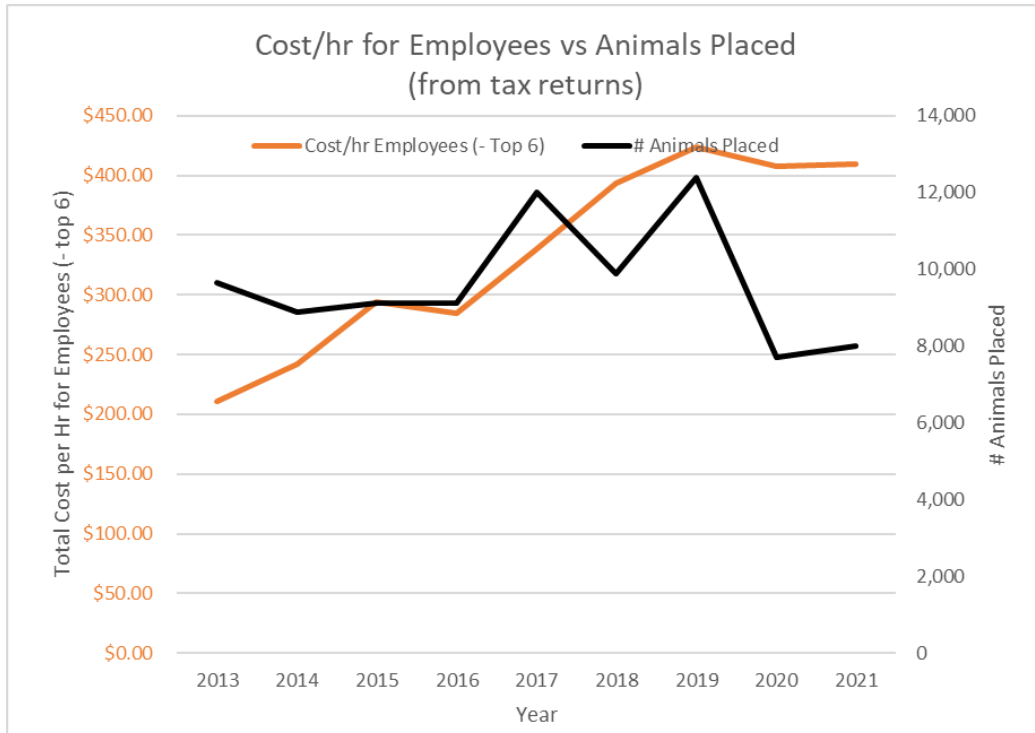


Chart 2

### 3. SELF-DEALING AMONG BOARD OF DIRECTORS

On May 26, 2021, a Reno local news reporter (Mr. Joe Hart) ran a story about NHS, Reno. He had reviewed the Form 990s for NHS and noticed that then Board member (Mr. Gregory J. Hall) was paid \$37,399 in 2017. Another Board member Rachel Ringenback-Watkins was also reported as having received more than \$31,000 in payments between 2017-2019. According to NHS' bylaws, the Board of directors is not supposed to derive financial compensation from the charity.

Prior to running the story, Mr. Hart asked the Board to provide a comment on these payments to Board members (on 29 March 2021). The NHS Board provided no response (not even a no comment). The news report was run on 26 May 2021. Additionally, the NHS Board ignored Mr. Hart's request for a copy of the organization's bylaws. The day after Mr. Hart posed the question to the board, NHS changed the Form 990 on their website to show \$0 payment to Mr. Hall, on 30 March 2021. The IRS received the updated Form 990 on 05 April 2021. Normally, this would not be an issue, as re-filing for a mistake in a tax form is a fairly common occurrence. However, the re-filed tax form stated (in the notes) that Mr. Hall had received "no reportable compensation," yet the total expenditures on the 2017 tax return remained unchanged from the initial filing.

If the \$37,399 had not been expended, the total expenses should have been reduced by the same amount on the amended tax return. So, either the original tax filing was wrong, or the amended filing was. It would be fruitful to review this re-filed tax return, as well as the original

return, very closely. Also interesting is the fact that the amended return for 2017, filed in 2021, was done by a completely different CPA (Eide Bailly based out of Minneapolis, MN) vs the original return filed in 2018 (for 2017 – filed by a local Reno CPA), and the new CPA (Eide Bailly) has not filed any other tax returns for the NHS before. It begs the question, how did Eide Bailly manage to refile the 2017 tax returns in one day (from Mar 29 to Mar 30) having no prior involvement in the accounting or tax filing for NHS? It is also worth mentioning that CPA Eide Bailly does not appear to be the CPA for NHS on any tax returns after the re-filing in 2021. Any logical person would have to question, did CPA Eide Bailly actually ensure that Greg Hall did not receive a payment, and was an amended 1099 for Mr. Hall filed? Was a 1099 issued to Mr. Hall in 2018 for the 2017 payment?

