

**STATE OF NEW MEXICO  
GRANT COUNTY  
SIXTH JUDICIAL DISTRICT**

**JOSEPH SHEPARD,**

**Plaintiff,**

**v.**

**Civ. No.**

**WESTERN NEW MEXICO UNIVERSITY,  
GEORGE MUNOZ, individually,  
SIAH CORREA HEMPHILL, individually,  
MIMI STEWART, individually, JOSEPH MAESTAS,  
individually,  
and JOHN WERTHEIM, individually,**

**Defendants.**

**VERIFIED COMPLAINT FOR DAMAGES FOR RETALIATION IN VIOLATION OF  
THE WHISTLEBLOWER PROTECTION ACT; AND FOR CIVIL RICO CLAIMS  
AGAINST GEORGE MUNOZ, SIAH CORREA HEMPHILL, MIMI STEWART,  
JOSEPH MAESTAS, AND JOHN WERTHEIM.**

COMES NOW, Plaintiff, by and through undersigned counsel, and states the following:

**INTRODUCTION**

This case is based upon strong evidence of conspiracy, collusion, and collaboration among the highest members of the New Mexico State government to cover up criminal wrongdoing by former and current State Senators. This conspiracy, costing the taxpayers millions of dollars includes: the State Auditor, several legislators and at least one high profile political operative/attorney, but also likely others that are not as clearly implicated. This case is not just a sordid example of how New Mexico conducts shady business deals behind the closed doors of powerful legislators; it illuminates what happens when you speak truth to power and threaten the internal dealings of New Mexico's one-party system who wish to hold onto power at all costs. It is also a case of public officials using the vast resources of the State government for their personal

and vindictive purposes. This is *not* about one political party being “bad” and the other one “good”. It is an illustration of what happens when the desire to retain power at all costs and to misuse government resources for personal gain trumps decency and ethics. Finally, it is a case of how an enterprise is formed by government officials to coerce agencies to do their personal bidding.

This case is a roadmap to what transpires if you are deemed a threat to that power and it was foreshadowed by a similar episode over two decades ago. In 2003, Valerie Plame and her husband, Ambassador Joe Wilson, were attacked and defamed on the national level because Wilson spoke truth to the Bush administration about its lies leading to the war in Iraq. Ms. Plame’s covert CIA cover was betrayed by senior officials in the Bush White House in retaliation for Ambassador Wilson’s *New York Times* Op-Ed that questioned the public rationale given for the invasion of Iraq. Valerie went on to marry another Joe (Shepard) who also spoke truth to power but on a statewide level. Shepard and Plame now find themselves in the unwanted spotlight of a smear campaign that involves the highest levels and power of New Mexico’s government with its unlimited resources to destroy lives and reputations.

Dr. Joseph Shepard has created a remarkable career that recently included 14 years as president of Western New Mexico University (WNMU). During his tenure, he built its programs to national rankings, revitalized and beautified the campus, grew its enrollment, nurtured cultural affairs programs to bridge the gap with the Silver City community, and significantly strengthened its finances including growing its Foundation assets by over 300%. The University had clean audits every single year. But Shepard refused to compromise his integrity when he saw fraud perpetrated by his local State Senator Siah Correa Hemphill and another powerful State Senator, George Munoz, and confronted them. Senators Correa Hemphill and Munoz in turn released the

forces and contacts of the New Mexico leadership who control all levels of power in the state. Shepard and Plame believe that truth, integrity, and respect matter - deeply. But those in power saw things differently; they saw an opportunity to take Shepard out of the presidency in retaliation and also so they could install their own leadership - Lt. Governor Howie Morales. Conveniently, placing Morales as president at Western would increase the chances of another Democrat winning the 2026 gubernatorial campaign because if Morales did run, he could possibly split the vote and thus, allow a different candidate not of the leadership's choosing to win. They also saw Shepard as a threat and are doing all they can to silence and break him. They do not want the truth of how shady deals are the norm of New Mexico politics to become public. They needed to hide their own fraud and corruption. And if they can discredit Shepard enough, no one will believe him.

The smear campaign against Shepard and Plame is detailed in the complaint that follows. All statements are verified under oath. The alleged fraud of the two State Senators that Shepard confronted has never been investigated even though the alleged fraud has been reported to the New Mexico Attorney General, the New Mexico State Ethics Commission, the Office of the State Auditor, and the Higher Education Department (which is part of the Governor's office.) Though Shepard provided significant evidence and proof to each of these agencies which are each headed by friends of the two senators at the heart of the alleged fraud, the agencies went after Shepard instead. Why wouldn't each of these agencies at least examine the alleged fraud? Perhaps the answer is simple: it would expose their suspect political dealings and corruption and erode their power. They clearly made the decision to protect their own because the risk of not doing so meant losing power and their political futures.

Dr. Shepard is guilty of nothing more than carrying out the strategic vision of WNMU's prior board – a board comprised of highly respected and experienced members – with transparency,

approval, and complete oversight. This is documented clearly by the September 11, 2025 independent special audit forensic accounting procedures report commissioned by the Office of the State Auditor that noted, “activities reviewed were consistent with the objectives set forth in the Board-approved strategic plan and related to University business.” (See Exhibit 42.) Shepard sought to advance WNMU in every way possible, and the improvements at the university since he arrived in 2011 are profound. (See exhibit 44.) Dr. Shepard’s North Star is helping students, especially those from disadvantaged backgrounds, get an education. He handed out his personal cell phone number to numerous potential students over the years, in the hope that they would better their lives through education. He had the misfortune of confronting a Senator with what he believed to be unethical, if not criminal, behavior and the machinery of the State clicked into gear to ensure that he would not pose a threat to the Senator or her accomplices. It is simply wrong and corrupt to use the power and unlimited resources of the State to seek to destroy a citizen and his reputation. Every instance that Dr. Shepard attempted to tell State authorities about the wrongdoing was ignored and then the machinery of State was turned on him. That is what this case is about – principle and bringing to light the pervasive corruption in the state of New Mexico that keeps it mired at the bottom of nearly every national ranking of value.

### **JURISDICTION, VENUE AND PARTIES**

1. Plaintiff Joseph Shepard is a resident of Rio Arriba County, New Mexico.
2. Defendant Western New Mexico University (hereafter “WNMU”) is a New Mexico public university in Silver City, New Mexico.
3. Defendant George Munoz is a New Mexico senator, who currently serves as the Chairman of the Senate Finance Committee.
4. Defendant Siah Correa Hemphill is a former state senator for New Mexico.

5. Defendant Mimi Stewart is a New Mexico senator, who currently serves as the Senate's President Pro Tempore.

6. Defendant Joseph Maestas is the currently serving State Auditor of New Mexico.

7. Defendant John Wertheim is the Vice President/Vice Chair of the Board of Regents for Western New Mexico University.

8. This action is brought pursuant to NMSA 1978 § 10-16c-4 (Whistleblower Protection Act or hereinafter "WPA" and NMSA 1978 § 30-42-6(A) (RICO Civil Remedies Statute.)

9. Plaintiff was a public employee of Defendant Western New Mexico University, public employer under the WPA located in Grant County New Mexico.

10. Venue and jurisdiction are proper in this District under NMSA 1978 § 10-16c-4 because Defendant Western New Mexico University is located in this District.

#### **BACKGROUND FACTS/GENERAL AVERMENTS REGARDING ALL CLAIMS**

11. Plaintiff was the president of Western New Mexico University ("WNMU") from July of 2011 to January 15, 2025.

12. On December 2, 2022, Senator Siah Correa Hemphill convened a meeting about the Aldo Leopold Charter School's ("Charter School"). The Charter School is located on the WNMU campus. In attendance at the meeting were Senator Siah Correa Hemphill, Lt. Gov. Howie Morales, previous Aldo Leopold Charter School director Wayne Sherwood, interim school director Anthony Smith, and Plaintiff. The meeting discussed ways to assist the school with their financial challenges and future solvency. At the conclusion of the meeting, it was decided to pursue a legislative appropriation directed to the Charter School. The amount agreed upon was \$500,000. A Memorandum of Understanding was agreed to be created between WNMU and Charter School,

so that WNMU would be the fiscal custodian of the funds. All persons present agreed that no money would be taken from WNMU and WNMU would simply serve as a “pass through” for any funds *designated to Charter School*. Senator Correa Hemphill, then serving on the Senate Finance Committee, agreed to take the lead in procuring the appropriation.

13. On January 27, 2023, a Memorandum of Understanding between WNMU and Charter school was signed stating among other things, “*Provide to CHARTER, equal monthly installments of appropriations designated by the legislature of the State of New Mexico*”. (See Exhibit 1). It specifically notes that *the money must state it is for Charter School*. (See Exhibit 1.)

14. On February 4, 2023, the House Appropriation Finance Committee (HAFC) released their recommendations for special funding. The Charter School was not mentioned. (See Exhibit 2-4.)

15. On March 4, 2023, the Senate Finance Committee released language and other technical adjustments to the HAFC recommendation. There was no mention of the Charter School or experiential learning for WNMU. (See Exhibit 2-4.)

16. On March 4, 2023, the sole mention of Charter School is found on an internal staff worksheet as Item 8 in the Senate Finance Committee language and funding request. (See Exhibit 5).

17. On approximately March 15-17, 2023, the Senate’s version of HB2 (which is the State of New Mexico’s budget) was made publicly available, where Plaintiff saw for the first time the language that WNMU would be receiving \$1 million for “experiential learning.” (See Exhibit 6.)

18. At that time, Plaintiff was unaware that funding was for the Charter School as HB2 made no mention of the Charter School and believed that it was for WNMU as that is what HB2

stated. Plaintiff went to thank Senator Correa Hemphill (who was staying at a home rented in Santa Fe by WNMU for the duration of the legislative session) and then discovered that those funds were for Charter School.

19. It is revealed by implication that Senator Correa Hemphill and Senator Munoz conspired to slip \$1 million into the New Mexico budget for the Charter School. Nowhere in the record did Senator Correa Hemphill disclose to her Senate colleagues either in Committee or on the floor of the Senate that the funds were to be used to fund her children's charter school.

20. The Charter School has approximately 120 students, and Senator Correa Hemphill's two children attend the school. Senator Correa Hemphill had also previously worked at the school.

21. At that meeting between Plaintiff and Senator Correa Hemphill, Plaintiff stated to Senator Correa Hemphill that it was not disclosed in HB2 that the money was for Charter School as required by law and the MOU. Plaintiff pointed out that Correa Hemphill's two sons attend the Charter School and that should have been disclosed as well as Correa Hemphill's previous employment there. Shepard said those facts needed to be properly disclosed to her Senate colleagues as legally and ethically required.

22. At this meeting, Plaintiff also was surprised to learn that that the appropriation amount had increased from the agreed upon \$500,000 to \$1,000,000. Senator Correa Hemphill replied that the money was put in for Charter School by Senate Finance Chair George Munoz. Senator Correa Hemphill acknowledged that she had asked for the money from Chair Munoz. Plaintiff pushed back, explaining that he could not give money to a non-named entity because it would be illegal and fraud. The language in HB2 was clearly designed to hide where the money was going and for whom. Senator Correa Hemphill became upset and angry. (See Exhibit 6.)

23. In addition to Senator Correa Hemphill funneling \$1,000,000 to her children's charter school through WNMU, she had also appropriated \$250,000 in the budget to be given to the Mimbres Press, a division of Western New Mexico University. She did not reveal or disclose to her senate colleagues both in Committee and on the Senate floor that the Mimbres Press was to publish a photography book by her husband using that money.

24. In the ensuing week, following the confrontation with Senator Correa Hemphill, Plaintiff apprised the then serving Board of Regents of his concerns and the situation.

25. On March 15, 2023, Plaintiff sent a text to Senator Correa Hemphill inquiring as to the \$1 million for experiential learning in an exchange as follows:

Plaintiff: *"In the senate finance version of hb2, where is the aldo money located? I ask because we have a line item in ours for experiential learning for \$1 million. But then they remove \$1 million from our supplements from when the hafo hb2 version was sent to senate finance and I am hoping that the expectation isn't that the university simply take money that used to go to the university and now goes to Aldo and we get stuck with that. Because that definitely wouldn't be fair. That would mean not only did we not get any money in terms of toward parity, but we also got money taken away to give to Aldo, which wouldn't be fair. So my question is, where is the aldo money located."*

*"George (Munoz, Senate Finance Committee chair) was overheard telling some of his friends (Missy and her husband) that, Aldo is your priority and western is not. That's the gossip on this piece that is out there. I will do all I can to help out Aldo but I cant' do it at the demise of western."*

Senator Correa Hemphill: *"Absolutely, Western should not incur any expense. Obviously Western a priority! It's literally is what's keeping good (sic) on the table. I told George I needed to figure out how to save Aldo. At no point did I tell him Western wasn't a priority." "Keeping food on the table\*" "Can you send me a screen shot of what was talked out please?" "taken our" "taken out"*

26. On March 16, 2023, Plaintiff spoke to Senator Correa Hemphill while she was in a meeting with Lt. Gov. Howie Morales. Correa Hemphill tells Plaintiff that she and the Lt Governor were meeting about the \$1 million allocation.

27. On March 21, 2023, Plaintiff received a call from WNMU government lobbyist, Tony Trujillo, who informed Plaintiff that Senator Munoz contacted Trujillo and said that he was “*coming after Shepard because Shepard had threatened Senator Hemphill.*” Munoz told Mr. Trujillo that he was going to “*do a forensic audit on all Shepard’s expenses and make life difficult for Shepard.*” Plaintiff asked Mr. Trujillo how he threatened Senator Correa Hemphill. Mr. Trujillo replied that according to Munoz, Plaintiff threatened to fire Senator Correa Hemphill’s husband because he would have to conduct layoffs at WNMU. (Senator Correa Hemphill’s husband, Jay Hemphill, was the WNMU photographer at that time.) See Exhibit 45.

28. At no point did Plaintiff ever threaten to fire Senator Correa Hemphill’s husband.

29. On March 21, 2023, Plaintiff met with Senator Correa Hemphill at her home and inquired if he had ever threatened to fire her husband. Senator Correa Hemphill stated, “No”. Senator Correa Hemphill admitted at that time that she had subsequent meetings with Senator Munoz and Senate Pro Tem Mimi Stewart, and it was Senator Stewart who said Plaintiff was threatening to fire Senator Correa Hemphill’s husband and that Senator Munoz concurred with the plan to “*make that the story.*” Plaintiff asked Senator Correa Hemphill again if she ever felt that. Senator Correa Hemphill responded in the negative. Shepard relayed this information back to Mr. Trujillo who conveyed it back to Senator Munoz.

30. On April 6, 2023, Plaintiff received a call from Mr. Trujillo who stated that Senator Munoz had contacted him again and had heard that Plaintiff was threatening to “*go after him and that he (Senator Munoz) was going to go after Shepard.*” Senator Munoz said that he “*would use all of his powers as Chair of the Finance Committee including subpoena powers to conduct a full audit of all Shepard’s records,*” because of a text Plaintiff sent to Senator Correa Hemphill stating

that *“I’ll get it to you. I am also plotting something else. I think your Senate Finance committee may need new leadership.”*

31. Plaintiff responded through Mr. Trujillo that he had no interest in changing Senate Finance Committee leadership. Senator Munoz responded, *“If Shepard messes with him, he will mess with Shepard.”*

32. On June 2, 2023, Plaintiff and WNMU received a letter on Senate Finance Committee letterhead with Senator Munoz’ signature, which ordered Shepard through WNMU to give the Charter School the \$1 million. It noted that was the “will of the legislature and in accordance with the MOU between Aldo and WNMU.” (See Exhibit 7.)

33. Though Shepard remained concerned that the will of the legislature was what was written in HB2 (Appropriations), not what was expressed in a letter from a sole legislator, he resolved to comply as was ordered by Senator Munoz and upon the belief that if he did not, Senator Munoz was going to destroy him. At this time Plaintiff informed the WNMU Board of Regents of the foregoing. (See Exhibit 7).

34. On July 24, 2023, WNMU received an IPRA (Public Records) request from attorney Kathy Love of McGinn, Montoya, Love & Curry law firm for all records dating from 2011 to present of WNMU Presidential accounts. WNMU provided 528,923 records in response. It was later discovered that Kathy Love was a donor to Senator Correa Hemphill and part of Emerge New Mexico, participating the same year Senator Correa Hemphill was part of the organization. They are alleged to be good friends. (See Exhibit 8).

35. In August of 2023, Plaintiff recommended and requested of the WNMU Board of Regents that a special audit be done on all of the transactions requested by Kathy Love. The Board agreed.

36. In approximately August or September of 2023 Plaintiff notified WNMU's independent auditor that he had reason to believe fraud occurred surrounding the Hemphill/Munoz \$1 million appropriation.

37. On September 11, 2023, Plaintiff met with Senator Correa Hemphill at a local coffee shop along with Julie Morales (VP for Compliance and Communication at WNMU) and Senator Correa Hemphill's chief of staff. The purpose of the meeting was to reconcile differences. Upon conclusion, Senator Correa Hemphill noted a willingness to do so and stated that she was "*proud to be part of the Senate body that would defend a Senator who was being disrespected.*" Senator Correa Hemphill said specifically that she would speak with Senator Mimi Stewart about the matter to reconcile any relationship damage between Senator Stewart and Plaintiff.

38. On December 4, 2023, Reporter Joshua Bowling from *Searchlight New Mexico* contacted Plaintiff and began asking questions about information he had received from a source. The information Mr. Bowling referenced in that conversation was uniquely available only to the information provided to attorney Kathy Love, as until then the university had no similar IPRA request from Mr. Bowling or any other person. Upon information and belief, Senators Correa Hemphill and Stewart, both known to have involvement in Emerge New Mexico, directed the inquiry of Attorney Love and the release of the information to Mr. Bowling.

39. On December 6, 2023, derogatory articles began to be published by *Searchlight New Mexico* including defamatory remarks regarding Valerie Plame (Plaintiff's wife) along with her picture to attract media attention. See '*The finer things in life*': *A small state university is spending tens of thousands on international travel and high-end furniture* | *Searchlight New Mexico*. The *Santa Fe New Mexican* began running stories as well. *Searchlight* and *Santa Fe New Mexican* are tightly connected. A coordinated smear and discrediting campaign began against

Plaintiff and Plame. Columnist for *The Santa Fe New Mexican*, Milan Simonich, began writing multiple columns smearing Shepard and praising Correa Hemphill. Various text messages in possession of legislators noted awareness of campaign being coordinated by Senator Correa Hemphill. See Exhibit 9.

40. On December 7, 2023, the Office of the State Auditor Joseph Maestas launched an investigation. See Exhibit 10.

41. Around December 6 – 8, 2023, Plaintiff contacted New Mexico Attorney General Raul Torrez directly and requested to meet with him. On December 8, 2023, Plaintiff sent AG Torrez a text stating that *“Some Background. It involves potential corruption of a sizable dollar amount and a legislator. I would like your advice, as obviously don’t want to make such a major accusation without merit. Hopefully we can talk today. I have meetings from 8 to 10 and from 1 to 4:15.”* AG Torrez thereafter called Plaintiff. They discussed more of the details. Torrez said he was traveling and would have his deputy, Taylor Bui, who was his Chief of Staff, and his campaign manager reach out. Bui contacted Plaintiff that evening. Plaintiff provided all of the details. Bui advised Plaintiff to also talk with the State Ethics Commission.

42. On December 8, 2023, Plaintiff reported the \$1 million alleged fraudulent appropriation to Higher Education Department (HED) via a phone call. On the call were Acting HED Secretary Patricia Trujillo and Gerald Hoehne. HED informed Plaintiff that he was under investigation. (See Exhibit 18.)

43. On December 8, 2023, Plaintiff received a letter from HED requesting a response to allegations in the media. See Exhibit 18.

44. On December 11, 2023, Plaintiff contacted the State Ethics Commission (SEC) Executive Director, Jeremy Farris, via phone. Plaintiff disclosed to Mr. Farris the details of the

Hemphill/Munoz case. Plaintiff also shared that WNMU was conducting an audit of all of Plaintiff's transactions. Farris then requested those documents. (See Exhibits 11-17.)

45. Between December 11-12, 2023, and February of 2024, Plaintiff/WNMU sent SEC Director Jeremy Farris all files on the Hemphill/Munoz fraudulent appropriation. (See Exhibits 11-17.)

46. On December 12, 2023, Plaintiff testified before the Senate Finance Committee in his role as President of the New Mexico Council of University Presidents. Senator Correa Hemphill deviated from the agenda and began to attack Shepard on "lavish spending". See *Lawmaker grills university president on 'lavish spending'* | Local News | santafenewmexican.com See Exhibit 20.

47. On December 12, 2023 Senator Munoz told WNMU lobbyist, Tony Trujillo, and others that Plaintiff "*needs to resign.*" (See Exhibit 45.)

48. On December 15, 2023, WNMU responded to the Higher Education Department (HED) request. See Exhibit 19.

49. On December 14, 2023, Danny Maki, who was quoted as a spokesperson for the State Auditor in an article, see *University president authorizes special audit of his own spending* | Local News | santafenewmexican.com, about Plaintiff in *The Santa Fe New Mexican*, left the State Auditor's Office to become the campaign manager for Senator George Munoz. Mr. Maki also went after Valerie Plame in the media - further defaming her. See Exhibits 21 and 22.

50. On January 23, 2024, Plaintiff, along with WNMU Board of Regents members Dal Mullenberg, Board Chair Mary Hotvedt, as well as WNMU Vice President Kelley Riddle, WNMU Vice President Julie Morales, and WNMU legal Counsel Karen Kilgore met with State Auditor Joseph Maestas and his associate, Shawn Beck. At this entrance interview, the State Auditor noted

the investigation into Plaintiff's transactions and promised that *management would have a chance to respond and that it would be confidential unless fraud is found*. Plaintiff told the State Auditor Maestas in front of everyone in the meeting that he suspected fraud. Plaintiff also gave State Auditor Maestas the details of the Hemphill/Munoz case and supporting evidence. See Exhibit 23.

51. On February 14, 2024, the Higher Education Department sent a notice to WNMU that they were also conducting an audit. See Exhibit 24.

52. On February 21, 2024, Plaintiff had a phone conversation with State Ethics Commission Executive Director Jeremy Farris. Farris told Plaintiff that Correa Hemphill had "*legislative immunity and is protected*." Farris implied that if Plaintiff wished to file a formal allegation against Correa Hemphill, he could but implied it would not be wise. Plaintiff questioned Farris knowing that similar actions of Correa Hemphill caused another legislator (Phil Griego) to go to jail for two years for similar non-disclosure. Farris reiterated the immunity claim and let Plaintiff know that he was under investigation.

53. On June 4, 2024, Higher Education Department Secretary Rodriguez sent a letter of Audit Engagement to Plaintiff and WNMU. See Exhibit 25.

54. On June 26, 2024, Secretary Rodriguez and her staff met with personnel from WNMU. Higher Education investigator Scott Eccles said that "*if the university had just done what the Higher Education wanted, there would not be an audit*." He noted that the audit was in retaliation to the feeling that WNMU disregarded the Higher Education Department. (NB: The Higher Education Department has limited authority over a university, as the Board of Regents are in charge of oversight management and operations, according to the New Mexico Constitution.) The Board of Regents had given Shepard specific instructions at their Spring Board meeting to continue with international operations. The Higher Education Department was not pleased with

that and so retaliated with an additional audit. Upon information and belief, The Higher Education Department was also being pressured by Senators Correa Hemphill and Munoz to attack Shepard and WNMU. At the meeting, Shepard, Secretary Rodriguez, Deputy Secretary Hoehne, and WNMU Vice President Morales met privately where Plaintiff once again made sure that Secretary Rodriguez was aware of the Hemphill/Munoz fraud. The Higher Education Department did nothing thereafter and instead continued their investigation of Plaintiff, upon information and belief at the direction of Governor Michelle Lujan Grisham.

55. In July of 2024, the Charter School began a new fiscal year. The Charter School also hired Senator Correa Hemphill on contract. Upon information and belief, the Charter School did not spend the \$1 million appropriation the previous fiscal year and laundered the excess funds to the next year's budget so the money would not revert to the State of New Mexico. The money was coalesced with other funds and collectively used to pay Senator Correa Hemphill's salary. *See Exhibit 26.*

56. On November 18, 2024, State Auditor Maestas, after eleven months of investigation and 13 days after the national general election, released a "Letter of Concern" via a press conference blasting Plaintiff and WNMU. His office claimed numerous infractions and \$400,000+ of waste and abuse over a five-year period. The letter noted *the investigation was complete*. However, the State Auditor never conducted an exit interview with the WNMU, allowed for WNMU's response, nor released the details behind his allegations, and even when multiple requests were made of them to do so, he consistently refused to give any details. *See Exhibit 27.*

57. On November 26, 2024, Jay Hemphill, husband of State Senator Correa Hemphill, appeared in an article that defamed Plaintiff (Former WNMU employee files complaints against president for wasteful spending | News | abqjournal.com) . The article stated that Jay Hemphill

had filed claims with the State Ethics Commission to investigate. Those claims were blatantly false. *See Exhibit 28.*

58. In December of 2024, Plaintiff and then serving WNMU Board of Regents engaged in settlement talks through their separate legal counsels.

59. On December 20, 2024, the WNMU Board of Regents held a one agenda item meeting titled “President’s Contract.” Over 220 people attended via Zoom. The Board announced that it has reached a separation agreement with Plaintiff and Plaintiff would resign effective January 15, 2025. The agreement called for Plaintiff to receive a severance of \$1.9 million (i.e. equal to the Board’s estimation of the 30 months remaining in Plaintiff’s contract.) The separation agreement also gave Plaintiff a faculty position with an annual salary of \$200,000 to teach four classes. The teaching portion of the separation contract was similar to other New Mexico university presidents such as University of New Mexico President Bob Frank and University of Highlands President Sam Miner. *See Exhibits 29A, 29B, and 30, Interview with Dr. Sam Minner.*

60. On December 31, 2024, Governor Michelle Lujan Grisham demanded the resignations of all WNMU Regents. (Governor seeks resignation of Western New Mexico University regents after spending revelations | AP News). *See Exhibit 31.*

61. On January 2, 2025, four of the five regents resigned (WNMU regents depart in wake of spending scandal | Las Cruces Bulletin) with the Regent treasurer remaining so the university could continue with its financial obligations.

62. On January 14, 2025, State Auditor Maestas announced via a press conference another investigation into Shepard’s contract. *See Exhibit 32.*

63. On January 15, 2025, a number of WNMU students protested over Shepard's departure (WNMU students protest Shepard's departure – Silver City Daily Press). *See Exhibit 33.*

64. On January 16, 2025, and the day after Plaintiff left his position as president of WNMU, State Auditor Maestas announced that his office was taking over the WNMU independent special audit that WNMU was conducting on all of Plaintiff's transactions and which the State auditor had previously approved. This action was highly unusual. *See Exhibit 34.*

65. On March 7, 2025, the State Ethics Commission (SEC) sent Plaintiff a letter threatening to file a lawsuit originating over a claim from Senator Correa Hemphill's husband, Jay Hemphill, regarding his daughter's wedding among a slew of other salacious allegations. They provided an opportunity to respond, which Plaintiff accepted. *See Exhibit 35.*

66. On March 7, 2025, the Higher Education Department informed WNMU that it would be placed on an "Enhanced Fiscal Oversight" program even though there was nothing to fit WNMU into that category as the university was fiscally sound, had ample reserves, and boasted continuously clean audits.

67. On March 13, 2025, WNMU responded to the Higher Education Department. Acting President Dr. Jack Crocker forcefully challenged HED including their "witch hunt" of Plaintiff. *See Exhibit 36.*

68. In March of 2025, Governor Lujan Grisham appointed four new Regents to the WNMU Board (Who are the new members of the Western New Mexico University Board of Regents?) Upon information and belief two were appointed specifically to target Plaintiff: previous state senator and close ally of Senator George Munoz, Steven Neville, who became chair of the Board of Regents and past NM Democratic Party chair and former NM Special Assistant

Attorney General, John Wertheim. At Wertheim's confirmation hearing, Senator Munoz specifically spoke negatively about Plaintiff and further defamed him.

69. On April 7, 2025, Plaintiff submitted a response to State Ethics Commission with affidavits and documentation refuting each of its claims. *See Exhibit 37.*

70. On June 27, 2025, the State Ethics Commission filed a lengthy lawsuit that threw numerous allegations at Plaintiff but ultimately claimed that Shepard redirected monies for an ADA ramp (that was no longer needed, too costly, and scheduled to go over underground infrastructure) for an expansion to a patio at the President's university-owned home. *See Exhibit 38.*

#### **BACKGROUND FACTS/GENERAL AVERMENTS REGARDING WHISTLEBLOWER RETALIATION**

71. On June 12, 2025, Plaintiff had a conversation with WNMU Board Vice Chairman John Wertheim who acknowledged that he was aware of the Plaintiff's allegations of fraud against Senator Correa Hemphill.

72. On or around July 16 – 25, 2025, Board of Regents Vice Chairman John Wertheim told an individual to let Plaintiff know "*it would be wise to stop the Hemphill bashing.*" Reportedly, Wertheim was upset about a recent article in *The Grant County Beat* that was beginning to uncover the fraud of Senators Correa Hemphill and Munoz.

73. On or about July 25, 2025, Plaintiff learned that the faculty union did not want Plaintiff to be a member. The uncertified faculty union (which was then seeking certification) was represented by Todd Wertheim (brother of Board Vice Chair John Wertheim and whom John Wertheim practiced with for over 20 years until 2015). Todd Wertheim was also the legal advisor to Senator Correa Hemphill.

74. On July 28, 2025, WNMU Board of Regents posted its agenda for its 30 July 2025 meeting: two items that related to the president's contract. Upon information and belief, the members of the Board had colluded with each other (in violation of the New Mexico Open Meetings Act – or OMA) to claim that the previous Board violated the OMA concerning Plaintiff's contract and thus the contract was invalid. Upon information and belief, the Board had pre-decided a strategy to rescind or change Plaintiff's contract which was coordinated with the AG and with certain unidentified Commissioners on the State Ethics Commission. These efforts were largely led by Vice Chairman John Wertheim. See Exhibit 39.

75. On July 30, 2025, Plaintiff was an active employee of WNMU.

76. On July 30, 2025, WNMU Regents unanimously voted, without any public discussion, to invalidate the Plaintiff's contract under the false pretense that the previous agenda item giving notice that the Board intended an action to resolve the dispute over Plaintiff's previous employment contract as president of WNMU was "insufficient". Vice Chair John Wertheim made the motion to invalidate Plaintiff's contract and in various public settings and newspaper articles articulated that the rescinding of Plaintiff's contract was to force Plaintiff to renegotiate his settlement agreement. The Board directly retaliated against Plaintiff seven months after Plaintiff and Board executed the Plaintiff's separation contract and terminated Plaintiff's faculty contract without cause.

77. On August 1, 2025, WNMU stopped paying Plaintiff salary and all benefits. WNMU also stopped paying any attorney fees and related expenses as required per the settlement contract. See Exhibit 40.

78. On August 25, 2025, Plaintiff filed a cross claim against WNMU for breach of contract. See Exhibit 41.

79. September 11 – October 17, 2025, Report of Independent Accountant’s Special Audit Forensic Accounting Procedures was modified and released exonerating Shepard and finding his actions ethical, competent, without personal financial gain and in adherence to promoting the university’s strategic plan as approved by the Board of Regents. Importantly, *there was no finding of fraud, material waste or abuse*. The report contradicts all accusations by certain members the media, State leadership and certain new Board of Regents members. It also directly contradicts the State Auditor’s Letter of Concern that had been issued November 20, 2024, that led to Shepard’s separation agreement with WNMU and his subsequent faculty contract. At an exit interview with university officials and the Office of the State Auditor, upon information and belief the State Auditor Maestas tried to get the report modified to highlight negative activities. See Exhibit 42.

80. October 17, 2025, WNMU Board of Regents accepted Independent Accountant’s Special Audit Forensic Accounting Procedures after a presentation by the Independent Audit Firm that expressed their independent opinion that “evidence did not point to fraud, misappropriation of assets, incompetence, personal financial gain, or corruption.” See Exhibit 42.

81. October 19, 2025, upon information and belief, *The Santa Fe New Mexican* columnist Milan Simonich was influenced by John Wertheim to write a column repeating false tropes as contradicted by the publicly released special forensic audit. Specifically, he condemned and continued to defame the previous Regents in spite evidence of the independent audit demonstrating the competency and fiduciary acumen of the previous Board of Regents, as well as of Shepard. Nowhere in his column did he note the Audit and its findings. Upon information and belief Vice Chairman Wertheim advocated for more negative articles after the audit exonerated Shepard and the previous Board of Regents. See Exhibits 42 and 43.

**COUNT I: VIOLATION OF THE  
NEW MEXICO WHILSTLEBLOWER PROTECTION ACT AS TO WNMU**

82. Plaintiff incorporates and re-alleges all preceding paragraphs as though fully set forth herein.

83. Defendant WNMU is a “public employer” under NMSA 1978 § 10-16c-2.

84. Plaintiff qualifies as a “public employee” under NMSA § 1978 10-16c-2(B).

85. Plaintiff was retaliated against as a result of whistleblowing regarding the unlawful actions of Senator Munoz and Correa Hemphill to numerous authorities and to the previous Board of Regents for WNMU.

86. Plaintiff’s actions in reporting this information are protected under NMSA § 1978 10-16c-3(A).

87. Defendant WNMU unlawfully retaliated against Plaintiff for reporting regarding illegal and/or improper actions of the above noted Defendants at the direction of, Defendant Correa Hemphill, Defendant Maestas, Defendant Munoz, and Defendant Stewart, coordinated by Defendant Wertheim.

88. Defendant WNMU’s actions of invalidating his lawful contract resolving his employment contract as president and terminating his active faculty contract were pretextual and unsupported by fact.

89. Defendant WNMU’s action to remove Plaintiff from his employment with WNMU, to unlawfully take back funds he is rightfully owed, attempting false reports of improprieties as justification for their retaliatory termination of Plaintiff’s employment, has caused damages (financial and reputational) and that entitle Plaintiff to monetary relief.

90. Plaintiff is entitled to all available relief under NMSA § 1978 10-16c-4.

**COUNT II – CIVIL RICO**

**AS TO DEFENDANTS MUNOZ, CORREA HEMPHILL, STEWART, MAESTAS, AND  
WERTHEIM.**

1. The allegations of the preceding and succeeding paragraphs are incorporated herein by this reference.

2. Under the New Mexico Racketeering Act, “[a] person who sustains injury to his person, business or property by a pattern of racketeering activity may file an action in the district court for the recovery of three times the actual damages proved and the costs of the suit, including reasonable attorney’s fees.” NMSA 1978 § 30-42-6(A).

3. Defendants have committed predicate acts for racketeering:

A. “racketeering” means any act that is chargeable or indictable under the laws of New Mexico and punishable by imprisonment for more than one year, involving any of the following cited offenses:

(6) fraud, as provided in Section 30-16-6 NMSA 1978;

(20) a violation of the provisions of Section 30-51-4 NMSA 1978;

NMSA 1978 § 30-42-3.

4. “ ‘[P]attern of racketeering activity’ means engaging in at least two incidents of racketeering with the intent of accomplishing any of the prohibited activities set forth in Subsections A through D of Section 30-42-4 NMSA 1978; provided at least one of the incidents occurred after February 28, 1980 and the last incident occurred within five years after the commission of a prior incident of racketeering.” N.M.S.A. 1978, § 30-42-3(D).

5. Racketeering is involvement in an enterprise with illegal or illicit activity. *See* N.M.S.A. 1978, § 30-42-3 (C)(defining “enterprise” as “a sole proprietorship, partnership,

corporation, business, labor union, association or other legal entity or a group of individuals associated in fact although not a legal entity and includes illicit as well as licit entities.”); N.M.S.A. 1978, § 30-42-4.

6. An enterprise may exist solely for the purpose of engaging in the two or more crimes constituting the pattern of racketeering [activity]. “... And the evidence used to prove the existence of an enterprise may overlap with evidence of a pattern of racketeering activity.” *State v. Rael*, 1999- NMCA-068, ¶ 10, 127 N.M. 347, 981 P.2d 280 (citation and quotation marks omitted).

7. Complicit governmental agencies or officials may be considered “enterprises” for the purpose of the Racketeering Act. *State v. Armijo*, 1997-NMCA-080, ¶ 15, 123 N.M. 690, 944 P.2d 919.

8. A person injured by civil racketeering activity may recover “three times the actual damages proved and the costs of the suit, including reasonable attorney's fees.” N.M.S.A. 1978, § 30-42-6(A).

9. Defendants Munoz, Correa Hemphill, Stewart, Maestas, and Wertheim, (as well as potentially others in state government) have engaged in a criminal enterprise in violation of the Governmental Conduct Act providing that “[a] [] employee shall treat the [] employee's government position as a public trust. The [] employee shall use the powers and resources of public office only to advance the public interest and not to obtain personal benefits or pursue private interests” because they are pursuing the private interest of a vendetta contrary to the public’s interests. NMSA 1978 § 10-16-3. That violation of the Governmental Conduct Act that ultimately results in a conspiracy to defraud both the taxpayers of a million dollars and Plaintiff of his employment owing compensation is punishable as a misdemeanor in addition to the criminal fraud

by NMSA 1978 § 10-16-17.

10. Defendants utilized government agencies under their control or supervision, or exercised coercion, undue influence or persuasion to influence other impartial governmental officials or agencies to act contrary to facts or the law to harass and destroy Plaintiff's career and reputation for their own political gain, to retain political power or cover up misdeeds for their own benefit.

11. As a direct and proximate or legal result of Defendants' actions, Plaintiff has been injured.

12. Plaintiff also seeks treble damages, in an amount to be determined at the time of trial.

13. The actions of Defendants have forced Plaintiff to retain counsel to represent him in the prosecution of this action, and he is therefore entitled to an award of a reasonable amount of attorney's fees and costs.

WHEREFORE, Plaintiff respectfully requests the Court exercise its jurisdiction and enter, pursuant to the Court's original jurisdiction, and the New Mexico Inspection of Public Records Act:

- A. A finding adjudicating that the Defendant WNMU improperly retaliated against Plaintiff in violation of the New Mexico Whistleblower Protection Act;
- B. Judgment in favor of Plaintiff on Defendant WNMU's violations of the New Mexico Whistleblower Protection Act;
- C. An injunction to enforce the provisions of the New Mexico Whistleblower Protection Act;

- D. An Order awarding Plaintiff all available damages including but not limited to actual damages, consequential damages and punitive damages for violations of the New Mexico Whistleblower Protection Act;
- F. Judgment in favor of Plaintiff that the individually named Defendants have committed Civil RICO against him;
- G. An Order awarding Plaintiff actual and treble damages for the civil RICO violations;
- H. An Order awarding Plaintiff his costs and reasonable attorneys' fees as provided by law;
- I. Such other and further relief as the Court deems just.

Respectfully submitted,

Western Agriculture, Resource and  
Business Advocates, LLP

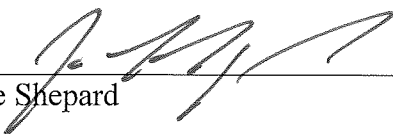
/s/ A. Blair Dunn  
A. Blair Dunn, Esq.  
Jared R. Vander Dussen, Esq.  
400 Gold Ave SW, Suite 1000  
Albuquerque, NM 87102  
(505) 750-3060  
abdunn@ablairdunn-esq.com  
warba.llp.jared@gmail.com

VERIFICATION OF COMPLAINT

STATE OF New Mexico )  
COUNTY OF Bernalillo )<sup>ss</sup>

I, Joe Shepard, being first duly sworn on oath attest and state:

(1) I have read the VERIFIED COMPLAINT FOR DAMAGES FOR RETALIATION IN VIOLATION OF THE WHISTLEBLOWER PROTECTION ACT; AND FOR CIVIL RICO CLAIMS AGAINST GEORGE MUNOZ, SIAH CORREA HEMPHILL, MIMI STEWART, JOSEPH MAESTAS, AND JOHN WERTHEIM. I am familiar with the facts alleged therein, and hereby verify that the factual allegations contained are true and correct to the best of my knowledge, information, understanding and belief.

  
\_\_\_\_\_  
Joe Shepard

Subscribed and sworn to before me on Oct 30, 2025.

**STATE OF NEW MEXICO**  
**NOTARIAL OFFICER**  
**JARED R. VANDER DUSSEN, ESQ.**  
**NM BAR # 152758**

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:

N/A

MEMORANDUM OF UNDERSTANDING  
BETWEEN  
WESTERN NEW MEXICO UNIVERSITY AND  
ALDO LEOPOLD CHARTER SCHOOL

This Memorandum of Understanding is entered into by Western New Mexico University (hereafter INSTITUTION) and Aldo Leopold Charter School (hereafter CHARTER), collectively referred to hereafter as the PARTIES.

WHEREAS, INSTITUTION provides to CHARTER an educational facility and office space on INSTITUTION's campus in Silver City, New Mexico; and

WHEREAS, both PARTIES share the passion of graduating students who practice social and environmental responsibility; and

WHEREAS, CHARTER operates an educational facility for 182 student FTE in grades 8 through 12, of which 22% are special education; with related support and administrative offices of 44 staff FTE; and

WHEREAS, the PARTIES agree that appropriations received by the INSTITUTION from the State of New Mexico Legislature in support of CHARTER's mission will be provided to CHARTER for the continued operations of its school, salaries for staff and teachers, and experiential education activities.

NOW, THEREFORE, in consideration of the mutual promises herein, the PARTIES agree as follows:

**RECITALS**

**ACCEPTANCE OF TERMS:**

a. INSTITUTION shall:

- i. Provide to CHARTER, equal monthly installments of appropriations designated by the Legislature of the State of New Mexico,

Continue to support CHARTER with lease of educational learning space and related support and administrative offices,.

b. CHARTER shall:

- i. Provide, upon request, records, books and documents of CHARTER, relevant to CHARTER's fiscal representations, subject to inspection, examination and/or making excerpts, photocopies, or transcripts by INSTITUTION or its designee.

