



LIFE CHIROPRACTIC
COLLEGE WEST

February 3, 2024

To: Life Chiropractic College West Board of Regents:
Dr. Amit Jimmy Nanda
Dr. Steven Silk
Dr. Niraj Patel
Dr. Angel-Ochoa-Rea
Dr. Edward Sordillo
Mr. Scott Turner

Re: Scott Turner as Chairperson of the Finance Committee; John and Jane Does as Relators;
Attorney General of the State of California

v.

Life Chiropractic College Board of Regents collectively, and as individuals; Amit Nanda;
Steven Silk; Niraj Patel; Angel Ochoa-Rea; Dr. Edward Sordillo; Mr. Scott Turner

Superior Court of California County of Alameda

(Case not yet filed)

Dear Drs. Nanda; Silk; Patel; Ochoa-Rea; Sordillo and Mr. Turner:

I am the staff attorney for Life Chiropractic College West. Over the past fourteen months, I was tasked by Dr. Ronald Oberstein, to investigate the operations of various departments within the College regarding their legal compliance, and general operating procedures.

Together with my colleague, attorney Jeri Holmes, and other higher education governance experts, I have concluded that the Board of Regents of the College have violated several provisions of both California and United States federal tax law. This investigation concluded that the Board's cavalier financial mismanagement practices expose the College and individual Board members to substantial intermediate sanctions, which include the repayment of excess benefit transactions and possible penalties. Equally more consequential, the College may face revocation of its 501(c) (3) tax-exempt status as well as loss of its accreditation from WASC. Understanding that at least half of the allegations in this letter concern financial matters, I contacted the Board Finance Chairman, Scott Turner. Mr. Turner shared with me that at a recent Board meeting (one convened without proper legal notice) the Board voted that all finance decisions be managed by the governance committee of the Board. This was troubling to me since Mr. Turner as a licensed CPA seems to be the most qualified person to lead a robust finance committee. Mr. Turner advised me that he too was concerned about Board spending and the Board's failure to operate pursuant to California regulations. We spoke at length about the possibility of a suit being filed in the Superior Court, to alert the California Attorney General of the improprieties of finance and inappropriate governance. We concluded that suit would be disastrous for The College, as it would be public and aggressive litigation. Suit would have an adverse impact on student applications for admissions. It would also adversely affect Dr. Kevorkian's role in attracting donors. Suit would affect The Colleges certification, and ultimately would be disastrous. Yet, the consequences of doing nothing can also be disastrous to the College as well. Just last week, the Ninth Circuit Court of Appeals, in *Grand Canyon University v. Rosenfelt* were called upon to determine whether there was private inurement of spending by Board members and the College. A finding of a Private inurement, specifically would affect our 501 (C)(3) status and would be disastrous for the college. In *Spokane Motorcycle Club v. U.S.* 222 F. Supp 151 (E.D. Wash 1963) that status was removed because of an inurement of only \$825.00 As indicated here the sums indicated in this letter and exhibits exceed \$825.00 exponentially. Analyzing the attached documents confirm Board expenses for a budget of \$101,000.00 for the year to already be at \$100,000.00 for just the first six months of the year. The Board has indicated that they would like to increase their budget to between \$250,000 and \$500,000.00 In light of the fact that the College's major source of revenue is from student tuition, mostly in the form of loans supervised by the Federal Department of Education, continued overspending and mismanagement by the Board will affect our status and our accreditation.

I am currently in the process of preparing the above-cited litigation for an action to be filed in State Court, naming the California Attorney General, several relators, and plaintiffs in a Qui Tam Action. Mr. Turner as chair of the finance Committee would be a distinguished Plaintiff. In my call with Mr. Turner, I inquired as to whether he would agree to be a plaintiff if other Board members failed to become involved in remedying this situation. Mr. Turner advised that he would serve as a plaintiff under those circumstances. Thus as you can see in the caption of this letter, I have not listed Scott Turner as a potential defendant. As you may know, Dr. Oberstein as a director may be a plaintiff as well. The results of my investigation, along with the frustrations of employees regarding the manner that the Board has operated, by authorizing extensive private benefits and perks to its own members and immediate family members along with personal and civic organizations is a violation of the California Corporations Code. *Lynch v. Spilman*, 67 Cal. 2d 251, 261 (Cal. 1967). While I have yet to confirm that Dr. Oberstein would agree to be a plaintiff in such an action, his emails over the past few months confirm his concern that the Board is spending money in violation of the California Corporations Code. It seems to me that Dr. Oberstein is a protected whistleblower under both Federal and State Law. As the College lawyer, it is my responsibility to advise that firing Oberstein could expose the College to very significant compensatory and punitive damages, much of which would not be covered by insurance, and ultimately it would be the College which bore that burden. While I have no authority to give the Board advice, as the College lawyer, let me be clear that in my opinion firing Oberstein after his articulated complaints about Board malfeasance confirms his status as a protected whistleblower. This letter also serves to notify you of the misuse of state and federal funds by the Board of Life Chiropractic College West, a designated 501(c)(3) tax-exempt corporation. Since the College receives the majority of its funding from the United States Department of Education, the misuse of these federal funds poses very serious consequences for both the College and the Board even as individuals. A law suit would articulate causes of action for Fraud, Civil RICO, Tax Evasion, a qui tam action under the False Claims Act (*See United States ex rel. Eisenstein v. City of New York*, 556 U.S. 928 (2009)), violations of the California Taxation and Revenue Code section 17201 and 24357-24359; violations of Internal Revenue Code Section 170; violations of California Government Code 12580, and various violations of the California Corporations Code.