It is interesting to note that Board member, Ms. Watkins', payment was not removed from the tax return refiling. To this day, the Board has not provided the public an explanation of why Board member Ms. Watkins was paid, in violation of NHS' own bylaws which state that no funds shall "inure to the benefit, directly or indirectly to Director, Officer or other private person." NHS did not remove her payment from the amended tax return for 2017, and no amendments were made to subsequent tax returns to remove payments made to her in 2018 and 2019. It is said that she provided CPA services, but given the bylaw directive there should have been more transparency as to the rationale for the payment. There should have been bids taken before assigning the (paid) task to a Director. Furthermore, if she was the CPA for NHS, one has to wonder why she did not prepare the organization's tax returns for those or follow-on years. It begs the question, what accounting services did this Board member provide, for which she was paid, at the direction of the Board of Directors?

There is also a rumor that another Member of the Board received a contract to either her company or her business partner's company in an amount greater than \$100k. With all of these occurrences of Board members approving contracts to existing Board members, it would seem reasonable that a thorough review of NHS's W3s and 1099s is warranted. NHS President Kris Wells (who resigned early May 2023, as complaints about NHS were surfacing, after serving for 10 years on the board without a break) provided Mr. Hart a written response to his inquiry about recent issues at NHS, stating that the 2017 payments to Board members "had been investigated and cleared" but would not say who investigated or cleared those payments.

#### 4. FINANCIAL OPAQUENESS, MISUSE OF FINANCIAL RESOURCES AND FINANCIAL IMPROPRIETY

Upon review of the NHS tax returns, several issues were identified. There is a non-transparent category of non-employee professional services "Fees for services" in the amount of \$243,556<sup>2</sup> (see Attachment: Tax Return Extract) for tax year 2021. This external personnel support category is in addition to Legal/Accounting/Financial Management Fees, which are categorized in separate tax lines. Given these exclusions, one wonders what are these expenses, and WHO got paid from this opaque accounting category? Given the potential for self-dealing within the Board (paying Greg Hall \$37k in 2017, \$31k to Rachel Watkins between 2017 and 2019, plus the

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<sup>2</sup> See Attachment 9 Tax Return Extract

rumored >\$100k to another Board member or an associated party), it is concerning that a large expense is lumped into a nebulous, unspecific, expense category. The lack of transparency into who these funds were paid to is concerning.

Multiple NHS volunteers and ex-staff have reported that CEO Greg Hall has claimed that NHS has no money for enrichment for the dogs (one of the non-profit's fundamental missions is to care for animals), but he is able to find funds for distant travel. Multiple members of the NHS staff spent a week in New Orleans in early April 2023, to attend a conference. Also, Greg Hall has reported that he and a junior female staffer were scheduled to take another trip to the Bay Area in spring 2023. In 2021, NHS spent over \$33,000 on travel.

A former staffer Lisa Feder (COO in 2021) stated that NHS pays about \$20k/year for ShelterLuv, a shelter management software. As COO, she attempted to persuade CEO Greg Hall to switch to PetPoint (\$1.5k/yr) because ShelterLuv was very expensive (>1000% more than PetPoint software), and less capable. PetPoint, in particular, could handle the demands of larger shelters, as well as the ability to ensure seamless data transfer from the county when animals were transferred. Ms. Feder reported that ShelterLuv is so limited that NHS needs two separate accounts for the shelters it runs in Reno and Carson City; and cannot even transfer animals from Carson City to Reno and vice versa, without generating duplicative entries, thus over-reporting on the number of animals in each shelter's care. Lisa stated that Greg is friends with the CEO of ShelterLuv, and told her not to pursue this issue. Mr. Greg Hall is willing to make NHS spend 1,000% more for an inferior product sold by a friend. One wonders if Mr. Greg Hall might have benefited personally via kickbacks or non-monetary benefits from this friend.

In the last month, the NHS has hired attorneys to defend its CEO, Mr. Hall, and Board members from complaints of mismanagement, incompetence and mistreatment of animals. The bylaws provide for officers and directors to be indemnified, but no indemnification should be provided for anyone who has been adjudicated "not to have acted in good faith in the reasonable belief that such action was in the best interests of the corporation." The charges against Mr. Hall include those of misogyny, firing anyone more experienced than he is who disagrees with him, firing whistleblowers (in direct violation of the NHS' whistleblower policy), and providing un-factual accounts to people who complained about senior staff who slandered a local business and its owners. It seems obvious that the charges against Mr. Hall are a direct result of his actions that are NOT in the best interests of the corporation, but in his personal best interests. This being the case, it is an ethics violation, as well as YET another violation of the NHS' bylaws, to use donor funds to defend Mr. Hall and the Board members for their mismanagement and flouting of NHS' own bylaws.