**AMENDMENTS:** No amendment or modification of this Contract shall be deemed effective

unless and until it is executed in writing by both PARTIES, designated as an Amendment and attached hereto.

ASSIGNMENT: INSTITUTION shall not assign, transfer, nor delegate any rights, obligations or duties under this Contract without the prior written consent of DISTRICT. DISTRICT shall not assign, transfer, nor delegate any rights, obligations or duties under this Contract without the prior written consent of INSTITUTION.

CHOICE OF LAW: This Contract shall be construed and interpreted according to the laws of New Mexico and when applicable, of Grant County in the State of New Mexico.

FISCAL FUND OUT:

- a. DISTRICT reasonably believes that funds are available to sufficiently sustain the Site, positions, and programs necessary to complete all obligations in this Contract.
- b. If the funds are not allocated to continue the Site, positions or programs necessary to implement the PROGRAM, this Contract shall be terminated without penalty to either party.

REPRESENTATION OF AUTHORITY OF SIGNATORIES: Each person signing this Contract represents and warrants that he/she is duly authorized and has legal capacity and authority to sign this Contract.

TERM: The term of the AGREEMENT shall commence upon appropriation of funds to INSTITUTION and remain in effect during total distribution of appropriation to CHARTER.

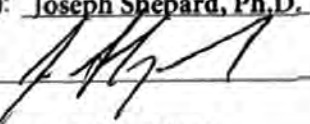
TERMINATION: The PARTIES agree that either party may terminate AGREEMENT with sixty (60) day written notice to the other party.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their duly authorized officials this 25<sup>th</sup> day of January, 2023.

WESTERN NEW MEXICO UNIVERSITY

Date: January 27, 2023

Name (print): Joseph Shepard, Ph.D.

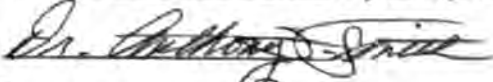
Signature: 

Title: University President

ALDO LEOPOLD CHARTER SCHOOL

Date: 01.25.2023

Name (print): DR. ANTHONY L. SMITH

Signature: 

Title: INTERIM DIRECTOR

| BU | Agency     | HB2 Section | HB2 Page # | HB2 Line (start) | Change Description                                                                                | New Language if Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|------------|-------------|------------|------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | ne         |             | 3          | 3                | Change Items D & E to have only \$75 m revert to GF, all other to STPF                            | D. By October 1, 2023, up to seventy-five million dollars (\$75,000,000) of total unexpended balances in agency accounts remaining at the end of fiscal year 2023 shall revert to the general fund and any additional amounts shall revert to the severance tax permanent fund unless otherwise indicated in the General Appropriation Act of 2023 or otherwise provided by law.<br><br>E. By October 1, 2024, up to seventy-five million dollars (\$75,000,000) of total unexpended balances in agency accounts remaining at the end of fiscal year 2024 shall revert to the general fund and any additional amounts shall revert to the severance tax permanent fund unless otherwise indicated in the General Appropriation Act of 2023 or otherwise provided by law. |
| 2  | 340 AHO    |             | 4          | 26               | Added transfer language for AHO.                                                                  | The internal service funds/interagency transfers appropriation to the administrative hearings office includes fifty thousand dollars (\$50,000) from the human services department for costs of conducting administrative hearings under the Medicaid Provider and Managed Care Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 3  | 342 NMPSIA |             | 4          | 31               | Add claims review requirement                                                                     | The other state funds appropriation to the benefits program of the public school insurance authority is contingent on the authority contracting with an independent third-party consultant to conduct a claims payment integrity review for claims filed in fiscal year 2022 and fiscal year 2023 by all health systems and hospitals.                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 4  | 343 RHCA   |             | 4          | 32               | Add claims review requirement                                                                     | The other state funds appropriation to the healthcare benefits administration program of the retiree health care authority is contingent on the authority contracting with an independent third-party consultant to conduct a claims payment integrity review for claims filed in fiscal year 2022 and fiscal year 2023 by all health systems and hospitals for pre-Medicare health plans.                                                                                                                                                                                                                                                                                                                                                                               |
| 5  | 550 OSE    |             | 4          | 73               | Language needs to be moved to Water Resource Allocation Program (page 72, 5 insert after line 11) | The general fund appropriation to the personal services and employee benefits category of the water resource allocation program includes one hundred fifty thousand dollars (\$150,000) to support the addition of two new cannabidiol permitting positions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 6  | 550 OSE    |             | 4          | 73               | Clean up language                                                                                 | Change red text: The internal service funds/interagency transfers appropriations to the interstate stream compact and water development program of the state engineer include six hundred fifty-two thousand two hundred dollars two hundred dollars (\$652,200) from the New Mexico unit fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|    | 550 OSE    |             | 4          | 73               | Language needs to conform to the appropriation amount for ISF/IAT 12 column total                 | Change red text: The internal service funds/interagency transfer appropriations to the interstate stream compact and water development program of the state engineer include seven million three hundred fifty-five thousand dollars (\$7,355,000) from the New Mexico irrigation works construction fund, seven hundred thirteen thousand two hundred (\$713,200) from the improvement of the Rio Grande income fund, one hundred thousand dollars (\$100,000) from the game protection fund for the dam operators, eighty-two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operators. Any unexpended balances remaining at the end of fiscal year 2024 from these appropriations shall revert to the appropriate fund.   |
|    | 550 OSE    |             | 4          | 73               | Clean up language                                                                                 | Change red text: Revenue from the sale of water to United States government agencies by New Mexico for the emergency drought water agreement and from contractual reimbursements associated with the interstate stream compact compliance and water development program of the state engineer is appropriated to the interstate stream compact compliance and water development program to be used per the agreement with the United States bureau of reclamation.                                                                                                                                                                                                                                                                                                       |

SFC Language Changes

| BU | Agency    | HB2 Section | HB2 Page #             | HB2 Line (start) | Change Description                                                                                                                                | New Language if Applicable                                                                                                                                                                                                                                                  |
|----|-----------|-------------|------------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9  | 550 OSE   | 4           | 74                     | 24               | Clean up language, verbiage was correct, dollar figure was wrong (\$2,340,700 previously)                                                         | Change red text: The other state funds appropriations to the litigation and adjudication program of the state engineer include two million five hundred five thousand four hundred dollars (\$2,505,400) from the water project fund pursuant to Section 72-4A-9 NMSA 1973. |
| 10 | 611 ECECD | 4           | 79                     | 23               | Insert purpose statements for each program                                                                                                        |                                                                                                                                                                                                                                                                             |
| 11 | 611 ECECD | 4           | NEW Sec. 4 language    |                  | Any unexpended balance from the school permanent fund in the PreK program reverts to the school permanent fund                                    | Any unexpended balance from the permanent school fund in the public pre-kindergarten program reverts to the permanent school fund.                                                                                                                                          |
| 12 | 611 ECECD | 4           | 84                     | 6                | Remove language for ECTF transfer to DOH for school based health centers update DOH accordingly                                                   |                                                                                                                                                                                                                                                                             |
| 13 | 611 ECECD | 4           | NEW Sec. 4 language    |                  | Any unexpended balance from the early childhood education and care program fund shall revert to the early childhood education and care trust fund | Any unexpended balance from the early childhood education and care program fund shall revert to the early childhood education and care trust fund.                                                                                                                          |
| 14 | 611 ECECD | 4           | Several language items |                  | Update language to match any changes for increased distribution of the early childhood education and care trust fund                              |                                                                                                                                                                                                                                                                             |

SFC Language Changes

| BU | Agency       | HB2 Section | HB2 Page #          | HB2 Line (start) | Change Description                                                                                                                                                                                        | New Language if Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----|--------------|-------------|---------------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15 | 630 HSD      | 4           | NEW Sec. 4 language |                  | Update earmark language for early childhood trust fund transfer. Transfer would fund maternal, infant and young children medical services and continuous enrollment in Medicaid. Adjust ECECD accordingly |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 16 | 630 HSD      | 4           | 88                  | 18               | Require reporting requirements for Medicaid provider rate increases                                                                                                                                       | The human services department will monitor implementation of the rate increases and share any reports or monitoring information quarterly with the legislative finance committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 17 | 962 UNM HSC  | 4           | NEW Sec. 4 language |                  | Add HSC cancer center language                                                                                                                                                                            | Add new language after UNM HSC RPSGs: The internal services funds/interagency transfers appropriation to the health sciences center research and public service projects of the university of New Mexico includes two million two hundred seventy-seven thousand six hundred dollars (\$2,277,600) from the tobacco settlement program fund.                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 18 | 111 LCS      | 5           | 184                 | 19               | Add nonversion language                                                                                                                                                                                   | Add red text: For equipment, upgrades and repairs for the state capitol complex. The other state funds appropriation includes one million dollars (\$1,000,000) from the state capitol maintenance fund and two million dollars (\$2,000,000) from legislative cash balances. Any unexpended balances remaining at the end of fiscal year 2023 shall not revert and may be expended through fiscal year 2026.                                                                                                                                                                                                                                                                                                                                                                    |
| 19 | 341 DFA      | 5           | 191                 | 17               | GF to ARPA Sweeps - Local housing grants                                                                                                                                                                  | Add red text: To the local government division to provide grants to local governments to support housing infrastructure. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 20 | 341 DFA      | 5           | New Sec. 5          |                  | Change past approp to ARPA: Statewide Hunger                                                                                                                                                              | Add new language to Section 5: The appropriation contained in Subsection 34 of Section 5 of Chapter 54 of Laws 2022 is from the appropriation contingency fund of the general fund and not the general fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 21 | 341 DFA      | 5           | 193                 | 12               | GF to ARPA Sweeps - rental assistance                                                                                                                                                                     | Add red text: For rental assistance and eviction prevention through fiscal year 2025. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 22 | 361 DoT/OBAE | 5           | 196                 | 12               | Add admin as eligible use - per David                                                                                                                                                                     | Add red text: To the department of information technology to fund grant programs established under department rules and administered by the office of broadband access and expansion and to support implementation of the statewide broadband plan. The other state funds appropriation is from the connect New Mexico fund. Up to two million five hundred thousand dollars (\$2,500,000) of the general fund appropriation and up to five million dollars (\$5,000,000) of the other state funds appropriation may be used for administration and operational expenses for the office of broadband access and expansion and related grant programs. Any unexpended balances remaining at the end of fiscal year 2024 shall not revert and may be expended in fiscal year 2025. |

SFC Language Changes

|    | BU  | Agency  | HB2 Section | HB2 Page # | HB2 Line (start) | Change Description                                                                                     | New Language If Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----|-----|---------|-------------|------------|------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23 | 418 | Tourism | 5           | 196        | 13               | GF to ARPA Swaps - Make whole marketing approp arpa                                                    | Change red text: For marketing and advertising. The general fund appropriation is <del>includes ten million dollars (\$10,000,000)</del> from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).                                                                                                                                                                                                                                         |
| 24 | 418 | Tourism | 5           | 196        | 17               | GF to ARPA Swaps - Tourism enterprise fund                                                             | Add red text: To the tourism enterprise fund for local and regional tourism development. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).                                                                                                                                                                                                                                                       |
| 25 | 419 | EDD     | 5           | 197        | 8                | ETA appropriation includes \$5 m for San Juan county for energy transition                             | Add red text: To the economic development department from the energy transition economic development assistance fund to assist in diversifying and promoting the economy of communities affected by the closure of fossil fuel plants by fostering economic development opportunities unrelated to fossil fuel development or use. The other state funds appropriation includes five million dollars (\$5,000,000) for San Juan county for energy transition assistance.                                               |
| 26 | 419 | EDD     | 5           | 197        | 20               | GF to ARPA Swaps - LEDA                                                                                | Add and change red text: To the local economic development act fund for economic development projects pursuant to the Local Economic Development Act. Six million five hundred thousand dollars (\$6,500,000) of the general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.). Any unexpended balances remaining at the end of fiscal year 2024 shall not revert and may be expended in future fiscal years. |
| 27 | 419 | EDD     | 5           | 198        | 7                | GF to ARPA Swaps - trails grants                                                                       | Add red text: For trail and outdoor infrastructure grants. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).                                                                                                                                                                                                                                                                                     |
| 28 | 440 | HSD     | 5           | 196        | 17               | Change approp from OSI to HSD and clarify special approp for Medicaid expansion population is for FY24 | For services for the medicaid expansion adult population in the medical assistance program of the human services department in FY24. The other state funds appropriation is from the health care affordability fund.                                                                                                                                                                                                                                                                                                   |
| 29 | 550 | OSE     | 5           | 201        | 9                | Change authorized expenditure period                                                                   | Change red text: To implement 50-year water plan recommendations and develop the next state water plan update, for expenditure in fiscal years 2023 and 2024.                                                                                                                                                                                                                                                                                                                                                          |
| 30 | 924 | PED     | 5 to 10     | 213        | 16               | Move from Section 5 to Section 10 transfer to teacher loan repayment fund                              | For loan repayment to teachers serving in shortage areas, including special education. The other state funds appropriation is from the public education reform fund.                                                                                                                                                                                                                                                                                                                                                   |

| BU | Agency  | HB3 Section | HB2 Page # | HB2 Line (start) | Change Description                                                                                                                                              | New Language if Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|---------|-------------|------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31 | 924 PED | 5 to 10     | 213        | 20               | Move from Section 5 to Section 10 transfer to teacher preparation affordability scholarship fund                                                                | The other state funds appropriation is from the public education reform fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 32 | 950 HED | 5           | 216        | 25               | Expand authorized uses for public health programs at NMSU & UNM for endowed faculty teaching positions. And ARPA to GF Swap - UNM & NMSU Public Health Programs | Change red text: To support public health programs at the university of New Mexico and New Mexico state university. The funds shall be distributed to each institution by the higher education department based on proposals for expenditures, including endowments, submitted by the institutions. <del>The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 4 of Chapter 4 of Laws 2021 (2nd S.S.).</del>                                                                                                                                                                                                                                                                                                   |
| 33 | 950 HED | 5           | 216        | 7                | ARPA to GF Swap - Nursing Endowment                                                                                                                             | Delete red text: For endowed faculty teaching positions in undergraduate and graduate-level nursing programs at New Mexico public and tribal institutions of higher education to expand enrollment and the number of graduates able to work as nurses or nurse practitioners. The higher education department must obtain certification from each higher education institution that the endowment revenue will supplement and not supplant spending at the institution's nursing program before making an endowment award. <del>The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 4 of Chapter 4 of Laws 2021 (2nd S.S.).</del>                                                                            |
| 34 | 950 HED | 5           | New Sec. 5 |                  | Change past approps to GF: Nursing, Social Work, and NA studies faculty endowments                                                                              | Add new language to Section 5: The appropriations contained in Subsection 42, Subsection 43 and Subsection 46 of Section 10 of Chapter 44 of Laws 2022 are from the general fund and not the appropriation contingency fund of the general fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 35 | 952 HED | 5           | 214        | 22               | GF to ARPA Swaps BR&R Special                                                                                                                                   | Add red text: For distribution to the higher education institutions of New Mexico for building renewal and replacement and facility demolition. A report of building renewal and replacement transfers must be submitted to the higher education department before funding is released. In the event of a transfer of building renewal. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).                                                                                                                                                                                                                                                                          |
| 36 | 963 HED | 5           | 215        | 10               | GF to ARPA Swaps ER&R Special                                                                                                                                   | Add red text: For distribution to the higher education institutions of New Mexico for equipment renewal and replacement. A report of equipment renewal and replacement transfers must be submitted to the higher education department before funding is released. In the event of a transfer of equipment renewal and replacement funding to cover institutional salaries, funding shall not be released to the higher education institution. Distributions from this appropriation shall be made to eligible higher education institutions no later than July 15, 2023. The general fund appropriation includes one million dollars (\$1,000,000) from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.). |

| BU | Agency                           | HB2 Section | HB2 Page # | HB2 Line (start) | Change Description                                                     | New Language if Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|----------------------------------|-------------|------------|------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 37 | 954 HED                          | 5           | 215        | 17               | GF to ARPA Swaps - STEM Grad Scholarships Special                      | Add red text: To provide scholarships to graduates of New Mexico high schools who are enrolled full-time in a master's or doctoral degree program at a graduate-degree-granting state university in New Mexico in a science, technology, engineering, or mathematics program provided that no student shall receive an award amount greater than seven thousand two hundred dollars (\$7,200) per academic year. Any unexpended balances remaining at the end of fiscal year 2026 from this appropriation shall revert to the general fund. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 36 | 955 HED                          | 5           | 216        | 15               | GF to ARPA Swaps - Make all nonrecurring Opportunity FY24 ARPA         | Change red text: For fiscal year 2024 costs of the opportunity scholarship program for students attending a public postsecondary educational institution or tribal college. The appropriation is sufficient to pay for tuition and fees for eligible students at the rates in effect in fall 2023 but is not sufficient to pay costs of first semester tuition and fees for students who will receive the legislative lottery scholarship in their second semester. The general fund appropriation is <del>invaluable sixty million dollars (\$60,000,000)</del> from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 39 | 350 GSD                          | 6           | 221        | 11               | GF to ARPA Swaps - Make \$23 m of GSD shortfall ARPA                   | Add red text: For prior-year shortfalls in the employee group health benefits fund, contingent on implementing a plan for a one-time, employer-only assessment, with matching funds from local governments and higher education institutions of twenty-two million one hundred and six thousand dollars (\$22,106,000), and further contingent on the general services department increasing health benefit premiums in fiscal year 2024, and further contingent on the department contracting with an independent third-party consultant to conduct a claims payment integrity review for claims filed in fiscal year 2022 and fiscal year 2023 by all health systems and hospitals. For those state employees whose salaries are referenced in or received as a result of nongeneral fund appropriations in the General Appropriation Act of 2022 or General Appropriation Act of 2023, the department of finance and administration shall transfer from the appropriate fund to the appropriate agency the amount required for the special assessment provided for in this item. The general fund appropriation includes <del>twenty-three million dollars (\$23,000,000)</del> from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.). |
| 40 | 924 PED                          | 7           | 232-233    |                  | Add PED Reauth for C2                                                  | The period of time for expending the six hundred seven thousand seven hundred dollars (\$607,700) appropriated from the public education reform fund and the six hundred seven thousand seven hundred dollars (\$607,700) appropriated from the computer systems enhancement fund in Subsection 36 of Section 7 of Chapter 137 of Laws 2021 for the business intelligence, integration and reporting system is extended through fiscal year 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 41 | Section 8 Judiciary compensation | 8           | 233        | 21               | Mirror language from last year for Judiciary compensation              | <del>twelve million three hundred fifty-eight thousand seven hundred dollars (\$12,358,700) for judicial permanent employees of the New-Mexico-supreme-court, New-Mexico-court-of-appeals, district-courts and the metropolitan-court, including magistrate judges, elected district attorneys, district attorney permanent employees, public defender department permanent employees, judicial hearing officers and judicial special commissioners, supreme court justices, court of appeals judges, district court judges and metropolitan court judges;</del>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 42 | Healthcare premiums appropriate  | 8           | 234        | 10               | Remove duplicate language (Item B)                                     | Strike all of Item B in Section 8 and renumerate section.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 43 | 805 DOT                          | 9           | 235        | 14               | Move \$7 m approp for ports of entry from OSF to Interagency transfers | na                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

| BU    | Agency                         | HB2 Section | HB2 Page #  | HB2 Line (start) | Change Description                                                                                                                                                        | New Language If Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------|--------------------------------|-------------|-------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 44 na | General Fund Reserve Funds     | 10          | NEW Sec. 10 |                  | Replenish appropriation contingency fund in the general fund with \$50 million transfer from the general fund operating reserve.                                          | The general fund appropriation is from the general fund operating reserve.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 45    | 805 DOT                        | 10          | 237         | 2                | GF to ARPA Swaps<br>- Make all \$20m FY23 approp for rest stops arpa                                                                                                      | Change red text and move item to Section 9: <del>Ten million dollars (\$10,000,000) of the twenty million dollar (\$20,000,000) appropriation to the department of transportation</del> The appropriation contained in Subsection 7 of Section 9 of Laws 2022, Chapter 54 for statewide rest area improvements is from the appropriation contingency fund of the general fund and not from the general fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 46 na | Opioid Appropriations Preamble | 11          | 237         | 11               | Update preamble language to revert unspent funds to consumer settlement fund or an opioid settlement trust fund contingent on enactment of legis creating the trust fund. | Change red text: Section 11. ADDITIONAL SUPPLEMENTAL HEALTH AND HUMAN SERVICES APPROPRIATIONS— Unless otherwise indicated, the following amounts are appropriated from the consumer settlement fund or any such other fund created by enactment of legislation of the first session of the fifty-six legislature, from monies from settlements, judgements, verdicts and other court orders relating to claims regarding the manufacturing, marketing, distribution or sale of opioids (hereafter "opioid revenues"). Any unexpended balances from any of the following appropriations of opioid revenues from the consumer settlement fund, or any such other fund created by enactment of legislation of the first session of the fifty-sixth legislature from opioid revenues, shall revert to the consumer settlement fund, or any such other fund created by enactment of legislation of the first session of the fifty-sixth legislature. |
| 47    | 924 PED                        | 12          | 241         | 15               | Removing BAR authority for educator licensure fund and charter school set-aside                                                                                           | Change red text: The public education department may request budget increases <del>up to two million dollars (\$2,000,000) from other state funds for charter two percent revenue, may request budget increases up to two million dollars (\$2,000,000) from other state funds and fund balance from the educator licensure fund, and may request budget increases</del> up to twenty thousand dollars (\$20,000) from the school transportation training fund for public school transportation workshops and training, including supplies and professional development for public education department staff, and                                                                                                                                                                                                                                                                                                                              |
| 48    | 232 2nd JDC                    | 13          | NEW BAR     |                  | Add FY24 BAR authority for 2nd court                                                                                                                                      | the second judicial district court may request budget increases up to four hundred thousand dollars (\$400,000) from other state funds received from Bernalillo county,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 49    | 644 DVR                        | 13          | NEW BAR     |                  | Add FY24 BAR authority for DVR                                                                                                                                            | the division of vocational rehabilitation may request transfers up to two hundred thousand dollars (\$200,000) between the other category and other financing uses category contingent of the inability of the commission for the blind to use federal program income;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

# Exhibit 3

|     |     |      |   |                                                     |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----|-----|------|---|-----------------------------------------------------|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 110 | 630 | HSD  | 4 | Language Change request                             |  |  | HB2 Includes language directing HSD to implement managed care directed payments for rural hospitals, hospitals and nursing facilities. Under federal regulations, all directed payments must be tied to actual Medicaid utilization and include quality metrics and data reporting. HSD suggests the addition of language in HB2 to indicate that implementation of directed payments is subject to federal approval (p. 88 lines 11-14).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 111 | 647 | DDC  | 4 | Language Change request                             |  |  | Non-reverting language request, insert page 103 line 14: "Any unexpended balances in the office of guardianship program of the developmental disabilities council remaining from appropriations made from the general fund in fiscal year 2024 shall not revert and may be expended in fiscal year 2025."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 112 | 665 | DOH  | 4 | Language Change request                             |  |  | To be inserted on page 105, Public Health Division: "The internal service funds/interagency transfers appropriations to the public health program of the department of health include three million dollars (\$3,000,000) from the early childhood care and education fund for school-based health centers and one hundred thousand dollars (\$100,000) for the family success lab."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 113 | 665 | DOH  | 4 | Language Change request                             |  |  | The reference to the family success lab in Public Health needs to be removed and put into the correct program, Epidemiology and Response, on page 108. The language in public health should read: "The internal service funds/interagency transfers appropriations to the public health program of the department of health include three million dollars (\$3,000,000) from the early childhood care and education fund for school-based health centers." Added language in the Epidemiology and Response Division should be added to read "The internal service funds/interagency transfers appropriations to the epidemiology and response division of the department of health include one hundred thousand dollars (\$100,000) from the early care and education fund for the family success lab."                                                                                                                                                                                                                                                                                                                                                              |
| 114 | 780 | CVRC | 4 | Language Change request                             |  |  | Remove language on page 122, lines 4 through 6: "The other state funds appropriation to the victim compensation program of the crime victims reparation commission in the other category includes nine hundred fifty-six thousand dollars (\$956,000) for care and support."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 115 | 924 | PED  | 4 | Requested language (Section 4, page 184, lines 2-6) |  |  | Current language: The secretary of public education, in collaboration with the assistant secretary for Indian education, shall develop a methodology to allocate the twenty million dollar (\$20,000,000) general fund appropriation to tribal education departments, tribal libraries, Native American language programs, school districts and charter schools based on operational needs and student enrollment. Requested language: The secretary of public education, in collaboration with the assistant secretary for Indian education, shall develop a methodology to allocate the twenty million dollar (\$20,000,000) general fund appropriation to tribal education departments, tribal libraries, Native American language programs, school districts and charter schools based on operational needs and student enrollment. Such amounts are appropriated for expenditure in fiscal year 2024 and fiscal year 2025. Any unexpended balances remaining at the end of fiscal year 2025 shall revert to the Indian education fund.                                                                                                                          |
| 116 | 950 | HED  | 4 | Language Change request                             |  |  | Add within P506 Policy Development and Institutional Oversight page 135 - The general fund appropriation to the policy development and institutional financial oversight program of the higher education department in the other category includes six million seven hundred thousand dollars (\$6,700,000) to provide adults with education services and materials and access to high school equivalency tests, one hundred twenty-six thousand one hundred dollars (\$126,100) for workforce development programs at community colleges that primarily educate and retrain recently displaced workers, seven hundred sixty-one thousand one hundred dollars (\$761,100) for the high skills program, eighty-four thousand five hundred dollars (\$84,500) for English-learner teacher preparation and, four hundred sixty-three thousand nine hundred dollars (\$463,900) to the tribal college dual-credit program fund, and twenty-six thousand dollars (\$26,000) for state higher education executive officers association annual dues and one hundred fifty-nine thousand dollars (\$159,000) for the western interstate commission on higher education dues. |
| 117 | 690 | CYFD | 5 | Language Change request                             |  |  | Please strike "for grants to hospitals to improve reporting and adherence to plans of safe care as outlined in Section 32A-3A-13 NMSA 1978" and replace with "for activities supporting implementation of CARA plans of care"                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|     |     |              |   |                                              |           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----|-----|--------------|---|----------------------------------------------|-----------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 126 | 218 | AOC          | 5 | Language Change request                      |           |  | Page 186, item 12, technology and security appropriation for district courts. Add language: "By July 1, 2023, the administrative office of the courts shall provide to the department of finance and administration and the legislative finance committee a list of projects and their amounts at district courts to be funded by this appropriation." Reason: increase budget transparency by requiring AOC to disclose specifically which district courts and which projects will be funded by this appropriation.                                                                                                                                                                                                                                                                                                               |
| 127 | 341 | DFA          | 5 | Reauthorization of a Section 5 appropriation | \$3,500.0 |  | The period of time for expending the three million five hundred thousand dollars (\$3,500,000) from the general fund in Subsection 31 of Section 5 of Chapter 54 of Laws 2022 for contract management and federal grants administrative initiatives is extended through fiscal year 2024.<br>o For this reauthorization request, DFA estimates a projected \$850 thousand remaining in FY23 due to stalled projects within the bureau. If this is approved, DFA will not need to increase the request for the federal grants management bureau. This money will be used to allow the contracts to be modified for on-going maintenance of the current dashboards. This will also assist us in reducing the amount of funding needed for the agency to fully support all six positions within the federal grants management bureau. |
| 128 | 419 | EDD          | 5 | Language Change request                      |           |  | Page 196, line 23, after "assist in administration" add "and the department may use the program administration funding to create up to six full time equivalent positions."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 129 | 516 | DGF          | 5 | Language Change request                      |           |  | The agency would like to strike the word modernization on page 199 line 23: "For modernization efforts for species of greatest conservation need."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 130 | 547 | DDC          | 5 | Non reverting language request               |           |  | Non-reverting language request: "Any unexpended balances in the office of guardianship program of the developmental disabilities council remaining from appropriations made from the general fund in fiscal year 2023 shall not revert and may be expended in fiscal year 2024."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 131 | 670 | DVS          | 5 | Language Change request                      |           |  | The agency would like to strike the following language on page 207, item 140, lines 14 through 15: "...including sufficient funding to provide services for the Albuquerque veterans reintegration center." This language was added by the HAFPC and was not included in the agency's original request or the Executive recommendation. LFC did not support the request. The agency has already committed the \$800,000 to veteran services officer outreach.                                                                                                                                                                                                                                                                                                                                                                      |
| 132 | 924 | PED          | 7 | Language Change request                      |           |  | The period of time for expending the six hundred seven thousand seven hundred dollars (\$607,700) appropriated from the public education reform fund and the six hundred and seven thousand seven hundred dollars (\$607,700) appropriated from the computer systems enhancement fund in Subsection 38 of Section 7 of Chapter 137 of Laws 2021 for the business intelligence, integration and reporting system is extended through fiscal year 2024.                                                                                                                                                                                                                                                                                                                                                                              |
| 133 | 232 | 2nd Judicial | 7 | BAR language request                         |           |  | The second judicial district court may request budget increases up to four hundred thousand dollars (\$400,000) from other state funds received from Bernalillo county and may request budget increases up to an additional fifty thousand dollars (\$50,000) from revenue received from the collection of adult drug court fees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 134 | 350 | GSD          | 7 | BAR language request                         |           |  | Requested for both FY23 and FY24: The procurement services program of the general services department may request budget increases from the purchasing division fees fund to cover a shortfall in personal services and employee benefits and for modernization enhancements to its procurement processes, and the transportation services program of the general services department may request budget increases from the state motor pool fund for the purpose of making additional necessary purchases for the state transportation fleet as well as maintenance for the state aircraft.                                                                                                                                                                                                                                       |
| 135 | 440 | OSI          | 7 | BAR language request                         |           |  | The Office of Superintendent of Insurance may request budget increases up to \$9 million from Health Care Affordability Fund balances for health care affordability initiatives authorized under 59A-23F-11B.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 136 | 505 | DCA          | 7 | BAR language request                         | \$100.0   |  | The department of cultural affairs may request program transfers up to one hundred thousand dollars (\$100,000) between programs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 137 | 601 | CSW          | 7 | BAR language request                         | \$73.0    |  | The commission on the status of women may request increases from fund balances up to seventy-three thousand dollars (\$73,000) for program operations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 138 | 611 | ECECD        | 7 | BAR language request                         | \$750.0   |  | The early childhood education and care department may request program transfers from internal service funds/interagency transfers from the early childhood education and care program fund up to seven hundred fifty thousand dollars (\$750,000) between programs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

[illegible]

# EXHIBIT 4

## Special, Supplemental, Deficiency, and Fund Transfers Recommendations

| Sec. | Agency                             | Language from LFC Rec<br>Language from Executive Rec.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Executive Rec. |         |            | LFC Rec.   |           |            | LFC Over/Under |             | Difference Notes |
|------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------|------------|------------|-----------|------------|----------------|-------------|------------------|
|      |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | GF             | Non-GF  | Total      | GF         | Non-GF    | Total      | GF             | Total       |                  |
| 286  | Public Education Department        | To support teachers in bilingual multicultural education programs and implement provisions of the Bilingual Multicultural Education Act. The other state funds appropriation is from the public education reform fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                |         |            |            | \$5,000.0 | \$5,000.0  |                | \$5,000.0   |                  |
| 287  | Public School Facilities Authority | For an auxiliary power source. The other state funds appropriation is from the public school capital outlay fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                | \$150.0 | \$150.0    |            |           |            |                | (\$150.0)   |                  |
| 288  | Public School Facilities Authority | To purchase vehicles. The other state funds appropriations is from the public school capital outlay fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                | \$214.5 | \$214.5    |            | \$214.5   | \$214.5    |                |             |                  |
| 289  | Higher Education Department        | For adult basic education program.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | \$2,000.0      |         | \$2,000.0  |            |           |            | (\$2,000.0)    | (\$2,000.0) |                  |
| 290  | Higher Education Department        | For distribution to the higher education institutions of New Mexico for building renewal and replacement and facility demolition. A report of building renewal and replacement transfers must be submitted to the higher education department before funding is released. In the event of a transfer of building renewal and replacement funding to cover institutional salaries, or any other ineligible purpose as defined in the New Mexico higher education department space policy, funding shall not be released to the higher education institutions. Up to five million dollars (\$5,000,000) may be distributed to higher education institutions for facility demolition. | \$11,996.7     |         | \$11,996.7 | \$20,000.0 |           | \$20,000.0 | \$8,003.3      | \$8,003.3   |                  |

Special, Supplemental, Deficiency, and Fund Transfers Recommendations

| Sec. | Agency                      | Language from LFC Rec<br>Language from Executive Rec                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Executive Rec. |        |       | LFC Rec.   |        |            | LFC Over/(Under) |            |  | Difference Notes |
|------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------|-------|------------|--------|------------|------------------|------------|--|------------------|
|      |                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | GF             | Non-GF | Total | GF         | Non-GF | Total      | GF               | Total      |  |                  |
| 201  | Higher Education Department | For distribution to the higher education institutions of New Mexico for equipment renewal and replacement. A report of equipment renewal and replacement transfers must be submitted to the higher education department before funding is released. In the event of a transfer of equipment renewal and replacement funding to cover institutional salaries, funding shall not be released to the higher education institution.                                                                                                                                                                                                                                                   |                |        |       | \$3,000.0  |        | \$3,000.0  | \$3,000.0        | \$3,000.0  |  |                  |
| 202  | Higher Education Department | For endowed faculty teaching positions in undergraduate and graduate-level nursing programs at New Mexico public and tribal institutions of higher education to expand enrollment and the number of graduates able to work as nurses or nurse practitioners. The higher education department must obtain certification from each higher education institution that the endowment revenue will supplement and not supplant spending at the institution's nursing program before making an endowment award. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.). |                |        |       | \$10,000.0 |        | \$10,000.0 | \$10,000.0       | \$10,000.0 |  |                  |

| Sec. | Agency                      | Language from LFC Rec                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Executive Rec.        | LFC Rec.              | LFC Over/(Under)               | Difference Notes               |
|------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|--------------------------------|--------------------------------|
| 5    | Higher Education Department | For endowments to support financial aid, including scholarships and paid practicum, for New Mexico residents who are graduates of a New Mexico high school currently enrolled in a masters' level social work program at a state institution of higher education as enumerated in Article 12, Section 11 of the constitution of New Mexico. The higher education department must obtain certification from each higher education institution that the awards from this appropriation will supplement and not supplant spending at the institution's social worker program before making an endowment award. Unexpended balances of the appropriation remaining at the end of fiscal year 2025 shall revert to the general fund. | GF<br>Non-GF<br>Total | GF<br>Non-GF<br>Total | Total<br>GF<br>Non-GF<br>Total | Total<br>GF<br>Non-GF<br>Total |
| 5    | Higher Education Department | For the burrell college of osteopathic medicine for outreach, minority student services, and to assist with enhancing and expanding graduate medical education programs. Funding will be used from fiscal years 2023 through 2026.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | GF<br>Non-GF<br>Total | GF<br>Non-GF<br>Total | Total<br>GF<br>Non-GF<br>Total | Total<br>GF<br>Non-GF<br>Total |
| 5    | Higher Education Department | For the consortium of higher education computing communication services cybersecurity initiative.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | GF<br>Non-GF<br>Total | GF<br>Non-GF<br>Total | Total<br>GF<br>Non-GF<br>Total | Total<br>GF<br>Non-GF<br>Total |
| 5    | Higher Education Department | For the health professional loan repayment fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | GF<br>Non-GF<br>Total | GF<br>Non-GF<br>Total | Total<br>GF<br>Non-GF<br>Total | Total<br>GF<br>Non-GF<br>Total |

Special, Supplemental, Deficiency, and Fund Transfers Recommendations

| Sec. | Agency | Language from LFC Rec        | Executive Rec.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |           |       | LFC Rec.  |            | LFC Over/(Under) |            | Difference Notes |             |             |
|------|--------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------|-----------|------------|------------------|------------|------------------|-------------|-------------|
|      |        | Language from Executive Rec. | GF                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Non-GF    | Total | GF        | Non-GF     | Total            | GF         |                  | Total       |             |
| 267  | 5      | Higher Education Department  | For the opportunity scholarship program for students attending a public post-secondary educational institution or tribal college. The scholarship shall pay tuition and fees for New Mexico residents enrolled at least half-time at a public post-secondary educational institution or tribal college. Scholarships may be awarded in an amount not to exceed one hundred percent of tuition and fees. The higher education department shall not award both opportunity scholarship and lottery scholarship funding for the same student during the same academic year. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.). |           |       |           | \$60,000.0 |                  | \$60,000.0 | \$60,000.0       | \$60,000.0  |             |
| 268  | 5      | Higher Education Department  | For the public service law loan repayment fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |           |       |           | \$1,000.0  |                  | \$1,000.0  | \$1,000.0        | \$1,000.0   |             |
| 269  | 5      | Higher Education Department  | For the teacher preparation affordability fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | \$5,000.0 |       | \$5,000.0 |            |                  |            |                  | (\$5,000.0) | (\$5,000.0) |
| 270  | 5      | Higher Education Department  | To obtain curricular management software to support common course numbering and general education curricula statewide.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$100.0   |       | \$100.0   |            |                  |            |                  | (\$100.0)   | (\$100.0)   |
| 271  | 5      | Higher Education Department  | To provide matching funds to state research universities to support innovative applied research that advances knowledge and creates new products and production processes in the fields of agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, water resources, aerospace, telecommunications, manufacturing science and similar research areas.                                                                                                                                                                                                                                                                                                                                                               |           |       |           | \$40,000.0 |                  | \$40,000.0 | \$40,000.0       | \$40,000.0  |             |

Special, Supplemental, Deficiency, and Fund Transfers Recommendations

| Sec. | Agency                         | Language from LFC Rec<br>Language from Executive Rec.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Executive Rec. |        |           | LFC Rec.  |        |           | LFC Over/Under |             |  | Difference Notes |
|------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------|-----------|-----------|--------|-----------|----------------|-------------|--|------------------|
|      |                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | GF             | Non-GF | Total     | GF        | Non-GF | Total     | GF             | Total       |  |                  |
| 277  | Higher Education<br>Department | To provide scholarships to graduates of New Mexico high schools who are enrolled full-time in a master's degree program at a graduate degree granting state university in New Mexico in a science, technology, engineering, mathematics, or healthcare program provided that no student shall receive an award amount greater than seven thousand two hundred dollars (\$7,200) per academic year. Any unexpended balances remaining at the end of fiscal year 2026 from this appropriation shall revert to the general fund. |                |        |           | \$5,000.0 |        | \$5,000.0 | \$5,000.0      | \$5,000.0   |  |                  |
| 276  | Higher Education<br>Department | To support dual credit at higher education institutions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | \$2,000.0      |        | \$2,000.0 |           |        |           | (\$2,000.0)    | (\$2,000.0) |  |                  |
| 274  | Higher Education<br>Department | To support public health programs at the university of New Mexico and New Mexico state university. The funding shall be distributed to each institution by the higher education department based on proposals submitted by the institutions. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).                                                                                                          |                |        |           | \$5,000.0 |        | \$5,000.0 | \$5,000.0      | \$5,000.0   |  |                  |
| 273  | University of New Mexico       | For programs dedicated to treatment, prevention, training and policy related to substance use and addiction throughout the state of New Mexico at the university of New Mexico.                                                                                                                                                                                                                                                                                                                                               | \$1,000.0      |        | \$1,000.0 |           |        |           | (\$1,000.0)    | (\$1,000.0) |  |                  |
| 272  | University of New Mexico       | For simulation equipment purchases for the university of New Mexico undergraduate nursing education program.                                                                                                                                                                                                                                                                                                                                                                                                                  | \$250.0        |        | \$250.0   |           |        |           | (\$250.0)      | (\$250.0)   |  |                  |
| 271  | University of New Mexico       | For student mental health and wellbeing support services, including providing temporary housing support at the university of New Mexico.                                                                                                                                                                                                                                                                                                                                                                                      | \$1,000.0      |        | \$1,000.0 |           |        |           | (\$1,000.0)    | (\$1,000.0) |  |                  |

**Special, Supplemental, Deficiency, and Fund Transfers Recommendations**

|      |        | Language from LFC Rec        | Executive Rec.                                                                                                                                                                                                                                                                                    |            |         | LFC Rec.   |         | LFC Over/(Under) |              |              | Difference Notes |
|------|--------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------|------------|---------|------------------|--------------|--------------|------------------|
| Sec. | Agency | Language from Executive Rec. | GF                                                                                                                                                                                                                                                                                                | Non-GF     | Total   | GF         | Non-GF  | Total            | GF           | Total        |                  |
| 278  | 5      | University of New Mexico     | For technology upgrades for the university of New Mexico Taos branch for the nursing expansion program.                                                                                                                                                                                           |            | \$350.0 |            |         |                  | (\$350.0)    | (\$350.0)    |                  |
| 279  | 5      | University of New Mexico     | For the perinatal collaborative                                                                                                                                                                                                                                                                   | \$2,000.0  |         | \$2,000.0  |         |                  | (\$2,000.0)  | (\$2,000.0)  |                  |
| 280  | 5      | University of New Mexico     | For the school of public administration at the university of New Mexico                                                                                                                                                                                                                           | \$700.0    |         | \$700.0    |         |                  | (\$700.0)    | (\$700.0)    |                  |
| 281  | 5      | University of New Mexico     | To establish an endowed scholarship fund to support students in the BA/MD program at the university of New Mexico health sciences center.                                                                                                                                                         | \$10,000.0 |         | \$10,000.0 |         |                  | (\$10,000.0) | (\$10,000.0) |                  |
| 282  | 5      | University of New Mexico     | To establish an endowment to supplement, not supplant school of medicine faculty recruitment, development, compensation and retention at the university of New Mexico health sciences center.                                                                                                     | \$25,000.0 |         | \$25,000.0 |         |                  | (\$25,000.0) | (\$25,000.0) |                  |
| 283  | 5      | University of New Mexico     | To plan, design, purchase and equip simulation equipment and upgrades for the nursing program at the university of New Mexico Gallup branch.                                                                                                                                                      | \$300.0    |         | \$300.0    |         |                  | (\$300.0)    | (\$300.0)    |                  |
| 284  | 5      | University of New Mexico     | To plan, design, renovate, construct, purchase, furnish and equip laboratory and research space at the university of New Mexico                                                                                                                                                                   | \$5,000.0  |         | \$5,000.0  |         |                  | (\$5,000.0)  | (\$5,000.0)  |                  |
| 285  | 5      | University of New Mexico     | To plan, design, renovate, construct, purchase, furnish, equip and install facility improvements including freezers, autopsy tables and washers and dryers, and to purchase and equip vehicles for the office of the medical investigator at the university of New Mexico health sciences center. | \$596.9    |         | \$596.9    |         |                  | (\$596.9)    | (\$596.9)    |                  |
| 286  | 5      | University of New Mexico     | To support infrastructure for the statewide human papillomavirus pap registry.                                                                                                                                                                                                                    |            |         |            | \$500.0 | \$500.0          | \$500.0      | \$500.0      |                  |
| 287  | 5      | New Mexico State University  | For a public health faculty/staff endowment at New Mexico state university.                                                                                                                                                                                                                       | \$5,000.0  |         | \$5,000.0  |         |                  | (\$5,000.0)  | (\$5,000.0)  |                  |