In this letter and the attached exhibits, it is confirmed that the Board has taken actions inconsistent with California and Federal Law. I expect you may react to this letter by consulting counsel. I urge that you do so and I urge that Counsel contact me within ten days from the date of this letter. In the final paragraphs of this letter, I propose a solution to this crisis short of litigation. I hope that the Boards' attorney will accept this proposal. Short of that, we will need to file suit. You should recognize that the allegations asserted in the complaint that I may need to file will only include allegations of intentional conduct. As such, California Insurance Code section 533 specifically excludes insurance coverage for those occurrences. I also discussed this intentional conduct with the College's insurance carriers, as to whether or not the College's Errors and Omissions (D&O) insurance policy would cover such allegations of Board member

misfeasance. I was advised that coverage will NOT be provided for these claims and that each Board member will need to obtain and pay for their own counsel. The College will adamantly refuse to pay for counsel, or for Board members' expenses in traveling to California to be present at depositions or other court hearings.

I write pursuant to California Corporations Code sections 5141, 5142, and 5710 in an effort to informally resolve these issues.

The attached documents confirms both the financial and governance improprieties that would lead the Board as a whole and as individuals to be liable. Since Federal and State Funds are at play, the inurement of those funds could potentially also lead to criminal investigations and possible prosecutions by local police and District Attorneys and by the F.B.I. since Federal Funds are involved. Neither Drs, Nanda, Silk, nor Sordillo should expect protection from these allegations as foreign nationals. The issues arise in California, and law enforcement officials here have jurisdiction.

The documents attached confirm how the Board has chosen to act like a private club rather than a legitimate Board of Directors. These documents confirm that Dr. Nanda, the Board Chair, used his College Amex Credit Card to book a personal trip for over three thousand dollars (\$3,000). When confronted with this, Dr. Nanda proclaimed that he inadvertently used the corporate card instead of his personal card. He asked for time to work with Amex to have the charges shifted from the College Amex Credit Card to his own personnel card. Eleven months have passed since these charges were made on the College's Amex account, and Dr. Nanda has only now, eleven months post charging the College \$3,000 for a personal trip made, repayment. Dr. Nanda had failed for eleven months to respond to the request that he immediately reimburse the College for the conversion of three thousand dollars. I hope that Dr. Nanda understands that even if initially his mistake was inadvertent, in failing to reimburse the College for over 11 months, his actions constitute the civil wrong of fraud. A finding of fraud would likely result in Dr. Nanda having to pay substantial punitive damages and further cast him in a bad light in the chiropractic community. Dr. Nanda's timing of repaying his personal expenses charged to the College is also suspect. In December 2023, when Dr. Oberstein confronted several persons about excessive travel arrangements for non-authorized trips to India, it was only at that moment that Dr. Nanda repaid the College after 11 months.

The next set of documents confirms all charges on Dr. Nanda's College card. Since Dr. Nanda lives in Canada, his charges for restaurants and Ubers within his hometown, and the contribution to a Temple of over one thousand dollars are sums that the California Attorney General will find suspicious, and will conclude a misuse of 501 C 3 and Federal Education Funds. The attached documents also provides copies of the minutes of various examples of undemocratic and self-serving Board Resolutions. The California Corporations Code requires that directors act as a fiduciary to the College and not utilize the College's assets or their position for their private benefit. *See California Corporation Code 5321.* The most recent bylaw amendments virtually create a kingdom, where the Board can seemingly serve for up to six terms. This provision also violates the prior rule about staggering terms. In addition, when adopting this change to the bylaws, the Board did not follow the notice requirements as to giving 10 days advance notice of an amendment to the bylaws with the proposed amendment provided to all board members for review. Aside from undemocratic rules, this Exhibit also shows the Board voting in Executive Session to give each member an honorarium for attending board meetings at \$1,000 for in person attendance, and \$100 to attend via zoom or telephone. This authorization of an honorarium was not approved in line with the College's conflict of interest policies and all board members had a personal interest in this transaction, which authorized a private benefit to the Board as well as its immediate family members for payment of their expenses. Even in the halls of America's most successful for-profit corporations the perks of being a board member do not match the perks of being a board member at the College. It is outrageous, and I am confident that if not corrected, the California Attorney General will mandate that such an honorarium and extensive attendance expense allowance to the Board and its immediate family members be changed. Additionally outrageous is the fact that the Board consistently approves its use of first class travel only as well as travel to non-College approved activities for the Board.

