

# KPW NEWSLETTER August 2023

In October, 2022 Quality Complete was stepping down as our vendor. The board of directors resigned, the attorneys for KPW resigned, all of the current employees had to be fired, or laid off and replaced. Records in the company were either non-existent or destroyed. The Treasurer and a Director discovered an embezzlement had taken place. WHAT A MESS!

## So what happened

If you don't know by now I have been working with others on an embezzlement that took place possibly in excess of \$650,000 spanning a period of seven years possibly more. I could only go back with evidence 7 years because that is as far as the banks and other businesses would provide.

This has culminated in the arrest of Victoria "Dawn" Zerillo. On August 18, 2023. Zerillo pled guilty to being a co-conspirator of two or more people to plan and conduct wire fraud, a felony. She faces a maximum five years imprisonment, restitution of \$441,000, forfeiture of all of her assets, and parole after imprisonment of up to three years.

Many people asked why she only has to pay back \$441,000 and not \$650,000?

Dawn was given a plea bargain by the prosecutor that reduced her restitution and probable sentencing to avoid a costly trial that could take years to resolve. The judge, at sentencing, will have final say as to what the fines, restitution and sentence will be. Our Victim Impact Statements will be considered by the court in determining that punishment.

Who are the other co-conspirators? We can only speculate at this time. It is an ongoing investigation with the FBI and they will never release any information until they are ready to indict and they "bring the hammer down".

We're monies and our resources used to start other businesses?

In my opinion Sea Serpents and I-Repair, started by Byron Ratliff and Dawn Zerillo, used KPW to fund legal and licensing requirements tracked to these businesses. The money flow I will leave to the authorities.

What can we do to hold the past board responsible for their obvious gross negligence. We can all write letters to the State Attorney General to take action on this. As you will note because we were so successful in our insurance claim it would be difficult to find damages to bring suit. We can demand all clubs and COA's at Kings Point are fully audited at least once every three years,

Are background checks done? Yes we now do background checks on all employees. We are also insured up to \$500,000 for theft and \$500,000 for fraud. The Board of Directors have D&O insurance.

The insurance Claim:

I left the good news for last. We were successful in obtaining a reimbursement of \$570,000 from Travelers Insurance. I put in a claim for as much as \$950,000 but am more than satisfied with the agreement we settled on. Unfortunately some of the \$950,00 was based on circumstantial evidence and untraceable cash. I feel confident that is closer to what was taken over her time as GM but could only **prove** the \$570,000.

**So where does that leave us?**

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The previous Board reported to the IRS that we were profitable and had cash reserves of \$200,000. This was totally inaccurate.

Working with a CPA firm and our forensic accountant reveals a more accurate number. We had suffered a **loss** last year of around **\$300,000** and cash reserves are a **negative \$250,000 to \$300,000**.

The influx of capital just gets us back to the conservative reserve we need to cover catastrophic events. This summers heat wave has caused many service calls for air conditioners. Already, our budget is being strained

A theft of this magnitude would have left most entities bankrupt. Because of the tenacious attitude of the Kings Point people we remain solvent and committed to providing our members with a high quality service that they deserve. We will continue to work hard to rebuild the association and restore the trust of our members.

## **Thankful to those that stepped forward to help do the impossible.**

Thanks to all of the people that put those petitions together. Thank my wife who made me offer my help and than spent hours going through bank statements with me. Thank you Sue Haru for helping expose this crime. Thanks to Mary Philpott for the hours spent making copies and putting evidence books together. Thanks to Viki Ryan for the many hours in and outside the office getting a confession than compiling countless pdf files for insurance and the FBI. Thanks to Ryan Setzer for getting the ball rolling with the Attorney General and law enforcement.

Thanks to my daughter who poured through seven years and more of documents to do the forensic accounting that provided impeccable evidence for the insurance claim and FBI investigation.

A special thanks to Dave Popovich and Roger Johnson and all the board members that put countless hours into saving this company and rebuilding it from the ground up. Thanks to our office manager who we burdened with forming a team collect funds, answering calls, and get repairs done in record time. Thanks to Quality Complete for helping us with calls and continuing to provide great service during this transition. Thanks to everyone who kept all the evidence and information a secret for so long.

And of course the FBI and Travelers Insurance for their co-operation in this matter. Their quick resolution has made our road forward easier.

I would suggest that everyone, if you haven't already, go to the KPW website, [kpwservices.com/member-news](http://kpwservices.com/member-news) and under the member news tab read our ongoing announcements. The May 30, 2023 announcement has what has been accomplished and underway at that time.

Thank you all for your continued support.

Mike Trela – Treasurer

The Board of Directors  
KPW Service Association, Inc.