Special, Supplemental, Deficiency, and Fund Transfers Recommendations

| Sec. | Agency                      | Language from Executive Rec.                                                                                                                                                                                                                                   | Executive Rec. |        |            | LFC Rec.  |        |           | LFC Over/(Under) |              |  | Difference Notes |
|------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------|------------|-----------|--------|-----------|------------------|--------------|--|------------------|
|      |                             |                                                                                                                                                                                                                                                                | GF             | Non-GF | Total      | GF        | Non-GF | Total     | GF               | Total        |  |                  |
| 284  | New Mexico State University | For endowed faculty positions in educator preparation at the Dona Ana branch community college.                                                                                                                                                                | \$3,000.0      |        | \$3,000.0  | \$1,000.0 |        | \$1,000.0 | (\$2,000.0)      | (\$2,000.0)  |  |                  |
| 285  | New Mexico State University | For software and license purchases for the nursing program                                                                                                                                                                                                     | \$210.0        |        | \$210.0    |           |        |           | (\$210.0)        | (\$210.0)    |  |                  |
| 286  | New Mexico State University | To create an endowment for New Mexico resident graduate assistants.                                                                                                                                                                                            | \$15,000.0     |        | \$15,000.0 |           |        |           | (\$15,000.0)     | (\$15,000.0) |  |                  |
| 287  |                             | To the board of regents at New Mexico state university for a statewide center of excellence in STEM- for teaching and learning. New Mexico state university will lead the center but engage all New Mexico higher education institutions and school districts. | \$500.0        |        | \$500.0    |           |        |           | (\$500.0)        | (\$500.0)    |  |                  |
| 288  |                             | To the board of regents at New Mexico state university for library collections, programs and technology infrastructure at the New Mexico state university library.                                                                                             | \$1,000.0      |        | \$1,000.0  |           |        |           | (\$1,000.0)      | (\$1,000.0)  |  |                  |
| 289  |                             | To the board of regents at New Mexico state university for student services and supports that address students' basic needs.                                                                                                                                   | \$500.0        |        | \$500.0    |           |        |           | (\$500.0)        | (\$500.0)    |  |                  |
| 290  |                             | To the board of regents at New Mexico state university to purchase, equip and install respiratory therapy equipment for Dona Ana community college.                                                                                                            | \$500.0        |        | \$500.0    |           |        |           | (\$500.0)        | (\$500.0)    |  |                  |
| 291  |                             | To the board of regents at New Mexico state university to expand online degrees and programs.                                                                                                                                                                  | \$23,515.8     |        | \$23,515.8 |           |        |           | (\$23,515.8)     | (\$23,515.8) |  |                  |
| 292  |                             | For equipment and furniture purchases in the school of nursing at Western New Mexico university.                                                                                                                                                               | \$292.8        |        | \$292.8    |           |        |           | (\$292.8)        | (\$292.8)    |  |                  |
| 293  |                             | For equipment purchases in kinesiology at Western New Mexico university.                                                                                                                                                                                       | \$175.0        |        | \$175.0    |           |        |           | (\$175.0)        | (\$175.0)    |  |                  |
| 294  |                             | For production and promotion of publications through minibooks press at Western New Mexico university.                                                                                                                                                         | \$50.0         |        | \$50.0     |           |        |           | (\$50.0)         | (\$50.0)     |  |                  |
| 295  |                             | To create a STEM graduate research fellowship endowment.                                                                                                                                                                                                       | \$8,000.0      |        | \$8,000.0  |           |        |           | (\$8,000.0)      | (\$8,000.0)  |  |                  |

**Special, Supplemental, Deficiency, and Fund Transfers Recommendations**

| Sec. | Agency                                        | Language from Executive Rec.                                                                                                                                                                                                                                                                                                                                                            | Executive Rec. |        |            | LFC Rec. |        |       | LFC Over/(Under) |              | Difference Notes |
|------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------|------------|----------|--------|-------|------------------|--------------|------------------|
|      |                                               |                                                                                                                                                                                                                                                                                                                                                                                         | GF             | Non-GF | Total      | GF       | Non-GF | Total | GF               | Total        |                  |
|      |                                               | To drill broken wells in multiple water basins statewide to aquifer characterization to further manage aquifer resources through fiscal year 2025. The appropriation is from the unexpended balance of the transfer of funds received under the federal American Rescue Plan Act made to the appropriation contingency fund pursuant to Section 1 of Chapter 400, Laws 2021 (2nd S.S.). | \$35,000.0     |        | \$35,000.0 |          |        |       | (\$35,000.0)     | (\$35,000.0) |                  |
| 300  | New Mexico Institute of Mining and Technology |                                                                                                                                                                                                                                                                                                                                                                                         |                |        |            |          |        |       |                  |              |                  |
| 301  | New Mexico Institute of Mining and Technology | To provide funding at the New Mexico Institute of Mining and Technology to enhance the ability of its students to succeed through increased engagement and support services.                                                                                                                                                                                                            | \$250.0        |        | \$250.0    |          |        |       | (\$250.0)        | (\$250.0)    |                  |
| 302  | New Mexico Institute of Mining and Technology | To provide funding for the New Mexico Bureau of Geology and Mineral Resources to match the standards expected of modern data management in the Water Data Act statute of 2015.                                                                                                                                                                                                          | \$250.0        |        | \$250.0    |          |        |       | (\$250.0)        | (\$250.0)    |                  |
| 303  | New Mexico Institute of Mining and Technology | To purchase software, hardware, servers and related equipment for the Native American student center.                                                                                                                                                                                                                                                                                   | \$250.0        |        | \$250.0    |          |        |       | (\$250.0)        | (\$250.0)    |                  |
| 304  | Central New Mexico College                    | To provide funding for the development and purchase of new machines for the nursing program.                                                                                                                                                                                                                                                                                            | \$25.0         |        | \$25.0     |          |        |       | (\$25.0)         | (\$25.0)     |                  |
| 305  | Luna Community College                        | To purchase equipment for computer lab.                                                                                                                                                                                                                                                                                                                                                 | \$100.0        |        | \$100.0    |          |        |       | (\$100.0)        | (\$100.0)    |                  |
| 306  | Luna Community College                        | To purchase equipment to expand workforce training opportunities.                                                                                                                                                                                                                                                                                                                       | \$250.0        |        | \$250.0    |          |        |       | (\$250.0)        | (\$250.0)    |                  |
| 307  | Mesa Community College                        | To purchase equipment for the development of a new program.                                                                                                                                                                                                                                                                                                                             | \$483.5        |        | \$483.5    |          |        |       | (\$483.5)        | (\$483.5)    |                  |
| 308  | Mesa Community College                        | To purchase equipment for the development of a new program.                                                                                                                                                                                                                                                                                                                             | \$100.0        |        | \$100.0    |          |        |       | (\$100.0)        | (\$100.0)    |                  |
| 309  | Mesa Community College                        | To purchase equipment for the development of a new program.                                                                                                                                                                                                                                                                                                                             | \$100.0        |        | \$100.0    |          |        |       | (\$100.0)        | (\$100.0)    |                  |
| 310  | Mesa Community College                        | To purchase equipment for the development of a new program.                                                                                                                                                                                                                                                                                                                             | \$40.0         |        | \$40.0     |          |        |       | (\$40.0)         | (\$40.0)     |                  |

Special, Supplemental, Deficiency, and Fund Transfers Recommendations

| Sec. | Agency                      | Language from LFC Rec<br>Language from Executive Rec                                                                                                  | Executive Rec. |        |            | LFC Rec. |        |       | LFC Over/(Under) |              | Difference Notes |
|------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------|------------|----------|--------|-------|------------------|--------------|------------------|
|      |                             |                                                                                                                                                       | GF             | Non-GF | Total      | GF       | Non-GF | Total | GF               | Total        |                  |
| 311  | MesaLands Community College | To develop internship and promote research in the paleontology program in rural communities at mesaLands community college                            | \$25.0         |        | \$25.0     |          |        |       | (\$25.0)         | (\$25.0)     |                  |
| 312  | MesaLands Community College | To purchase supplies and equipment for the athletics program                                                                                          | \$250.0        |        | \$250.0    |          |        |       | (\$250.0)        | (\$250.0)    |                  |
| 313  | San Juan College            | For electric vehicle training equipment for San Juan College                                                                                          | \$25.1         |        | \$25.1     |          |        |       | (\$25.1)         | (\$25.1)     |                  |
| 314  | San Juan College            | For electric vehicle training equipment                                                                                                               | \$200.0        |        | \$200.0    |          |        |       | (\$200.0)        | (\$200.0)    |                  |
| 315  | San Juan College            | For equipment to enable San Juan College to offer training to develop water conservation professionals                                                | \$87.0         |        | \$87.0     |          |        |       | (\$87.0)         | (\$87.0)     |                  |
| 316  | San Juan College            | For purchase equipment for a water conservation training program                                                                                      | \$212.5        |        | \$212.5    |          |        |       | (\$212.5)        | (\$212.5)    |                  |
| 317  | San Juan College            | To purchase equipment for San Juan college school of energy training programs for drilling well control, carbon sequestration wells and helium wells. | \$587.1        |        | \$587.1    |          |        |       | (\$587.1)        | (\$587.1)    |                  |
| 318  | Public School Support       | For an educator evaluation system.                                                                                                                    | \$1,500.0      |        | \$1,500.0  |          |        |       | (\$1,500.0)      | (\$1,500.0)  |                  |
| 319  | Public School Support       | For behavioral health supports                                                                                                                        | \$6,517.3      |        | \$6,517.3  |          |        |       | (\$6,517.3)      | (\$6,517.3)  |                  |
| 320  | Public School Support       | For career/technical education and innovation zone initiatives                                                                                        | \$15,000.0     |        | \$15,000.0 |          |        |       | (\$15,000.0)     | (\$15,000.0) |                  |
| 321  | Public School Support       | For community school and family engagement initiatives                                                                                                | \$11,500.0     |        | \$11,500.0 |          |        |       | (\$11,500.0)     | (\$11,500.0) |                  |
| 322  | Public School Support       | For educator professional development and support to improve the performance of special education students in general education settings.             | \$2,000.0      |        | \$2,000.0  |          |        |       | (\$2,000.0)      | (\$2,000.0)  |                  |
| 323  | Public School Support       | For educator recruitment through the educator fellows program                                                                                         | \$16,850.0     |        | \$16,850.0 |          |        |       | (\$16,850.0)     | (\$16,850.0) |                  |
| 324  | Public School Support       | For elective extended learning opportunities for students with individualized education plans and for other special education initiatives             | \$33,065.0     |        | \$33,065.0 |          |        |       | (\$33,065.0)     | (\$33,065.0) |                  |
| 325  | Public School Support       | For elective extended learning opportunities                                                                                                          | \$50,000.0     |        | \$50,000.0 |          |        |       | (\$50,000.0)     | (\$50,000.0) |                  |
| 326  | Public School Support       | For feminine hygiene products                                                                                                                         | \$3,000.0      |        | \$3,000.0  |          |        |       | (\$3,000.0)      | (\$3,000.0)  |                  |
| 327  | Public School Support       | For intensive tutoring services                                                                                                                       | \$10,000.0     |        | \$10,000.0 |          |        |       | (\$10,000.0)     | (\$10,000.0) |                  |
| 328  | Public School Support       | For principal/residency programs                                                                                                                      | \$2,000.0      |        | \$2,000.0  |          |        |       | (\$2,000.0)      | (\$2,000.0)  |                  |

**Special, Supplemental, Deficiency, and Fund Transfers Recommendations**

| Sec. | Agency                | Language from LFC Rec                                                                                                                                                                                                                      | Executive Rec. |        |             | LFC Rec.  |        |       | LFC Over/(Under) |               | Difference Notes |
|------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------|-------------|-----------|--------|-------|------------------|---------------|------------------|
|      |                       |                                                                                                                                                                                                                                            | GF             | Non-GF | Total       | GF        | Non-GF | Total | GF               | Total         |                  |
| 228  | Public School Support | For software to submit, review and monitor educational and strategic plans.<br>For targeted interventions to improve academic and behavioral outcomes of at-risk students.<br>Funding will be distributed through the Family Income Index. | \$250.0        |        | \$250.0     |           |        |       | (\$250.0)        | (\$250.0)     |                  |
| 229  | Public School Support | For targeted interventions to improve the graduation rate of students with disabilities that are at high risk of dropping out.                                                                                                             |                |        |             | \$4,000.0 |        |       |                  |               |                  |
| 230  | Public School Support | For the learning management system platform that delivers learning resources to students, educators and administrators outside of the classroom setting.                                                                                   |                |        |             |           |        |       | (\$4,000.0)      | (\$4,000.0)   |                  |
| 231  | Public School Support | For the micro-credential system for professional development and educator advancement.                                                                                                                                                     | \$3,000.0      |        | \$3,000.0   |           |        |       | (\$3,000.0)      | (\$3,000.0)   |                  |
| 232  | Public School Support | For work-based learning opportunities for high school students.                                                                                                                                                                            | \$5,100.0      |        | \$5,100.0   |           |        |       | (\$5,100.0)      | (\$5,100.0)   |                  |
| 233  | Public School Support | For work-based learning opportunities for high school students.                                                                                                                                                                            | \$1,500.0      |        | \$1,500.0   |           |        |       | (\$1,500.0)      | (\$1,500.0)   |                  |
| 234  | Public School Support | For work-based learning opportunities for high school students.                                                                                                                                                                            | \$1,118.0      |        | \$1,118.0   |           |        |       | (\$1,118.0)      | (\$1,118.0)   |                  |
| 235  | Public School Support | For work-based learning opportunities for high school students.                                                                                                                                                                            | \$103,990.8    |        | \$103,990.8 |           |        |       | (\$103,990.8)    | (\$103,990.8) |                  |
| 236  | Public School Support | For work-based learning opportunities for high school students.                                                                                                                                                                            | \$107.1        |        | \$107.1     |           |        |       | (\$107.1)        | (\$107.1)     |                  |
| 237  | Public School Support | For work-based learning opportunities for high school students.                                                                                                                                                                            | \$331.3        |        | \$331.3     |           |        |       | (\$331.3)        | (\$331.3)     |                  |
| 238  | Public School Support | For work-based learning opportunities for high school students.                                                                                                                                                                            | \$92.2         |        | \$92.2      |           |        |       | (\$92.2)         | (\$92.2)      |                  |
| 239  | Public School Support | For work-based learning opportunities for high school students.                                                                                                                                                                            | \$63.4         |        | \$63.4      |           |        |       | (\$63.4)         | (\$63.4)      |                  |
| 240  | Public School Support | For work-based learning opportunities for high school students.                                                                                                                                                                            |                |        |             |           |        |       |                  |               |                  |
| 241  | Public School Support | For work-based learning opportunities for high school students.                                                                                                                                                                            |                |        |             |           |        |       |                  |               |                  |

Special, Supplemental, Deficiency, and Fund Transfers Recommendations

| Sec. | Agency                                                | Language from LFC Rec<br>Language from Executive Rec.                                                                                                                                                        | Executive Rec. |           |            | LFC Rec.  |           |           | LFC Over/(Under) |              |                                                    | Difference Notes |
|------|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------|------------|-----------|-----------|-----------|------------------|--------------|----------------------------------------------------|------------------|
|      |                                                       |                                                                                                                                                                                                              | GF             | Non-GF    | Total      | GF        | Non-GF    | Total     | GF               | Total        |                                                    |                  |
| 364  | 6<br>Regulation and Licensing<br>Department           | To fund the substitute care advisory council.<br>For the small business health insurance<br>premium relief initiative. The other state funds<br>appropriation is from the health care<br>affordability fund. | \$400.0        |           | \$400.0    |           |           |           | (\$400.0)        | (\$400.0)    | The LFC has included funding to AOC<br>on line 12. |                  |
| 365  | 6<br>Office of the Superintendent<br>of Insurance     | For a projected shortfall due to the coronavirus<br>disease 2019.                                                                                                                                            |                | \$2,300.0 | \$2,300.0  |           | \$2,300.0 | \$2,300.0 |                  |              |                                                    |                  |
| 366  | 6<br>New Mexico State Fair                            | For litigation expenses.                                                                                                                                                                                     | \$3,000.0      |           | \$3,000.0  |           |           |           | (\$3,000.0)      | (\$3,000.0)  |                                                    |                  |
| 367  | 6<br>State Racing Commission                          | To reduce the wait list in the office of<br>guardianship.                                                                                                                                                    | \$250.0        |           | \$250.0    | \$250.0   |           | \$250.0   |                  |              |                                                    |                  |
| 368  | 6<br>Developmental Disabilities<br>Council            | For a projected shortfall in personal services<br>and employee benefits in the scientific<br>laboratory division.                                                                                            | \$332.0        |           | \$332.0    |           |           |           | (\$332.0)        | (\$332.0)    |                                                    |                  |
| 369  | 6<br>Department of Health                             | For a projected shortfall in the administrative<br>services division.                                                                                                                                        | \$175.4        |           | \$175.4    |           |           |           | (\$175.4)        | (\$175.4)    |                                                    |                  |
| 370  | 6<br>Department of Health                             | For shortfalls in personal services and for<br>unanticipated rent expense in the division of<br>health improvement.                                                                                          | \$1,082.6      |           | \$1,082.6  |           |           |           | (\$1,082.6)      | (\$1,082.6)  |                                                    |                  |
| 371  | 6<br>Department of Health                             | For shortfalls in the personal services and<br>employee benefits category in the victim<br>compensation program.                                                                                             | \$571.8        |           | \$571.8    |           |           |           | (\$571.8)        | (\$571.8)    |                                                    |                  |
| 372  | 6<br>Crime Victims Reparation<br>Commission           |                                                                                                                                                                                                              | \$98.0         |           | \$98.0     |           |           |           | (\$98.0)         | (\$98.0)     |                                                    |                  |
| 373  | 6<br>Higher Education<br>Department                   | For the opportunity scholarship program.                                                                                                                                                                     | \$53,800.0     |           | \$53,800.0 |           |           |           | (\$53,800.0)     | (\$53,800.0) |                                                    |                  |
| 374  | 6<br>New Mexico State<br>University                   | To the board of regents at New Mexico state<br>university to address unexpected utility cost<br>increases for fiscal year 2023.                                                                              | \$2,000.0      |           | \$2,000.0  |           |           |           | (\$2,000.0)      | (\$2,000.0)  |                                                    |                  |
| 375  | 6<br>New Mexico Institute of<br>Mining and Technology | To fund cost increases in natural gas utility<br>expenses at the New Mexico institute of mining<br>and technology.                                                                                           | \$811.8        |           | \$811.8    |           |           |           | (\$811.8)        | (\$811.8)    |                                                    |                  |
| 376  | 6<br>Luna Community College                           | To implement workday through the<br>collaborative for higher education shared<br>services.                                                                                                                   | \$500.0        |           | \$500.0    |           |           |           | (\$500.0)        | (\$500.0)    |                                                    |                  |
| 377  | 6<br>Department of<br>Transportation                  | For design and construction of wildlife corridors<br>to mitigate wildlife-vehicle collisions on state-<br>managed roads.                                                                                     |                |           |            | \$5,000.0 |           | \$5,000.0 |                  |              |                                                    |                  |
| 378  | 6<br>Department of<br>Transportation                  | For essential air service for expenditures in<br>fiscal years 2024 through 2025.                                                                                                                             |                |           |            | \$5,000.0 |           | \$5,000.0 |                  |              |                                                    |                  |

# Exhibit 5

| SENATE FINANCE COMMITTEE LANGUAGE AND FUNDING CHANGE REQUESTS |             |             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |           |            |                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------|-------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bill/Unit                                                     | Agency      | HB2 Section | Context/Initiative                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | R         | NR         | Requested Language Change                                                                                                                                                                                                                                                                                                                                               |
| 1<br>630                                                      | HSD         | 4           | HSD suggests the addition of language in HB2 related to medical provider rate increases.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |           |            | Indicates that implementation of directed payments is subject to board approval (p. 88 lines 1-14).                                                                                                                                                                                                                                                                     |
| 2<br>882                                                      | UNM         | 4           | p. 128 line 14 UNM language change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |           |            | "\$3,000,000 for student mental health and well-being support services, including providing emergency housing support, at the University of New Mexico."                                                                                                                                                                                                                |
| 3<br>630                                                      | HSD         | 4           | State contingency on page 88 line 14-15                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |           |            | "contingent on meeting quality of care performance measures in the value-based purchasing program"                                                                                                                                                                                                                                                                      |
| 4<br>218                                                      | AOC         | 8           | Judicial Compensation. Language is needed somewhere to eliminate the increase for magistrate judges in Section 8A(2) § 882 is enacted. I do not know if you prefer to put that language at the end of Section 8A(2) or add a paragraph at the end of the bill, with language something like,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |           |            | "The increase for magistrate judges in Section 8A(2) of this act to provide magistrate court judges with a salary increase of the percent is removed upon the enactment of Senate Bill 2 or similar legislation of the first session of the fifty-sixth legislature involving salary formulas that the magistrate judge salaries to metropolitan court judge salaries." |
| 5<br>630                                                      | HSD         | 4           | Neonatal Medicaid Codes, page 84, line 3; page 88, line 4 & 5; page 89, line 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |           |            | "with 1.2 million to increase rates for neonatal and newborn services."                                                                                                                                                                                                                                                                                                 |
| 6<br>630                                                      | HSD         | 4           | Stipend language, page 88, lines 14-15 (deleted).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |           |            | "contingent on meeting quality of care performance measures in the value-based purchasing program."                                                                                                                                                                                                                                                                     |
| 7<br>650                                                      | OSE         | 5           | APPA funding. My agency received during the 2022 session for \$33M had a specified purpose identified for farm housing within the Middle Rio Grande Conservancy District in the amount of \$15M that would need to be expended by Dec 31, 2026. The stated purpose for this appropriation is the reduction of the Rio Grande Compact debt that, if not corrected, will result in a formal violation of the delivery requirements under the Compact. potentially fueling additional litigation with Texas.                                                                                                                                                                                                                                                                                                                                                           |           |            | Amend the language to state "dynamic bidding and improvements to the low flow conveyance channel"                                                                                                                                                                                                                                                                       |
| 8<br>958                                                      | WNMU        | 5           | For Also...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |           | \$1,000.0  | For experiential learning supports.                                                                                                                                                                                                                                                                                                                                     |
| 9<br>630                                                      | HSD         |             | HAC recommends funding HSD through trust funds and TANF block grant funds that are already being used to finance other critical programs and services for New Mexicans. Diverting these funds to HSD means that these critical programs may be cut or reduced. If these appropriations are vetoed in HB2, then HSD's budget for FY24 will be underfunded by \$32,200.0.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |           |            | fund swap                                                                                                                                                                                                                                                                                                                                                               |
| 10<br>630                                                     | HSD         | 4           | Increases from 1.5m to 2m for medical increase for FOHC and rural clinic, p.88 line 23                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | \$500.0   |            | increase language from "three" to "six" percent.                                                                                                                                                                                                                                                                                                                        |
| 11<br>218                                                     | AOC         | 8           | We did not discuss this but I noticed that the appropriation for the 5th increase in Section 8A(2) states it is for judicial permanent employees of the New Mexico supreme court, New Mexico court of appeals, district courts and the metropolitan court, and then adds all the judges of all the courts. The usual language is "for judicial permanent employees" and then a listing including all the judges of the courts. I am sure the appropriation is sufficient to include all judicial employees in the judicial branch and specifically the 170 that are employed by AOC but the language might be read to only cover all the non-AOC employees in the courts. That possible problem would be resolved if you could substitute "for judicial permanent employees" for the current language that covers judicial employees in the courts but not the AOC. |           |            | Language change.                                                                                                                                                                                                                                                                                                                                                        |
| 12<br>550                                                     | OSE         | 5           | Another amendment needed to 2022 is in the \$10M appropriation for dam rehabilitation that specifically included Garther Dam in Dona Ana County for \$3.4M. Due to delays in the ability to allocate APPA dollars for this project, we were able to utilize state-wide dam safety funding to allocate to Dona Ana County.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |            | Please strike the reference to Garther Dam having the full \$10M available for other projects.                                                                                                                                                                                                                                                                          |
| 13<br>361                                                     | DOIT - OBAE | 5           | Section 6, Page 165, item 60 lines 11 through 17. Shift the 60m from Connect NM Fund to GF for a total of 75m from GF. (They want 146.1m total). Also expand the 2.5m to 3.75m for 777. See 2/22 email from Cecilia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           | \$75,000.0 | Strike: "The other state funds appropriation is from the annual state fund, appropriated to the state, remaining at the end of fiscal year 2024 shall not be used and any be expended in fiscal year 2025."                                                                                                                                                             |
| 14<br>611                                                     | ECECD       | 4           | Add language to p.80 line 12 to designate first borne                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |            | The general fund appropriations to the support and intervention program of the early childhood education and care department include one million dollars (\$1,000,000) to expand a universal access home visiting program developed in New Mexico focused on promotion and prevention.                                                                                  |
| 15<br>418                                                     | EDO         | 5           | p. 187 line 18. Move money to DFA for San Juan County to use in for energy transition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           | \$6,000.0  | To the economic development department from the energy transition economic development assistance fund to assist in identifying and providing the economy of communities affected by the closure of fossil fuel plants by ensuring economic development opportunities are available to total fuel development or use in San Juan.                                       |
| 16<br>341                                                     | DFA         | 4           | increase capacity. World Class establishment. Increase total funding by at least 40%, preferably 1 to 2 million.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$400.0   |            |                                                                                                                                                                                                                                                                                                                                                                         |
| 17<br>682                                                     | NAHMT       | 4           | increase the base for NM Troop to address the funding gap. See Ted's presentation. Increase base by 7 million (682)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | \$7,000.0 |            |                                                                                                                                                                                                                                                                                                                                                                         |
| 18<br>420                                                     | RJD         | 4           | increase base beyond current rate on LFC inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$500.0   |            |                                                                                                                                                                                                                                                                                                                                                                         |

# Exhibit 6

| Item                                                                                                                | General Fund        | Other State Funds | Intrnl Svc Funds/Inter-Agency Transf | Federal Funds | Total/Target        |
|---------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|--------------------------------------|---------------|---------------------|
| 1 <del>(225) UNIVERSITY OF NEW MEXICO</del>                                                                         | <del>25,000.0</del> |                   |                                      |               | <del>25,000.0</del> |
| 2 <del>For the bioscience authority, contingent on enactment of Senate Bill 382 or similar legislation of the</del> |                     |                   |                                      |               |                     |
| 3 <del>first session of the fifty-sixth legislature.</del>                                                          |                     |                   |                                      |               |                     |
| 4 (226) UNIVERSITY OF NEW MEXICO                                                                                    | 500.0               |                   |                                      |               | 500.0               |
| 5 To support infrastructure for the statewide human papillomavirus pap registry.                                    |                     |                   |                                      |               |                     |
| 6 (227) UNIVERSITY OF NEW MEXICO                                                                                    | 2,500.0             |                   |                                      |               | 2,500.0             |
| 7 For endowments for Native American studies.                                                                       |                     |                   |                                      |               |                     |
| 8 (228) UNIVERSITY OF NEW MEXICO                                                                                    | 1,000.0             |                   |                                      |               | 1,000.0             |
| 9 For a telescope at the Taos branch campus.                                                                        |                     |                   |                                      |               |                     |
| 10 (229) NEW MEXICO STATE UNIVERSITY                                                                                | 1,500.0             |                   |                                      |               | 1,500.0             |
| 11 To furnish and equip the agricultural modernization facility in Las Cruces.                                      |                     |                   |                                      |               |                     |
| 12 (230) NEW MEXICO STATE UNIVERSITY                                                                                | 1,000.0             |                   |                                      |               | 1,000.0             |
| 13 For endowed faculty positions in educator preparation at the Dona Ana branch community college.                  |                     |                   |                                      |               |                     |
| 14 (231) NEW MEXICO STATE UNIVERSITY                                                                                | 10,500.0            |                   |                                      |               | 10,500.0            |
| 15 To the board of regents at New Mexico state university to expand online degrees and programs.                    |                     |                   |                                      |               |                     |
| 16 (232) NEW MEXICO STATE UNIVERSITY                                                                                | 10,000.0            |                   |                                      |               | 10,000.0            |
| 17 For land acquisition, planning, design and construction of the New Mexico reforestation center.                  |                     |                   |                                      |               |                     |
| 18 (233) WESTERN NEW MEXICO UNIVERSITY                                                                              | 1,000.0             |                   |                                      |               | 1,000.0             |
| 19 For experiential learning supports. <del>Any unexpended balances remaining at the end of fiscal year 2024</del>  |                     |                   |                                      |               |                     |
| 20 <del>shall not revert and may be expended through fiscal year 2025.</del>                                        |                     |                   |                                      |               |                     |
| 21 (234) NEW MEXICO INSTITUTE OF                                                                                    |                     |                   |                                      |               |                     |
| 22 MINING AND TECHNOLOGY                                                                                            | 400.0               |                   |                                      |               | 400.0               |
| 23 For innovation and expansion of geothermal energy.                                                               |                     |                   |                                      |               |                     |
| 24 (235) NEW MEXICO INSTITUTE OF                                                                                    |                     |                   |                                      |               |                     |
| 25 MINING AND TECHNOLOGY                                                                                            | 250.0               |                   |                                      |               | 250.0               |



New Mexico State Senate  
State Capitol  
Santa Fe

**SENATOR GEORGE K. MUÑOZ**

D-Cibola, McKinley & San Juan-4

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June 2, 2023

President Joe Shepard  
Western New Mexico University  
P.O. Box 680  
Silver City, NM 88062

CC: New Mexico Higher Education Department

Dear President Shepard:

During the 2023 Legislative Session, the Senate Finance Committee adopted various amendments to the General Appropriations Act of 2023 (i.e. House Bill 2). Among them was a special appropriation for one million dollars (\$1,000,000) to Western New Mexico University for experiential learning supports (Laws 2023, ch. 210, §5). This appropriation was in Section 5, the Special Appropriations portion of House Bill 2, item 233, page 227. Originally, the appropriation was meant to be utilized over the course of two years; however, due to the Governor's line item veto the one million dollar (\$1,000,000) appropriation is now required to be expended during fiscal year 2024.

The legislature's intent for this appropriation was, and continues to be, to fund the terms expressed within the signed Memorandum of Understanding (MOU) between Western New Mexico University and Aldo Leopold Charter School whose mission is focused on providing students with experiential learning opportunities. The MOU was executed on January 25, 2023 and signed by yourself and the Aldo Leopold Interim Director Dr. Anthony L. Smith. The Senate Finance Committee only added the specified amendment to House Bill 2 after receiving a signed copy of the MOU. I would like to remind you of the reason that MOU was entered into in the first place: to address the substantial funding shortfall faced by Aldo Leopold due to changes in the public education funding formula that would adversely affect Aldo. Please do everything in your power to ensure the stated appropriation is utilized as the Legislature intended.

Lastly, please note that we look forward to addressing the Instruction and General (I&G) funding concerns that you and others have raised to us once the Higher Education Department concludes its sustainability study of higher education funding.

Respectfully,

Senator George K. Muñoz, Chair

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CHAIR:

- Finance

MEMBER:

- Committees' Committee

INTERIM COMMITTEES:

CHAIR:

- Legislative Finance Committee

MEMBER:

- Legislative Council
- Public School Capital Outlay Oversight Task Force
- Revenue Stabilization & Tax Policy Committee
- Transportation Infrastructure Revenue Subcommittee

**Exhibit 7**



McGinn  
Montoya  
Love &  
Curry

PARTNERS

Randi McGinn  
Elicia Montoya  
Kathy Love  
Katie Curry  
Michael E. Sievers

ASSOCIATES

Mish Miera-Rosete  
Christopher T. Papaleo  
Cameron B. Bell

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FAX: 505.242.8227

July 24, 2023

**Via email ([moralesj@wnmu.edu](mailto:moralesj@wnmu.edu))**

Records Custodian  
Office of the President  
Attn: Julia Morales  
P. O. Box 680  
Silver City, NM 88062

Re: IPRA Request

To whomever it may concern:

Pursuant to the Inspection of Public Records Act, NMSA 1978, §§ 14-2-1 *et seq.*, please produce copies of any and all documents concerning transactions made or recorded, or both, by or on behalf of the President of WNMU or his agents from the period of July 5, 2011 to the present, including:

- A complete copy of the General Ledger;
- Complete transaction records from all expense accounts used by or within the Office of the President;
- Complete transaction history of the Activities and Promotions Fund of the Office of the President;
- Complete transaction history of the President's Discretionary Fund under the WNMU Foundation;
- Credit Card statements for all credit cards used in the Office of the President for all billing periods;
- Invoices from any travel agency, booking site, or other service for all travel booked through and/or for individuals in the Office of the President;
- All journal entries which may relate to purchases of travel, entertainment, flowers, and meals for and/or by individuals in the Office of the President;
- If bookkeeping software is used, a copy of the Transaction List by Customer;
- The names of all recipients of WNMU full ride scholarships from the Class of 2012 through the Class of 2028; and
- All documents regarding the selection process for recipients of WNMU full ride scholarships;

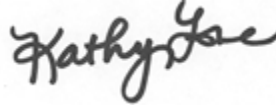
In making this request, I am seeking all pertinent documents, regardless of physical form or characteristics, that are used, created, received, maintained or held by your agency, regardless of whether such records "are required by law to be created or maintained." NMSA 1978, § 14-2-6 (1993).

**Exhibit 8**

In the event that this request is not made to the custodian having possession of or responsibility for the public records requested herein, I ask that you promptly forward the request to the custodian of the requested public records, if known, and notify the requester. NMSA 1978, § 14-2-8 (1993).

I look forward to receiving your response no later than 15 days from receipt of this request, pursuant to NMSA 1978, § 14-2-8(D) (2009). Please do not hesitate to contact me with any questions or comments. I would be happy to provide whatever assistance we can in fulfilling this request. If it is possible to provide these documents in electronic format, please do so. Thank you very much for your prompt attention to this matter.

Best regards,

A handwritten signature in black ink, appearing to read "Kathy Love", with a stylized flourish at the end.

Kathy Love,



Former Western New Mexico University President Joseph Shepard. Courtesy of Western New Mexico University.

## **‘The finer things in life’: A small state university is spending tens of thousands on international travel and high-end furniture**

Western New Mexico University President Joseph Shepard says the expenses are all necessary, even if he hasn’t done the math to back it up.

### **EXHIBIT 9**

by **Joshua Bowling**  
December 6, 2023



 More

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Administrators at Western New Mexico University, a small institution of some 3,500 students in Silver City, routinely spend tens of thousands of dollars on international trips and exorbitantly priced furniture from a retailer whose pieces can be found in the real estate pages of the [New York Times](#) and the pavilions of Walt Disney World.

A Searchlight New Mexico review of the university’s financial records shows that since 2018, WNMU President Joseph Shepard has made lengthy trips to Zambia, Spain and Greece in the name of courting international students and, by extension, their out-of-state tuition dollars. On several such trips, which cost nearly \$100,000 in the last five years, Shepard has been accompanied by other university executives, as well as members of the WNMU Board of Regents and his wife, former CIA operations officer-turned-author and Congressional candidate Valerie Plame. All have traveled on the university’s dime.



Shepard’s wife, former CIA operations officer and Congressional candidate Valerie Plame. Courtesy of

Valerie Plame’s website.

Close to home, Shepard has spent at least \$27,740 of university money at Seret and Sons, a Santa Fe treasure trove known for hand-carved doors, Indian dhurrie rugs and antique Tibetan chests, to furnish his on-campus house. It was a necessary expense, he told Searchlight, so that he could effectively entertain potential donors at his home.

“You’re entertaining a class of people who are accustomed to, shall I say, the finer things in life,” Shepard said in a phone interview. Having more affordable furniture wouldn’t work, he explained. “Let’s say we would have gone out and bought IKEA furniture. First of all, we’ll be replacing that every year.”

Despite the steep price tags on travel, lodging and furnishing for these officials, the university has never once conducted a cost-benefit analysis to review such spending, Shepard conceded. And for all the tens of thousands of dollars spent on recruiting international students, just 64 of the university’s current 3,500 students have come from other countries, Shepard said, accounting for less than 2 percent of the total student body. In fact, more than one-third of those international students come from Mexico.

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When asked about the expenses, Shepard told Searchlight to think of them as investments. The overseas trips factor into a “long game” to boost the school’s international population. As for the furniture, he said, it plays a critical unspoken role when he hosts fundraising events.

“The president’s house has to look presidential,” he said. “People expect it.”

**‘Playtime for adults’**

But to two former university leaders, the perceived level of opulence does not square with the area’s blue-collar history and current economic reality: Nearly 30 percent of the town lives beneath the poverty line, according to the U.S. Census Bureau. For the school’s former financial aid director, the issue was grounds to resign.

“As a director of financial aid who can go to jail for the shit the school is doing...this is not worth the risk to me,” said Cheryl Hain, who resigned in 2019. “Our taxpayers are funding playtime for adults.”

In addition to senior officials spending university money on international travel, the financial records show several reservations at high-end hotels in the United States. There are routine stays at La Fonda on the Plaza in Santa Fe during legislative sessions, a \$12,000 expenditure to lease a 5,400-square-foot home in Santa Fe for

two months, and a one-night stay at a Scottsdale, Arizona, resort accompanied by a \$119 breakfast that totaled more than \$1,000.

The university, founded in 1893, is nestled between the Gila National Forest and a number of historic mines where Spanish, Mexican and American workers for more than a century extracted silver, copper and turquoise. The university's self-proclaimed mission is to represent "every segment of southwest New Mexico's diverse population" as a "[Hispanic-Serving Institution](#)."

Shepard took over as president in 2011 after working for more than 15 years at Florida Gulf Coast University in a number of roles, including chief financial officer, chief business officer and student affairs officer. He has an undergraduate degree from Northern Arizona University, a master's degree from the University of North Texas and a Ph.D. from Florida International University. Shepard grew up in Buckeye, Arizona, a once-sleepy farm town on the outskirts of Phoenix that has for years made headlines for its newfound status as the fastest-growing city in the nation.

As president of WNMU, Shepard steers a nearly \$75 million budget and collects a \$365,000 salary — an increase of some \$87,000 since 2020. He has prioritized, he said, increasing WNMU's international relationships. In particular, he touts his administration's success with Mexico, but admits that other ventures have been "a bust."

"Has it been successful? We've got some good students out of it," he said, demurring when asked if his international travel strategy is worth the cost. "What's the equivalent revenue from those students versus the amount of money expended? It's a long game. It's a long-term proposition. If we continue to get students over the next 10 years, it would be nice if it pays for itself. It probably already has."

Beyond dollars and cents, there are benefits to the overseas trips that one "can't calculate," he continued. "A kid comes from Zambia, ends up here, forms friendships. A kid from Silver City would never even understand where Zambia was located. Your university becomes more globally accessible, your kid who grew up in Silver City all their life realizes the world's a lot bigger."

Shepard's lifestyle far outpaces those kids from Silver City. For instance, one shopping spree — the nearly \$28,000 outing at Seret and Sons — is more than what many Silver City residents earn in an entire year.

Silver City's median income for individuals is about \$21,000, according to U.S. Census data. The amount spent on furniture was also more than two years' worth of in-state undergraduate [tuition](#) at WNMU.

Recently, Shepard said, he hosted a dinner party of about 30 people, including a handful of potential donors. By the end of the night, he said guests had pledged to donate a quarter of a million dollars.

"I can't tangibly say that having the couch from Seret caused this donor to ultimately generate \$250,000 for us," Shepard said. "But I can say that the president's house is of that entertainment value. That \$250,000 then goes to the students, who are now educated and hopefully break out of a \$21,000 median income home."

Many of those students, however, will not earn a degree. The university has a 31 percent graduation rate, according to the [National Center for Education Statistics](#), placing it behind Eastern New Mexico University, New Mexico State University and the University of New Mexico.

Valerie Plame, Shepard’s wife — who bears the title of “First Lady” of WNMU — also has profited handsomely. She has an expense account and regularly files for reimbursements, according to financial records, including a \$4,073 purchase in 2022 from Woodland Direct (a fireplace company); a \$1,488.27 charge for an “oriental sofa” on Etsy; and a smattering of Amazon charges.

## A history of financial accusations

Shepard’s spending and homemaking have been litigated before. In 2018, the university’s former vice president of business affairs, Brenda Findley, filed a lawsuit against the WNMU Board of Regents, alleging “improprieties with regard to the expenditure of public funds by Dr. Shepard.”

According to the lawsuit, Shepard instructed Findley to increase the salary of an employee who had been living rent-free in a bungalow near his house. He also ordered the university’s janitors to clean his house, run his errands, cook his meals and do his laundry, she claimed.

The whistleblower suit settled this summer with a more than \$160,000 payout to Findley.

That same month, decrying record levels of inflation and state-mandated employee raises, WNMU raised tuition by 3 percent. Shepard led the push for the increase, telling the University Board of Regents, “I cannot in good conscience allow the university to find itself in a position where it loses the ability to provide the world-class education and resources needed to ensure the success of our students because of funding shortfalls.”