- A. Demanded Resolution: Each Board member who has accepted an honorarium to attend a board meeting in person or online needs to refund that money and resign immediately. Each Board member additionally needs to pay the difference of a first-class airline ticket and the economy rate to the College for all travel related expenses incurred in the last five (5) years as a member of the Board. This includes repayment for all expenses received for any immediate family members' travel or expenses and any non-College approved events the Board inappropriately authorized. Exhibit Three highlights the liberal approval of an honorarium to a board member. Despite the liberality expressed in Exhibit Two, this Board cannot say no, even when the facts stare at them in their own eyes. Despite the approved rule that an honorarium and expenses be paid when a board member personally attends a board meeting, the Board still approved the honorarium and expenses of Dr. Silk who only attended ten minutes of a board meeting by phone. The Board gave no official reason for granting Dr. Silk his "in person Honorarium and Expenses" along with hotel, car rental, and food bills that were expensed at least 10 days prior to the college event despite the fact that Dr. Silk only attended ten minutes by phone of the board

meeting. Even if the Board asserts that Dr. Silk was unable to attend in person due to a family emergency, then he should not have been paid the in-person honorarium but rather a prorated sum of the \$100 honorarium as designated for online or telephone participation.

- B. Demanded Resolution: Dr. Silk reimburses the College this honorarium and expenses reimbursed for his hotel, car rental, and food bills, and he resigns immediately from the Board.

The attached documents also confirm that the Board spends money without regard for the College, the Board budget, or those who donate generously to the College.. The attached documents showcase the Board's permissive spending for Board members to fly to non-board activities as a College expense; expensing to the Board budget contributions to a local organization in Canada with close ties to a Board member; Board members to fly first class; Board members to submit credit card statements of meals and meetings with "stakeholders" with no further detailed itemization of who are those stakeholders, or as to the purpose of the meeting. These actions will likely trigger an audit and expose the College and Board members, in their individual capacity, to substantial penalties and interest.

A. Demanded Resolution: Each Board member who has accepted a first-class air ticket, or any board member who has traveled to a non-board event, charged the College, or used College funds for supposed stakeholder meetings without itemized documentation should resign immediately, and repay all associated College funds utilized for these activities.

The attached documents also show numerous occasions when the Board authorized and sometimes did not authorize, but a Board member nonetheless flew first class as an expense to the College. A first-class ticket often is in excess of five thousand (\$5,000) dollars. The College is a tax-exempt 501(c) (3) organization. Board members are charged with prudently managing the resources of the College and this action fails to show prudent management, rather a self-serving decision.

A. Demanded Resolution: Each Board member who accepted first class travel must resign immediately and repay the College the difference of such costs for first class travel versus an economy rate.

The attached documents also demonstrate several events of the College, which do not require Board participation but nevertheless the Board attends and expends its attendance to the College. For example, there is a yearly event called the WAVE, which demonstrates the effectiveness of the College. Another example is an event taking place the weekend of January 13, 2024. During that weekend, the College is celebrating the life of a recently passed President of the College. While Board members are certainly invited to attend this memorial for Dr. Gerry Clum, it is not prudent to reimburse Board members should they choose to come to California

for this event. Remembering that the majority of Board members are in Canada and the east coast as well as a recent member has been added from Ireland, it is not prudent for the Board to expect or to demand reimbursement for such unrequired travel.

A. Demanded resolution: Any Board member who received reimbursement of travel or other expenses from non-board meetings must reimburse the College and must resign immediately.

The documents also confirm that: In a recent meeting, it was discovered the Board has already spent well over \$100,000 for just six months of its annual \$101,000 budget. The Board acknowledged that it is having issues with compliance. The Board also discussed possibly taking a loan out against the recently endowed fund in the Schwab account for money earned from the sale of the College building to substantially increase its annual Board budget. Personally, I fear that the Board's knowledge that this sum has recently been deposited into the account is one of the bases for the Board's imprudent and illegal business decisions. In addition, the Board asked to borrow from next year's Board budget for use this fiscal year, which does not even exist. It was also stated since the Board did not use all of its budget monies the past two years during COVID, that the Board could use money against those years.