## 5. LACK OF ACCOUNTABILITY TO THE PUBLIC AND FAILURE TO RELEASE BYLAWS

Requests had been made to the NHS since 2021 by journalists, and recently, even by the City of Reno, to produce their bylaws, and these requests were repeatedly ignored until May 5, 2023.<sup>3</sup>

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<sup>3</sup> As reported by Joe Hart on his Facebook page (in a reply to a comment)

In itself, this is a failure to abide by IRS requirements for a non-profit, which requires NHS to give access to their bylaws to the public.

The bylaws, now finally released, state that directors may serve two 3-year terms but are termed out after that and must leave for at least a year. Then, they may return to the Board after 12 months have passed. However, seven directors served more than six years continuously in violation of the organization's own bylaws. Below are the directors who broke the organization's own bylaws:

Mr. Jack Grellman, 2012-2021, 10 years – was in his 7<sup>th</sup> year when he installed Greg as CEO

Ms. Jan Watson, 2012-2021, 10 years – was in her 7<sup>th</sup> year when she installed Greg as CEO

Ms. Joan Dees, 2014-2021, 8 years

Ms. Kris Wells, 2014-2023, 10 years (recently resigned)

Ms. Mendy Elliott, 2012-2018, 7 years – was in her 7<sup>th</sup> year when she installed Greg as CEO

Ms. Rachel Ringenback-Watkins, 2015-2021, 7 years

Ms. Tierra Bonalda, 2012-2021, 10 years – in her 7<sup>th</sup> year when she installed Greg as CEO. Ms Bonaldi might have served longer than 10 years because historical data on the NHS Board is only available up to 2012 on their website.

The fact that NHS directors either don't know the organization's bylaws or thought it OK to ignore them, is highly disturbing. Is flouting the bylaws an oversight, indicating incompetence, or a deliberate act, indicating malfeasance? The refusal to provide the bylaws for many years might suggest the latter. This conclusion makes one wonder what the Board of Directors stood to gain by staying on the board beyond their allowable terms.

## Conclusion

Based on the above findings, I urge the IRS to:

1. Audit the finances of NHS to determine if the Board of Directors, Mr. Gregory Hall (CEO), or persons/entities associated with these individuals have received payments from NHS, in violation of the NHS bylaws.
2. Investigate the possible self-dealing violation of the NHS bylaws and IRS mandates, from the Board of Directors appointing Mr. Gregory Hall to the CEO position without doing their due diligence to find a qualified person for the position.

NHS, Reno and Carson City is a large animal shelter that has more than \$7,000,000.00/yr in annual donations, and investments of \$14,000,000.00. This amount of public donations requires competent management and oversight to ensure that these public funds are being used in the best interest of the animals that are rendered to the shelter, which is the intention of the donors. The above issues indicate that the current Board of Directors and CEO are either not able to, or are unwilling to, ensure that the NHS is run in accordance with their own bylaws and IRS mandates for non-profit status. The public deserves transparency into the management and finances of NHS. Thus far, public requests for both have been met with refusals and non-

responses from NHS. This leaves the public with no other recourse than to ask the IRS to open an investigation into NHS, on behalf of NHS donors, and all animal lovers of Reno and Carson City.

Attachments: Tax Return Extract



**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	362,700.	303,914.	49,072.	9,714.
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	3,244,399.	2,718,954.	435,588.	89,857.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	344,120.	287,111.	57,009.	
10 Payroll taxes	247,257.	205,121.	34,971.	7,165.
11 Fees for services (nonemployees):				
a Management				
b Legal	2,230.		1,775.	455.
c Accounting	22,500.		22,500.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	96,539.		96,539.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Sch O.)	243,566.	186,755.	45,411.	11,400.
12 Advertising and promotion	78,575.		72,279.	6,296.
13 Office expenses	159,912.	96,388.	54,120.	9,404.
14 Information technology	78,627.	21,671.	48,278.	8,678.
15 Royalties				
16 Occupancy	339,491.	317,517.	21,974.	
17 Travel	33,473.	27,764.	4,679.	1,030.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	885.	526.	359.	
20 Interest	5,763.		5,763.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	124,402.	111,962.	12,440.	
23 Insurance	57,651.	53,907.	3,744.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.)				
a <b>SUPPLIES</b>	523,012.	502,563.	10,471.	9,978.
b <b>DONATED SUPPLIES &amp; SERV</b>	327,711.	318,015.		9,696.
c <b>POSTAGE &amp; PRINTING</b>	77,026.	172.	73,787.	3,067.
d <b>REPAIRS &amp; MAINTENANCE</b>	53,318.	44,857.	8,461.	
e All other expenses	25,466.	1,144.	9,803.	14,519.
25 <b>Total functional expenses.</b> Add lines 1 through 24e	6,448,623.	5,198,341.	1,069,023.	181,259.
26 <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				