The tuition hike underscored critics’ concerns that the high standard of living is coming at the expense of local low-income students. Between the travel and the furniture, they see plenty of fat to cut in the budget.

“Western is a potentially great school,” said Hain, the former director of financial aid. “But they are ignoring their local students...they were spending incredible amounts of money all over the country and all over other places to try to attract other students. If you’re treating your students right, if you’re providing a good service, you don’t have to do that. They come.”

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**Joshua Bowling**  
Joshua@searchlightnm.org

Joshua Bowling, Searchlight's criminal justice reporter, spent nearly six years covering local government, the environment and other issues at the Arizona Republic. His accountability reporting exposed unsustainable growth, water scarcity, costly forest management and injustice in a historically Black community that was overrun by industrialization. Raised in the Southwest, he graduated from Arizona State University's Walter Cronkite School of Journalism and Mass Communication.

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Pingback:

**Prime regents at Western New Mexico College depart amid state scrutiny | TriCurioso**

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**Der goldene Fallschirm des U-Präsidenten von Western New Mexico verärgert die Gesetzgeber - Option Österreich**

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**Western New Mexico U president's severance irks lawmakers - headlinematrix.info**

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**A destituição do presidente da Western New Mexico U irrita legisladores - soquestaodeopiniao**

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**4 von 5 U-Regenten aus West-New Mexico treten aufgrund von Kontroversen zurück - Option Österreich**

Pingback:

**Western New Mexico U regents resign amid controversy - Associatted Press**

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**Western New Mexico U regents resign amid controversy - Coon Rapids Gazette**

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**Western New Mexico U regents resign amid controversy - headlinematrix.info**

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**Regentes do oeste do Novo México U renunciam em meio a polêmica - soquestaodeopiniao**

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**Western New Mexico U regents resign amid controversy**

Pingback:

**Western New Mexico U regents resign amid controversy - newsbreak.sbs**

Pingback:

**Western New Mexico U regents resign amid controversy - Faberk**

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Pingback:

[Attorney general announces university accountability legislation – New Mexico News Port](#)

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[In the U.S., writs of mandamus can be filed in federal or state courts, depending on the issue. - Writ of Mandamus Lawyer in New York, New Jersey, Connecticut & Washington D.C.](#)

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## State of New Mexico Office of the State Auditor

December 7, 2023

Western New Mexico University  
1000 W College Avenue  
PO Box 680  
Silver City, NM 88062-0680

**Sent via Electronic Mail Only:**

Kelley Riddle, Vice President of Business Affairs  
Western New Mexico University  
Email: kelley.riddle@wnmu.edu

Julia Morales, Vice President of  
Compliance and Communications  
Western New Mexico University  
Email: Julie.Morales@wnmu.edu

***RE: Request for information and documentation (SID 2024-12-04-128)***

Dear Vice President Riddle and Vice President Morales,

The Office of the State Auditor ("OSA") is conducting an examination regarding concerns alleging potentially improper procurement and travel expenditures by Western New Mexico University ("University"). It has been reported that the University may have violated state procurement law and travel regulations by improperly procuring high end furniture for the University President's official residence, short-term rental of a residential dwelling located in Santa Fe, NM, as well significant international and domestic travel by University leadership.

As part of our fact-finding in this matter, the OSA is requesting the University provide the following information:

1. **All** purchasing/procurement documentation in the University's possession for all furniture purchases of furnishings made by/for the University President for the official University President residence, inclusive of University policies, memorandum, Board of Regents (Board) resolutions, Board approvals, Board meeting minutes, emails, written correspondence and any other guidance relied upon by the University specific to the purpose of the purchases/procurements; the complete purchase/procurement files for all such purchases/procurements, inclusive of all quotes, bids, or requests for proposals (RFPs) as applicable, and itemized invoices, payment receipts and source of funding with details on allowable use of funding source(s), for fiscal years 2018, 2019, 2020, 2021, 2022, and 2023.
2. **All** procurement/contracting documentation in the University's possession for the rental of any residential space or structure/house in Santa Fe, NM by the University for any reason,

**Office of the State Auditor**

Western New Mexico University

December 7, 2023

Page 2

inclusive of all University policies and Board resolutions, Board approvals, Board meeting minutes, emails, written correspondence, and any other guidance relied upon by the University specific to the purpose of the procurements/contracts; the complete procurement/contract files for all such purchases/procurements, inclusive of all quotes, bids, or requests for proposals (RFPs) as applicable, and itemized invoices, payment receipts and source of funding with details on allowable use of funding source(s), for fiscal years 2018, 2019, 2020, 2021, 2022, and 2023.

3. **All** documentation or other forms of justification in the University's possession regarding any and all international travel by University leadership and Board of Regents, inclusive of emails, invitations, letters or other forms of communication specific to the purpose of the travel, the total cost of the travel inclusive of all quotes, justifications for any upgrades or changes, and itineraries of official business to be conducted on behalf of the University for fiscal years 2018, 2019, 2020, 2021, 2022, and 2023.
4. **All** documentation or other forms of justification in the University's possession regarding any and all domestic travel by University leadership and Board of Regents, inclusive of emails, invitations, letters or other forms of communication specific to the purpose of the travel, the total cost of the travel inclusive of all quotes, justifications for any upgrades or changes, and itineraries of official business to be conducted on behalf of the University for fiscal years 2018, 2019, 2020, 2021, 2022, and 2023.
5. **Any** other documents or information relied upon by the University not included above, in making their determination to approve/disapprove the procurements/contracts and international and domestic travel expenditures by or for University leadership or Board of Regents on behalf of the University for fiscal years 2018, 2019, 2020, 2021, 2022, and 2023.

Please note, the above-listed items do not represent an exhaustive listing of all documentation in the University's possession the OSA may deem relevant for inspection as part of our inquiry. The OSA may make requests for further documentation regarding this matter.

The OSA undertakes this fact-finding pursuant to the New Mexico Audit Act, NMSA 1978, Section 12-6-3(C) and the New Mexico Audit Rule 2.2.2.15(A)(3) NMAC and 2.2.2.15(A)(6) NMAC (below):

**NMSA 1978, Section 12-6-3 (C): Annual and special audits; financial examinations**

In addition to the annual audit, the state auditor may cause the financial affairs and transactions of an agency to be audited in whole or in part.

**2.2.2.15(A)(3) NMAC:**

Reports of fraud, waste & abuse: Pursuant to the authority set forth Section 12-6-3 NMSA 1978, the state auditor may conduct initial fact-finding procedures in connection with reports of

**Office of the State Auditor**

Western New Mexico University

December 7, 2023

Page 3

financial fraud, waste and abuse in government made by agencies, IPAs, or members of the public. Reports may be made telephonically or in writing through the fraud hotline or website established by the state auditor for the confidential reporting of financial fraud, waste, and abuse in government. Reports may be made telephonically to the fraud hotline by calling 1-866-OSA-FRAUD (1-866- 672-3728) or reported in writing through the state auditor's website at [www.saonm.org](http://www.saonm.org). Reports received or created by the state auditor are audit information and audit documentation in connection with the state auditor's statutory duty to examine and audit the financial affairs of every agency, or in connection with the state auditor's statutory discretion to audit the financial affairs and transactions of an agency in whole or in part.

**2.2.2.15(A)(6) NMAC:**

The OSA may make inquiries of agencies as part of the fact-finding process performed by the OSA's special investigations division. Agencies shall respond to the OSA inquiries within 15 calendar days of receipt or as soon as practicable under the circumstances with written notice to the OSA stating the basis for any delay. IPAs shall test compliance with this requirement and report noncompliance as a finding in the annual financial and compliance audit report.

Please provide electronic copies of the requested documents in accordance with the authority above by email by ***Friday, December 22, 2023***. Should you need additional time, please provide a written notice in accordance with 2.2.2.15(A)(6) NMAC above. Please reference SID case# 2024-12-04-128 in your response. Please let me know if you have any additional questions.

Respectfully,



Shawn P. Beck, CFE  
Director, Special Investigations

cc: Christopher Hall, Deputy General Counsel, Office of the State Auditor  
([Christopher.Hall@osa.state.nm.us](mailto:Christopher.Hall@osa.state.nm.us))  
Amy Baca, Purchasing Director, Western New Mexico University,  
([Amy.Baca@wnmu.edu](mailto:Amy.Baca@wnmu.edu))

# Exhibit 11

**From:** [Farris, Jeremy, SEC](#)  
**To:** [Joseph Shepard](#)  
**Subject:** RE: [EXTERNAL] Fwd: Recent News Articles on University Expenses  
**Date:** Monday, December 18, 2023 12:08:26 PM  
**Attachments:** [image001.png](#)

---

Received, thank you.

---

Jeremy Farris, DPhil, J.D.  
Executive Director  
New Mexico State Ethics Commission  
800 Bradbury Dr. SE, Suite 215  
Albuquerque, NM 87106  
[www.sec.state.nm.us](http://www.sec.state.nm.us)  
(505) 490 0951 (mobile)  
[jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)

---

**From:** Joseph Shepard  
**Sent:** Monday, December 18, 2023 12:00 PM  
**To:** Farris, Jeremy, SEC  
**Subject:** [EXTERNAL] Fwd: Recent News Articles on University Expenses

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Our response to HED request.

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---

**From:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>  
**Sent:** Friday, December 15, 2023 4:09 PM  
**To:** [Scott.Eccles@hed.nm.gov](mailto:Scott.Eccles@hed.nm.gov) <[Scott.Eccles@hed.nm.gov](mailto:Scott.Eccles@hed.nm.gov)>  
**Cc:** Julie Morales <[Julie.Morales@wnmu.edu](mailto:Julie.Morales@wnmu.edu)>; Mary Rae McDonald <[MaryRae.McDonald@wnmu.edu](mailto:MaryRae.McDonald@wnmu.edu)>; Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>; [maryhotvedt@aol.com](mailto:maryhotvedt@aol.com) <[maryhotvedt@aol.com](mailto:maryhotvedt@aol.com)>

**Subject:** FW: Recent News Articles on University Expenses

Hopefully this works...as it keeps placing a period after Scott's email. Here it is again...

Attached please find the response letter and dropbox link. Thank you.

Dropboxlink with supporting documentation:

<https://www.dropbox.com/scl/fo/fxa7ezpxrljjsnpww7i36/h?rlkey=tn965ski5ugd3x0few8m82q67&dl=0>

---

**From:** Joseph Shepard  
**Sent:** Friday, December 15, 2023 5:07 PM  
**To:** [Scott.Eccles@hed.nm.gov](mailto:Scott.Eccles@hed.nm.gov).  
**Cc:** Hoehne, Gerald, HED <[Gerald.Hoehne@hed.nm.gov](mailto:Gerald.Hoehne@hed.nm.gov)>; Julie Morales <[Julie.Morales@wnmu.edu](mailto:Julie.Morales@wnmu.edu)>; Mary Rae McDonald <[MaryRae.McDonald@wnmu.edu](mailto:MaryRae.McDonald@wnmu.edu)>; [maryhotvedt@aol.com](mailto:maryhotvedt@aol.com); Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>  
**Subject:** FW: Recent News Articles on University Expenses  
Here is a resend as the first was rejected.

---

**From:** Joseph Shepard

**Sent:** Friday, December 15, 2023 5:04 PM

**To:** [Scott.Eccles@hed.nm.gov](mailto:Scott.Eccles@hed.nm.gov)

**Cc:** [maryhotvedt@aol.com](mailto:maryhotvedt@aol.com); Mary Rae McDonald <[MaryRae.McDonald@wnmu.edu](mailto:MaryRae.McDonald@wnmu.edu)>; Julie Morales <[Julie.Morales@wnmu.edu](mailto:Julie.Morales@wnmu.edu)>

**Subject:** RE: Recent News Articles on University Expenses

Attached please find the response letter and dropbox link. Thank you.

Dropboxlink with supporting documentation:

<https://www.dropbox.com/scl/fo/fxa7ezpxrljjsnpww7i36/h?rlkey=tn965ski5ugd3x0few8m82q67&dl=0>

---

**From:** Admin, Exec, HED <[Exec.Admin@hed.nm.gov](mailto:Exec.Admin@hed.nm.gov)>

**Sent:** Friday, December 8, 2023 3:08 PM

**To:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>; Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>; Mary Rae McDonald <[MaryRae.McDonald@wnmu.edu](mailto:MaryRae.McDonald@wnmu.edu)>

**Cc:** [maryhotvedt@aol.com](mailto:maryhotvedt@aol.com); Trujillo, Patricia , HED <[Patricia.Trujillo@hed.nm.gov](mailto:Patricia.Trujillo@hed.nm.gov)>; Eccles, Scott, HED <[Scott.Eccles@hed.nm.gov](mailto:Scott.Eccles@hed.nm.gov)>; Propst, Wayne, DFA <[wayne.propst@dfa.nm.gov](mailto:wayne.propst@dfa.nm.gov)>; Macias, Nicole, DFA <[Nicole.Macias@dfa.nm.gov](mailto:Nicole.Macias@dfa.nm.gov)>; Schlegel, Daniel, GOV <[Daniel.Schlegel@exec.nm.gov](mailto:Daniel.Schlegel@exec.nm.gov)>; Charles.Sallee <[Charles.Sallee@nmlegis.gov](mailto:Charles.Sallee@nmlegis.gov)>; Jorgensen, Connor <[Connor.Jorgensen@nmlegis.gov](mailto:Connor.Jorgensen@nmlegis.gov)>; Maestas, Joseph <[joseph.maestas@osa.state.nm.us](mailto:joseph.maestas@osa.state.nm.us)>; Hoehne, Gerald, HED <[Gerald.Hoehne@hed.nm.gov](mailto:Gerald.Hoehne@hed.nm.gov)>

**Subject:** Recent News Articles on University Expenses

Dear Dr. Shepard,

Please see the attached letter sent on behalf of Acting Cabinet Secretary Hoehne.

Thank you

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**NEW MEXICO  
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# Exhibit 12

---

**From:** [Farris, Jeremy, SEC](#)  
**To:** [Kelley Riddle](#); [Joseph Shepard](#)  
**Cc:** [Kirkpatrick, Jane, SEC](#)  
**Subject:** RE: [EXTERNAL] Re: document request  
**Date:** Friday, December 15, 2023 3:50:32 PM

---

Received, thank you Ms. Riddle. We will be on the lookout for the copies of documents that you send to MP Group.

Best regards,

Jeremy

---

Jeremy Farris, DPhil, J.D.

Executive Director

New Mexico State Ethics Commission

800 Bradbury Dr. SE, Suite 215

Albuquerque, NM 87106

[www.sec.state.nm.us](http://www.sec.state.nm.us)

(505) 490 0951 (mobile)

[jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)

---

**From:** Kelley Riddle

**Sent:** Friday, December 15, 2023 11:59 AM

**To:** Joseph Shepard ; Farris, Jeremy, SEC

**Cc:** Kirkpatrick, Jane, SEC

**Subject:** Re: [EXTERNAL] Re: document request

Hello Jeremy - A letter requesting a special audit of these items was sent to State Auditor Joseph Maestas yesterday. Once we receive the approval to proceed, we will begin our work with MP Group, Inc. Any documentation that we provide to them will be sent to the NM State Ethics Commission.

Attached is the documentation referenced by Dr. Shepard, regarding the MOU and payments made.

Let me know if you have any questions or need additional information.

Thanks,

Kelley

**KELLEY RIDDLE**

Vice President of Business Affairs

Loss Control Coordinator

Office of the Vice President of Business Affairs

**WESTERN NEW MEXICO UNIVERSITY**

m P.O. Box 680 | Silver City, NM 88062

p 1000 W. College Ave| Silver City, NM 88061

t 575.538.6513 | f 575.538.6338

e [Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu) | [wnmu.edu](http://wnmu.edu)

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---

**From:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>

**Sent:** Monday, December 11, 2023 3:28 PM

**To:** Farris, Jeremy, SEC <[Jeremy.Farris@sec.nm.gov](mailto:Jeremy.Farris@sec.nm.gov)>; Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>

**Cc:** Kirkpatrick, Jane, SEC <[jane.kirkpatrick@sec.nm.gov](mailto:jane.kirkpatrick@sec.nm.gov)>

**Subject:** RE: [EXTERNAL] Re: document request

Kelley,

Could you also share with Jeremy any and all documentation we have that are copies received by Aldo along with any evidence of payment?

Thanks

Joe

---

**From:** Farris, Jeremy, SEC <[Jeremy.Farris@sec.nm.gov](mailto:Jeremy.Farris@sec.nm.gov)>

**Sent:** Monday, December 11, 2023 3:01 PM

**To:** Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>; Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>

**Cc:** Kirkpatrick, Jane, SEC <[jane.kirkpatrick@sec.nm.gov](mailto:jane.kirkpatrick@sec.nm.gov)>

**Subject:** RE: [EXTERNAL] Re: document request

Thank you Ms. Riddle,

After speaking with Dr. Shepard, my understanding is that you would provide a subset of the documents (i.e., not the whole Kathy Love production) to the independent auditors – perhaps approximately 8,000 or so documents. Those are the documents that I’m requesting. Once you have prepared them for the independent auditors, I would just ask that you provide the Commission a copy. Do you have a sense of when you are providing the independent auditors the documents? Apart from that, we are not operating under a statutorily mandated deadline. If you want to follow ordinary IPRA guidelines, that would be fine.

I’m copying Ms. Kirkpatrick on the Commission’s staff in case the production of this many documents takes a couple of steps and so nothing falls through the cracks.

Best regards,

Jeremy

---

Jeremy Farris, DPhil, J.D.

Executive Director

New Mexico State Ethics Commission

800 Bradbury Dr. SE, Suite 215

Albuquerque, NM 87106

[www.sec.state.nm.us](http://www.sec.state.nm.us)

(505) 490 0951 (mobile)

[jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)

---

**From:** Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>

**Sent:** Monday, December 11, 2023 2:23 PM  
**To:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>  
**Cc:** Farris, Jeremy, SEC <[Jeremy.Farris@sec.nm.gov](mailto:Jeremy.Farris@sec.nm.gov)>  
**Subject:** [EXTERNAL] Re: document request

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Hello Dr. Shepard - Yes, I will get this information to Jeremy.  
Jeremy - Do you have a specific deadline I need to adhere to in the submission of these documents?  
Thanks,  
Kelley

**KELLEY RIDDLE**

Vice President of Business Affairs

Loss Control Coordinator

Office of the Vice President of Business Affairs

**WESTERN NEW MEXICO UNIVERSITY**

**m** P.O. Box 680 | Silver City, NM 88062

**p** 1000 W. College Ave | Silver City, NM 88061

**t** 575.538.6513 | **f** 575.538.6338

**e** [Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu) | [wnmu.edu](http://wnmu.edu)

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---

**From:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>  
**Sent:** Monday, December 11, 2023 2:00 PM  
**To:** Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>  
**Cc:** [jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov) <[jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)>  
**Subject:** document request

Kelly,

Included on this email is Jeremy Farris, Executive Director of the New Mexico Ethics Commission. Could you please share with Jeremy all the documents that you shared with Kathy Love as per her public records request? I assume a drop box will need to be established as the number of documents is quite large. Also, could you please share with Jeremy what types of documents the independent audit firm (Scott et al) is examining and if you have an estimate, how many documents that may be.

Thank you,  
Joe

# Exhibit 13

**From:** [Farris, Jeremy, SEC](#)  
**To:** [Joseph Shepard](#)  
**Subject:** RE: [EXTERNAL] Fwd: Follow - Up  
**Date:** Monday, December 18, 2023 11:43:32 AM  
**Attachments:** [image005.png](#)

Received, thank you.

---

Jeremy Farris, DPhil, J.D.  
Executive Director  
New Mexico State Ethics Commission  
800 Bradbury Dr. SE, Suite 215  
Albuquerque, NM 87106  
[www.sec.state.nm.us](http://www.sec.state.nm.us)  
(505) 490 0951 (mobile)  
[jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)

**From:** Joseph Shepard  
**Sent:** Monday, December 18, 2023 10:35 AM  
**To:** Farris, Jeremy, SEC  
**Subject:** [EXTERNAL] Fwd: Follow - Up

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Email string. Note Senator Hemphill's contact of HED before her contact with me. Highly unusual. By the way, Aldo has about 120+ students and I believe was the only school in our area to get this kind of money. Factored differently, this allocation would be about \$8,000 per student including her two children. If you added the rest of Aldo's regular budget per child, it is staggering.

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**From:** Hemphill, Siah <[Siah.Hemphill@nmlegis.gov](mailto:Siah.Hemphill@nmlegis.gov)>  
**Sent:** Tuesday, August 15, 2023 6:23 PM  
**To:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>; Morales, Howie, LTGOV <[Howie.Morales@lgo.nm.gov](mailto:Howie.Morales@lgo.nm.gov)>; [hwecks@aldocs.org](mailto:hwecks@aldocs.org) <[hwecks@aldocs.org](mailto:hwecks@aldocs.org)>; Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>; [maryhotvedt@aol.com](mailto:maryhotvedt@aol.com) <[maryhotvedt@aol.com](mailto:maryhotvedt@aol.com)>  
**Subject:** Fwd: Follow - Up

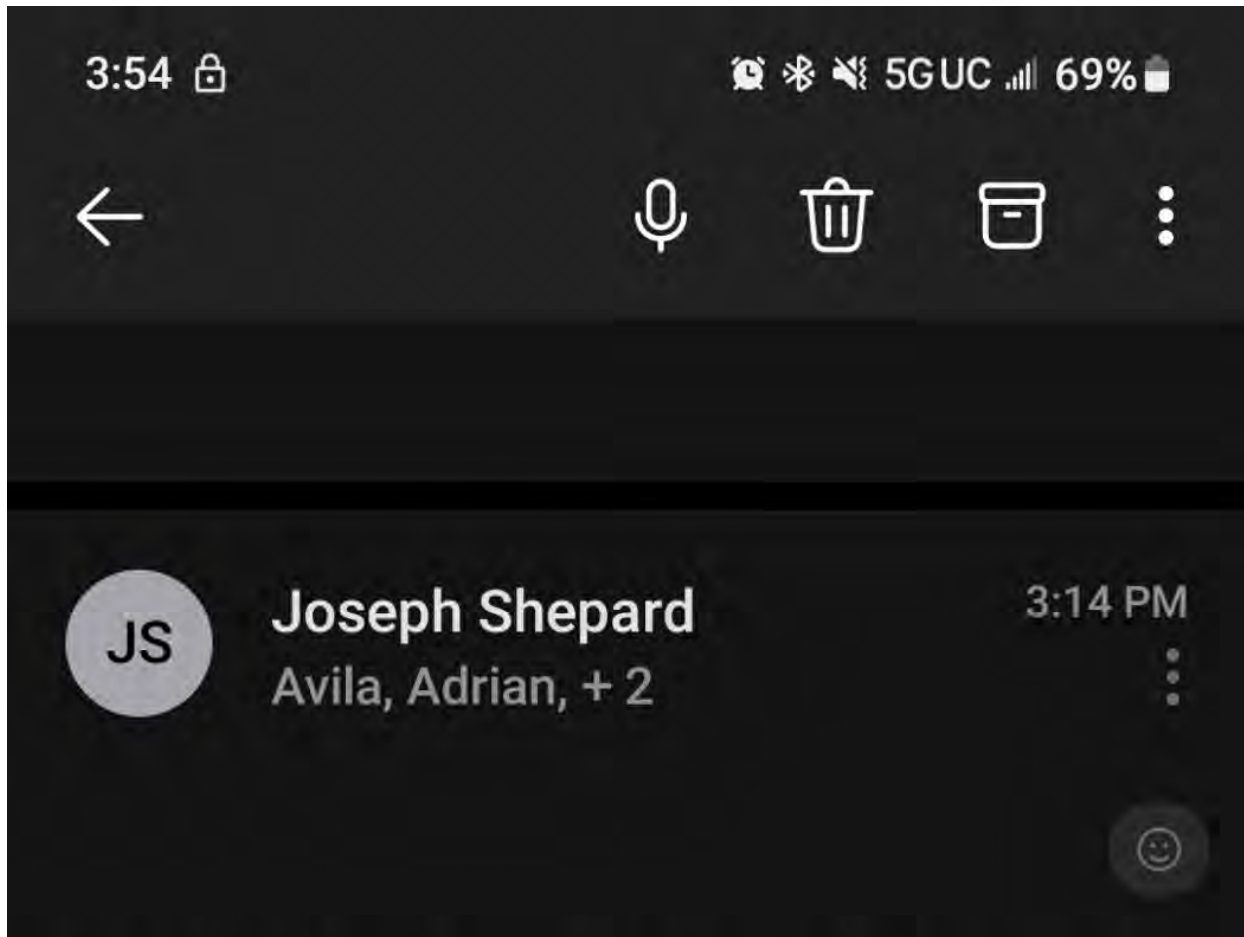
Good Evening Dr. Shepard,

I hope you are doing well. It was brought to my attention that there is a delay in Aldo Leopold Charter School receiving any of the payments that were agreed upon beginning July 1, 2023. I reached out to staff in Santa Fe to see what might be causing the delay. I have attached that email.

My hope is that the charter school can get the additional funding without any additional delay. Please let me know if there's anything I can do to be of further assistance so Aldo can continue to operate.

Best regards,

Siah



Thank you. Arrangements are being made to ensure that Aldo Leopold Charter School will receive the full \$1 million as appropriated. Unless advised differently, I have asked the charter school to bill the university in equal monthly installments for a total of 12 months beginning July 1, 2023, and ending June 30, 2024. Also, please thank the chair for his willingness to continue to examine equitable funding for all institutions.

Sincerely,

Joe

Get Outlook for Joe

⏮️ ✓ Reply all

Please sign in to adrian  
.avila@sigmachi.org (Office 36...

**SIGN IN**



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---

**From:** Hoehne, Gerald, HED <[Gerald.Hoehne@hed.nm.gov](mailto:Gerald.Hoehne@hed.nm.gov)>  
**Sent:** Tuesday, August 15, 2023 5:30:45 PM  
**To:** Hemphill, Siah <[Siah.Hemphill@nmlegis.gov](mailto:Siah.Hemphill@nmlegis.gov)>  
**Cc:** Avila, Adrian <[Adrian.Avila@nmlegis.gov](mailto:Adrian.Avila@nmlegis.gov)>; Macias, Nicole, DFA <[Nicole.Macias@dfa.nm.gov](mailto:Nicole.Macias@dfa.nm.gov)>  
**Subject:** [EXT] Follow - Up



Good afternoon, Senator.

Thank you for reaching out to my office earlier today regarding the \$1M appropriation to WNMU in HB2 for experiential learning supports. This appropriation is being funded by General Fund and was appropriated directly to WNMU. In order for WNMU to receive this funding, they must submit an allotment request form to Ms. Nicole Macias at DFA. As far as I know, WNMU has not submitted the form requesting the funding.

I have copied Ms. Macias on this email so she can provide any additional details.

Please let me know if you have any other questions.

Regards,

**Gerald Hoehne**

Director, Capital Projects Division  
Interim Director, Institutional Finance Division  
2044 Galisteo Street, Suite 4, Santa Fe, NM 87505  
(505) 476-8434

**Please note new email address**

[Gerald.Hoehne@hed.nm.gov](mailto:Gerald.Hoehne@hed.nm.gov)

<https://hed.nm.gov/resources-for-schools/capital-projects>

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# Exhibit 14

---

**From:** [Farris, Jeremy, SEC](#)  
**To:** [Joseph Shepard](#)  
**Cc:** [Kelley Riddle](#)  
**Subject:** RE: [EXTERNAL] Fwd: From the President's Desk - A Message from the President  
**Date:** Thursday, January 18, 2024 3:40:10 PM

---

Received, thank you Dr. Shepard --

Also, I just want to note that I have yet to receive the documents that the independent audit firm (Scott et al) is examining, which you mentioned was a subset of the very large production in response to the Love IPRA. I did receive the WNMU response to HED.

I'm copying Ms. Riddle in regard to that request.

Thank you,  
Jeremy

---

Jeremy Farris, DPhil, J.D.  
Executive Director  
New Mexico State Ethics Commission  
800 Bradbury Dr. SE, Suite 215  
Albuquerque, NM 87106  
[www.sec.state.nm.us](http://www.sec.state.nm.us)  
(505) 490 0951 (mobile)  
[jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)

---

**From:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>  
**Sent:** Friday, January 12, 2024 6:18 AM  
**To:** Farris, Jeremy, SEC <[Jeremy.Farris@sec.nm.gov](mailto:Jeremy.Farris@sec.nm.gov)>  
**Subject:** [EXTERNAL] Fwd: From the President's Desk - A Message from the President

**CAUTION:** This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

I wanted to share this with you to provide a more balanced perspective as to what's in the papers and what Senator Hemphill and her colleagues are doing. The retaliation will continue, I believe, for quite some time. My wife's ex-husband spoke truth to power once and we saw what happened to Valerie. I have now done the same and you see what's happening to us. I was told by a colleague of another senator, who claimed to have seen texts between Senator Hemphill and others of the coordinated efforts of the desire to get rid of me.

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---

**From:** Staff <[staff-bounces@fuse.wnmu.edu](mailto:staff-bounces@fuse.wnmu.edu)> on behalf of Mary Rae McDonald <[MaryRae.McDonald@wnmu.edu](mailto:MaryRae.McDonald@wnmu.edu)>  
**Sent:** Thursday, January 11, 2024 2:31:11 PM  
**To:** Faculty List <[faculty@fuse.wnmu.edu](mailto:faculty@fuse.wnmu.edu)>; Staff List <[staff@fuse.wnmu.edu](mailto:staff@fuse.wnmu.edu)>  
**Subject:** WNMU Staff From the President's Desk - A Message from the President



**WESTERN**  
NEW MEXICO UNIVERSITY  
*Office of the President*

**FROM THE PRESIDENT'S DESK**

January 11, 2024

You may have read the recent articles concerning me and the university. With all of the wonderful accomplishments we have achieved over the years, I am disheartened by the rhetoric and disparaging comments with many of them not true or accurate and lacking context.

I have always believed in making investments in this university. These investments are seen in fundraising, infrastructure, equipment, and technology. It is one thing to invest in the aesthetics and something more to invest in the character of those who are working in and around those buildings. I invest in you and our future.

In a diverse community like ours, we may not agree upon where or how to expend our resources to accomplish agreed upon goals. I have met many in academics who do not understand why we spend money in athletics, and I have met many coaches who have asked for more resources to field a winning team. But on the balance, we must look at results. And the results at our university are outstanding.

This spring we are projected to have a 15% increase in enrollment over last spring. Our financial reserves are healthy. Our foundation assets have climbed to nearly \$30,000,000. Our scholarships have increased. And we are doing our part to better the futures of the students here by having nationally ranked programs.

Criticism is made about our graduation rate. If you look at it in isolation, it is competitive with similar open access institutions. But there are other important measures of success that are overlooked. Our faculty do an amazing job educating students from all ages and backgrounds and who are part time students because they are working trying to support their families. These students do not graduate in four or six years, but they graduate proudly on their timeline. We have more students graduating today than ever before. These individuals are improving the education of our area and beyond as they contribute to our workforce. This campus, community, faculty, and staff is a far different one than when I arrived 13 years ago. And it is the better for it.

I do not wish to engage in the same demeaning rhetoric as what is being presented. There is a group of people who seek to change the leadership at the university for their own agenda.

Their actions speak for themselves and speak to who they are. While we should challenge those who seek to damage because of their own personal vendettas and agendas, my attention will remain focused on leading this university to a better place. But as you know, I can only do that with you.

The recent media coverage of the university is focused on me but also disparages your hard work. As I mentioned in our convocation, there are over 540,000 transactions which were provided to a reporter. I appreciate transparency and context. When either are lacking, that is where we see a disconnect. The non-profit news source is using the coverage as a fundraiser and for others' agendas, leaving out context that would present a balanced story as they focus on only a few transactions and twisting their meaning. For example, in the articles, you will note that the reporter uses total amounts spread over years. But if you divide those amounts by the number of years, it comes out annually to far smaller numbers. This reporting style skews the story and provides a false narrative.

The coverage has disparaged the hard work of our accounting and oversight teams with the coverage providing a perception that there are no checks and balances in the work to review transactions as accountants or as purchasing agents. I am greatly appreciative of all our staff who have the arduous task of reviewing each transaction and holding us accountable. I know that these individuals who monitor our transactions and travel are good, hard-working people with ethics and morals that would never allow a president to do the things that the article is alleging.

For example, the Foundation's check writing process requires two signatures of Foundation Board members. As we just discussed, university checks are also written via a process that goes through a rigorous review with numerous controls. I do not personally write university checks. Those items were ignored by the news. The coverage also wrongly applies travel policies that govern state agencies to those of universities; similar to applying the rules of baseball to those of football.

Without arguing each point of the recent article, I can attest proudly that we have adhered to our university policies and procedures. Have mistakes been made? Possibly, but would be minor in nature. For example, in the Higher Education Department letter that we received, it noted that I rented a house for 48 days: January 15 through March 3. In reality the house was rented through March 15th (it was rented for the entire 60-day legislative session). While the purchase requisition and rental agreement had the correct dates, other paperwork did not. This nuance paints a different picture in that the nightly cost when divided by the

60 days is less than the 48 days claimed. This error, when corrected, drops the rental price below \$200 a night particularly when including another person who was also paying part of the rent. But those pieces are not part of the story.

The article notes that I buy \$800 bottles of wine and have wine shipped to my house. I do purchase wine for the university and occasionally seek reimbursement; but not \$800 per bottle of wine. This wine is used for university and foundation events as public funds are not used to purchase alcohol. I try to find the best prices which often come straight from the vineyards, eliminating the middle distributor.

The article mentions flowers purchased over five years. Flowers are purchased for graduation ceremonies and holidays like the poinsettias at Christmas time. They include flower arrangements we send when we hear of the unfortunate passing of a loved one from the Mustang family or someone is hospitalized. They also include various events that we have throughout the university including events at the President's residence. These flowers cannot be purchased with university funds and are purchased with Foundation non-public dollars. Again, when the total is divided, the flower purchases come to a reasonable annual number for a university our size.

There have been several commentaries about the university not following state travel policies or procurement policies. It needs to be clearly noted that our university is governed by the New Mexico Constitution and the correlating statutes that give the authority and operation of the university to the Board of Regents. This includes the procurement and travel policies.

Our policies are rightly different from the state agencies which is the incorrect standard used to measure our compliance. The university's Board of Regents is actively engaged in the establishment and review of the policies and procedures as well as the oversight of the university.

The current Board boasts of four members with terminal degrees and a wide array of expertise. The Board members were all appointed by the Governor and confirmed by the Senate. They each went through rigorous review and examination by the Governor's office and by the Senate. To suggest they lack the ability to provide proper direction is simply not true.

We have enjoyed 13 years of consistent leadership. I know that I am not perfect, but I know I am made better by your efforts. I want to thank you for all you have done for the university. My apologies, to you, that the ire of some of the news media and others whose focus on tarnishing my family is giving the rest of the state an inaccurate perception of your efforts and our collective work for our students and community.

We are living in a time of divisiveness and uncertainty. We need to stay positive and focused on those things that matter most because our students depend on it. We must be greater than we were yesterday, better than we are today, and create a future for students to educationally rise to transform their lives and their family's lives.

Our students should have the same opportunities and privileges as students across the state and country in terms of access to quality education, international/global experience, and attending a university that advances their future. Our faculty should have the same access as other faculty have to collaborative research around the world. They should be able to augment their curriculum and enhance it with the latest knowledge and research for the betterment of our society and our students. Our staff should have the necessary resources to serve our students and each other effectively. It is my commitment to continue to fight for you and for our students. And we must continue to build a university that is competitive in today's world of higher education. And in this storm, we must take the high road and learn to dance in the rain.

Go Mustangs,

A handwritten signature in black ink, appearing to read 'J. Shepard', with a stylized flourish at the end.

Joseph Shepard, Ph.D.  
President, Western New Mexico University

# Exhibit 15

**From:** [Kelley Riddle](#)  
**To:** [Joseph Shepard](#); [Farris, Jeremy, SEC](#)  
**Cc:** [Kirkpatrick, Jane, SEC](#)  
**Subject:** Re: [EXTERNAL] Fwd: From the President's Desk - A Message from the President  
**Date:** Tuesday, February 20, 2024 8:10:07 AM

---

Good morning, Jeremy - Below are links to the Dropbox folders containing the items provided to the OSA. Let me know if you have any problems accessing (Ctrl & click) the folders or downloading the documents. We will advertise the RFP for the special audit this week to begin work mid-March. I will be glad to provide any additional information or answer any questions you may have. Thanks!

[President's residence furnishings](#)

[Overseas travel](#)

[Santa Fe house](#)

[President Shepard's travel](#)

[Additional Information](#)

[Board of Regent travel](#)

[Vice President travel](#)

## KELLEY RIDDLE

Vice President of Business Affairs  
Loss Control Coordinator  
Office of the Vice President of Business Affairs

## WESTERN NEW MEXICO UNIVERSITY

**m** P.O. Box 680 | Silver City, NM 88062  
**p** 1000 W. College Ave | Silver City, NM 88061  
**t** 575.538.6513 | **f** 575.538.6338  
**e** [Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu) | [wnmu.edu](http://wnmu.edu)

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---

**From:** Joseph Shepard <Joseph.Shepard@wnmu.edu>  
**Sent:** Monday, February 19, 2024 5:36 PM  
**To:** Farris, Jeremy, SEC <Jeremy.Farris@sec.nm.gov>  
**Cc:** Kelley Riddle <riddlek@wnmu.edu>; Kirkpatrick, Jane, SEC <jane.kirkpatrick@sec.nm.gov>  
**Subject:** Re: [EXTERNAL] Fwd: From the President's Desk - A Message from the President

Kelley,

Could you send to Jeremy all the documents that we have now shared with the office of the state auditor? When we finish the RFP for the independent auditor, can you share with Jeremy any documents that that might include as well? Thank you.

Joe

Sent from my iPhone

On Feb 19, 2024, at 5:02 PM, Farris, Jeremy, SEC <Jeremy.Farris@sec.nm.gov> wrote:

Good afternoon Dr. Shepard –

I'm just following up on my previous request to review the documents that the independent audit firm (Scott, et al.) is examining, which you mentioned was a subset of the very large production that WNMU made in response to the Love IPRA. (My understanding is that WNMU has separated those documents from the massive amount of documents that WNMU produced in respect to the Love IPRA.)

If I have that correct and WNMU has separated out those documents (and still has them), the request is just between me, as the Commission's director, and WNMU. I don't know that I would need OSA's approval to receive documents that WNMU has.

I'm happy to ask the Commission's PIO to prepare a formal IPRA request if Western would need that to support and document the production.

Thanks much,  
Jeremy

---

Jeremy Farris, DPhil, J.D.  
Executive Director  
New Mexico State Ethics Commission  
800 Bradbury Dr. SE, Suite 215  
Albuquerque, NM 87106  
[www.sec.state.nm.us](http://www.sec.state.nm.us)  
(505) 490 0951 (mobile)  
jeremy.farris@sec.nm.gov

---

**From:** Joseph Shepard <Joseph.Shepard@wnmu.edu>

**Sent:** Thursday, January 18, 2024 4:49 PM

**To:** Farris, Jeremy, SEC <Jeremy.Farris@sec.nm.gov>  
**Cc:** Kelley Riddle <Kelley.Riddle@wnmu.edu>  
**Subject:** RE: [EXTERNAL] Fwd: From the President's Desk - A Message from the President

Dear Jeremy,

In terms of the information that is requested, we are finalizing that information with the Office of the State Auditor who must approve all special audits. (When I spoke with you, I did not know this requirement.) When we have final agreement with that office, we will send those documents to you. Sorry for the delay.

Joe

---

**From:** Farris, Jeremy, SEC <[Jeremy.Farris@sec.nm.gov](mailto:Jeremy.Farris@sec.nm.gov)>  
**Sent:** Thursday, January 18, 2024 3:40 PM  
**To:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>  
**Cc:** Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>  
**Subject:** RE: [EXTERNAL] Fwd: From the President's Desk - A Message from the President

Received, thank you Dr. Shepard --

Also, I just want to note that I have yet to receive the documents that the independent audit firm (Scott et al) is examining, which you mentioned was a subset of the very large production in response to the Love IPRA. I did receive the WNMU response to HED.

I'm copying Ms. Riddle in regard to that request.

Thank you,  
Jeremy

---

Jeremy Farris, DPhil, J.D.  
Executive Director  
New Mexico State Ethics Commission  
800 Bradbury Dr. SE, Suite 215  
Albuquerque, NM 87106  
[www.sec.state.nm.us](http://www.sec.state.nm.us)  
(505) 490 0951 (mobile)

[jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)

---

**From:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>  
**Sent:** Friday, January 12, 2024 6:18 AM  
**To:** Farris, Jeremy, SEC <[Jeremy.Farris@sec.nm.gov](mailto:Jeremy.Farris@sec.nm.gov)>  
**Subject:** [EXTERNAL] Fwd: From the President's Desk - A Message from the President

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

I wanted to share this with you to provide a more balanced perspective as to what's in the papers and what Senator Hemphill and her colleagues are doing. The retaliation will continue, I believe, for quite some time. My wife's ex-husband spoke truth to power once and we saw what happened to Valerie. I have now done the same and you see what's happening to us. I was told by a colleague of another senator, who claimed to have seen texts between Senator Hemphill and others of the coordinated efforts of the desire to get rid of me.

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---

**From:** Staff <[staff-bounces@fuse.wnmu.edu](mailto:staff-bounces@fuse.wnmu.edu)> on behalf of Mary Rae McDonald <[MaryRae.McDonald@wnmu.edu](mailto:MaryRae.McDonald@wnmu.edu)>  
**Sent:** Thursday, January 11, 2024 2:31:11 PM  
**To:** Faculty List <[faculty@fuse.wnmu.edu](mailto:faculty@fuse.wnmu.edu)>; Staff List <[staff@fuse.wnmu.edu](mailto:staff@fuse.wnmu.edu)>  
**Subject:** WNMU Staff From the President's Desk - A Message from the President

<image001.jpg>  
<image002.jpg>  
<image003.jpg>  
<image004.jpg>

# Exhibit 16

**From:** [Joseph Shepard](#)  
**To:** [jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)  
**Subject:** Fwd: Follow - Up  
**Date:** Monday, December 18, 2023 10:35:19 AM  
**Attachments:** [image002.png](#)

---

Email string. Note Senator Hemphill's contact of HED before her contact with me. Highly unusual. By the way, Aldo has about 120+ students and I believe was the only school in our area to get this kind of money. Factored differently, this allocation would be about \$8,000 per student including her two children. If you added the rest of Aldo's regular budget per child, it is staggering.

