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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA

Desert Mountain Club, Inc.,
Plaintiff,

vs.

Eric Graham and Rhona Graham, husband
and wife,
Defendants.

No. CV2014-015333

Answer

(Assigned to the Honorable David Gass)

Eric Graham and Rhona Graham, his wife, admit, deny, and allege as follows:

1. Admit.
2. Admit that Eric Graham and Rhona Graham are husband and wife and acted with regard to the transactions, events, and occurrences, but deny all other allegations in paragraph two.
3. Admit.
4. Admit.
5. Admit.
6. Admit.
7. Any factual allegations in this paragraph are denied.
8. The agreement speaks for itself; any other factual allegations in paragraph eight are denied.
9. Admit that the club amended the 1994 plan replacing it with the 2006 Deferred Equity Plan dated March 31, 2006, and that a copy of that plan is attached as exhibit C, but any other factual allegations of paragraph nine are denied.

1 10. Deny.

2 11. The factual allegations in paragraph eleven are denied.

3 12. Admit that the club bylaws were amended effective March 31, 2006, and that the
4 March 31, 2006, bylaws are attached as exhibit E. Any other factual allegations in paragraph twelve
5 are denied.

6 13. Denied because these defendants do not have knowledge or information sufficient to
7 form a belief as to any factual allegations in paragraph thirteen.

8 14. Deny.

9 15. Admit that defendants executed the document attached as exhibit F. The document
10 speaks for itself. All other factual allegations of paragraph fifteen are denied.

11 16. Admit that the ownership of the club was transferred to the club members on
12 December 31, 2010, but are without knowledge or information sufficient to form a belief as to any
13 other factual allegations of paragraph sixteen.

14 17. Admit that a copy of the 2010 bylaws is attached as exhibit G to plaintiff's complaint
15 and that these bylaws became effective December 31, 2010, but all other factual allegations of
16 paragraph seventeen are denied.

17 18. It is admitted the bylaws effective March 19, 2012, are attached to plaintiff's
18 complaint as exhibit H, but all other factual allegations contained in paragraph eighteen are denied.

19 19. It is admitted that the bylaws attached as exhibit I are true and correct copies of the
20 bylaws effective July 1, 2013, but all other factual allegations in paragraph nineteen are denied.

21 20. Admit that defendants did resign their membership effective May 31, 2014, and a copy
22 of their resignation is attached as exhibit J to plaintiff's complaint. Any other factual allegations in
23 paragraph twenty are denied.

24 21. Admit.

25 22. These defendants are informed and believe that the club's bylaws were amended
26 effective August 1, 2014, and a copy of those bylaws is attached as exhibit K to plaintiff's
27 complaint. Any other factual allegations contained in paragraph twenty-two are denied.

28 23. Deny.

1 24. Any factual allegations in paragraph twenty-four are denied.

2 25. The respective answers to the allegations incorporated into this paragraph by the
3 plaintiff are incorporated herein by this reference.

4 26. To the extent that there are any factual allegations in paragraph twenty-six, they are
5 denied.

6 27. Any factual allegations in paragraph twenty-seven are denied.

7 28. Admit.

8 29. Deny.

9 30. Any factual allegations in paragraph thirty are denied.

10 31. The answers to the respective allegations incorporated into this paragraph by the
11 plaintiff are incorporated herein by this reference.

12 32. Deny.

13 33. Deny.

14 34. Deny.

15 35. Deny.

16 36. Deny.

17 37. Admit.

18 38. All allegations not expressly admitted are denied.

19 39. The fundamental assumptions underlying the relationship between the plaintiff and
20 the defendants have failed, rendering any contract between the parties unenforceable.

21 40. The plaintiff has failed to act in good faith so far as the defendants' equity position
22 in the Desert Mountain Golf Club is concerned, diminishing its value and has acted in a unilateral
23 fashion that inequitably and unconscionably purports to deprive the defendants of their freedom to
24 be disassociated from this voluntary club.

25 41. The termination fees, dues, assessments sought by the plaintiff are unconscionable
26 in the context of market realities and the obligation of the plaintiff to preserve the defendants' equity
27 in the golf club.

42. The bylaws that form the basis of plaintiff's complaint were not properly enacted or amended to the extent they have compromised the rights, equity, and ownership interest of the defendants or purport to do anything other than provide for the regulation of management of the affairs of the club.

43. The termination fees and ongoing payment of dues constitutes an unenforceable penalty.

44. The notices regarding termination fees were ineffective.

45. The collection of termination fees and dues post-resignation is contrary to the policy and statutory authority of a non-profit corporation.

WHEREFORE, judgment is demanded as follows:

- A. Declaring that the contract on which the plaintiff sues unenforceable;
- B. Dismissing plaintiff's monetary claims against these defendants with prejudice;
- C. Awarding these defendants costs, attorneys fees, and interest on all sums awarded; and
- D. For such other relief as is appropriate.

Dated this 18th day of August 2015.

/s/ Daryl M. Williams
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Copy mailed this same day to:

The Honorable David Gass
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