The attached documents also confirm board meetings in other countries and cities outside California. It is outrageous that the Board should confirm its meetings in Spain and Las Vegas, and further authorize first class travel, and accommodations for its members. Also, it is hard to conceive of a rationale for the Board authorizing more than at most two or three days for such meetings. Historically the Board meets for an average of 6-8 hours on one day only. Thus, covering expenses for 3-4 days is outrageous, and an imprudent use of college money. It appears as a private benefit to the Board rather than a justified use of college resources considering that travel to Spain or Las Vegas does not further the mission of the College or its activities.

A. Demanded Resolution: The Board should reimburse all funds from these trips and resign.

The attached documents also confirm that Board members refuse to annually complete and disclose all required conflicts of interest in line with College policies. The College's auditors, California law, and College policy require Board members to annually complete a conflict-of-interest form. Sadly, Dr. Nanda and Dr. Ochoa-Rea have been obstinate in failing to meet this very simple requirement. Despite repeated requests from the Board secretary, Dr Nanda consistently refuses to turn in his conflict form and Dr. Ochoa-Rea insists that he is only responsible to Dr. Nanda, and thus he did not complete his conflict of interest form. Rather, Dr.

Ochoa-Rea indicated on the form "same as last year." Remember, we are consistently audited and those responses will not pass auditor inspection.

A. Demanded Resolution: Dr. Nanda and Dr. Ochoa-Rea need to resign immediately.

The attached documents also show the usage of College resources for Board travel to India and Australia. The Board authorized and, in some cases, paid without authorization or knowledge from the College for Board trips to India, planned for 2024, and a trip to Australia that occurred in 2023.

A. Demanded Resolution: Each Board member who received any reimbursement as to these trips needs to repay the College and resign immediately from the Board.

The attached documents concern the consultancy relationship of Cameron Hastings, a former member of the Board. As a Canadian he in most likelihood has worked and knows Dr. Nanda and/or Dr. Silk. Cameron Hastings was convicted of an election crime in Canada. I am, however, unable to ascertain whether that crime is a felony or misdemeanor. He was also provided a contract for over \$150,000 to work as a consultant for the College. There has been no supervision of that agreement from the Board. The contract additionally provides for payment of expenses to Cameron Hastings wife, which appear to be unrelated to the overall scope of the agreement.

A. Demanded Resolution: The contract with Cameron Hastings must be terminated immediately.

The attached documents confirm the practice of Board members refusing to itemize expenses for reimbursement. Board members are allowed to place items on their personal credit cards and simply identify the expense as a "stakeholder meeting." Yet, when questioned as to whom the meeting was with or for what purpose the meeting was held, the Board members have consistently refused to answer or provide any specific detail.

The attached documents confirm the Board's usage of College funds to support a Board member's preferred charity. The Board authorized a contribution to a Temple in Canada in honor of Diwali. While showing support for Indian culture and religion is important especially in light of the College's programs in India, a donation to a Temple in the hometown of Dr. Nanda without the knowledge or approval of College staff can only be seen as self-serving and self-dealing. The Attorney General will likely conclude this as well.

A. Demanded Resolution. Dr. Nanda must refund this contribution to the College and must resign immediately from the Board.

14. Exhibit 14 is the College Amex credit card statements from the account of Dr. Nanda for the past six months. Dr. Nanda has consistently refused to provide further information regarding his

expenses, and for all the College knows, none of these expenses are in fact legitimate Board expenses.

A. Demanded Resolution and conclusion: Dr. Nanda should refund this money to the College and must resign immediately.

Gentlemen, I am at a loss. I know that filing an action against the Board directors will expose the College to ruin. I also know that not doing so will equally expose the college to ruin. I am forwarding this letter and material to you and urging that you convene an emergency meeting of the Board. In such a meeting I urge that you engage counsel, and forward this letter and the attached material to competent California Counsel. I would urge that your counsel contact me to discuss this very serious situation within ten days from the date of this letter. I would propose to your counsel, and I hereby propose that we engage an experienced competent mediator, who will analyze the issues raised in this letter and attempt to resolve those issues without litigation. Should I not hear from your counsel, I will need to file, or alternatively, send a copy of this letter and these materials to the California Attorney General. The California Attorney General office has a division which specifically monitors charitable institutions like the College.

If I do not hear from you about the proposal for mediation, I would file an action on February 23, 2024, or write to appropriate law enforcement officials. Please feel free to forward this to other Board members and invite them to such a proposed mediation, or to have their lawyer contact me immediately.

Sincerely,

Joel H. Siegal

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