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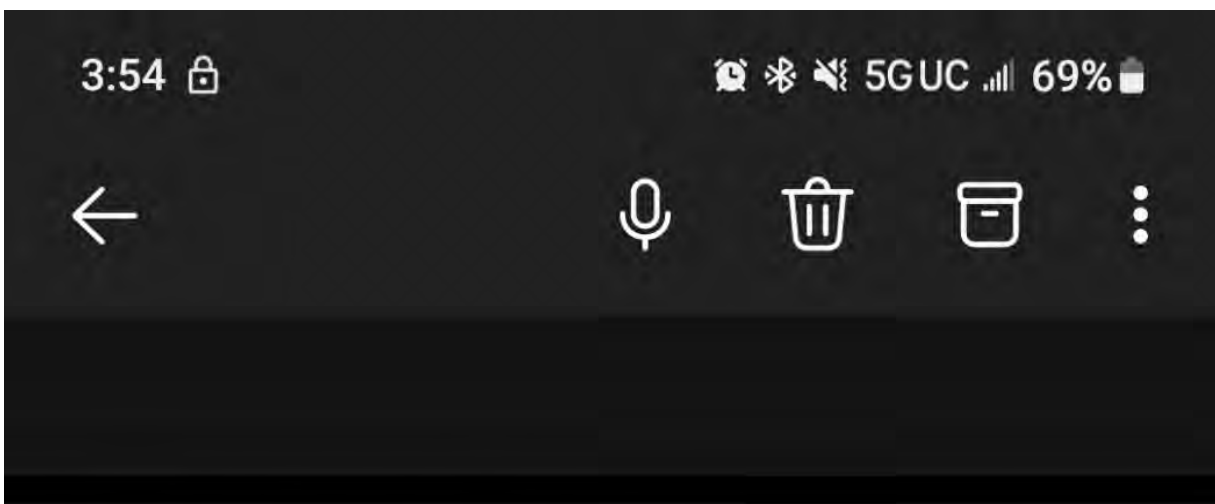
**From:** Hemphill, Siah  
**Sent:** Tuesday, August 15, 2023 6:23 PM  
**To:** Joseph Shepard ; Morales, Howie, LTGOV ; hweeks@aldocs.org ; Kelley Riddle ; maryhotvedt@aol.com  
**Subject:** Fwd: Follow - Up  
Good Evening Dr. Shepard,

I hope you are doing well. It was brought to my attention that there is a delay in Aldo Leopold Charter School receiving any of the payments that were agreed upon beginning July 1, 2023. I reached out to staff in Santa Fe to see what might be causing the delay. I have attached that email.

My hope is that the charter school can get the additional funding without any additional delay. Please let me know if there's anything I can do to be of further assistance so Aldo can continue to operate.

Best regards,

Siah





**Joseph Shepard**

Avila, Adrian, + 2

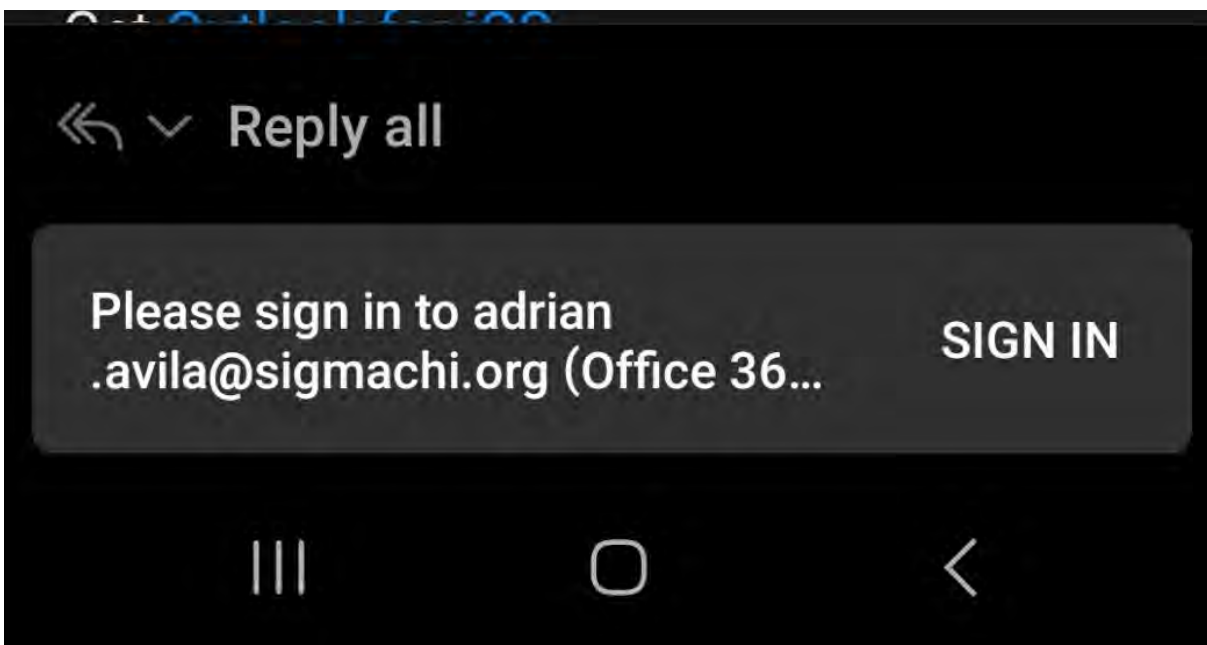
3:14 PM



Thank you. Arrangements are being made to ensure that Aldo Leopold Charter School will receive the full \$1 million as appropriated. Unless advised differently, I have asked the charter school to bill the university in equal monthly installments for a total of 12 months beginning July 1, 2023, and ending June 30, 2024. Also, please thank the chair for his willingness to continue to examine equitable funding for all institutions.

Sincerely,

Joe



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**From:** Hoehne, Gerald, HED

**Sent:** Tuesday, August 15, 2023 5:30:45 PM

**To:** Hemphill, Siah

**Cc:** Avila, Adrian ; Macias, Nicole, DFA

**Subject:** [EXT] Follow - Up

Good afternoon, Senator.

Thank you for reaching out to my office earlier today regarding the \$1M appropriation to WNMU in HB2 for experiential learning supports. This appropriation is being funded by General Fund and was appropriated directly to WNMU. In order for WNMU to receive this funding, they must submit an allotment request form to Ms. Nicole Macias at DFA. As far as I know, WNMU has not submitted the form requesting the funding.

I have copied Ms. Macias on this email so she can provide any additional details.

Please let me know if you have any other questions.

Regards,

**Gerald Hoehne**

Director, Capital Projects Division

Interim Director, Institutional Finance Division

2044 Galisteo Street, Suite 4, Santa Fe, NM 87505

(505) 476-8434

**Please note new email address**

[Gerald.Hoehne@hed.nm.gov](mailto:Gerald.Hoehne@hed.nm.gov)

<https://hed.nm.gov/resources-for-schools/capital-projects>

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**NEW MEXICO  
HIGHER EDUCATION  
DEPARTMENT**



*Fostering Student Success from Cradle to Career*

# Exhibit 17

**From:** [Joseph Shepard](#)  
**To:** [jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)  
**Subject:** Fwd: Recent News Articles on University Expenses  
**Date:** Monday, December 18, 2023 12:00:22 PM  
**Attachments:** [image001.png](#)  
[Response.pdf](#)

---

Our response to HED request.

Get [Outlook for iOS](#)

---

**From:** Joseph Shepard  
**Sent:** Friday, December 15, 2023 4:09 PM  
**To:** Scott.Eccles@hed.nm.gov  
**Cc:** Julie Morales ; Mary Rae McDonald ; Kelley Riddle ; maryhotvedt@aol.com  
**Subject:** FW: Recent News Articles on University Expenses  
Hopefully this works...as it keeps placing a period after Scott's email. Here it is again...  
Attached please find the response letter and dropbox link. Thank you.  
Dropboxlink with supporting documentation:  
<https://www.dropbox.com/scl/fo/fxa7ezpxrljjsnpww7i36/h?rlkey=tn965ski5uqd3x0few8m82q67&dl=0>

---

**From:** Joseph Shepard  
**Sent:** Friday, December 15, 2023 5:07 PM  
**To:** Scott.Eccles@hed.nm.gov.  
**Cc:** Hoehne, Gerald, HED ; Julie Morales ; Mary Rae McDonald ; maryhotvedt@aol.com; Kelley Riddle  
**Subject:** FW: Recent News Articles on University Expenses  
Here is a resend as the first was rejected.

---

**From:** Joseph Shepard  
**Sent:** Friday, December 15, 2023 5:04 PM  
**To:** [Scott.Eccles@hed.nm.gov](mailto:Scott.Eccles@hed.nm.gov)  
**Cc:** [maryhotvedt@aol.com](mailto:maryhotvedt@aol.com); Mary Rae McDonald <[MaryRae.McDonald@wnmu.edu](mailto:MaryRae.McDonald@wnmu.edu)>; Julie Morales <[Julie.Morales@wnmu.edu](mailto:Julie.Morales@wnmu.edu)>  
**Subject:** RE: Recent News Articles on University Expenses  
Attached please find the response letter and dropbox link. Thank you.  
Dropboxlink with supporting documentation:  
<https://www.dropbox.com/scl/fo/fxa7ezpxrljjsnpww7i36/h?rlkey=tn965ski5uqd3x0few8m82q67&dl=0>

---

**From:** Admin, Exec, HED <[Exec.Admin@hed.nm.gov](mailto:Exec.Admin@hed.nm.gov)>  
**Sent:** Friday, December 8, 2023 3:08 PM  
**To:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>; Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>; Mary Rae McDonald <[MaryRae.McDonald@wnmu.edu](mailto:MaryRae.McDonald@wnmu.edu)>  
**Cc:** [maryhotvedt@aol.com](mailto:maryhotvedt@aol.com); Trujillo, Patricia , HED <[Patricia.Trujillo@hed.nm.gov](mailto:Patricia.Trujillo@hed.nm.gov)>; Eccles, Scott, HED <[Scott.Eccles@hed.nm.gov](mailto:Scott.Eccles@hed.nm.gov)>; Propst, Wayne, DFA <[wayne.propst@dfa.nm.gov](mailto:wayne.propst@dfa.nm.gov)>; Macias, Nicole, DFA <[Nicole.Macias@dfa.nm.gov](mailto:Nicole.Macias@dfa.nm.gov)>; Schlegel, Daniel, GOV <[Daniel.Schlegel@exec.nm.gov](mailto:Daniel.Schlegel@exec.nm.gov)>; Charles.Sallee <[Charles.Sallee@nmlegis.gov](mailto:Charles.Sallee@nmlegis.gov)>; Jorgensen, Connor <[Connor.Jorgensen@nmlegis.gov](mailto:Connor.Jorgensen@nmlegis.gov)>; Maestas,

Joseph <[joseph.maestas@osa.state.nm.us](mailto:joseph.maestas@osa.state.nm.us)>; Hoehne, Gerald, HED <[Gerald.Hoehne@hed.nm.gov](mailto:Gerald.Hoehne@hed.nm.gov)>

**Subject:** Recent News Articles on University Expenses

Dear Dr. Shepard,

Please see the attached letter sent on behalf of Acting Cabinet Secretary Hoehne.

Thank you

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December 8, 2023

Dr. Joseph Shepard, President  
Western New Mexico University  
1000 W College Ave  
Silver City, NM 88061

Subject: Recent News Articles on University Expenses

Dear Dr. Shepard:

I am writing to communicate the department's concerns with recent news articles which suggest improprieties in the use of funding and resources at Western New Mexico University (WNMU). The specific areas of concern as outlined in the articles are as follows:

- Potentially unjustified international travel to Zambia, Spain, and Greece for student recruiting purposes, including costs that far outweighed the benefits for such travel and the lack of a cost-benefit analysis to review said spending. This includes financial records which show expenses at high-end hotels and the lease of a 5,400 square foot home in the United States.
- Public (non-donor) funds potentially used to pay for the President's spouse's travel related expenses on international student recruiting trips, as well as an expense account which she regularly files for reimbursement from.
- Potential use of university employees for cleaning and cooking duties at the President's residence.
- Purchase of luxury furniture/furnishings at the President's residence. The basis for this allegation is that the purchases are for overly lavish and expensive items, not indicative of what a prudent person using taxpayer funds would normally purchase.

Based upon the seriousness of these allegations and the potential that unnecessary and/or unallowable expenditures are being paid with public funds, the Higher Education Department is requesting a written response to the allegations noted above. Please include a full justification of expenditures and provide university policies governing these types of expenditures, any documentation supporting the formal internal approval of the expenditures, and the source of funding used to pay for each transaction.

Please provide the documents by the close of business on Friday, December 15, 2023, to Scott Eccles, our Institutional Finance Audit Manager via email at [Scott.Eccles@hed.nm.gov](mailto:Scott.Eccles@hed.nm.gov).

If you have any questions regarding this correspondence, please feel to reach out to me directly at 505-476-8434.



---

Sincerely,

A handwritten signature in blue ink, appearing to read 'Gerald Hoehne'.

Gerald Hoehne, Acting Deputy Cabinet Secretary

cc: Dr. Mary E. Hotvedt, WNMU Board of Regents President  
Dr. Patricia Trujillo, NMHED Acting Cabinet Secretary  
Scott Eccles, NMHED External Audit Manager  
Wayne Propst, Cabinet Secretary, New Mexico Department of Finance & Administration  
Nicole Macias, Principal Analyst, New Mexico Department of Finance & Administration  
Daniel Schlegel, Chief of Staff, Office of the Governor  
Charles Sallee, Director, New Mexico Legislative Finance Committee  
Connor Jorgensen, Fiscal Analyst, New Mexico Legislative Finance Committee  
Joseph M. Maestas, State Auditor, New Mexico Office of State Auditor



# Exhibit 19

December 15, 2023

Gerald Hoehne  
New Mexico Higher Education Department  
2044 Galisteo Street, Suite 4  
Santa Fe, NM 87505-2100

Dear Mr. Hoehne,

Thank you for the opportunity to respond to the serious allegations that have been raised in the media. Western New Mexico University has consistently followed the University's procurement code and travel policy as well as been transparent with its transactions. Our response is as follows:

- 1) Potentially unjustified international travel to Zambia, Spain, and Greece for student recruiting purposes, including costs that far outweighed the benefits for such travel and the lack of a cost-benefit analysis to review said spending. This includes financial records which show expenses at high-end hotels and the lease of a 5,400 square foot home in the United States.

International travel is conducted at the invitation of the host country or institution and is shared with the Western New Mexico University (WNMU) Board of Regents. Under the WNMU Board of Regents approved strategic plan, it notes international initiatives in several places. Specifically,

- a) **VISION** - Western New Mexico University is a premier and innovative Applied Liberal Arts and Sciences University in combination with internationally recognized professional programs and career and technical preparation...
- b) Continue strengthening relations with Mexico institutions and other Spanish and Portuguese-speaking countries and expanding international student recruitment and admissions in general.
- c) Evaluate services for international students and provide additional support structures and services to enhance retention and success.

Because of the importance of international collaboration, the University has formed numerous agreements with other universities and institutions worldwide. A specific example is the University of Oviedo where WNMU offers a dual degree program. With respect to Zambia we have actively engaged with that country's higher education system whereupon a number of Zambian students have come to our University to enhance our students' learning experiences. All travel has been conducted with full awareness of the Board of Regents and the necessary approvals by the Board including for spousal travel of the University's first lady (my wife.) Specific to spousal travel, the Board of Regents manual notes:



**“III.9. President’s Spouse or Domestic Partner Travel**

The President’s Spouse or Domestic Partner is often an important contributor to the life and reputation of the University. In that regard, it is in the interest of the University for the President’s Spouse or Domestic Partner to travel with the President on some occasions.

The President’s Spouse or Domestic Partner may be reimbursed for travel expenses pursuant to the University’s Travel Policy for those trips authorized by the Chair of the Board or his or her designee. For the purposes of the Travel Policy, the President’s Spouse or Domestic Partner shall be considered a non-salaried public officer whose “supervisor” is the Chair of the Board, or his or her designee.”

Attached you will find the documentation that supports my wife’s travel for the benefit of the University. The question of a cost benefit analysis has come up several times. While one can add up tuition revenue, it is impossible to add up the impact on our students’ education experience – both the domestic student and the international student. We cannot take 3,600 WNMU students and send them to Zambia, but we can bring a few Zambian students to WNMU and enhance the education of our local students. One of those Zambian students even became our student body President. But the impacts are even greater than that. A faculty member gave me permission to share the following of how international students impact far beyond the dollars.

“My husband, Dr. King Okiri, is the only black School Psychologist in the state (at least we believe so -that could have changed in recent years). He is also an alumnus of WNMU's School Psychology program. King is from Kenya, and he only found out about WNMU because a faculty member (Dr. Strang) traveled there. Had it not been for that WNMU faculty member visiting Kenya, King wouldn't have come here, and I would never have met the love of my life. What's more, countless children in our community wouldn't have gotten the support he has provided as a school psychologist over the past two decades. International travel isn't only beneficial...it's essential.

After King came, his brother James Angawa Okiri also came and graduated from WNMU with his MBA - he went on to be a successful businessman working for companies like Oakley and working logistics for US Government contractors. His sister Janet Okiri came, and earned a degree in Management Information Systems, later completing her MBA at Texas Woman's University, and his cousin, Rockfellar Madara came, completed his BSW degree, and is currently working on his MSW with us. Rock spent 10 years working for child protective services (CYFD) in NM and has been working as a care coordinator for Presbyterian Health insurance company from his home in Las Cruces. He literally saves lives.



King's father has also brought several students to other schools in New Mexico (many engineering students at NMSU) because of the support network that has been created for them by the Okiri family.

When you lift one person, you lift a whole family, and sometimes a whole village. And WNMU has certainly done that. I hope that we continue to forge ahead, because the work that we do is important not only to families, but to the community and to the state. Thank you for the work you do and for leading us the way you do."

The article notes high end hotels. Hotels are chosen based on several criteria with the first being safety and security of the travelers. Most often we do not know the hotels and neighborhoods of the host country. We rely on the host institution to make recommendations. Further, we also note the venue. For example, we stay in hotels that are the location of the venue we are visiting. Finally, while in transit, we look for airport hotels or hotels near airports that are safe for our travelers. As the invoices will show, this creates a wide range of hotel experiences and costs. But our highest priority is the safety of our faculty and staff and those traveling on behalf of the University.

Also noted is the renting of a 5,400 square foot house. That house is specifically in Santa Fe and walking distance to the myriad of functions happening during the legislative session. It was also selected for its ability to host functions and its price. We rented the house for less than \$200 per night after factoring in a reimbursement from a person who also shared a portion of the house. It was for the 60-day 2023 legislative session. In the past we had rented a room at LaFonda for a similar price. The house provided greater value and fundraising opportunities as a number of our donors are from the Santa Fe area.

- 2) Public (non-donor) funds potentially used to pay for the President's spouse's travel related expenses on international student recruiting trips, as well as an expense account which she regularly files for reimbursement from.

The President's spousal travel is approved by the Board of Regents according to the Board of Regents manual which states:

**"III.9. President's Spouse or Domestic Partner Travel**

The President's Spouse or Domestic Partner is often an important contributor to the life and reputation of the University. In that regard, it is in the interest of the University for the President's Spouse or Domestic Partner to travel with the President on some occasions.



The President's Spouse or Domestic Partner may be reimbursed for travel expenses pursuant to the University's Travel Policy for those trips authorized by the Chair of the Board or his or her designee. For the purposes of the Travel Policy, the President's Spouse or Domestic Partner shall be considered a non-salaried public officer whose "supervisor" is the Chair of the Board, or his or her designee."

Attached documentation supports that approval and travel process.

The President's spouse does not have an expense account but does have a purchasing card to make purchases on behalf of the University. The purchasing card was approved by the Board through the Board chairman. The approval process is attached. It is authorized only for legitimate University purchases and follows all of the purchasing procedures of the University. The President's spouse does not get reimbursements unless for a purchase made on her personal credit card and for the benefit of the university. The purchase is validated using policies and procedures of the university purchasing guidelines. This has occurred on a very limited basis.

3) Potential use of University employees for cleaning and cooking duties at the President's residence.

As per the President's contract, the President is required to live on campus. Specifically, the contract reads,

"President's Residence. The University shall provide President with an official residence at 500 W. College Avenue, Silver City, in which President is required to reside and conduct University meetings and events. The residence will be maintained (including utilities) and insured at University expense, except for damage and expense caused by the gross negligence of the President, his family or personal guests for which he is responsible. Insurance for the residence shall extend to personal items owned by the President and maintained in the residence. "

Noted in that is the University's obligation to maintain the house. A job description of the housekeeping service is attached and includes cleaning and other duties as assigned. Cooking is done either by the President and his wife or by a catering service or the University food services. The President's house entertains over 1,000 people per year. Events are specifically designed to support the University's mission.

4) Purchase of luxury furniture/furnishings at the President's residence. The basis for this allegation is that the purchases are for overly lavish and expensive items, not indicative of what a prudent person using taxpayer funds would normally purchase.



**WESTERN**  
NEW MEXICO UNIVERSITY

*Office of the President*

During 2020, the University's residence (President's house) went through a minor renovation that included the purchasing of furniture. This renovation was Board supervised with a subcommittee of two regents being directly involved in the project. Furniture purchases were made for the University and not for the President. All furniture is the property of the University. Furniture was based on quality and the ability to properly sustain the impact of being moved multiple times during the year and the intense activity of use that comes with over a thousand visitors per year. The furniture was also selected to provide the appropriate style for entertainment and fundraising on behalf of the University. Included in the purchase described in the media were three couches, several chairs and rugs to cover the wooden floors of the residence. As noted, the Board of Regents oversaw these purchases and represented a prudent person using taxpayers funds.

Again, I wish to thank you for your inquiry. Western New Mexico University takes its fiduciary responsibility seriously and believes in accountability. We have followed all of our policies and procedures and have ensured that the Board of Regents is actively engaged in its oversight on behalf of the taxpayers of New Mexico. If I can provide additional clarification on any of these items or if you require more supporting documentation, I will be happy to provide that.

Sincerely,

Joseph Shepard, Ph.D.  
President

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WESTERN NEW MEXICO UNIVERSITY

## Lawmaker grills university president on 'lavish spending'

By Daniel J. Chacón [dchacon@sfnewmexican.com](mailto:dchacon@sfnewmexican.com) Dec 13, 2023 Updated Jan 17, 2025 42



# Exhibit 20



Western New Mexico University President Joseph Shepard testifies Wednesday in front of the Legislative Finance Committee about university money he has spent on international travel and high-end furniture.

Daniel J. Chacón/The New Mexican

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Takeaways

- State Sen. Siah Correa Hemphill, D-Silver City, grilled Western New Mexico University President Joe Shepard over a report the school has spent tens of

A budget presentation Wednesday at the Roundhouse turned into an interrogation of Western New Mexico University President Joseph Shepard following a report of “lavish spending” by the school on the taxpayers’ dime.

thousands of dollars on international travel and expensive furniture.

- The New Mexico Higher Education Department raised concerns about recent news article that suggest "improprieties in the use of funding and resources" at the university and asked Shepard to provide a "full justification of expenditures."

- In a brief interview, Shepard said he followed all university policies and procedures and that the expenditures are under review both internally and externally.

Sen. Siah Correa Hemphill, a Silver City Democrat whose district includes the university, turned up the heat on Shepard when he appeared before lawmakers on the Legislative Finance Committee in his capacity as chair of the Council of University Presidents.

"There have been a lot of reports of lavish spending, and that is alarming — \$100,000 on trips [in the last five years] to Zambia, Spain, Greece and other countries and \$27,000 on furniture, just to name a few," she said.

"Our job is to ensure there's no misuse of taxpayer money on behalf of students and their families, especially when they're experiencing a 3% increase in tuition, and on behalf of taxpayers who are paying for that tuition increase" through the government-funded Opportunity Scholarship, she said.

Correa Hemphill, a Western New Mexico alum whose husband works in its marketing and communications office, said she had "a few questions" triggered by a recent report by Searchlight New Mexico, which reported the university spent nearly \$100,000 on international travel and at least \$27,740 on high-end furniture at Santa Fe's Seret and Sons to furnish Shepard's campus residence.

On several trips to recruit international students, "Shepard has been accompanied by other university executives, as well as members of the WNMU board of regents and his wife, former CIA operations officer-turned-author and congressional candidate Valerie Plame. All have traveled on the university's dime," Searchlight New Mexico reported.

Western New Mexico has an enrollment of about 3,500 students.

After the report was published, the state Higher Education Department sent Shepard a letter asking for a "full justification of expenditures."

Specific areas of concern outlined in the letter include:

- “Potentially unjustified international travel to Zambia, Spain, and Greece for student recruiting purposes.”
- The potential use of public funds to pay for Plame’s travel-related expenses, “as well as an expense account which she regularly files for reimbursement from.”
- “Potential use of university employees for cleaning and cooking duties at the President’s residence.”
- The purchase of “luxury” furniture for the president’s home. “The basis for this allegation is that the purchases are overly lavish and expensive items, not indicative of what a prudent person using taxpayer funds would normally purchase.”

In a brief interview after appearing before lawmakers, Shepard said the spending is under review internally and externally.

“We have our auditors going through it, we have the state auditor going through it, and that’s appropriate,” he said. “It’s all about accountability, so we will do our due diligence. Our board will do [its] due diligence.”

He also said the public reaction to the university’s spending has been mixed.

“Some obviously want to know more. Some obviously are very supportive of the university and all the great things we’re doing,” he said.

Asked whether he would do things differently in hindsight, Shepard said he followed all of the university’s policies and procedures.

“What I have done in the past I don’t have any issues with because they’re all within the guidelines of the university,” he said.

Shepard said he didn’t have second thoughts about the furniture purchases, either.

“No, because those purchases provided the quality and the

warmth to the president's residence," he said. "It's not my furniture. It's not my home. It's the university's residence."

Correa Hemphill said in an interview she was "very concerned about the possibility of misuse of taxpayer money" after the report was published.

"I believe that as the appropriating body, we need to be really, really accountable to the taxpayers," she said. "We have not historically had this level of funding and we want to make sure that when we're appropriating money to our public institutions, it's being utilized in a way that has a focus on those who need it most: the people of New Mexico."

Based on the report, Correa Hemphill said, "it does seem like there may be some inappropriate use of taxpayer money." She noted the Higher Education Department is looking into the expenditures and said she's been contacted by the State Auditor's Office.

"We will look into it more ... so we'll find out," she said.

During the legislative meeting, Correa Hemphill fired off a series of questions and asked Shepard to keep his answers "short and concise" out of respect for her colleagues, who have been meeting in Santa Fe since Monday.

Correa Hemphill's questions included what the policy is for issuing non-government employees a taxpayer-funded procurement card, known as a "P card."

Shepard said the policy allows "some exceptions" for private citizens to obtain such a card.

"So for example, at our university, one of those exceptions would

be the first lady of the university, which is my wife,” he said.

Correa Hemphill also asked Shepard what type of airline seats were purchased for him, his wife, faculty and regents on the international trips mentioned in the report.

“It would be business class,” Shepard replied.

“Have first-class tickets ever been purchased for you, your faculty, your spouse or your regents?” Correa Hemphill asked.

“For international, yes. For domestic, no,” he said. “There was a time when, for example, I would purchase an economy class and I might upgrade it. I believe there might have been one or two incidents where, because the card on file was the university card, in my upgrade, it’d go to that, but then I’d reimburse the university.”

Correa Hemphill questioned whether Shepard violated state policy.

“You didn’t use your personal credit card [to purchase the] first-class tickets and then request reimbursement for the base fare. You used taxpayer funds and then you sought proof of that reimbursement,” she said. “I’m not sure that that’s in compliance with the state Use Act and the procurement code and policies and procedures, but maybe we could check on that.

“Just for the record,” she added, “when using taxpayer funds, airfare should be the lowest fare available, according to the New Mexico travel policies and procedure.”

Correa Hemphill also questioned Shepard on the type of hotels rented during the international trips and whether incidentals, mini bar expenses or room service were charged to the university.

Shepard said the type of hotels varied “based on the safety and

location or the recommendation of the host institution.”

“They range,” he said. “I recall in Zambia staying in a hotel — I’m trying to recall if it had a cement floor — but suffice it to say, it was a very, very basic hotel.”

Asked how many international trips he had taken over the last five years, Shepard said he didn’t recall the total number.

“Most recently went to Serbia and Belgrade. Prior to that, of course, Mexico, a number of trips there. You mentioned the Spain, Greece trip. The Zambia trip. Gone there once,” he said, adding he could provide a full list afterward.

As reported by Searchlight New Mexico, Shepard said the university has not conducted a formal cost-benefit analysis of the trips.

Shepard, who has served as university president 12 years, had his contract extended last year through 2027.

The contract calls for Shepard to receive a base salary of \$365,000, which increases by the same average rate as faculty salaries over the prior year, plus a \$50,000-a-year retention bonus. It also calls for university to provide Shepard a residence, which is insured and maintained, including utilities, at Western’s expense, as well as a \$2,000-a-month vehicle allowance.

Shepard also is entitled “to all normal and customary fringe benefits” available to university staff, such as sick leave, retirement and medical and dental insurance.

“The University shall pay 100% of the premium for the customary family health insurance,” the contract states. “Further, the University shall pay 100% of the employee portion of the standard retirement contribution and 100% of the University portion.”

Shepard earns 16 hours a month, or 192 hours a year, in annual leave under the contract.

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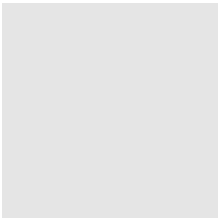
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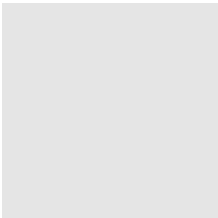
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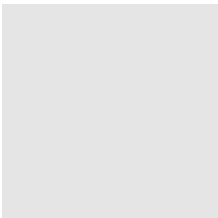
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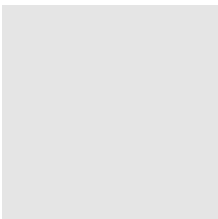
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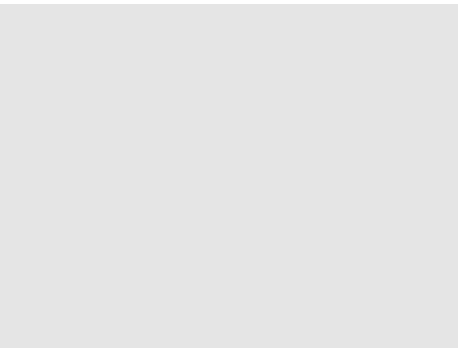
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# Exhibit 21

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## Please be cautious

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RINGSIDE SEAT

# University president authorizes special audit of his own spending

- [By Milan Simonich](#)
- Dec 14, 2023 Updated 8 hrs ago

Joseph Shepard, president of Western New Mexico University, says he recently hired a public relations

company because he wanted broader exposure for his small regional school.

Located in the old mining town of Silver City, Western hit a mother lode of publicity this month. None of it is what Shepard had in mind.

A news story by a reporter for *Searchlight New Mexico* highlighted international travel expenses charged to the public by Western executives, most notably Shepard and his wife, Valerie Plame. A writer and former CIA agent who ran for Congress in New Mexico's 3rd District, Plame has the title of first lady of the university.

Shepard didn't like the story, but the fallout shows he has a bigger problem: As a wealthy man in a low-income region, he appears tone-deaf.

With one recent move, at least, Shepard has softened that image.

After the *Searchlight* story's publication, the Office of the State Auditor received several

complaints about expenditures by Shepard and his administration, agency spokesman Daniel Maki said Thursday. As a matter of routine, the auditor opened a case to determine if the complaints are valid.

Maki said Western also contacted the Office of the State Auditor for assistance in a review of its expenditures.

“The college itself wanted help contracting an IPA [independent public accountant],” Maki said.

More significant, Shepard actually requested a special audit overseen by the state, said Mario Sanchez, a spokesman for Western. Sanchez said the company and scope of the audit are being determined in collaboration with the Office of the State Auditor. Publicly funded Western will bear the expense.

State Sen. Siah Correa Hemphill, D-Silver City, said she’s been contacted by constituents unhappy with Western’s practices. During a legislative hearing this week, Correa Hemphill questioned Shepard about his airline and hotel accommodations when he visited Greece, Zambia and other distant lands in hopes of recruiting students.

“I think an independent review is really good news. I hope they take this seriously,” the senator said in an interview.

Correa Hemphill is an alumnus of Western, and her husband, Jay Hemphill, is a photographer in the school’s Marketing and Communications Department.

Shepard said his desire to obtain more favorable attention for his university led him to augment the in-house publicity department with the Garrity Group, a public relations firm based in Albuquerque. The company is headed by Tom Garrity.

“Mr. Garrity has worked on and off for the university since at least 2007,” Shepard wrote in an email. “I met him in 2011 when I was hired and he was managing all of the university’s public relations and marketing.”

Shepard said those times were tight, necessitating cuts.

“Back then the university budget was struggling, and I had the dubious task of making it fiscally strong,” Shepard wrote. “In fact, I recall our reserves were around \$800,000 with \$600,000 of that earmarked for recurring expenses. Today’s reserves fluctuate between \$5 million and \$12 million depending on various projects that are in the works. Back in those days, the Garrity Group was one of the areas that we cut.”

Western established a marketing department that Shepard rated as good in some respects, but lacking in what he called “a robust public relations element.”

“Our university has accomplished some amazing and wonderful things, but these wonderful stories were not having success being told in markets beyond our region,” Shepard wrote.

What he sees as a publicity problem won’t be remedied by publicly funded international travel for well-off people such as himself and Plame.

Three months before the recent burst of publicity, a constituent of Correa Hemphill’s wrote the senator to tell of feeling exploited at Western.

“As an adjunct instructor at WNMU, I peaked at \$10,200 per calendar year, with zero benefits, temporary assignments, guaranteed unemployment 4 months out of every year and no voice in faculty senate,” the teacher wrote.

I have submitted a public records request to obtain the Garrity Group’s compensation for publicizing Western. Shepard assured me the documents are forthcoming.

As for his globetrotting, he maintains the money was properly spent for the purpose of making his university better and more diverse.

Even if that turns out to be true, Shepard has left himself open to criticism. He makes \$365,000 a year and also receives an annual retention bonus of \$50,000. Plame is a published author of spy novels and other works.

Publicly funded trips abroad only set them further apart from the people of Grant County,

where Western is located. The median household income in the county was \$39,400 a year in 2021, according to the U.S. Census Bureau.

Shepard and Plame are a power couple. The problem is living a life of the power elite on someone else's nickel.st of the Season

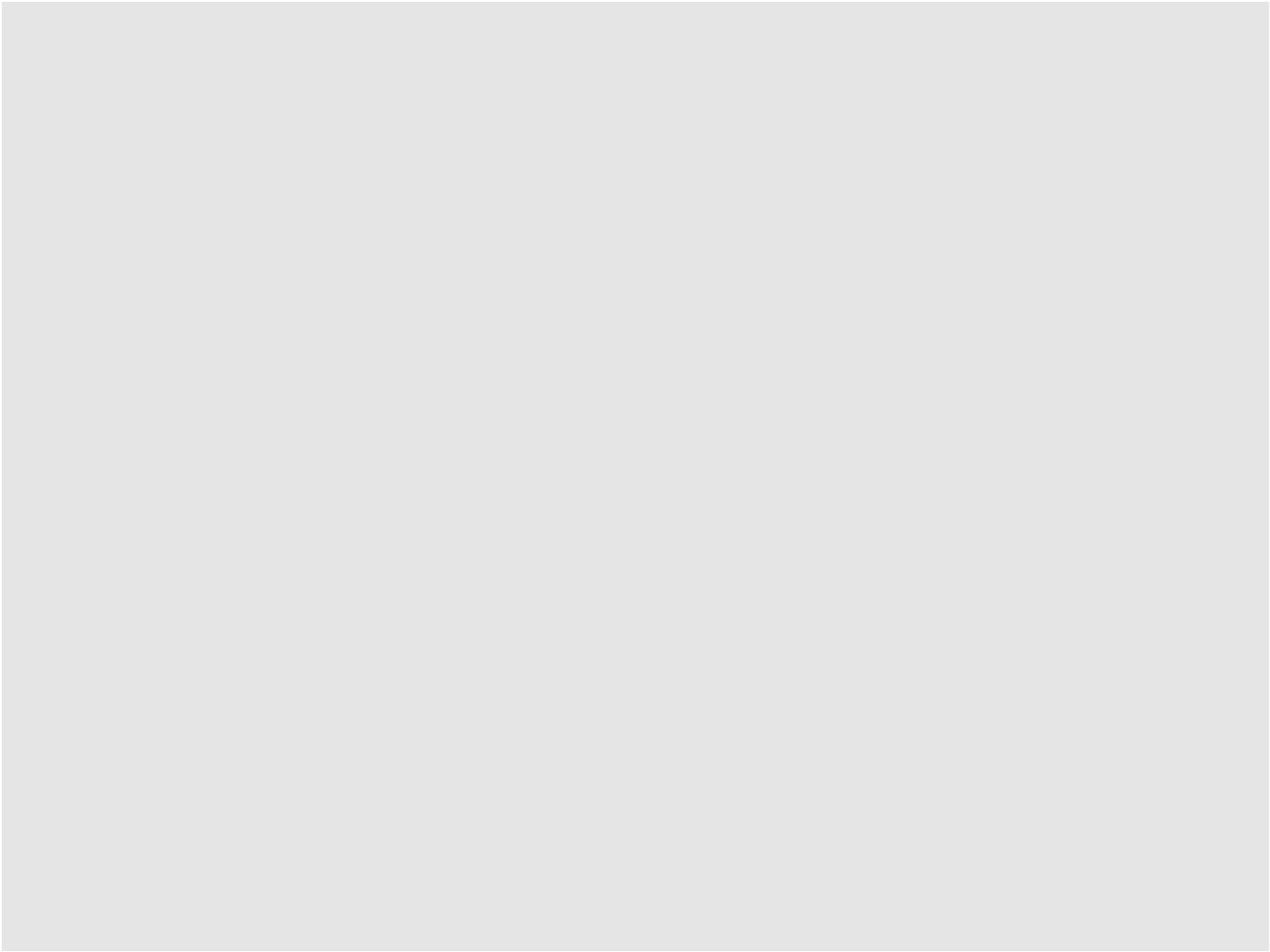
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Dunk by Keita Bat*Ringside Seat is an opinion column about people, politics and news. Contact Milan Simonich at*

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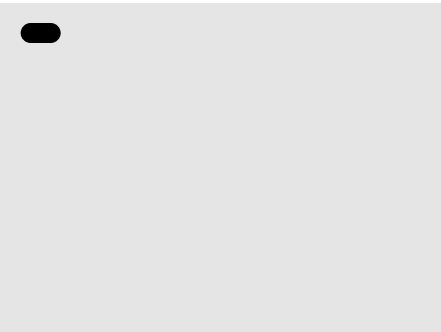
# New managers arrive for candidates' third showdown

By Milan Simonich Feb 20, 2024 Updated Mar 27, 2025 11

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Milan Simonich  
*Ringside Seat*

The leading contenders are back for a third time in one of New Mexico’s fiercest political competitions. Even so, the race is already different.

After pulling out narrow victories in a pair of elections, state Rep. Ambrose Castellano is running for a third term with a fresh approach.

“I’ve never really had a campaign manager before. We’re going to do something very different,” said Castellano, a conservative Democrat from Serafina in San Miguel County.

He has hired Danny Maki to manage his campaign for reelection in House District 70. Maki previously was a paid staffer in campaigns to elect far more liberal politicians, most notably Santa Fe Mayor Alan Webber.

Progressive Democrat Anita Gonzales, loser of primary elections to Castellano in 2020 and 2022, also has opted for a shakeup. She has hired Neri Holguin, one of the state's more successful campaign managers of liberal candidates.

Gonzales, of Las Vegas, N.M., said she hopes her fortunes will change with Holguin on her side and a stretch of difficult history behind her.

“I’m hoping for a new look after running during the COVID pandemic the first time, and being evacuated from my home during the terrible wildfires in the second election,” Gonzales said.

Castellano in their first race defeated Gonzales by 62 votes, or one percentage point. His margin of victory in 2022 was 78 votes, or two points.

A 51-year-old general contractor, Castellano dominated in fundraising. The gap was widest in 2022, when Castellano collected \$207,000 for the primary and general elections, according to state campaign records. Gonzales raised \$34,000 for the primary.

One of Holguin’s objectives is to close the gap in money. The two candidates are miles apart on high-profile issues, and that won’t change.

Gonzales, 44, supports abortion rights. Castellano voted to keep on the books an unenforced 1969 law criminalizing abortion.

The Legislature voted to repeal the law in 2021, and Democratic Gov. Michelle Lujan Grisham authorized the change by signing the

bill.

Castellano says he nonetheless had the pulse of his district, which covers most of San Miguel County and a section of Torrance County.

“Planned Parenthood hit me with an abundance of mailers. The election came soon after, and it showed I was thinking about my constituents,” Castellano said.

He also broke from most House Democrats by voting to maintain the 175% annual interest rate storefront lenders were allowed to charge in New Mexico. Gonzales favored cutting the maximum interest rate to 36%, something state lawmakers finally did in 2022.

Castellano said he worried about drying up credit for people who who couldn't get a loan from a bank or credit union to cover a

medical bill or other emergency.

Credit unions played an important part in cutting the allowable interest rate, pledging to help people with poor credit. Interest rates at credit unions were already at 28%.

Gonzales works as deputy director of the pre-college program New Mexico MESA. The acronym stands for mathematics, engineering and science achievement. Her career aligns with her campaign themes.

“My emphasis is on education, health care and building our communities,” she said.

Castellano's stated goals are similar. He says he's become a student of the state budgeting process in order to deliver improvements to his district. He awaits Lujan Grisham's decisions on budget items, but says he's optimistic about his area receiving \$6 million for the New Mexico Behavioral Health Institute and more than \$3 million for a drug treatment center.

Maki resigned Dec. 15 from his job on the state auditor's staff to start his political business. In addition to Castellano, Maki is managing the reelection campaigns of two other Democrats, Sen. George Muñoz of Gallup and Rep. Linda Serrato of Santa Fe. Both are heavy favorites to win again.

Holguin has even more clients for the Legislature. She is managing the reelection campaigns of two freshmen, Sen. Siah Correa Hemphill of Silver City and Rep. Tara Jaramillo of Socorro.

Holguin also is working for Angel Charley, a challenger in Senate District 30. Charley, of Acoma Pueblo, probably is best known for her work in trying to stop domestic violence.

Former eight-year Sen. Clemente Sanchez, a conservative Democrat, also is exploring a run in District 30, his old seat. The

incumbent is Republican Sen. Joshua Sanchez of Bosque.

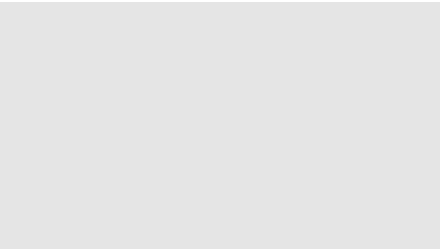
The competition between Castellano and Gonzales might be more than a three-peat. It could be a harbinger of which wing of the Democratic Party gains ground this year.

As for the Republicans, minorities in both legislative chambers, they'll be cheering for Castellano, at least when no one's watching.

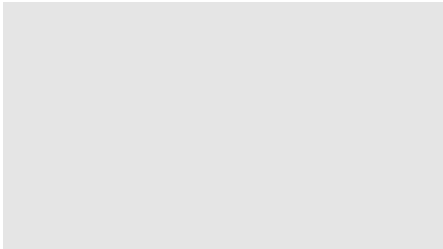
*Ringside Seat is an opinion column about people, politics and news. Contact Milan Simonich at [msimonich@sfnewmexican.com](mailto:msimonich@sfnewmexican.com) or 505-986-3080.*

Milan Simonich  
Editor

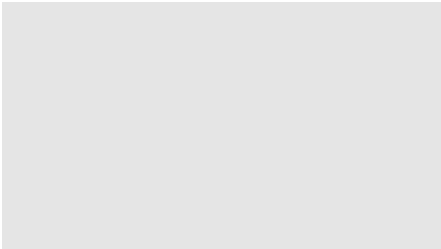
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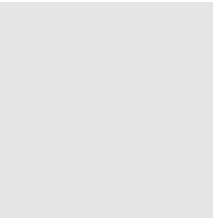
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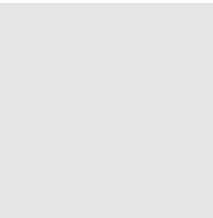
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- 4. UNM med school seeks to double enrollment as need for doctors statewide soars
- 5. Animal nonprofit director calls puppy dump at Interfaith Community Shelter 'vile and disgusting'
- 6. 'Horrifying': Former Española principal, U.S. citizen describes hourslong Customs and Border Patrol interrogation
- 7. Spanish Market 'Best of Show' winner says winning bulto reflects his journey
- 8. Albuquerque bookstore owner turns page on freedoms, respect
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- 10. New Mexico Corrections Department continues to drain state's settlement funds

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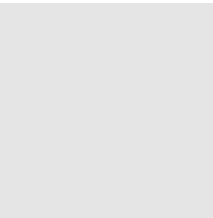
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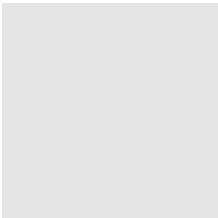
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Albuquerque bookstore owner turns page on freedoms, respect



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COMMENTARY

# Feeling jitters over Fuego first pitch



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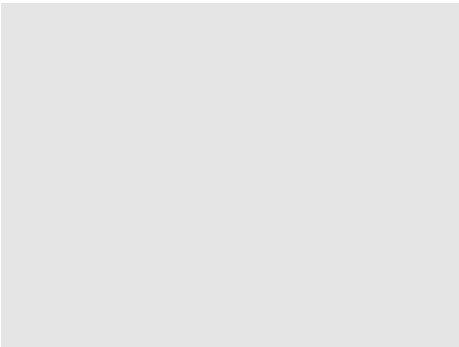
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# Exhibit 23

**From:** [Christopher Hall](#)  
**To:** [Joseph Shepard](#); [Shawn Beck](#); [Kelley Riddle](#)  
**Cc:** [Julie Morales](#); [Joseph M. Maestas](#); [Ricky A. Bejarano](#); [Alanna Goodman](#)  
**Subject:** RE: Request for extended deadline OSA SID case # 2024-12-04-128  
**Date:** Friday, January 19, 2024 11:07:46 AM  
**Attachments:** [image001.png](#)

---

Good morning, President Shepard,  
We have a 10 o'clock on Tuesday, so we could meet at 8:30 or 9 that morning if that works for you and your team. And we would be happy to send out a Teams link for Chair Hotvedt and Vice Presidents Morales and Riddle.

Thanks,  
Christopher



**Christopher Hall**  
**Assistant General Counsel**  
**NM Office of the State Auditor**  
2540 Camino Edward Ortiz,  
Suite A  
Santa Fe, NM 87507  
[christopher.hall@osa.state.nm.us](mailto:christopher.hall@osa.state.nm.us)  
Cell Phone: 505-487-3469  
OSA Main: 505-476-3800

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**From:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>  
**Sent:** Thursday, January 18, 2024 12:04 PM  
**To:** Christopher Hall <[Christopher.Hall@osa.nm.gov](mailto:Christopher.Hall@osa.nm.gov)>; Shawn Beck <[Shawn.Beck@osa.state.nm.us](mailto:Shawn.Beck@osa.state.nm.us)>; Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>  
**Cc:** Julie Morales <[Julie.Morales@wnmu.edu](mailto:Julie.Morales@wnmu.edu)>; Joseph M. Maestas <[Joseph.Maestas@osa.nm.gov](mailto:Joseph.Maestas@osa.nm.gov)>; Ricky A. Bejarano <[Ricky.Bejarano@osa.nm.gov](mailto:Ricky.Bejarano@osa.nm.gov)>  
**Subject:** RE: Request for extended deadline OSA SID case # 2024-12-04-128

Thank you for everyone's willingness to meet. Tuesday afternoon I will be testifying before the HAFC. I could meet Tuesday morning or on Wednesday before 9:30 or after 2 p.m. I could also meet Thursday morning, but not Thursday afternoon as I have Senate Finance. Also, if possible, either through phone or zoom, I would like Kelley Riddle to be able to participate. Other participants would most likely be the WNMU Board chair Mary Hotvedt and Julie Morales. Again, thank you for setting up this meeting.

All the best,

Joe

---

**From:** Christopher Hall <[Christopher.Hall@osa.nm.gov](mailto:Christopher.Hall@osa.nm.gov)>  
**Sent:** Thursday, January 18, 2024 9:30 AM

**To:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>; Shawn Beck <[Shawn.Beck@osa.state.nm.us](mailto:Shawn.Beck@osa.state.nm.us)>; Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>  
**Cc:** Julie Morales <[Julie.Morales@wnmu.edu](mailto:Julie.Morales@wnmu.edu)>; Joseph M. Maestas <[Joseph.Maestas@osa.nm.gov](mailto:Joseph.Maestas@osa.nm.gov)>; Ricky A. Bejarano <[Ricky.Bejarano@osa.nm.gov](mailto:Ricky.Bejarano@osa.nm.gov)>  
**Subject:** RE: Request for extended deadline OSA SID case # 2024-12-04-128

Good morning, President Shepard,  
The Auditor would be happy to oblige your request. Are you in Santa Fe for the session, or would you be teleconferencing in from Silver City? If you are in Santa Fe, we would be happy to have you come by the office Tuesday afternoon.  
Thank you,  
Christopher



**Christopher Hall**  
Assistant General Counsel  
NM Office of the State Auditor  
2540 Camino Edward Ortiz,  
Suite A  
Santa Fe, NM 87507  
[christopher.hall@osa.state.nm.us](mailto:christopher.hall@osa.state.nm.us)  
Cell Phone: 505-487-3469  
OSA Main: 505-476-3800

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**From:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>  
**Sent:** Wednesday, January 17, 2024 7:37 PM  
**To:** Shawn Beck <[Shawn.Beck@osa.state.nm.us](mailto:Shawn.Beck@osa.state.nm.us)>; Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>  
**Cc:** Julie Morales <[Julie.Morales@wnmu.edu](mailto:Julie.Morales@wnmu.edu)>; Joseph M. Maestas <[Joseph.Maestas@osa.nm.gov](mailto:Joseph.Maestas@osa.nm.gov)>; Ricky A. Bejarano <[Ricky.Bejarano@osa.nm.gov](mailto:Ricky.Bejarano@osa.nm.gov)>; Christopher Hall <[Christopher.Hall@osa.nm.gov](mailto:Christopher.Hall@osa.nm.gov)>  
**Subject:** Re: Request for extended deadline OSA SID case # 2024-12-04-128

Dear Mr. Beck,

I would like to make a formal request to have, for lack of a better term, an entrance interview with you and Mr. Maestas at a minimum as well as anybody else you think would be important to invite. There is a particular disclosure that I wish to make that may aid in your investigation. Thank you.

Sincerely,

Joe Shepard

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---

**From:** Shawn Beck <[Shawn.Beck@osa.state.nm.us](mailto:Shawn.Beck@osa.state.nm.us)>  
**Sent:** Wednesday, January 17, 2024 4:20:43 PM  
**To:** Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>  
**Cc:** Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>; Julie Morales <[Julie.Morales@wnmu.edu](mailto:Julie.Morales@wnmu.edu)>; Joseph M. Maestas <[Joseph.Maestas@osa.nm.gov](mailto:Joseph.Maestas@osa.nm.gov)>; Ricky A. Bejarano <[Ricky.Bejarano@osa.nm.gov](mailto:Ricky.Bejarano@osa.nm.gov)>; Christopher Hall <[Christopher.Hall@osa.nm.gov](mailto:Christopher.Hall@osa.nm.gov)>  
**Subject:** RE: Request for extended deadline OSA SID case # 2024-12-04-128

Good afternoon Vice President Riddle,

The Office of the State Auditor (OSA) is in receipt of your January 12, 2024 correspondence requesting an additional extension of time to provide to OSA procurement and travel expenditures supporting documentation originally requested on December 7, 2023. In follow-up to your correspondence and our virtual discussion on the matter held on January 12<sup>th</sup>, the State Auditor has agreed to grant the University the requested extension of time to produce the requested documents on the timeline stated in your letter:

- The procurement of furnishings for the president's residence, the rental of a house in Santa Fe, and international travel events are to be submitted no later than end of day **January 19, 2024**.
- The domestic travel events for President Shepard and domestic travel events for the Board of Regents, are to be submitted no later than end of day **January 31, 2024**.
- The domestic travel events for the vice presidents, collectively, are to be submitted no later than end of day **February 12, 2024**.

Additionally, as noted in our December 7, 2023 correspondence to the University, the above-listed items do not represent an exhaustive listing of all documentation in the University's possession the OSA may deem relevant for inspection as part of our inquiry. The OSA may make requests for further documentation regarding this matter. I kindly ask that you respond to this email that it has been received by you. Please call me direct at (505) 470-3150 should you have any questions regarding the referenced matter. Thank you and have a good evening.

Best regards,  
Shawn

Shawn P. Beck, CFE  
Special Investigations Director  
NM Office of the State Auditor  
(505) 470-3150

**\*Please note my new email address and add it to your approved recipient list:**  
[Shawn.Beck@osa.nm.gov](mailto:Shawn.Beck@osa.nm.gov)

---

**From:** Kelley Riddle <[Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu)>  
**Sent:** Friday, January 12, 2024 4:18 PM  
**To:** Joseph M. Maestas <[Joseph.Maestas@osa.nm.gov](mailto:Joseph.Maestas@osa.nm.gov)>; Ricky A. Bejarano

<[Ricky.Bejarano@osa.nm.gov](mailto:Ricky.Bejarano@osa.nm.gov)>

**Cc:** Shawn Beck <[Shawn.Beck@osa.state.nm.us](mailto:Shawn.Beck@osa.state.nm.us)>; Joseph Shepard <[Joseph.Shepard@wnmu.edu](mailto:Joseph.Shepard@wnmu.edu)>; Julie Morales <[Julie.Morales@wnmu.edu](mailto:Julie.Morales@wnmu.edu)>

**Subject:** Request for extended deadline

Good afternoon - Please see attached letter requesting an extension for the submission of information and documentation relating to SID case # 2024-12-04-128. Let me know if you have any questions or concerns.

Thank you,  
Kelley

**KELLEY RIDDLE**

Vice President of Business Affairs

Loss Control Coordinator

Office of the Vice President of Business Affairs

**WESTERN NEW MEXICO UNIVERSITY**

**m** P.O. Box 680 | Silver City, NM 88062

**p** 1000 W. College Ave | Silver City, NM 88061

**t** 575.538.6513 | **f** 575.538.6338

**e** [Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu) | [wnmu.edu](http://wnmu.edu)

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# Exhibit 24

**NEW MEXICO  
HIGHER EDUCATION  
DEPARTMENT**

*Fostering Student Success from Cradle to Career*



**Michelle Lujan Grisham, Governor**  
**Stephanie M. Rodriguez, Cabinet Secretary**  
**Patricia Trujillo, Deputy Secretary**

February 14, 2024

Dr. Mary Hotvedt, President  
Board of Regents, Western New Mexico University  
1000 W College Ave  
Silver City, NM 88061

Dr. Joseph Shepard, President  
Western New Mexico University  
1000 W College Ave  
Silver City, NM 88061

Dear Board President Hotvedt and President Shepard,

I want to take this opportunity to acknowledge receipt of M. Karen Kilgore's correspondence dated January 19, 2024, regarding Western New Mexico University's representation by Cuddy & McCarthy and the university's response to our letter dated January 5, 2024. However, we find the response deeply lacking in addressing the seriousness of the allegations, which point to a concerning lack of internal controls and oversight at a publicly funded higher education institution in New Mexico. It is disappointing that Western New Mexico University's response amounts to a categorical dismissal of significant concerns raised by the New Mexico Higher Education Department. It is imperative that, moving forward, Western New Mexico University demonstrates a firm commitment to immediately address these issues.

The New Mexico Higher Education Department operates in accordance with state statutes to ensure accountability and transparency in the management of public educational institutions. We work diligently with all colleges, universities, and special schools to uphold the principles of higher education accessibility for all New Mexicans. However, recent revelations, including excessive international travel for recruitment purposes, call into question the university's fulfillment of its role as a regional comprehensive institution. Additionally, the university declined to perform a cost-benefit analysis as requested, claiming that the benefits of travel abroad and other expenditures were not quantifiable. However, such an analysis is possible, and, therefore, the New Mexico Higher Education Department (Department) will move forward with a compliance audit of Western New Mexico University under the authority provided by NMSA §9-25-8 "*Secretary; duties and general powers*" and §21-1-26 "*Higher education department; general powers.*" Our agency's audit will cover all areas of concern noted in the following:

- The Department's letter to Western New Mexico University dated December 8, 2023
- The Department's letter to Western New Mexico University dated January 5, 2024
- Western New Mexico University's response letter to the Legislative Finance Committee dated January 25, 2024

In the coming weeks, the New Mexico Higher Education Department will formally notify the university of the compliance audit. This notification will outline expectations and serve to coordinate an entrance conference to initiate the audit process.

What is perhaps even more concerning is that Western New Mexico University appears to be under the impression that it can operate outside the boundaries of the New Mexico Procurement Code. For example, the university's letter dated January 19, 2024, seems to assert that Western New Mexico University, as a constitutionally enabled body, is exempt from the state's Procurement Code. The constitutional and



statutory provisions cited do not state that the higher education institution is exempt from the Procurement Code, they merely provide that a Board of Regents will control and manage the university. Vested control and management responsibility in an individual political body does not exempt a public higher education institution from the Procurement Code. Our agency consulted and coordinated with the New Mexico Department of Finance and Administration on a thorough review of supporting documentation provided by Western New Mexico University, and while it was noted in the university's letter dated January 19, 2024, that the Board of Regents "establishes purchasing regulations", our legal counsels confirmed that the university must comply with the State's Procurement Code. In addition, Western New Mexico University's own "Procurement and Reimbursement Policy" states that the university must comply with federal and state laws, including the Procurement Code.

As one of New Mexico's original regional comprehensive universities, Western New Mexico University is charged with fostering college access and support with a focus on the residents living in the surrounding communities and within the "Western" region of the state. However, a recent article in the *Santa Fe New Mexican* highlights 47 different trips to 12 different countries in the last five years for recruitment purposes, with the university's own alumni magazine noting international students in the fall only numbered 35, or one percent of the total enrollment. While we value the contributions of international students and welcome these students to New Mexico's colleges and universities, Western New Mexico University's response does not address or provide support for how these trips solidify the university's role as a regional comprehensive university. The university has the responsibility of serving Grant County and surrounding counties. The median income in these areas is approximately \$27,800 and over 35 percent of students attending Western New Mexico University receive need-based federal Pell Grants. The student population at Western New Mexico University is 47.8 percent Hispanic and 29.8 percent Native American. The university's highest funding priority should first and foremost be to the direct benefit of students and the local population that Western New Mexico University was constitutionally established to serve.

My office is cognizant of the authority granted to the Board of Regents in the management and control of the university; however, as stewards of public dollars – both state and federal – the board is responsible for managing the university's financial resources wisely and executing these duties with integrity and ethical conduct. The same is true when it comes to the stewardship of public trust. It is my expectation that the regents will take their role and responsibility earnestly and ensure that Western New Mexico University is compliant and transparent in the New Mexico Higher Education Department's upcoming compliance audit.

If you have any questions regarding this correspondence, please feel free to reach out to General Counsel Peter Kovnat at 505-469-2395 or via email at [Peter.Kovnat@hed.nm.gov](mailto:Peter.Kovnat@hed.nm.gov).

Sincerely,

Stephanie M. Rodriguez  
Cabinet Secretary



---

cc: M. Karen Kilgore, Attorney, Cuddy & McCarthy LLP  
Dr. Patricia Trujillo, Deputy Cabinet Secretary, New Mexico Higher Education Department  
Peter Kovnat, General Counsel, New Mexico Higher Education Department  
Gerald Hoehne, Interim Institutional Finance Director, New Mexico Higher Education Department  
Scott Eccles, External Audit Manager, New Mexico Higher Education Department  
Daniel Schlegel, Chief of Staff, Office of the Governor  
Wayne Propst, Cabinet Secretary, New Mexico Department of Finance & Administration  
Nicole Macias, Principal Analyst, New Mexico Department of Finance & Administration  
Charles Sallee, Director, New Mexico Legislative Finance Committee  
Connor Jorgensen, Fiscal Analyst, New Mexico Legislative Finance Committee  
Raúl Torrez, Attorney General, New Mexico Department of Justice  
Joseph M. Maestas, State Auditor, New Mexico Office of State Auditor  
Zach Waymer, Government Affairs Officer, Higher Learning Commission

# Exhibit 25

NEW MEXICO  
HIGHER EDUCATION  
DEPARTMENT

*Fostering Student Success from Cradle to Career*



*Michelle Lujan Grisham, Governor*  
*Stephanie M. Rodriguez, Cabinet Secretary*  
*Patricia Trujillo, Ph.D, Deputy Secretary*

June 4, 2024

Dr. Mary Hotvedt, President, Board of Regents  
Western New Mexico University  
1000 W College Avenue  
Silver City, NM 88061

Dr. Joseph Shepard, President  
Western New Mexico University  
1000 W College Avenue  
Silver City, NM 88061

Dear Board President Hotvedt and President Shepard,

This letter serves as formal notice of the New Mexico Higher Education Department's (NMHED) intent, in accordance with NMSA §9-25-8 "*Secretary; duties and general powers*" and §21-1-26 "*Higher education department; general powers,*" to conduct a compliance audit of Western New Mexico University (WNMU).

The objectives of the audit are to assess the multiple concerns noted in previous correspondence to WNMU regarding: (a) excessive international travel; (b) non-compliance with State of New Mexico and WNMU travel and per diem policies and procedures; (c) non-compliance with State of New Mexico procurement code and card policies in addition to non-compliance to WNMU procurement and reimbursement procedures and purchasing card agreement; (d) improper use of WNMU staff and resources; and (e) excessive and non-resourceful use of foundation funds.

To streamline the communication process between the NMHED and WNMU, we are assigning Mr. Scott Eccles, External Audit Manager, as the agency's point of contact for the audit. Please assign and provide via email the name, title, email, and phone number for WNMU's assigned single point of contact to the agency.

We are requesting an entrance conference on June 26, 2024, at 10:00 a.m. at the WNMU campus in Silver City. Please confirm the date, time, and preferred location via email to Mr. Eccles at [Scott.Eccles@hed.nm.gov](mailto:Scott.Eccles@hed.nm.gov). If you have any questions regarding this letter, please contact Mr. Eccles directly.

Sincerely,

Stephanie M. Rodriguez  
Cabinet Secretary

**NEW MEXICO  
HIGHER EDUCATION  
DEPARTMENT**

*Fostering Student Success from Cradle to Career*



*Michelle Lujan Grisham, Governor*  
*Stephanie M. Rodriguez, Cabinet Secretary*  
*Patricia Trujillo, Ph.D., Deputy Secretary*

cc: Daniel Schlegel, Chief of Staff, Office of the Governor  
Wayne Propst, Cabinet Secretary, New Mexico Department of Finance & Administration  
Patricia Trujillo, Ph.D., Deputy Cabinet Secretary, New Mexico Higher Education Department  
Gerald Hoehne, Chief of Staff/CFO, New Mexico Higher Education Department  
Peter Kovnat, General Counsel, New Mexico Higher Education Department  
Taña Martinez, Institutional Finance Director, New Mexico Higher Education Department  
Scott Eccles, External Audit Manager, New Mexico Higher Education Department  
Dawn Webster, Senior Budget Analyst, New Mexico Higher Education Department  
Nicole Macias, Principal Analyst, New Mexico Department of Finance & Administration  
Raúl Torrez, Attorney General, New Mexico Department of Justice  
Joseph M. Maestas, State Auditor, New Mexico Office of State Auditor  
Charles Sallee, Director, New Mexico Legislative Finance Committee  
Connor Jorgensen, Fiscal Analyst, New Mexico Legislative Finance Committee  
Zach Waymer, Government Affairs Officer, Higher Learning Commission  
M. Karen Kilgore, Attorney, Cuddy & McCarthy LLP  
Kelly Riddle, Vice President of Finance and Administration, Western New Mexico University

# Exhibit 26

**From:** [Joseph Shepard](#)  
**To:** [Hannah Wecks](#); [Mary Rae McDonald](#)  
**Subject:** Re: \$1 Mil expenses Experiential Education  
**Date:** Wednesday, September 25, 2024 4:59:09 PM  
**Attachments:** [Outlook-aoahpppn.png](#)

---

Thank you. Can I get a column of employees or vendors associated with the payouts?  
Thanks!!

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---

**From:** Hannah Wecks <hwecks@aldocs.org>  
**Sent:** Wednesday, September 25, 2024 4:34:54 PM  
**To:** Joseph Shepard <Joseph.Shepard@wnmu.edu>; Mary Rae McDonald <MaryRae.McDonald@wnmu.edu>  
**Subject:** Fw: \$1 Mil expenses Experiential Education

## Please be cautious

This email was sent from outside of WNMU

---

Good Afternoon,  
During our education leaders' luncheon, Dr. Shepard mentioned that his auditors had requested an accounting of the million dollars earmarked for experiential education that flowed through WNMU. My new business manager, Justine Vigil, provided this information. I forwarded the email so that you would have her contact information if you have further questions.  
Thanks,

Hannah Wecks  
Director  
Aldo Leopold Charter School  
575.538.2547 ext. 5600



---

**From:** Justine Vigil <justine@vigilgroup.net>  
**Sent:** Tuesday, September 24, 2024 8:48 AM  
**To:** Hannah Wecks <hwecks@aldocs.org>  
**Subject:** \$1 Mil expenses Experiential Education

**Caution:** This email came from outside ALCS and may be malicious. Please take care when clicking links or opening attachments.

*Justine Vigil, MBA*  
Co-CEO/Co-Owner



**The Vigil Group, LLC**

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Albuquerque, NM 87110

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## State of New Mexico Office of the State Auditor

November 18, 2024

Western New Mexico University  
1000 W. College Ave.  
Silver City, NM 88061

**Sent via Electronic Mail Only:**

## **Exhibit 27**

Dr. Mary E. Hotvedt, President, Board of Regents  
Western New Mexico University  
Email: maryhotvedt@aol.com

RE: Letter of Concern  
Western New Mexico University Procurement and Travel Expenditures –  
Waste of Public Resources

Dear President Hotvedt,

The Office of the State Auditor (“OSA”) has conducted a fact-finding examination into several allegations asserting that Western New Mexico University (“WNMU” or “the University”) engaged in the waste<sup>1</sup> of public funds through:

- excessive or extravagant domestic and international travel and lodging for the University staff, leadership, and governance,
- improper use of procurement and university credit cards (P-card), including the procuring of high-end custom furnishings for the University President’s official residence; and,
- providing expense accounts and purchasing cards to a non-University employee.

These allegations had been publicly reported in media accounts, discussed during university leadership testimony before State legislative bodies, and included in constituent complaints submitted to the OSA. Related information was also provided to the OSA by State oversight agencies.

The OSA’s examination was conducted by its Special Investigations Division (SID). SID examined the University’s expenditures related to procurement and travel during the period of July 1, 2018, through June 30, 2023 (“the period”), including specific examples noted within the allegations. Our examination reviewed the University’s travel and per diem processes and

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<sup>1</sup> As defined in the Audit Rule Section 2.2.2.7W NMAC, “[w]aste includes, but is not limited to, the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse. Rather waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight. Waste does not necessarily involve fraud or illegal acts. However, waste may be an indication of internal control weakness, non-compliance, fraud, or illegal acts.”

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Western New Mexico University

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expenditures during the period and tested them for compliance with established internal controls designed to aid the University in complying with laws, regulations, and university policies, promoting accountability, and preventing fraud. Internal controls, when properly designed and implemented, help improve operational efficiency, ensure budgets are adhered to, policies are followed, and ensure proper governance.

Our examination of the travel and procurement expenditures found a concerning lack of compliance with established university policies during the period. (See Enclosure) Noncompliance with the provisions of university policy negatively impacts the effectiveness of any comprehensive and rigorous review and approval process the University's management and governing body might exercise over expenditures of public funds by the University for travel requests, travel reimbursements, and purchase card usage.

Our examination found that the travel requests and travel reimbursements provided by WNMU for the University President and members of the Board of Regents during the period, were consistently noncompliant with university policies. They were found to be lacking required documentation, were incomplete or erroneous, were prepared, signed, and submitted by someone other than the designated traveler, or exceeded approved reimbursement amounts, among other noncompliance. Our examination of the use of the University's credit card as part of the University President's and Board of Regents' travel during the period noted several transactions where disallowed items such as meals, alcohol, and hotel room service, were purchased. Further, our examination of travel documentation in instances of university staff and faculty travel identified similar noncompliance with university policies, as noted herein.

Our examination found that the use of a university credit card to purchase high-end custom furniture by the University President, was contrary to university policies regarding use of credit cards to purchase tangible goods of \$1500 or more, and the purchase of furniture with a value of \$1000 or higher requiring a purchase order or requisition. Further, it was found that exception to, or the deviation from university policy to allow these purchases, had not been approved by the Board of Regents.

The misuse of the P-card by the University's President identified as part of our examination, was contrary to both established university policy and the contractual agreement laid out in the President's employment contract with the University wherein contract language specifies he would, "...at all times faithfully, industriously, and with the best use of his experience, ability and talent, perform all of the duties required pursuant to the terms of this Employment Agreement and the University's official policies, and assigned by the Board...". Additionally, the University's leadership appears to be in violation of its own Code of Conduct, which in part states, "...employees of the University shall maintain the highest standards of business ethics in transactions with the University, the State, Federal, and local governments, and with the public...".

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There is an appearance of management overreach and a lack of a strong “tone at the top”<sup>2</sup> at the University. Without the proper example being set by the University’s management and Board, which is fundamental to an effective internal control system, any disincentives for university employees to engage in inappropriate or extravagant travel spending, are limited or removed. Further, University management and Board failed to uphold their fiduciary responsibilities, by neglecting to adhere to the corresponding elements as established in the University’s policies, procedures, and rules regarding travel, per diem, and procurement.

The governing body’s lack of proper oversight and management’s non-compliance with policies and procedures, resulted in the waste of public funds and resources entrusted to the university. According to the Board of Regents Manual, “...management and control of the University are vested in the Regents...”. Further, “...all decisions and actions of the President must be in accordance with general policies approved by the Board of Regents and are subject to the right of the Board to intervene...”.

The OSA is encouraged that since these concerns were first publicly revealed, WNMU’s governing body and management have taken proactive steps to strengthen the University’s internal control structure as well as engage in an external forensic special audit to further review these and related issues.

Complacency or indifference to oversight not only exposes the University’s governing body and leadership to the threat of further waste, but it also opens the door for potential fraudulent acts to occur, each of which negatively impacts the university and its finances.

The OSA recommends that the University incorporate, if not having already done so, an internal review of cost disparities, cost control measures, and adequate documentation into its travel approval, travel reimbursement, and use of P-card processes, like those requirements necessary for any other expenditure of public funds for the purchase of goods or services. This will help address and limit any future potential waste of public funds by WNMU.

Finally, without strong and committed leadership to reinforce the internal control system, the university remains at significant risk for fraud, waste, and abuse. Effective governance is crucial in setting the tone at the top, embracing accountability and transparency, and ensuring that all employees understand the importance of these controls and adhere to them diligently. Without this, even the best policies and procedures may fail to prevent waste of public funds.

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<sup>2</sup> As defined in the Government Audit Standards for Internal Control in the Federal Government Green Book, Section 1.03, “The oversight body and management lead by an example that demonstrates the organization’s values, philosophy, and operating style. The oversight body and management set the tone at the top and throughout the organization by their example, which is fundamental to an effective internal control system.” Section 1.05, “Tone at the top can be either a driver...or a barrier to internal control. Without a strong tone at the top to support an internal control system, the entity’s risk identification may be incomplete, risk responses may be inappropriate, control activities may not be appropriately designed or implemented, information and communication may falter, and results of monitoring may not be understood or acted upon to remediate deficiencies.”

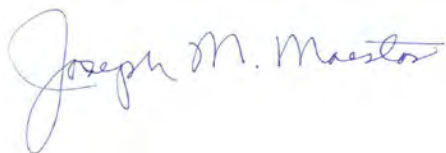
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Sincerely,



Joseph M. Maestas, PE, CFE  
New Mexico State Auditor

cc: Dr. Lyndon Haviland, Vice President, WNMU Board of Regents  
(lyndon@sent.com)  
Mr. Trent Jones, Student Regent, Secretary/Treasurer, WNMU Board of Regents  
(tjones2@wnmu.edu)  
Dr. Daniel H. Lopez, Member, WNMU Board of Regents  
(dhdaniel801@gmail.com)  
Mr. Dalva (Dal) Moellenberg, J.D., Member, WNMU Board of Regents  
(DLM@gknet.com)  
Dr. Joseph Shepard, President, WNMU (Joseph.Shepard@wnmu.edu)  
Kelly Riddle, Vice President of Business Affairs, WNMU  
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Julia Morales, Vice President of Compliance and Communications, WNMU  
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Stephanie M. Rodriguez, Secretary, New Mexico Higher Education Department  
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Ricky A. Bejarano, CPA, CGMA, Deputy State Auditor, OSA,  
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Enclosure: WNMU Noncompliance

File #: NMOSA-2024-12-04-128

## ***WNMU Noncompliance***

### **TRAVEL**

As part of our examination, the OSA requested and analyzed all supporting documentation maintained by the university related to the university President's and the members of the University's Board of Regents ("Regents"), domestic and international travel during the period. WNMU provided the OSA with documentation for a total of 138 instances of travel by the university President equaling an expenditure of \$140,610.75, and documentation for a total of 264 instances of travel by the Regents equaling an expenditure of \$73,651.16, during the period. Examples of the university President's and Regent's travel found to be noncompliant with university policies and rules include the following observations:

- Travel was undertaken by the President *without* the proper travel request submission and subsequent oversight pre-approval by governance.
- Travel was undertaken by Regents *without* travel requests or submitted untimely and without justification for good cause.
- Travel requests for the President were either *not submitted* by the President for governance review/approval in a timely manner prior to travelling or were submitted *after* the travel began.
- Travel was undertaken by Regents utilizing *incomplete* and/or *unauthorized/unapproved* travel requests and travel vouchers.
- Travel vouchers for the President's travel were not submitted in a timely manner and were often submitted weeks or months *after* the travel ended.
- Travel undertaken by Regents where purchase orders were dated *after* travel dates and missing purchasing office approval.
- Travel reimbursements requested by the President or Regents and subsequently paid by the university, either *exceeded* the total amounts reflected in the respective purchase orders or *were not listed* on the purchase order.
- Travel undertaken by the President was *missing* required documentation for mileage and/or conference registrations.
- *Incomplete* or *incorrectly calculated* travel vouchers or vouchers *missing* documentation submitted by Regents for travel.
- Regent travel vouchers having *differing* travel dates than their associated travel requests and instances of hotel cancellations resulting in loss of refunds, justified without good cause.
- Travel requests *not* completed and submitted by appropriate requestor (university President) but delegated to another university employee.
- Travel undertaken by the university President, and paid for by the university, appearing to be *unrelated to official university business*. These included trips related to other non-educational organizations which the President is affiliated, such as the Finca Vigia Foundation, dedicated to saving author Ernest Hemingway's Cuban legacy, and for conferences and events where his spouse was a guest speaker such as the Simmons Leadership Conference, established for women's leadership and business.

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- International travel taken by the university President and/or Regents *lacking any documentation* articulating the business need, purpose, justification, or authority for the travel.
- *Travel upgrades* for seating and amenities on international and domestic travel taken by the university President and/or Regents *lacking any documentation* articulating the business need or purpose justification or authority for the upgrades.
- Lodging upgrades and meal expenditures on international and domestic travel taken by the university President and/or Regents *lacking any documentation* articulating the business need or purpose justification or authority for the upgrades.

The OSA also included as part of its examination, a complaint to review travel documentation for university staff and faculty attending out-of-state programs at the Ritz Carlton Leadership Center in Rancho Mirage, California. According to our review, the university spent a total of \$25,578.26 for university staff to travel to, and attend in person, “A Culture of Excellence-Building Success from Within”, a program designed to share The Ritz-Carlton’s, “best practices on how to activate and sustain a culture where valued and empowered employees own the customer experience”, and “Brand Differentiating Service-Delivering an Elevated Experience”, where attendees “learn(d) how our (The Ritz-Carlton) time-tested methodologies foster a culture of personalized service and genuine care”.

SID noted as part of their examination, this travel expenditure could have been reduced or eliminated, as both programs were also available virtually from the vendor, at a potentially lower price point than the on-site cost, and without the need for out-of-state travel.

Examples of university staff and faculty travel which were found to be noncompliant with university policies and rules include the following observations:

- Travel vouchers were either *not properly approved* or *did not demonstrate* the proper approvals.
- Travel vouchers were either *missing* or *were not provided* by the university.
- Travel requests and travel vouchers *were not submitted* in a timely manner after travel had ended.
- Travel undertaken where required mileage documentation was *missing*.
- Travel undertaken where documentation of conference registrations was *missing*.

### **PROCUREMENT**

Based on the concerns previously noted, the OSA also examined procurement and use of purchase cards (P-card) by the university President and Regents during the period.

The OSA requested all documentation related to specific high end furniture purchases as well as reviewing related P-card purchases made during the above noted instances of travel made by the President. WNMU provided the OSA with documentation for a total of 91 instances of P-card use by the university President equaling a total expenditure of \$149,264.08, during that time.

Examples of university procurement and use of purchase cards which were found to be noncompliant university policies and rules include the following observations:

- The procurement of high-end customized furniture for the university President’s official residence was in contradiction of established university policies regarding use of credit cards to purchase tangible goods of \$1500 or more, and the purchase of furniture with a

value of \$1000 or higher requiring a purchase order or requisition. The furniture was purchased utilizing a P-card issued to the President, and at least one purchase, totaling over \$17,000, was verbally approved by the Chief Procurement Officer on the same day of the purchase, without a required purchase order or requisition in place as required by university policy. It was noted that any exception to, or the deviation from university policy to allow these purchases, had not been approved by the Board of Regents. Further, it was noted that two additional purchases were made from the same vendor for additional furniture the month following the initial purchase again without a required purchase order or requisition in place. The total \$24,740 combined purchase cost for the furniture exceeded the University's small purchase \$20,000 threshold requiring three identical written quotes from three different vendors. The structuring of related purchases in this manner, gives rise to the appearance these purchases were conducted separately to not require the University President to obtain three written quotes for the furniture as required by university policy. Such structuring would further be in violation of the Procurement Code, §13-1-28 through §13-1-199 NMSA 1978.

- Several instances where P-card transactions included the purchase of alcohol, food or room service during the university President's travel. The university's P-card agreement disallows the purchase of these items, as such purchases are paid for using public monies. However, it was noted in our examination that the university sought and was subsequently reimbursed for the disallowed purchases with private funds by the university's Foundation. By allowing these transactions to occur in this manner, the University appears to have affirmatively disregarded its policy and allowed the initial use of public university funds rather than private foundation funds for the purchase of goods or services unallowed per the P-card agreement.
- A P-card was issued to, and used by, the President's spouse who is a non-employee of the university. The University's purchasing card holder agreement applies to university employees, requires approval of their supervisor, and any violation of the agreement references sanctions which can only be enforced on university employees.

# Exhibit 28

## Former WNMU employee files complaints against president for wasteful spending

- By [Kevin M. Opsahl / Journal Staff Writer](#)
- Nov 26, 2024 Updated Nov 26, 2024



Jay Hemphill, a former Western New Mexico University employee who filed ethics complaints against the institution's president Joseph Shepard.

Courtesy of Jay Hemphill

A former Western New Mexico University employee filed ethics complaints Thursday against the Silver City institution's president, Joe Shepard, alleging he has reimbursed himself over \$220,000 from the WNMU foundation since 2015 and tried to cover up a university purchase for his daughter's wedding in 2023.

But Shepard denied the accusations, saying in a prepared statement that he independently paid for all the expenses related to his daughter's wedding, and that processes are in place for university employees to submit expenses and get reimbursed.

Jay Hemphill, who resigned from his position as photographer and videographer on Oct. 15, submitted the complaints against Shepard to the State Ethics Commission, which already is investigating the university president and WNMU's Board of Regents for wasteful spending. Previously, the state auditor found that Shepard and board members racked up more than \$363,000 for 402 instances of extravagant travel and 91 instances of purchasing related to high-end custom furnishings for the president's official residence.

The spending set off numerous investigations by the state, not all of which are complete. A university-initiated special audit also is ongoing.

Hemphill, who had worked for WNMU since 2012, once considered himself a friend of Shepard and lives not far from the president's residence with his wife, former state Sen. Siah Correa Hemphill, who did not run for reelection in 2024. She questioned Shepard about the spending when she was a lawmaker. The Hemphills also dined with Shepard at his residence numerous times.

In one of the ethics complaints, which Jay Hemphill shared with the Journal, he attached a WNMU Foundation spending report for the 2021-22 academic year in which Shepard's name appears 15 times. The report states which checks were made out to Shepard and for how much, but it does not say detail the nature of the reimbursements.

"It sure seems sketchy," Hemphill wrote in an email to the Journal. "There's no or very little transparency on how the funds are used by him."

But in a prepared statement, Jodi C. Edens-Crocker, executive director of the university foundation, said Shepard has an account that reimburses him for qualifying personal expenses related to entertaining, such as flowers. Shepard uses his own personal credit card and submits expenses/receipts for reimbursement, Edens-Crocker said. All expenses and reimbursements must be reviewed and approved with oversight from the foundation board independent of WNMU and separate audits, which "have not turned up any findings related to the serious claims being made in (Hemphill's) complaint."

Shepard independently paid for use of the Light Hall patio garden for the wedding, a reception at the WNMU Museum and covered all the related costs for dining, entertainment and staffing, according to Kelley Riddle, vice president of business affairs at WNMU.

Riddle added that the university did purchase flowers, as is customary, in advance of and for graduation ceremonies that occurred on May 5, 2023, but university funds were not used for the wedding that occurred more than a week later, on May 13.

Hemphill's second ethics complaint discusses a dinner he had with Shepard and another university employee in March 2023. The employee allegedly told Shepard they submitted a purchase order for flowers for his daughter's wedding — which was scheduled to take place partially at the president's residence and the WNMU museum — and the purchase order was denied by the university purchasing office because WNMU funds cannot be used for personal events, according to Hemphill's complaint.

Shepard then allegedly told the employee to resubmit the purchase order by stating that the flowers were for graduation, the complaint said. Shepard, paraphrased in the complaint, said that the wedding is "close enough to graduation that nobody will ask any questions," Hemphill wrote.

Hemphill also wrote in his complaint that in the weeks leading up to the wedding, Shepard had “all hands on deck around campus preparing a courtyard for her wedding” and held daily meetings with university employees to get updates on the planning for the event.

In an interview on Tuesday, Hemphill said the dinner was the “most solid” recollection of Shepard’s conduct that he has.

But Chala Werber, the university horticulturalist, who was named as a witness in Hemphill’s complaint, said parts of the former university employee’s story are inaccurate. For one, Werber said she is not a florist, so she never dealt with flowers.

She said that at the dinner, she told Shepard, who is passionate about campus beautification, that she was going to be landscaping but could not buy anything for the wedding. According to Werber, Shepard then responded, “Well, you’re going to make the campus look good for graduation anyway, aren’t you?”

Werber said she checked university records after reviewing Hemphill’s complaint and did not see any communications saying she was denied a purchase order.

Werber defended her boss, saying his comments have the potential to be misinterpreted due to his personality, which can either be “flamboyant” or “get on people’s nerves.”

Werber said WNMU is better than it was before Shepard took office in 2011.

Hemphill, on the other hand, said he started to feel “slimy” fulfilling his job to promote the university due to the conduct of leadership.

“Here I am perpetuating this administration, making this administration look good by the work that I do,” he said.

Hemphill called the university spending “a shame” and believes further oversight will reveal much more money was wastefully spent by Shepard and the board.

Werber said being a university employee and watching institutional budgeting can be “frustrating,” but Shepard “is not the problem.”

**Western New Mexico University  
Board of Regents Special Meeting (virtual)  
WNMU Campus  
Silver City, NM  
December 20, 2024**

- 10:00 a.m. Executive Session – Virtual by Zoom (<https://wnmu.zoom.us/j/87884998910>)**  
i. For the purpose of discussion of limited personnel matters (update on possible personnel actions and discussion of President's contract); and legal matters subject to attorney-client privilege concerning threatened or pending litigation pursuant to NMSA 1978 Section 10-15-1 (H-2) and (H-7).
- 11:00 a.m. Special Session – Virtual by Zoom (<https://wnmu.zoom.us/j/5755386880>) / Seminar Room, Thomas B. McDonald Student Memorial Building**
- 

**SPECIAL SESSION**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. New Business
  - A. President's Contract** – Board President Mary E. Hotvedt
- IV. University President's Report (Information) – Dr. Joseph Shepard
- V. Board Closing Comments
- VI. Adjournment

- \* **The Board and participants will convene the meeting virtually. Therefore, the Special Session of the WNMU Board of Regents meeting will be held via Zoom at <https://wnmu.zoom.us/j/5755386880>. Viewing is open to the public both via Zoom and in the Seminar Room of the Thomas B. McDonald Student Memorial Building.**

**A recording of the meeting will be posted on the WNMU Board Meetings video archive webpage at:  
<https://wnmu.hosted.panopto.com/Panopto/Pages/Sessions/List.aspx#folderID=%225adab8d0-1f22-4dc1-926e-ad6b013b0012%22>**

**Or may be accessed from: <https://admin.wnmu.edu/bor/meetings/>  
Select the Board of Regents dropdown tab  
Click on Live Feed & Video Archive**

**Exhibit 29a**

**MISSION**

An open-access Hispanic-Serving Institution (HSI) and New Mexico's Applied Liberal Arts and Sciences University, Western New Mexico University combines a foundation of liberal arts education with quality professional programs and career and technical preparation in a diverse, inclusive, creative, and caring community of learners empowered with the essential skills and knowledge for lifelong success in work and life.

Al ser una Institución al Servicio de Hispanos (HSI) y de inscripción abierta, así como la Universidad de Artes Liberales y Ciencias Aplicadas de Nuevo México, Western New Mexico University combina una base de educación en artes liberales con programas profesionales de calidad y preparación técnica en una comunidad diversa, inclusiva, creativa y solidaria de estudiantes capacitados con habilidades y conocimientos esenciales para el éxito permanente en la vida y el trabajo.

**VISION**

Western New Mexico University is a premier and innovative Applied Liberal Arts and Sciences University in combination with internationally recognized professional programs and career and technical preparation. Its students achieve career goals, become conscientious citizens, practice social and environmental responsibility, and impact their communities and their futures as independent thinkers who know themselves within the changing context of a global, digital world. Embracing its identity as a Hispanic Serving Institution, WNMU is the central contributor in its region for public service, economic development, and cultural enrichment.

Western New Mexico University es una Universidad de Artes Liberales y Ciencias Aplicadas líder e innovadora que combina programas profesionales reconocidos internacionalmente y la preparación profesional técnica. Sus estudiantes alcanzan metas profesionales, formándolos en ciudadanos comprometidos, que practican la responsabilidad social y ambiental, que tienen impacto en sus comunidades y en su futuro como pensadores críticos independientes que se conocen a sí mismos dentro del contexto cambiante de un mundo global y digital. Adoptando su identidad como una institución al servicio a hispanos, WNMU es la contribuyente central en su región para el servicio público, el desarrollo económico y el enriquecimiento cultural.

# **Exhibit 29B**

## **WESTERN NEW MEXICO UNIVERSITY SEPARATION AND FACULTY APPOINTMENT AGREEMENT**

This Separation and Faculty Appointment Agreement (the “Agreement”) is entered into and effective as of the date of signing by the last signatory hereto (the “Effective Date”), between Joseph Shepard, Ph.D. (“Dr. Shepard”) and Western New Mexico University, a New Mexico public institution of higher education (the “University”), acting through its governing body, the Western New Mexico University Board of Regents (the “Board”). Each party to this agreement may be referred to as a “Party” and the parties collectively shall be referred to as the “Parties.” This Agreement supersedes all other agreements, oral or written, between the University and Dr. Shepard.

WHEREAS, on October 1, 2022, Dr. Shepard and the University entered into an Employment Agreement (the “Employment Agreement”) pursuant to which Dr. Shepard agreed to serve as President of the University through June 30, 2027, on the terms specified therein;

WHEREAS, Dr. Shepard has capably discharged his duties as President consistent with the Employment Agreement;

WHEREAS, pursuant to Section 5.1 of the Employment Agreement, the Employment Agreement may be terminated by mutual written agreement of the parties thereto;

WHEREAS, pursuant to Section 5.1 of the Employment Agreement, Dr. Shepard and the University now mutually desire to terminate the Employment Agreement on the terms set forth herein;

WHEREAS, the Parties nonetheless desire that Dr. Shepard continue his service to the University in a capacity as a tenured faculty member on the terms set forth herein;

The University and Dr. Shepard therefore agree as follows:

## **Section 1: Termination and Severance**

1.1 **Employment.** The Employment Agreement, and the Parties' respective rights and obligations thereunder, shall terminate as of January 15, 2025.

1.2 **Residence.** Notwithstanding anything to the contrary contained in Section 5.1 of the Employment Agreement, the University agrees that Dr. Shepard shall vacate the official residence located at 500 W. College Ave, Silver City, New Mexico no later than February 15, 2025.

1.3 **Severance Payment.** In consideration for the release contained herein, the University shall make a one-time payment to Dr. Shepard in the amount of \$1,909,788.00 less applicable withholdings. Such amount shall be paid by January 15, 2025.

1.4 **University Release.** In consideration of the release set forth in Section 1.5 below, the University on behalf of itself, the Board of Regents, and their respective successors, assigns, agents, representatives, fiduciaries, employees, insurance carriers, attorneys, and each of their heirs, beneficiaries, successors and assigns, do hereby irrevocably release and forever discharge Dr. Shepard and his insurance carriers, attorneys, insureds, and each of their heirs, beneficiaries, successors, and assigns from any and all liability, as well as all other actions, causes of action, claims and demands, liabilities, obligations, promises, agreements, damages, costs, attorneys' fees, expenses, and compensation, whether known or unknown, contingent or matured, joint, several or individual, sounding in statute, contract, tort or otherwise, existing or arising on or before January 15, 2025, other than those promises, obligations, and agreements expressly set forth herein, relating in any way to the Employment Agreement and/or Dr. Shepard's service as President of the University.

1.5 **Dr. Shepard Release.** In consideration for the payment described in Section 1.3 above, Dr. Shepard, on behalf of himself, his heirs, attorneys, insurance carriers, beneficiaries,

fiduciaries, successors, and assigns, does hereby irrevocably release and forever discharge the University, its Board of Regents, and their respective fiduciaries, attorneys, insurance carriers, successors and assigns, from any and all liability, as well as all other actions, causes of action, claims and demands, liabilities, obligations, promises, agreements, damages, costs, attorneys' fees, expenses, and compensation, whether known or unknown, contingent or matured, joint, several or individual, sounding in statute, contract, tort, or otherwise, existing or arising on or before January 15, 2025, other than those promises, obligations, and agreements expressly set forth herein, relating in any way to the Employment Agreement and/or Dr. Shepard's service as President of the University except as expressly set forth in Section 1.6 below.

1.6 Indemnity. The University agrees to defend, indemnify, and hold harmless Dr. Shepard against any claims arising out of or relating to any actions taken by Dr. Shepard in his capacity as President of the University. In the event of a claim for which Dr. Shepard seeks defense and/or indemnity pursuant to this Section, Dr. Shepard shall give notice of such claim to the University within 60 days of service of such claim upon Dr. Shepard. In the event of a claim for which Dr. Shepard is entitled to defense under this subsection, Dr. Shepard shall be entitled to representation by the counsel of his choosing, and the University shall pay all reasonable costs and fees associated with such counsel's representation of Dr. Shepard.

1.7 Non-Disparagement. Following execution of this Agreement, neither Party shall issue any public statement that may reasonably be construed as disparaging to the other Party relating to in any way to conduct occurring prior to January 15, 2025.

1.8 Title of President Emeritus. At all times following termination of Dr. Shepard's employment as President of the University, Dr. Shepard shall be entitled to use the title "President

Emeritus.” In any publication or statement referring to Dr. Shepard by title, the University shall include the title “President Emeritus.”

## **Section 2: Employment as Tenured Faculty Member**

2.1 **Employment.** The University hereby offers to Dr. Shepard, and Dr. Shepard hereby accepts, employment at the University as a tenured faculty member with the rank of full professor in the School of Business with all rights and privileges attendant thereto as further set forth in the Western New Mexico University faculty handbook. Dr. Shepard’s employment as a tenured faculty member shall be effective immediately upon termination of the Employment Agreement as described in Section 1.1 above.

2.2 **Term of Employment.** Dr. Shepard’s appointment as a tenured faculty member shall be effective for a period of no less than five years from the date on which Dr. Shepard assumes status as a tenured faculty member according to the terms of this Agreement. Any employment beyond that five-year period will be based on the results of a post tenure review to be conducted after the initial five-year period in accordance with the faculty handbook.

2.3 **Base Salary.** Dr. Shepard’s annual base salary as a tenured professor shall be \$200,000. Dr. Shepard’s annual base salary shall increase by the same average rate as salaries of the faculty as a whole have increased over the prior year and any increase shall be effective on the same date as any faculty salary increase is effective.

2.4 **Insurance, Retirement and other Benefits.** During his service as a tenured faculty member Dr. Shepard will be entitled to all normal and customary fringe benefits extended to university faculty, including but not limited to, sick leave, retirement, medical, dental, life insurance, workers compensation, and the right to participate in all optional insurance and retirement programs. The University shall pay 90% of the premium for the customary family health insurance. Further, Dr. Shepard shall pay 100% of the employee portion of the standard

retirement contribution and the University shall contribute 100% of the University portion of the standard retirement contribution.

2.5 Remote Status: In connection with his employment as a tenured faculty member, Dr. Shepard shall be allowed to be a remote faculty member teaching two courses per semester (Fall and Spring) beginning in the Fall semester of 2025. The subject matter of those courses shall be agreed upon between Dr. Shepard and the Vice President of Academic Affairs or his/her designee.

2.6 Sabbatical. To provide the necessary time to prepare for his teaching responsibilities, Dr. Shepard shall be entitled to an eight-month sabbatical at full faculty compensation beginning January 15, 2025.

### **Section 3: Miscellaneous Provisions**

3.1 Merger. This Agreement contains the complete agreement between the Parties and shall supersede all other agreements between the Parties. The Parties stipulate that neither of them has made any representation with respect to the subject matter of this Agreement except such representations as are specifically set forth herein.

3.2 Venue for Enforcement Action. This Agreement shall be deemed to have been executed in, and shall be subject to, governed by, and enforced pursuant to the laws of, the State of New Mexico, without regard to conflicts of laws. Any action to enforce the terms of this Agreement may be brought only in the Sixth Judicial District Court, State of New Mexico or an appropriate federal court in the State of New Mexico. All Parties hereby submit to the exercise of personal jurisdiction by that Court for purposes of any such action. The prevailing party in any action to enforce the terms of this Agreement shall be entitled to an award of reasonable attorneys' fees and costs.

3.3 Modification. This Agreement may be modified or amended only in a writing signed by the Parties.

3.4 Non-Assignable. This Agreement is not assignable, but shall be binding upon the heirs, administrators, personal representatives, successors and assigns of both parties.

3.5 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable for any reason, the remainder of this Agreement shall remain in full force and effect.

3.6 Investigation and Acknowledgement of Legal Advice. The Parties each represent and warrant that they have, either through themselves or their respective attorneys, investigated to their full satisfaction all facts and allegations related to this Agreement. All Parties individually warrant and represent that they have read and understand this Agreement, that they have consulted with and received the advice of legal counsel concerning the terms and effect of this Agreement, and that they are fully satisfied with their legal representation in connection with the decision to enter into this Agreement.

3.7 Waiver. No provisions of this Agreement may be waived unless in a writing signed by the Party or Parties whose rights are thereby waived. Waiver of any one provision of this Agreement shall not be deemed to be a waiver of any other provision herein.

3.8 Modification of Agreement. No modification of this Agreement or of any covenant, condition or limitation herein shall be valid unless in writing and duly executed by the Party to be charged therewith. The Parties further agree that provisions of this Section may not be waived except as herein provided.

3.9 Entry Is a Free and Voluntary Act. Each of the Parties hereby acknowledge and represent that they have fully and carefully read this Agreement and that each is executing the

same as a free and voluntary act. Each of the Parties, individually, represents and warrants that he or she is competent to understand, receive legal advice as needed, and enter into this Agreement.

3.10 Equal Participation in Drafting. This Agreement shall be construed without regard to the drafter and shall be construed as though the Parties participated equally in the drafting.

3.11 Interest in Matter. Each Party represents and warrants that no other person or entity has any interest in the matters released herein, and that he has not assigned or transferred or purported to assign or transfer to any other person or entity all or any portion of the matters released herein.

3.12 Parties' Authority to Enter into Agreement. Each Party hereby represents and warrants that they have the right, power, legal capacity, and authority to enter into and satisfy the terms of this Agreement, and that no further approval or consent of any person or entity is necessary to enter into and satisfy the terms hereof.

3.13 Authorization to Execute Agreement. The Parties represent and warrant that the undersigned individual representatives are fully authorized to execute this Agreement and to give the releases and other promises contained herein on behalf of each of the respective Parties.

3.14 Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the Parties hereto and their respective predecessors-in-interest, successors-in-interest, assigns, heirs, executors, past and present owners, officers, directors, agents, employees, attorneys, administrators, principals, representatives, insurers, partners (of any kind), joint ventures, trusts, trustors, trustees, beneficiaries, and all others who may take any interest in the matters herein.

3.15 Execution in Counterparts. This Agreement may be executed in counterparts, and by facsimile or electronic signatures, each of which shall be deemed to be an original signature and all of which, together, shall be deemed to be one and the same original instrument.

3.16 Regents' Approval. This Agreement is subject to approval by the Board and shall only become effective upon ratification by the Board at an open, public meeting.

3.17 Section Titles and Captions Are for Convenience and Reference Only. The section titles and captions contained in this Agreement are inserted only as a matter of convenience and for reference, and shall in no way be construed to interpret, define, limit, or extend the meaning, scope, and/or intent of this Agreement or any of its terms and/or provisions.

3.18 Recitals. The Recitals set forth above are hereby incorporated in and made a part of this Agreement by this reference.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in counterparts on the dates indicated below:

WESTERN NEW MEXICO UNIVERSITY

By

Mary E. Hotvedt, Ph.D.  
Chairman, Board of Regents

Date:

12/20/2024

Accepted:

Joseph Shepard, Ph.D.  
President

Date:

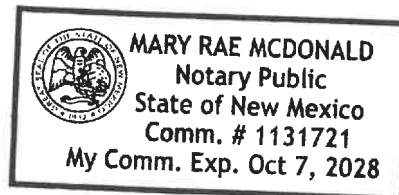
Dec 20, 2024

State of New Mexico  
County of Grant

The foregoing instrument was acknowledged  
before me 20 day of December, 2024

Mary Rae McDonald  
Your Name Here, Notary Public

My Commission Expires 10/07/2028



.st0{opacity:0.5;fill:#9B9B9B;} .st1{fill:none;stroke:#FFFFFF;stroke-width:1.5;stroke-linecap:round;}



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# University of New Mexico president to leave early under deal

Updated 11:13 AM MDT, December 13, 2016

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## Exhibit 30

ALBUQUERQUE, N.M. (AP) — The board that oversees the University of New Mexico and President Bob Frank have reached an agreement for Frank to leave office early, and he will be replaced on an interim basis by another top administrator as the school embarks on a search for a new leader, the university announced Tuesday.

Provost and Executive Vice President for Academic Affairs Chaouki Abdallah will become acting president on Jan. 1 after Frank leaves office Dec. 31, and Dean Craig White will be acting provost, the university's statement said.

The statement said Frank will be provided a paid leave of absence for "professional development" to run until the May 31 end of his current contract and that he'll then begin a faculty appointment at a salary of \$190,000, reduced from his current \$362,136.

"The Board of Regents has determined it is in the best interest of UNM to bring a quick resolution to this matter that is both fair and doesn't impede our ability to move forward as an institution and conduct a successful presidential search," board President Robert DeLoach said.

Frank has been UNM president since June 2012. Without comment, he said he wouldn't seek a contract renewal.

The regents held a 3½-hour closed-door special meeting on Dec. 12 to discuss Frank's departure but ended up taking no action at that time.



The Albuquerque Journal (<http://bit.ly/2g2enjn>) reported before last week's meeting that the consideration of ousting Frank was in response to a report critical of his management style.

The report said some university employees said Frank at times displayed a temper and could be condescending and sarcastic. The report's author, attorney Alice Kilborn, wrote that she saw evidence of "shades of a hostile working environment."

Others interviewed for the report said Frank cared about his staff, was affable and that most of their interactions were pleasant.

Frank has said work in the president's office at times was intense and stressful, but it would be "inaccurate to describe it as a hostile work environment."

The statement said the regents plan to pick a new president by early spring.

An executive search firm has been chosen to help recruit a new president and Doughty will chair the search and select a campus advisory process to participate in the process, the statement said.

At least five finalists will be selected for on-campus interviews, the statement said.



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U.S. NEWS

# Governor seeks resignation of Western New Mexico University regents after spending revelations



## Exhibit 31

New Mexico Gov. Michelle Lujan Grisham speaks during the Democratic National Convention, Aug. 20, 2024, in Chicago. (AP Photo/Brynn Anderson, File)

BY [MORGAN LEE](#)

Updated 5:27 PM MDT, January 2, 2025

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SANTA FE, N.M. (AP) — New Mexico Gov. Michelle Lujan Grisham has asked for the resignation of regents at Western New Mexico State University after revelations of failures in financial oversight, according to documents released.

In a year-end letter to the five-member board of regents, Lujan Grisham said she was asking them to resign "in the 'spirit of a clean slate' to ensure the Silver City-based university can once again serve its students first and foremost." The board is expected to meet next week.

The turmoil follows the announced resignation of Joseph Shepard as university president after [an](#)



[investigation](#) by the state auditor’s office found top school officials and regents failed to uphold their fiduciary responsibilities.

Lawmakers [started raising questions](#) in 2023 about Shepard’s spending on international travel and high-end furniture, along with wife Valerie Plame’s use of a university credit card. Plame is a former CIA operations officer who ran unsuccessfully for New Mexico’s 3rd Congressional District in the 2020 Democratic primary.

Regents backed an arrangement for Shepard’s resignation as president that guarantees him a new faculty job, a six-figure annual salary and a one-time payment of \$1.9 million.

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The package is under scrutiny by the State Ethics Commission, and state Attorney General Raúl Torrez announced an inquiry into whether the regents satisfied their fiduciary duty. Shepard and board members have defended their conduct.

Faculty at the university backed a no-confidence vote against the board of regents Thursday, also urging state officials to intervene and rescind Shepard’s arrangement.

“It is merely a potentially powerful way for the faculty to send a strong public expression of their lack of confidence in their leaders and to make this known publicly,” professor and faculty senate president Phillip Schoenberg said.

Schoenberg expressed gratitude for the governor’s efforts to replace the regents, citing a need for

“responsive and decisive leadership.” The four remaining regents are expected to resign before Friday, he said.

University administrators did not respond to phone and email inquires about further possible resignations.

Shepard was appointed president in 2011 following a 16-year career at Florida Gulf State University that included several administrative roles.

Western New Mexico State’s history dates to the 1890s, before statehood, though its name has changed multiple times over the years.



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## State of New Mexico Office of the State Auditor

January 14, 2025

Western New Mexico University  
1000 W College Avenue  
PO Box 680  
Silver City, NM 88062-0680

# EXHIBIT 32

**Sent via Electronic Mail Only:**

Kelley Riddle, Vice President of Business Affairs  
Western New Mexico University  
Email: Kelley.Riddle@wnmu.edu

Julia Morales, Vice President of  
Compliance and Communications  
Western New Mexico University  
Email: Julie.Morales@wnmu.edu

***RE: Request for information and documentation (SID 2025-01-0112)***

Dear Vice President Riddle and Vice President Morales,

The Office of the State Auditor ("OSA") is conducting an examination regarding concerns alleging potentially improper payroll and compensation expenditures by Western New Mexico University ("University"). It has been reported that the University may have violated state law and University policy and breached its fiduciary duty by improperly terminating the employment contract for the University President and negotiating a separation agreement for the University President as part of the President's voluntary resignation, unjustly enriching him, and further providing for a full time, tenured faculty position, in violation of University policy and not in the best interest of the University.

As part of our fact-finding in this matter, the OSA is requesting the University provide the following information and documentation:

1. Copies of ***All*** Board of Regents meeting agendas, Board Member packets, and Board meeting minutes for every Board of Regents meeting held the University between July 2017 and October 2022 as they relate to the last **3** employment contracts between University President Shepard and the University; including ***All*** Board meeting agendas, Board member packets, and Board meeting minutes for ***All*** meetings where performance evaluation(s) and employment contract(s) for the University President, Joseph Shepard were discussed and/or acted upon.

2. Copy of the resignation letter submitted by University President Shepard; Copies of **All** emails transmitting the letter of resignation to the University, or to any representative, faculty, or staff member of the University, and any other external recipient(s), or other documentation reflecting date and time the resignation letter was received by the University, and by any external recipient(s), and copies of **All** correspondence, letters, emails , or other form of communication, from the University, or from any representative, faculty, or staff member of the University, and from any external recipient(s), acknowledging receipt and /or acceptance of the resignation from the University President as submitted by President Shepard.
3. Copy of the Separation and Faculty Appointment Agreement between University President Shepard and the University.
4. Copies of **All** Board of Regents meeting agendas, Board member packets, and Board meeting minutes for every Board of Regents meeting held by the University between January 1, 2024 and January 10, 2025; including **All** Board meeting agendas, Board member packets, and Board meeting minutes for **All** meetings where the Separation and Faculty Appointment Agreement and employment contract(s) for the University President, Joseph Shepard, were discussed and/or acted upon.
5. Copies of **All** Board of Regents approvals, resolutions, written correspondence, inclusive of letter, memorandum, and electronic mail, and any other guidance relied upon by the University and/or Board of Regents regarding the Separation and Faculty Appointment Agreement and severance payment paid pursuant to the Separation and Faculty Appointment Agreement entered between WNMU and University President Shepard.
6. Complete funding source detail related to the \$1,909,788.00 severance payment to University President Shepard. Inclusive of copies of **All** payment documentation related to the severance payment; type of payment method used; copies of final payment; warrant/check, ACH/electronic transfer authorization, including date and time final payment made.
7. Copies of **All** severance payment requests and approvals, inclusive of **All** letters, memorandum, electronic mail (Email), text messages, and voice mail messages, between **Any** member of the University staff/faculty/leadership and **Any** member of the University Business Office; and between **Any** member of the Board of Regents and **Any**

member of the University Business Office; and /or **Any** member of the University staff/faculty/leadership and **Any** member of the Board of Regents; from initial requests and approvals to final requests and approvals, inclusive of each requesting or approving authority/person's name, and dates and times for each request and approval.

8. Copies of **All** University policies and procedures specific to the University's Business Office and Business Office operations; Accounts Payable policies, rules, guidelines; and Payroll policies, rules guidelines.
9. Copies of **All** University policies and procedures specific to the employment of tenured, full-time teaching faculty, including educational and experience qualifications and education.
10. Copies of each member of the Board of Regents Letter of Resignation from the University Board of Regents; **All** emails transmitting the letters of resignation to the University, or to any representative, faculty, or staff member of the University, and any other external recipient(s), or other documentation reflecting date and time the resignation letters were received by the University, and by any external recipient(s), and copies of **All** correspondence, letters, emails , or other form of communication, from the University, or from any representative, faculty, or staff member of the University, and from any external recipient(s), acknowledging receipt and /or acceptance of a resignation from the University Board of Regents as submitted by any member of the Board of Regents.
11. Copies of **All** letters, emails, or other correspondence from any member of the Board of Regents **rescinding** any previously submitted resignation to the University, or to any representative, faculty, or staff member of the University, and any other external recipient(s) or other documentation reflecting date and time the rescission letters were received by the University, or by any representative, faculty, or staff member of the University, any external recipient(s), and copies of **All** correspondence, letters, emails , or other form of communication, acknowledging receipt and /or acceptance of the resignation as submitted by any member of the Board of Regents.
12. Copies of **All** emails sent to and from, the University Board of Regents email addresses used by the members of the Board of Regents for University business, between September 1, 2024, and January 10, 2025, as follows:

Regent Mary Hotvedt: [maryhotvedt@aol.com](mailto:maryhotvedt@aol.com)

Regent Lyndon Haviland: [lyndon@sent.com](mailto:lyndon@sent.com)

Regent Trent Jones: [tjones2@wnmu.edu](mailto:tjones2@wnmu.edu)

Regent Daniel Lopez: [dhdaniel801@gmail.com](mailto:dhdaniel801@gmail.com)

Regent Dalva (Dal) Moellenberg: [DLM@gknet.com](mailto:DLM@gknet.com)

13. Copies of **All** emails sent and received by University President Shepard between September 1, 2024, and January 10, 2025.
14. Copies of **All** emails, directives, memorandum, or other correspondence sent to and/or received by Staff and/or Faculty members, inclusive of managers, supervisors and Vice-President, of the University's Business Office, from or on behalf of, the Office of the University President, and/or the Board of Regents, between September 1, 2024, and January 10, 2025.
15. Copies of **All** emails, directives, memorandum, or other correspondence sent by or on the behalf of, any Staff and/or Faculty member, inclusive of managers, supervisors and Vice-President, of the University's Business Office, to the Office of the University President, and/or the Board of Regents, between September 1, 2024, and January 10, 2025.
16. **Any** other documents or information relied upon by the University not included above, in making their determination to approve/disapprove the Separation and Faculty Appointment Agreement and severance payment noted herein, to University President Shepard on behalf of the University on or about January 2, 2025.

Please note, the above-listed items do not represent an exhaustive listing of all documentation in the University's possession the OSA may deem relevant for inspection as part of our inquiry. The OSA may make requests for further documentation regarding this matter.

The OSA undertakes this fact-finding pursuant to the New Mexico Audit Act, NMSA 1978, Section 12-6-3(C) and the New Mexico Audit Rule 2.2.2.15(A)(1) NMAC and 2.2.2.15(A)(4) NMAC (below):

**NMSA 1978, Section 12-6-3 (C): Annual and special audits; financial examinations**

In addition to the annual audit, the state auditor may cause the financial affairs and transactions of an agency to be audited in whole or in part.

**2.2.2.15(A)(1) NMAC:**

Reports of fraud, waste & abuse: Pursuant to the authority set forth Subsection C of Section 12-6-3 NMSA 1978, the OSA may initiate special investigation or

examination procedures in connection with reports of financial fraud, waste and abuse in government. Reports received or created by the OSA are confidential audit information and audit documentation in connection with the state auditor's statutory duty to examine and audit the financial affairs of every agency, or in connection with the state auditor's statutory discretion to audit the financial affairs and transactions of an agency in whole or in part.

**2.2.2.15(A)(4) NMAC:**

If the OSA makes inquiries of agencies as part of the investigation process, agencies shall respond to the OSA inquiries within 15 calendar days of receipt or as soon as practicable under the circumstances with written notice to the OSA stating the basis for any delay. IPAs shall test compliance with this requirement and report noncompliance as a finding in the annual financial and compliance audit report.

Please provide electronic copies of the requested documents in accordance with the authority above by email by **Wednesday, January 29, 2025**. Should you need additional time, please provide a written notice in accordance with 2.2.2.15(A)(4) NMAC above. Please reference SID case# 2025-01-0112 in your response. Please let me know if you have any additional questions.

Respectfully,

A handwritten signature in blue ink, appearing to read 'S. Beck', with a stylized flourish at the end.

Shawn P. Beck, CFE  
Director, Special Investigations

cc: Susanne Roubidoux, Chief General Counsel, Office of the State Auditor,  
(Susanne.Roubidoux@osa.state.nm.us).  
Ricky Bejarano, CPA, CGMA, Deputy State Auditor, Office of the State  
Auditor, (Ricky.Bejarano@osa.nm.gov).  
Jack Crocker, Ph.D., Provost and Vice President of Academic Affairs,  
Western New Mexico University, (Jack.Crocker@wnmu.edu).

# WNMU students protest Shepard's departure

Written by [Juno Ogle](#) on January 16, 2025



(Press Staff Photo by Juno Ogle)

Joseph Shepard, left, former president of Western New Mexico University, speaks in Spanish to students and staff who gathered on campus Wednesday morning to show their support for him on his last day as president.

By JUNO OGLE

Daily Press Staff

About 50 students and staff gathered at Regents Square on the Western New Mexico University campus Wednesday morning to bid former President Joseph Shepard farewell with words of appreciation.

Students gathered around the fountain area, holding signs that read “Students and workers know what you did for WNMU,” “Joseph Shepard made WNMU better,” “Thanks for everything” and “We love you, thank you 4 everything President Shepard.”

Shepard announced his resignation during a special meeting of the Board of Regents on Dec. 20, during which the board approved a separation agreement that includes a \$1.9 million severance and appointment

as a fully tenured professor in the WNMU School of Business. He will teach remotely starting next fall.

The separation came after a year of investigations by media and state agencies that allege hundreds of thousands of dollars of expenditures that were not in compliance with university policy. The New Mexico attorney general last week filed a civil lawsuit against Shepard and the regents — all but one of whom have resigned — alleging breach of fiduciary duty, lack of consideration, unconscionable contract, violations of the constitution's anti-donation clause, violation of the state Open Meetings Act and unjust enrichment.

Shepard arrived for the students' event Wednesday shortly before it started at 11 a.m., greeting those already there with hugs and handshakes.

The student protest was organized just the day before by sisters Samara and Carolina Vivanco and the International Student Association. Carolina said the students understood the event wouldn't result in Shepard being able to stay. "We know that we won't be able to keep him as president anymore," she said, "but we just wanted to say thank you." The students said they wanted to present a view of Shepard that those outside the university may not be aware of, especially the opportunities for international students that they credited to him.

"Anyone that knows Dr. Shepard knows what he does for you, for everyone here — the staff, the community, the workers. Everyone can tell you," Samara said. "All of the people here in school, WNMU, will tell you. Not the outside people. They don't know about him; they don't know what he does. They only care about the other stuff, but the people that know Dr. Shepard know what he does for the school."

Samara told the crowd that she was working as a housekeeper after her family emigrated from Mexico to Phoenix. She is now studying business, and said if it weren't for WNMU, she probably would not be pursuing a degree.

"I never would have had the opportunity to go to college," she told the Daily Press. "We're first-generation immigrants. We have other priorities. Instead of coming to college, it would be paying for the house or paying for food. So college was not an option for me."

But Samara said she learned about scholarships and other opportunities for international students at WNMU.

"Dr. Shepard made it possible to have scholarships for the internationals, for athletes, and so I'm really grateful for that," she said.

Several students, such as Andres Villarreal, said the opportunities for international students at WNMU were blessings on their families.

Others said Shepard's depiction in the media is not accurate.

"We didn't agree with all these things that the media was saying about him, because this program gave a lot of opportunities for us," said Melissa Zenil, who is working toward a master's in business administration. "Something that makes me angry was that I was reading that someone said that he was taking away opportunities from people from here and giving them to the Mexicans. No. We work — we really work for being here."

Zenil told the Daily Press she got a bachelor's degree in marketing in Mexico and likely would not have gone on to get her MBA, but she learned of a partnership her university had with WNMU. She said she has learned about different perspectives in business by studying here, and plans to return to Mexico to help run her family's business. Carolina said that although it was mostly international students — many of them from Mexico — who gathered Wednesday, there were more students who appreciated Shepard.

"There is a lot more students that care about you as much as we do, because you have not only helped the international student program, you have helped the tennis team, the golf team, the cheerleaders," she said.

The cheer club started in fall 2023, she said, and members would cheer at games wearing their own leggings and WNMU T-shirts.

One day, however, Shepard stopped to chat with one of the club members while walking across campus and she mentioned the cheerleaders didn't have uniforms.

“That same week, we received a box full of uniforms, new uniforms for all the cheerleaders, and pom-poms,” Carolina said. “Thank you for being someone who listens, for making us feel safe and making us feel at home.”

Magdaleno Manzanarez, the university’s vice president for external affairs, said he would not still be at WNMU if not for Shepard.

“I come from a place where having something to eat that day was a great achievement,” he said, having to pause to compose himself. “I managed, like many of the students here, international or otherwise, to get an education. It was a long road. I came to this godforsaken place with the intention to stick around for a year. But then I realized the great need of our students — students that I could identify with.”

Manzanarez said he was on the committee that ultimately hired Shepard.

“He impressed me in that interview in Albuquerque. He was not shy about saying who he was, what he did,” Manzanarez said. “He was very honest, and he gave me the opportunity to do the things I have done in this university for the last 27 years, and only to him I owe the last part of my career. And I am very thankful.”

Shepard spoke to the students as well, thanking them in Spanish for their love and support.

“I greatly appreciate their love and their choice to be here as students,” Shepard told the Daily Press after the event.

Juno Ogle may be reached at [juno@scdaily press.com](mailto:juno@scdaily press.com).

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# Exhibit 34

 Outlook

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**Re: Designation of Special Audit WNMU**

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**From** Kelley Riddle <riddlek@wnmu.edu>

**Date** Wed 1/15/2025 5:22 PM

**To** Julie Morales <Julie.Morales@wnmu.edu>; Amy Baca <Amy.Martinez-Baca@wnmu.edu>;  
kkilgore@cuddymccarthy.com <kkilgore@cuddymccarthy.com>

 1 attachment (351 KB)

WNMU Designation of Special Audit 1152025.pdf;

I sent this to our special audit firm, JAG. Kim called and let me know she believes this doesn't mean they can't continue the work on the special audit, only that the special audit will now run through OSA. She is going to talk with Audrey and let me know if that understanding is not correct. They still plan to be onsite next week. Chances are OSA will add to the scope of the special audit to now include the separation agreement and payment.

**KELLEY RIDDLE**

Vice President of Business Affairs

Loss Control Coordinator

Office of the Vice President of Business Affairs

**WESTERN NEW MEXICO UNIVERSITY**

**m** P.O. Box 680 | Silver City, NM 88062

**p** 1000 W. College Ave | Silver City, NM 88061

**t** 575.538.6513 | **f** 575.538.6338

**e** [Kelley.Riddle@wnmu.edu](mailto:Kelley.Riddle@wnmu.edu) | [wnmu.edu](http://wnmu.edu)

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**From:** Michelle Vattano <michelle.vattano@osa.nm.gov>

**Sent:** Wednesday, January 15, 2025 4:27 PM

**To:** Trent Jones <tjones2@wnmu.edu>; Kelley Riddle <riddlek@wnmu.edu>; Julie Morales <Julie.Morales@wnmu.edu>

**Cc:** Amy Baca <Amy.Martinez-Baca@wnmu.edu>; kkilgore@cuddymccarthy.com <kkilgore@cuddymccarthy.com>; Rodriguez, Stephanie, HED <stephanie.rodriguez@hed.nm.gov>; gerald.hoehne@hed.nm.gov <gerald.hoehne@hed.nm.gov>; Kovnat, Peter, HED <peter.kovnat@hed.nm.gov>; Sallee, Charles <Charles.Sallee@nmlegis.gov>; daniel.Schlegel@state.nm.us <daniel.Schlegel@state.nm.us>; Shawn Beck <Shawn.Beck@osa.nm.gov>; Joseph M. Maestas <Joseph.Maestas@osa.nm.gov>; Ricky A. Bejarano <Ricky.Bejarano@osa.nm.gov>; Susanne Roubidoux <susanne.roubidoux@osa.nm.gov>

**Subject:** Designation of Special Audit WNMU

Mr. Jones, Ms. Riddle and Ms. Morales –

You will find attached a document on behalf of the Office of the State Auditor. Included in the document are two attachments referred to as Special Audits and Examinations and the Office of the State Auditor 2024 Approved Firm List.

Please respond with "received" to ensure our office that you have received this email.

Should you have any questions, please feel free to call me.

Respectfully,



Michelle Vattano, NM CHRP  
Executive Secretary  
NM Office of the State Auditor  
2540 Camino Edward Ortiz,  
Suite A  
Santa Fe, NM 87507  
Cell Phone: 505-490-1375  
OSA Main Line: 505-476-  
3800  
Fax: 505-827-3512  
Email:  
[michelle.vattano@osa.nm.gov](mailto:michelle.vattano@osa.nm.gov)



## State of New Mexico Office of the State Auditor

January 15, 2025

Western New Mexico University  
1000 W College Avenue  
PO Box 680  
Silver City, NM 88062-0680

**Sent via Electronic Mail Only:**

Trent Jones, Student Regent, Secretary/Treasurer  
Board of Regents  
Western New Mexico University  
Email: tjones2@wnmu.edu

Kelley Riddle, Vice President of  
Business Affairs  
Western New Mexico University  
Email: riddlek@wnmu.edu

Julia Morales, Vice President of Compliance and  
Communications  
Western New Mexico University  
Email: Julie. Morales@wnmu.edu

***RE: Designation of a Special Audit of Western New Mexico University***

Dear Regent Jones, Vice President Riddle, and Vice President Morales:

The Office of the State Auditor (OSA) was contacted by Western New Mexico University (University) on December 12, 2023, regarding the University's request to self-identify for a special audit of the University President's, "procurements and travel expenditures from fiscal year 2012 through fiscal year 2023." This request was made by the University following the OSA notifying the University the OSA was conducting an examination regarding concerns alleging potentially improper procurement and travel expenditures by the University.

After discussion with the University regarding its request, the OSA provided the University with the necessary information and documentation by which the University could properly procure and contract with, an OSA approved independent public accountant (IPA) to perform the desired special audit.

On August 9, 2024, the University informed the OSA that it had selected Jaramillo Accounting Group, LLC (JAG) to perform a forensic special audit engagement requested by the University. On August 22, 2024, the OSA reviewed and approved the Contract for Special Audit between the University and JAG.

On September 19, 2024, JAG held an entrance conference for the special audit with the University and OSA. Initial or preliminary work by the IPA on the special audit began following the entrance conference.

On November 18, 2024, the OSA issued a "Letter of Concern" following the OSA's independent inquiry and examination of the travel and procurement expenditures by the University, the Board of Regents, and the University President. The University provided a response to the Letter of Concern.

Since that time, the OSA has received additional information raising concerns the University has continued to be non-compliant with established internal controls designed to aid the University in complying with laws, regulations, and university policies.

On December 20, 2024, the University held a special meeting wherein University President Shepard announced his voluntary resignation, effective January 15, 2025, and read from a prepared letter of resignation. Additionally, the Board of Regents announced that a "personnel committee" composed of Regent Lopez and Regent Moellenberg had negotiated a "separation agreement" with University President Shepard (Dr. Shepard) and voted to terminate Dr. Shepard's existing employment agreement and voted to approve a new "WNMU Separation and Faculty Appointment Agreement" (Agreement).

The Agreement entered into between the University and Dr. Shepard is reported to contain a section for a severance payment of \$1,909,788.00 payable to Dr. Shepard by January 15, 2025, for consideration contained within the Agreement, as well as a section providing for the employment of Dr. Shepard as a tenured faculty member of the University within the University's School of Business.

On December 21, 2024, the New Mexico Department of Justice (NMDOJ) initiated an inquiry into the separation agreement and severance payment between the University and Dr. Shepard.

On January 1, 2025, the entirety of the University's Board of Regents reportedly submitted their resignations to the Governor. One Regent, who served as the Secretary/Treasurer for the Board, reportedly rescinded his resignation shortly thereafter until such time as the Governor appoints a replacement for the remaining Regent.

On January 2, 2025, the University reportedly paid out the severance payment to Dr. Shepard.

On January 4, 2025, the OSA received additional constituent complaints regarding travel and per diem expenditures by members of the University's faculty, staff, and leadership, occurring after the OSA initiated its examination.

As of today's date, January 15, 2025, the University no longer has a fully constituted Board of Regents and no longer has a President. There now exists heightened probability that the forensic special audit requested by the University under the now former Board of Regents and now former University President will be unduly and unnecessarily delayed or not completed.

Therefore, to ensure the allegations of potential fraud, waste and/or abuse, including any potential violations of criminal statutes in connection with procurements and travel involving the University's leadership, to include the (former) President, (former) Board of Regents, Vice-Presidents, Faculty, and Staff within Western New Mexico University are fully examined and reported without further undue delay or avoidance, the OSA hereby designates the University for a special audit of its procurement and travel expenditures to assess the University's compliance with applicable laws, regulations, policies, and procedures.

The OSA is charged with the constitutional and statutory duty to examine the financial affairs of governmental agencies within New Mexico that receive or expend public money. The Audit Act, NMSA 1978, Section 12-6-3(C), provides that in addition to the required annual audit, the State Auditor "may cause the financial affairs and transactions of an agency to be audited in whole or in part." The Audit Rule, at 2.2.2.15(B)(1) NMAC, further provides "[t]he state auditor may designate an agency for special audit, attestation engagement, performance audit, forensic accounting engagement, or non-attest engagement regarding the financial affairs and transaction of an agency...based on information or a report received from an agency, IPA, or member of the public."

Pursuant to the Audit Rule, at 2.2.2.8(O)(1) NMAC and Section 5(A) of the Contract for Special Audit between the University and Jaramillo Accounting Group, executed on August 22, 2024, the OSA hereby terminates the Contract for Special Audit effective immediately.

As provided for in the Audit Rule, at 2.2.2.15(B)(3) NMAC, the OSA requires the special audit to be performed by an Independent Public Accountant (IPA). The University must follow the procedures outlined in the Audit Rule (2.2.2 NMAC) to obtain professional services from an IPA. Please note the University is required to bear the cost of the special audit pursuant to NMSA 1978, Section 12-6-4.

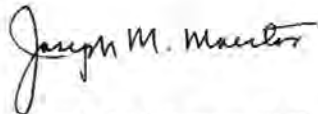
Enclosed is the relevant portion of the Audit Rule, 2.2.2.15(B) NMAC, which details the required IPA selection process an agency must follow once it has been

designated for a special audit. The IPA selected must appear on the OSA's current "Approved Firm List", which is also enclosed for reference. The University's IPA recommendation and the proposed professional services contract are subject to the OSA's review and approval prior to commencement of the work.

The OSA will contact you within one (1) week of this letter to schedule a meeting to further discuss the full scope of work of the special audit designation. In response to this designation notification, please specify the lead contact for the University regarding this special audit. The OSA's designated lead is Shawn Beck, Special Investigations Director, who can be contacted at [Shawn.Beck@osa.state.nm.us](mailto:Shawn.Beck@osa.state.nm.us) or 505-470-3150.

We appreciate your cooperation and commitment to accountability and transparency. Please do not hesitate to contact my office at (505) 476-3800 should you have any questions regarding this matter.

Respectfully,



Joseph M. Maestas, P. E., CFE  
New Mexico State Auditor

Enclosures: Audit Rule, 2.2.2.15(B) NMAC  
Approved Firm List

cc: Amy Baca, Purchasing Director, Western New Mexico University,  
([Amy.Baca@wnmu.edu](mailto:Amy.Baca@wnmu.edu))  
M. Karen Kilgore, Legal Counsel for WNMU,  
([kkilgore@cuddymccarthy.com](mailto:kkilgore@cuddymccarthy.com))  
Stephanie M. Rodriguez, Secretary, New Mexico Higher Education Department  
([Stephanie.Rodriguez@hed.nm.gov](mailto:Stephanie.Rodriguez@hed.nm.gov))  
Gerald Hoehne, Chief of Staff and Chief Financial Officer, New Mexico Higher Education Department ([Gerald.Hoehne@hed.nm.gov](mailto:Gerald.Hoehne@hed.nm.gov))  
Peter Kovnat, General Counsel, New Mexico Higher Education Department  
([Peter.Kovnat@hed.nm.gov](mailto:Peter.Kovnat@hed.nm.gov))  
Charles Sallee, Director, Legislative Finance Committee,  
([Charles.Sallee@nmlegis.gov](mailto:Charles.Sallee@nmlegis.gov))  
Daniel Schlegel, Chief of Staff, Office of the Governor  
([Daniel.Schlegel@state.nm.us](mailto:Daniel.Schlegel@state.nm.us))

Holly Agajanian, Chief General Counsel, Office of the Governor  
(Holly.Agajanian@exec.nm.gov)  
Billy Jimenez, Deputy Attorney General, New Mexico Department of Justice  
(BJimenez@nm DOJ.gov)  
Jeremy Farris, DPhil, J.D., Executive Director, NM State Ethics Commission  
(Jeremy.Farris@sec.nm.gov)  
Ricky A. Bejarano, CPA, CGMA, Deputy State Auditor, OSA,  
(Ricky.Bejarano@osa.nm.gov)  
Susanne Roubidoux, Chief General Counsel, OSA,  
(Susanne.Roubidoux@osa.nm.gov)  
Shawn Beck, CFE, Special Investigations Director, OSA  
(Shawn.Beck@osa.nm.gov)

File: SID 2025-01-0112



## STATE ETHICS COMMISSION

Jeremy Farris, Executive Director  
800 Bradbury Drive Southeast, Suite 215  
Albuquerque, NM 87106  
505.490.0951 | [jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)

Hon. William F. Lang (Chair)  
Jeffrey L. Baker  
Stuart M. Bluestone  
Hon. Celia Castillo  
Hon. Gary Clingman  
Hon. Dr. Terry McMillan  
Dr. Judy Villanueva

Jeremy D. Farris, Executive Director

March 7, 2025

### **Via electronic mail only**

Dr. Joseph Shepard  
c/o John C. Anderson  
110 North Guadalupe Street, Suite 1  
Santa Fe, NM 87501  
[jcanderson@hollandhart.com](mailto:jcanderson@hollandhart.com)

Re: Notice of authorization to commence civil action for violations of the  
Governmental Conduct Act

Dear Dr. Shepard,

As Executive Director of the State Ethics Commission, I write to inform you that on February 27, 2025, the Commission authorized its attorney staff to commence a civil action against you for violations of the Governmental Conduct Act, NMSA 1978, §§ 10-16-1 to -18 (1993, as amended through 2023) (“GCA”), related to your use of Western New Mexico University (“WNMU”) resources and personnel for non-university and non-public purposes. *See generally* NMSA 1978, §§ 10-16-14(A) & 10-16-18(B) (2019). This notice satisfies the Commission’s statutory duty under Section 10-16-13.1(B) to seek corrections of any violations of the Governmental Conduct Act, where possible. *See* NMSA 1978, § 10-16-13.1(B) (2019).

The Commission has evidence tending to show that between late 2022 and May 2023, you exercised the powers and resources of your office as WNMU president for the purpose of hosting a family wedding on campus on May 12-13, 2023. Based on this evidence, the Commission has reason to believe that you: (i) authorized a capital project—funded by approximately \$225,000 in public funds that the Legislature had appropriated to WNMU for education and instruction—to extend a patio at the president’s residence for use at the wedding; (ii) expedited the project to guarantee its completion before the wedding; (iii) changed contractors and utilized WNMU staff to ensure that expenditures on the patio would be less than \$300,000 to avoid the Higher Education Department’s oversight; and (iv) used the patio for wedding events.

The Commission also has evidence tending to show that you: (i) required WNMU employees to assist with efforts to plan the wedding; (ii) directed campus horticultural and facilities staff to prepare the WNMU grounds for the wedding; (iii) required the director of the university’s museum to allow the museum’s use for the wedding reception, against her willingness and better judgment; (iv) violated the use-agreement you signed with the museum by serving wine and bringing or approving the introduction of flower and plant material into the museum, subsequently causing a beetle infestation; (v) directed the use of WNMU staff and resources for the construction of a decorative façade within the museum; and (vi) failed to reimburse WNMU for numerous direct and indirect costs associated with the wedding, in part

# **Exhibit 35**

State Ethics Commission

To: Joseph Shepard

March 7, 2025

Page 2 of 3

relying on the theory that if WNMU could make subsequent use of items purchased principally for the wedding, you should not have to expend your personal funds for those items.<sup>1</sup>

Based on the foregoing, a court could conclude that you violated Section 10-16-3(A), which prohibits the misuse of the powers and resources of the office of the WNMU president for private ends, *see* NMSA 1978, § 10-16-3(A) (2011); Section 10-16-3(C), which prohibits the abuse of the WNMU president's office, *see* NMSA 1978, § 10-16-3(C) (2011); and Section 10-16-3.1(C), which prohibits the unauthorized use of WNMU property, *see* NMSA 1978, § 10-16-3.1(C) (2011). The Governmental Conduct Act authorizes a civil penalty of \$250 per violation. *See* § 10-16-18(B). The statute also authorizes a court to issue "any other appropriate order," including an equitable, restitutionary order to prevent a public official from retaining private gains received consequent to a statutory violation. *Id.* If this matter were to proceed to litigation, the Commission would seek both civil penalties and an order requiring restitution to WNMU for some or all of the expenditures for the newly installed patio. While the Commission understands that WNMU retained possession of the patio, the Commission has reason to believe that, but for the wedding, you would not have directed the expenditure of educational and instructional funds for the patio's expansion. Thus, the Commission seeks some measure of restitution to the university.

The Commission is also aware of the November 18, 2024 letter of concern from the State Auditor to Dr. Mary Hotvedt, which documents "excessive or extravagant domestic and international travel and lodging" for WNMU staff and leadership and "improper use of procurement and university credit cards[.]" That letter reports 138 instances of travel by you as WNMU president, totaling \$140,610.75 in public expenditures, including travel related to the Finca Vigía Foundation, which preserves Ernest Hemingway's home in San Francisco de Paula, Cuba, and the Simmons Leadership conference, where your spouse was a guest speaker. To the extent that WNMU expenditures for your travel were unconnected to a university purpose, they are inconsistent with Sections 10-16-3 and 10-16-3.1(C) of the Governmental Conduct Act and are subject to the statute's penalty and remedial provisions.

If there is information that you believe is material to the above-described allegations and would alter the Commission's intent to proceed with litigation, I encourage you to provide those details as soon as practicable. Considering the costs of civil litigation, I am open to a discussion of a potential resolution of this matter that might avoid a civil action. I should also communicate that under the New Mexico Constitution the Commission operates independently of the New Mexico Department of Justice. *See* N.M. Const., art. V, § 17. The Commission's decisions regarding this matter have no bearing on, nor are they influenced by, the current litigation between the State, on behalf of the Attorney General, and yourself.

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<sup>1</sup> While the Commission is informed that you paid WNMU \$3,655 based on an invoice related to the wedding, the evidence tends to show that the both the fair market value of the wedding and the costs that WNMU incurred because of the wedding exceeded that amount.

State Ethics Commission  
To: Joseph Shepard  
March 7, 2025  
Page 3 of 3

Sincerely,

/s/ Jeremy Farris

Jeremy Farris

Connor G. Woods

State Ethics Commission

800 Bradbury Dr. SE Ste. 215

[jeremy.farris@sec.nm.gov](mailto:jeremy.farris@sec.nm.gov)

[connor.woods@sec.nm.gov](mailto:connor.woods@sec.nm.gov)

# Exhibit 36

## WESTERN NEW MEXICO UNIVERSITY DIVISION OF ACADEMIC AFFAIRS

March 13, 2025

VIA EMAIL (Stephanie.Rodriguez@hed.nm.gov)

Cabinet Secretary Stephanie M. Rodriguez  
New Mexico Higher Education Department  
2024 Galisteo Street, Suite 4  
Santa Fe, NM 87505

Dear Secretary Rodriguez,

I write in response to your letter of March 7, 2025, regarding putting Western New Mexico University under the Enhanced Fiscal Oversight Program (EFOP) referenced in New Mexico Administrative Code (NMAC) 5.3.11.1. Previous to our Teams meeting of March 7, in a support meeting on January 31, 2025, Chief Financial Officer Hoehne stated that meetings would be scheduled every two weeks for support, but that WNMU would not be put under EFOP because of its fiscal soundness. While not knowing what motivated the change, I assume the March 7<sup>th</sup> meeting in which you notified us verbally of EFOP status was the contemplated initial meeting as described in 5.3.11.12 of NMAC:

**5.3.11.12 INITIAL MEETING:** The institution shall schedule an initial meeting with the department within 30 days of issuance of notice of contemplated EFOP status. Representatives from the institution in attendance at the initial meeting shall include the president of the institution, the chair of the governing board, and the chief financial officer of the institution. Representatives from the department in attendance at the initial meeting shall include the department cabinet secretary and designated department staff. During the initial meeting, the department shall make available the reports or documents utilized in identifying the risk factor(s) that served as the basis of the contemplated EFOP status. The institution may provide additional documentation or information during the initial meeting, to be considered by the department. Any documentation or information provided by the institution shall be considered when determining whether the institution shall be placed on EFOP status. The department shall consider information provided by the institution that demonstrates the risk factor or risk factors have already been remedied or the likelihood that the institution can quickly redress the risk factor(s) to mitigate financial impact to the institution.

[5.3.11.12 NMAC - N, 12/11/2018]

Obviously, the institution attendance demand cannot be met given that no president or Board of Regents is in place. Regent Trent Jones is the only regent available, having had his resignation rescinded as Secretary/Treasurer of the former Board so that regular payments could be made to faculty and staff. Vice President Kelley Riddle, CFO, has been a part of all the proceedings listed in your letter. As Provost, I'm serving in the absence of a president. The former Board of Regents did not officially designate an interim president.

Following the provision in 5.3.11.12, I do wish to provide additional information and comments that demonstrate the fiscal strength, internal controls, and lack of risk factors that, in our opinion, could be interactive topics for the aforementioned bi-weekly meetings rather than the EFOP imposition.

Before commenting on the risk factors listed in your letter, I would like to bring you up-to-date on our fiscal strength and sterling results of our audited financial and internal controls. According to Vice President of Business Affairs, Kelley Riddle, based on this academic year, the WNMU budget is very healthy with a current I & G end-of-year fund balance projected to be about five million dollars. That amount is \$3,413,423 above the required 3% fund balance. Barring any negative reductions, HB2 appropriates \$35,381,100 for FY26, bringing next year's budget to over 40 million for I&G. (As of now zero dollars have been approved for requested capital projects and new RPSs.) Past practices instituted by former President Shepard set the budget reserves at 20 percent, a goal that will be recommended to the new Board of Regents. Vice President Riddle is taking a very conservative approach to building next year's budget. In addition to the solid financial standing, the most recent regular audit found no weaknesses in internal controls as well as all issues in the previous audit being resolved. Here is a copy of the audit summary:

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024**

### **SECTION I – SUMMARY OF AUDITOR'S RESULTS**

#### **FINANCIAL STATEMENTS**

##### **Internal Control Over Financial Reporting:**

1. Material weakness(es) identified? **No**
2. Significant deficiencies identified that are not considered to be material weaknesses? **No**

Noncompliance material to financial statements noted? **No**

#### **FEDERAL AWARDS**

##### **Internal Control Over Major Programs:**

- Material weakness(es) identified? **No**
- Significant deficiencies identified that are not considered to be material weaknesses? **No**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? **No**

Auditee qualified as low-risk auditee? **No**

**CURRENT STATUS ON PRIOR YEAR FINDINGS – FOUNDATION**

**None**

**CURRENT YEAR FINDINGS – FOUNDATION**

**None**

**FINDINGS BY CATEGORY FINDINGS**

**FINANCIAL STATEMENTS None**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS None**

**OTHER FINDINGS None**

Added to these positive actions is the recent decision of the Higher Learning Commission (HLC) regarding WNMU's reaffirmation of accreditation. In our March 7<sup>th</sup> meeting one of your staff expressed concern, rightfully so, about the possible negative impact of WNMU's troubles on accreditation. Although the visiting team and HLC staff liaison were fully informed about what was happening, our report went forward and thanks to the fantastic commitment and work of our faculty, staff, and leadership, President Shepard received a letter from HLC on January 10, 2025, announcing that the Institutional Actions Council (IAC) "continued and reaffirmed the accreditation of Western New Mexico University with the next Reaffirmation of Accreditation in 2034-35." We met all standards without any monitoring or additional evidence required, a totally clean decision and assessment.

I believe this documented information provides strong evidence of WNMU's continuing fiscal health and prudent financial decision-making.

Now, I would like to address the three risk factors you list in your March 7, 2025, letter, two related to the Office of the State Auditor findings and one from the Department of Justice. With all due respect, these findings and one allegation are aimed at former president Shepard and former Regents who are no longer involved in the governance of the University. Of course, if the actions referred to in the findings were currently continuing, the concern would be warranted, and warranted if the historical effects of these actions in some way impacted negatively the fiscal condition of the University. Neither of these conditions is happening. In fact, in his November 18, 2024, letter of concern, State Auditor Maestas stated that "The OSA is encouraged that since these concerns were first publicly revealed, WNMU's governing body and management have taken proactive steps to strengthen the University's internal control structure as well as engage in an external forensic special audit to further review these and related issues." He also offered recommendations regarding travel issues and P-card processes which Vice President Kelley and her staff have diligently undertaken. Here are a few:

- A board resolution for signatory authority was approved in December 2024.
- Acknowledged the board's actual signatures were not always obtained on travel requests and/or vouchers. The president's office is currently revising the form with the ability to obtain digital signatures from the board member.
- Discussion has started regarding travel reimbursements being greater than the encumbrance on the purchase order created by the travel request. Currently, change orders are processed for every instance of an overage when the travel voucher is greater than the encumbrance by \$100 or more. This discussion will continue with the Special Audit team when they are on campus.
- Discussion has started about approval of the president's travel requests. This discussion will continue with a newly appointed board of regents.
- Currently requiring submission of agendas or invitations with travel requests.
- Discussion has started regarding policy changes for purchases of equipment with a purchasing card.
- Purchasing Office developed a direct pay form that is completed for late justifications with acknowledgement from the employee that they disregarded the policy.
- Currently requiring VP approval for all international travel.
- VP of Business Affairs is currently structuring the internal control framework into a formal document.
- Discussion has started on the need and content for campus-wide procurement and travel training. This will be developed throughout the summer and implemented in the Fall 2025 semester as we begin the new academic year.

These are just a few of the changes/reviews taking place. The updating of all policies is almost complete and will be ready for review and approval by the new Board of Regents, further evidence of the serious response being made to previous audits and concerns.

With no intention to diminish the seriousness of the State auditor's initial findings of noncompliance, I believe the "letter of concern" is misleading in several ways. For example, the publicizing of 402 instances of "noncompliance" regarding domestic and international travel pursued primarily by the president and regents fails to put in perspective that the number represents findings from approximately 800,000 transactions over five years. Does it mean the University was compliant in approximately 799,598 instances? The more serious result is the perception and accusation of waste, abuse, and extravagance. You mention this specifically as one of your concerns in your March 7, 2025, letter: "A total of \$214,261.91 worth of spending covering 402 instances of domestic and international travel and lodging for university staff and leadership found to be noncompliant with university policies and rules." While the numbers may be accurate, the picture painted constitutes a logical fallacy. It conflates the dollar amount with noncompliance, implying proof of waste, abuse, and extravagance. The two are not connected by cause and effect. Noncompliance is an act of not following policy and procedures such as late submission, missing documentation, lack of justification, etc. as listed on page 5 of State Auditor Maestas' letter of November 18, 2024. The accusation of waste, abuse, and extravagance is a judgment that may or may not be justified by the dollar amount. The determination is relative to whatever comparison benchmark is being used to measure. Because such a benchmark is not clear (It appears one determinant is based on the median income of the institution's location), the perception is that the

entire amount of \$214,261.91 represents waste, abuse, and extravagance. I believe that is not the case and is misleading. For example, recently I traveled out of state to represent the University at an Alumni event. Using my P-card, I had an airport taxi charge of \$50; however, the email receipt I was supposed to get for the charge did not work. The business office flagged the missing receipt and required me to personally pay the charge. I was out of compliance. If not caught the instance could have been interpreted as lack of strong internal control, but whether the total amount of the trip falls into the category of waste, abuse, and extravagance has nothing to do with my not having a receipt for the taxi charge. That judgment would depend on the trip and event being judged legitimate and positive for the University or prosecuted as a wasteful extravagance.

The third risk factor listed, “an allegation of fraud or other crimes that relate to financial control of the institution, made by a law enforcement agency,” specifically relates to the contractual severance payment negotiated between President Shepard and the former Board of Regents. “Allegation” is a key word. I know this risk factor is included in the original 5.3.11.9a NMAC with “fraud” and “other crimes” referred to, but does it take precedence over due process and the common legal prescription of “innocent until proven guilty?” As you know, the severance payment issue has been in litigation and will likely continue in the courts. In the first court case, the judge overruled the attorney general’s petition to stop or sequester the payment. The University has paid the \$1.9 million settlement without any jeopardy to its financial soundness, as I have indicated above. Dr. Shepard’s negotiated faculty position will merge into the regular academic budget. The litigation and other issues involved with the severance agreement are no longer connected to WNMU. The connection to the University is primarily historical, not financial, and will have no immediate financial impact.

Besides the risk factors, I would like to respond to a couple of other concerns voiced in our March 7<sup>th</sup> meeting. One of your colleagues pointed out the negative publicity that has spread nationally and among higher education media accounts. While I would like to think the interest was based on WNMU having a national reputation and prestige, in my opinion, the publicity stemmed from the name “Valerie Plame” prominently referred to in all the local media accounts of lavish spending and “days of wine and roses.” Valerie gave the story national import as a person of national interest and distinction known for having experienced her own political assassination.

Related to this issue of publicity, even though as pointed out it’s not HED policy to issue a press release putting an institution under EFOP, it’s inevitable the information will become a media headline. In this case, EFOP will add, unnecessarily I believe, to the voracious negative publicity that has already raised anxiety among faculty and staff, affected morale, and could impact enrollment for the coming year. It will create a perception of fiscal danger that’s not the reality.

A final argument against EFOP is the fact that another special audit will commence March 17, 2025. As State Auditor Maestas indicated in the initial state audit, President Shepard and the Board of Regents with the approval of OSA had already engaged the Jaramillo

Accounting firm to conduct a special audit that began last year. However, OSA cancelled this contract before the findings were completed and instructed the University to go through the process of a new forensic audit expanding the scope to include fraud and criminal acts, aimed primarily at former President Shepard and the former Board of Regents. Jaramillo Accounting has been hired to conduct this audit, to be completed in 120 days. I believe it makes sense to at least postpone a decision about EFOP until the findings of this audit are released.

The OSA cancellation and reconstituted audits alone are costing the University \$419,830.55, not including expenses, and while the focus has been on finances, I would like to recognize the work impact on WNMU staff, especially Vice Presidents Riddle and Morales. So far, they have had to respond to 17 different records requests from HED, OSA, DOJ, and SEC, not to mention over 30 IPRA's from multiple media and the public. Each usually entails different areas of information. (The HED compliance audit included 108 discrete information requests related to international travel.) The first batch consisted of about 800,000 transactions which had to be collected, checked for needed redactions, and attorney client privilege. The others have been in additional thousands. If their time beyond regular duties was given a dollar value it would be more than substantial. I include this information not only to recognize the unrecognized patience and diligence of Kelley and Julie but also to demonstrate the seriousness, dedication, and high competence with which WNMU is responding to the political, media, and public concerns.

Secretary Rodriguez, I apologize for the extensive response to your letter. It certainly would have been easier to acknowledge and say yes to your decision as we were implored to do. However, I believe it would have been unfair to our faculty, staff, and students not to give alternative information and context to events and decisions that are integral to WNMU's future integrity and continuation as the quality institution it has become.

I conclude with due respect and understanding for your position and duty to support and protect the integrity and stability of New Mexico higher education institutions. I take full responsibility for the information and comments made in response to your contemplated decision to place WNMU under the Enhanced Financial Oversight Program with the hope you will agree that this official oversight is unnecessary at this time. The need to monitor our financial future is understandable, but I believe that can be accomplished outside EFOP, especially as a new president and Board of Regents come on board and assume authority for the institution's financial health. Thanks for your consideration and attention to this lengthy response, including editorial comments. I will be glad to answer any questions or discuss further as you wish.

Jack Crocker  
Provost and Executive Vice President for Academic Affairs  
Professor of English  
Acting Interim President



April 7, 2025

Jeremy Farris, Esq.  
Executive Director  
New Mexico State Ethics Commission  
800 Bradbury Dr., Suite 215  
Albuquerque, NM 87106

Via email only: [jfarris@sec.nm.gov](mailto:jfarris@sec.nm.gov)

**Re: Dr. Joseph Shepard**

Dear Mr. Farris:

I write in response to your letter of March 7, 2025 (the “Letter”) in which you describe the State Ethics Commission (the “Commission”)’s intention to file a civil lawsuit against Dr. Joseph Shepard (“Dr. Shepard”) for alleged violations of the Governmental Conduct Act, NMSA 1978, § 10-16-1 *et seq.* (“GCA”). As set forth below and in the attached materials, the allegations in the Letter are inaccurate and unsupported by the evidence. Contrary to the allegations, at all times, and particularly in matters related to his daughter’s wedding, Dr. Shepard took pains not to receive any benefits by virtue of his public office. In light of this information, I would ask the Commission to reconsider its intention to pursue this matter further.

## **I. Wedding**

The Letter contains numerous allegations surrounding the wedding of Dr. Shepard’s daughter, Sofia, which occurred on the Western New Mexico University (“WNMU” or the “University”) campus on May 12-13, 2023. We address each allegation in turn.

### *A. Construction of Patio Extension*

The Letter first alleges Dr. Shepard “authorized a capital project—funded by approximately \$225,000 in public funds that the Legislature had appropriated to the University for education and instruction—to extend a patio at the president’s residence for use at the wedding.” Letter at 1. The suggestion that Dr. Shepard authorized the extension of the patio at the President’s residence for the sole or principal purpose of providing a venue for Sofia’s wedding is not accurate. Further, the funds for the project came from University reserves and were not earmarked exclusively “for education and instruction.” This may be verified by Kelley Riddle, Vice President for Business Affairs. Finally, the ADA extension was the final piece of over four years of construction, not an independent project. The University began construction on the main patio in 2019 and it was completed in February 2022.

The decision to extend the patio at the President's residence, otherwise known as the 502 Patio, goes back to 2018 or 2019, long before Sofia became engaged, let alone the possibility of holding her wedding at the University. An architecture firm, Lloyd and Associates, created and submitted plans to the University for the patio construction on June 16, 2020. **See Ex. A** (Patio extension shown in upper right). Those plans reflected the entire patio, including an extension which would provide ADA access. *Id.* The planned work, however, was delayed due to the Covid-19 pandemic and price increases. Accordingly, in January 2021, the University decided to proceed only with construction of the central portion of the patio. While the June 2020 drawings envisioned access to the driveway, the initial phase only included the main patio, which did not extend to the driveway. By February 2022, the main patio was completed, and the only remaining work required was connection of the main patio to the driveway and an ADA ramp going into the 502 residence. By the end of October 2022, architectural plans for the 502 Patio ADA extension had been prepared and email correspondence indicated construction could "start in 1-2 weeks" and be "finish[ed] by early January." **See Exs. B, C.**<sup>1</sup>

Once plans were finalized, the University sought quotes for completion of the Patio's ADA extension. Initial quotes started under \$100,000 but soon escalated because the contractor underbid the cost of the work and then increasing his pricing. **See Ex. D.** This delayed the project even further such that by January 2023 the University sought a quote from another contractor, Bradbury-Stamm. **See Ex. E.** Bradbury returned their quote in early February 2023, and on February 24, 2023, the University issued a purchase request to Bradbury for completion of the patio extension.

Sofia did not become engaged to be married until November 12, 2022. **See Ex. F.** Sofia originally considered venues outside Silver City, NM. **See Ex. G.** On November 30, 2022, Dr. Shepard sent Sofia a series of videos displaying the area around the President's residence to highlight the area and the possibility of hosting the wedding at the University. **See Exs. H-J.** In one of these videos, Dr. Shepard noted the pre-existing plans to expand the 502 Patio, which was to be completed by March 2023. **See Ex. H.** But Sofia and her fiancée initially opted to hold the wedding at the Strawberry Inn in Arizona. That was soon canceled, and Dr. Shepard offered the Bear Mountain Lodge in Silver City as a potential alternative. **See Ex. K.** The couple agreed to the Bear Mountain Lodge and began obtaining quotes for a wedding at the Bear Mountain Lodge. **See Ex. L** (noting wedding location as Bear Mountain Lodge). On March 22, 2023, the University approved the Museum as a potential wedding venue. **See Ex. M.** On March 31, 2023, approximately 45 days before the wedding, Sofia agreed to have the wedding at the University. **See Ex. N.** That same day the University sent Dr. Shepard an invoice for the venue and other items. **See Ex. O.**

In short, plans for the 502 Patio ADA Extension were finalized by October 2022, yet the decision to hold the wedding at the President's residence was not made until the end of March 2023. Further, architectural plans for the 502 Patio ADA extension were originally submitted in June 2020, more than two years before Sofia became engaged on November 12, 2022. The

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<sup>1</sup> All redacted portions of the attached exhibits reflect communications protected by attorney-client privilege.

uncontroverted facts clearly foreclose any suggestion the decision to expand the 502 Patio, or when the patio would be completed, were made in contemplation of holding wedding related events in that space.

*B. Alleged Expedited Completion of Patio Project*

The Letter further alleges that Dr. Shepard “expedited the project to guarantee its completion before the wedding.” Letter at 1. This is also inaccurate.

As described above, the 502 Patio ADA extension project encountered delays due to increased pricing from contractors. These delays threatened completion of the ADA patio extension by May 1, 2023, on which date it would be needed both for Commencement-related activities (Commencement took place on May 5, 2023), and a scheduled May 1, 2023, retirement party likely to be attended by elderly guests who would need ADA access to the patio. *See Ex. P* (photo from retirement party on May 1, 2023). At a January 5, 2023 meeting, and in view of these scheduled events, Dr. Shepard informed the University’s project management team that completion of the patio extension should be a priority. This January 5 meeting, *see Ex. Q*, and Dr. Shepard’s directive to prioritize completion of the patio extension, took place well before any decision to hold Sofia’s wedding at the President’s residence.<sup>2</sup> Indeed, at the time of that meeting, the wedding was still scheduled to be held at Bear Mountain Lodge.

*C. Dr. Shepard “changed contractors and utilized WNMU staff to ensure that expenditures on the patio would be less than \$300,000 to avoid the Higher Education Department’s oversight.”*

The allegation that Dr. Shepard acted improperly by seeking to reduce costs associated with construction of the 502 Patio ADA extension improperly presumes his culpability. Customarily, a public official who saves public money and uses public resources in the most efficient manner is applauded. In Dr. Shepard’s case, those same efforts are, without any factual basis, cast as a devious machination to avoid oversight by the Higher Education Department (“HED”). But there is no evidence to support the idea that Dr. Shepard’s decisions were the result of any design to avoid appropriate oversight or scrutiny. Rather, Dr. Shepard was more concerned with reducing the cost of the project and felt it was outrageous for such a project to be above \$300,000.

Shepard acknowledges certain University maintenance personnel were involved in the patio project and worked alongside the contractor and subcontractors to complete the project. This participation was intended to ensure the project was timely and efficiently completed.

Finally, any efforts by Dr. Shepard to reduce the cost of the project cannot be construed as a violation of the GCA. The allegation that such conduct is somehow wrongful rests on the

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<sup>2</sup> Dr. Shepard’s oversight of the patio extension was not unusual. While serving as President, Dr. Shepard was actively engaged in all capital projects at the University.

assumption that Dr. Shepard's motivation for the 502 Patio ADA extension was to hold Sofia's wedding in that space. But as noted above, that premise is flatly incorrect; the 502 Patio ADA extension was performed for the benefit of the University. Additionally, using University resources in service of that project is entirely appropriate, especially if use of those resources is more cost-effective than using contracted labor. Further, the letter and spirit of the GCA prohibits public officials from using their office, or public resources, for personal gain. Dr. Shepard cannot have violated the GCA unless expenditures were intended for his personal gain. The patio is wholly owned and operated by the University and is part of the President's residence, available for his personal use, and used for a variety of University-related events. Routine improvements to ensure the residence and its grounds are an appropriate event venue and inviting to guests regardless of their physical disabilities are not intended to benefit Dr. Shepard personally. Nor is Dr. Shepard's personal use of the patio while he resided at 502 personal gain under the terms of the GCA.

*D. Dr. Shepard "used the patio for wedding events."*

The assertion Shepard violated the GCA by using the patio at the President's residence for wedding events represents shocking overreach. Please bear in mind that while Dr. Shepard was a public employee at the time of the wedding, the President's residence was also his private home, and he was contractually obligated to live there while serving as President of the University. While doing so, Dr. Shepard was under no obligation to abandon his private life, curtail his hobbies, or neglect to support his children. Rather, Dr. Shepard was permitted to host private guests or family members for the weekend, have a cup of coffee on the patio, or indeed, use his home to host a gathering for his daughter's wedding.<sup>3</sup> By the Letter's logic, any instance in which Dr. Shepard hosted personal friends for dinner in his home, unconnected to University business, would represent a violation of the GCA. Fortunately, public service requires no such sacrifice, particularly when Dr. Shepard was required to live in the residence.

## **II. Wedding Events**

*A. Dr. Shepard "required WNMU employees to assist with efforts to plan the wedding."*

At the outset, it is important to note that in arranging to have his daughter's wedding at the University, Dr. Shepard insisted he and his family be treated like any other private party using the University's facilities for a private event—no better and no worse. Like everyone else, Dr. Shepard completed a "Facility Use/Equipment Form" through which he reserved the museum for use in connection with the wedding. See **Ex. M**. Dr. Shepard also paid the standard costs associated with use of the museum, as well as related set-up fees, costs for furniture, costs

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<sup>3</sup> Notably, New Mexico Governor Michelle Lujan Grisham was herself married at the Vice-President's official residence in Washington, D.C. Surely this was not an impermissible use of public resources for private gain.

for labor associated with setting up the sound system, and costs for security. These costs totaled approximately \$3,655.00. *See Ex. O.*

About a week before the wedding, Dr. Shepard held a meeting with various University personnel to ensure preparations for the wedding were proceeding and on schedule. This is hardly unexpected or inappropriate considering Dr. Shepard paid for both the venue and for services associated with the event. Presumably, any private group or individual paying almost \$4,000 for use of the venue would be entitled to confirm preparations for the event were proceeding according to plan. This is not a violation of the GCA.

*B. Dr. Shepard did not “direct[] campus horticultural and facilities staff to prepare the WNMU grounds for the wedding.”*

Dr. Shepard flatly denies this allegation. While Dr. Shepard directed University staff to make efforts to beautify the campus in the spring of 2023, the directive had nothing to do with his daughter’s wedding. Rather, the directive was made in anticipation of Commencement-related activities and the associated arrival of parents, guests, and other visitors. Efforts to spruce up the University campus (indeed any college campus) when it will be on display to a larger-cross section of the public are commonplace. Indeed, witness testimony, and any available documentary evidence will establish similar efforts are undertaken every year at the University. **See Ex. R. ¶ 5.** Moreover, it was one of Dr. Shepard’s priorities as President to improve the physical appearance of the campus—a priority that has generated significant goodwill toward the University.

*C. Dr. Shepard did not “require[] the director of the university’s museum to allow the museum’s use for the wedding reception, against her willingness and better judgment.”*

Dr. Shepard in no way “required” the Director of the University’s museum to allow use of the museum for the wedding reception. To put this issue in proper context, the University’s museum has traditionally hosted various social events, including the Black and White Ball, lunch and dinner receptions for various legislative committees, and similar events. Considering this history, Dr. Shepard did not anticipate any resistance to his request to hold the wedding reception at the museum.

Nonetheless, when Dr. Shepard approached the museum director, Ms. Romero, about the possibility of holding the wedding reception at the museum, Ms. Romero expressed concerns about having dancing and music in the museum due to cultural sensitivities around the presence of Native artifacts in the museum’s collection. Out of respect for this concern, and to achieve compromise, Dr. Shepard proposed to move the dancing aspect of the wedding to the 502 Patio. Dr. Shepard also agreed the only music in the museum would be light dinner music, which alleviated Ms. Romero’s concerns. Ms. Romero agreed to this proposal. At no time did Ms. Romero suggest to Dr. Shepard that she felt compelled, or even pressured, to permit this event to be held at the museum.

Any suggestion Dr. Shepard violated the GCA by asking the museum director to make the museum available for his daughter's wedding is without merit. As noted above, Dr. Shepard paid for use of the museum from his own personal funds and executed an agreement with the University for that purpose. Additionally, that agreement expressly provides "[t]he Department of Venue and Event Management possesses exclusive rights to reserve facilities/equipment that is not for the purpose of classroom instruction." **Ex. M**. This provision suggests Ms. Romero had no authority to approve or deny use of the museum for the wedding. Case in point, this event was approved by Ms. Joy Lemme—not Ms. Romero. Moreover, there is simply no evidence that Dr. Shepard threatened or coerced Mr. Romero or Ms. Lemme to accommodate the wedding. Any unexpressed misgivings that Ms. Romero now has about the decision to allow use of the museum do not, and cannot, suggest that Dr. Shepard's actions were unlawful.

*D. Dr. Shepard Did Not Violate the Use Agreement by Serving Alcohol or Bringing in Plant Material.*

The Letter alleges that Dr. Shepard "violated the use-agreement [he] signed with the museum by serving wine and bringing or approving the introduction of flower and plant material into the museum, subsequently causing a beetle infestation." Letter at 2. As an initial matter, these allegations may suggest a breach of contract, but they are a far cry from suggesting a violation of the GCA. As the Facilities Use Agreement demonstrates, Dr. Shepard rented the University's museum in his capacity as a private individual and father, not as President of the University. And if the University believed the event caused damage to the museum, it should have so apprised Dr. Shepard and sent him a bill as provided in the Agreement. See **Ex. M** ("Loss or damage other than normal wear and tear will be the financial responsibility of the sponsor.")

Further, nowhere in the Facilities Use Agreement is there any provision against serving wine in the museum. In fact, Dr. Shepard obtained approval from Vice President Julie Morales, who handles all alcohol related matters, to have alcohol in the museum. Ms. Morales in turn obtained and received approval from the State Alcoholic Beverages Commission for wine to be served in the museum. See **Ex. S**. Nor is there any contractual prohibition on bringing flowers into the museum.

As to the alleged "beetle infestation," this is news to Dr. Shepard. Dr. Shepard never observed a single beetle in the museum, nor in his house to which he brought the flowers upon conclusion of the wedding. Nor did the University ever inform Dr. Shepard the wedding caused a beetle infestation. Should the Commission pursue this allegation, I expect it will be prepared to provide documentary evidence, including but not limited to email correspondence and exterminator bills attesting to the alleged infestation. Dr. Shepard, however, is aware of no such documentation, nor did anyone inform him of any such infestation. Finally, and needless to say, inadvertently causing a beetle infestation is not a GCA violation.

*E. Construction of Façade Within the Museum.*

The Letter further alleges Dr. Shepard “directed the use of WNMU staff and resources for the construction of a decorative façade within the museum.” Letter at 1. This allegation is also unfounded. In connection with Dr. Shepard’s negotiations with Ms. Romero for use of the museum, Ms. Romero expressed concerns about the front desk and wanted it covered for the event. Dr. Shepard agreed with Ms. Romero’s proposal. Naturally, because it was done at Ms. Romero’s request, any expense associated with covering the front desk should be borne by the museum and otherwise covered by the \$300 rental fee Dr. Shepard paid for the venue. No one asked Dr. Shepard to cover the cost of the front desk. If anyone at the University believed this should have been Dr. Shepard’s responsibility, they should have charged him.

*F. Wedding Cost Reimbursement.*

Finally, the Letter alleges that Dr. Shepard “failed to reimburse [the University] for numerous direct and indirect costs associated with the wedding...” Letter at 1. Given the lack of any detail as to the costs for which Dr. Shepard allegedly failed to reimburse the University, responding to this allegation is all but impossible. The footnoted explanation that “the evidence tends to show that the both the fair market value of the wedding and the costs that WNMU incurred because of the wedding exceeded that amount” is hardly illuminating.

Dr. Shepard asked that he be invoiced for whatever amount the University would charge an unaffiliated member of the public for use of the University’s facilities. The University submitted an invoice to Dr. Shepard, and he paid it. If the University’s costs exceeded that amount, that is no fault of Dr. Shepard’s. Indeed, notably absent from the Letter is any allegation that Dr. Shepard used his position as President to obtain a discount on the fees charged for use of the University facilities. If the University did not accurately price the use of its facilities, that does not create a GCA violation by Dr. Shepard.

**III. Travel Allegations**

The Letter also references allegations by the State Auditor concerning “excessive or extravagant domestic and international travel and lodging” for WNMU staff and leadership and “improper use of procurement and university credit cards.” Letter at 2. While Dr. Shepard will address specific instances of travel directly with the State Auditor in the first instance, further investigation on that front will make clear that all instances of official travel by Dr. Shepard were connected to a legitimate University purpose and verbally approved by the Board of Regents’ chair. No travel by Dr. Shepard can be understood as a violation of the GCA.

The two trips specifically alleged in the Letter to be “excessive or extravagant” are neither. The Finca Vigia Foundation travel was approved by the Board Chair, Mary Hotvedt. WNMU, like many universities, encouraged Dr. Shepard to serve, and supported his service, on non-profit Boards. Dr. Shepard’s service as a Board member on the Foundation emphasized the University’s focus on service to the community, enabled the University to access additional resources, involved networking that benefited the University, and provided a pathway for further

fundraising for the University. It was directly linked to Dr. Shepard's position as President of the University.<sup>4</sup>

Similarly, travel to the Simmons Leadership Conference was approved by then Board Chair Jerry Walz. The Simmons Leadership Conference seeks to empower women and create gender parity in our society. The University annually hosts the Edwina and Charles Milner Women in the Arts Lecture and Exhibit Series which similarly seeks to empower women and engage the WNMU community in critical dialogue through art.<sup>5</sup> Obtaining speakers and artists for the Milner series is an essential and ongoing task. While Dr. Shepard's wife was a guest speaker at the Simmons Leadership Conference, Dr. Shepard took advantage of a rare opportunity to meet other prominent women, seek future speakers for the University, enhance the prestige of the University, and promote the University's work.

Finally, given recent revelations about patently extravagant travel by New Mexico's own Attorney General, the Commission's focus on Dr. Shepard's travel appears highly selective. According to a recent article in the Santa Fe New Mexican, Attorney General Raul Torrez "accept[ed] invitations to join corporate lobbyists on a cost-covered trip to South Africa featuring a safari, a stay at a five star-hotel, wine tours and gourmet restaurants that serve Wagyu steaks." See **Ex. T**. In the absence of a similar investigation into reports of General Torrez's luxury travel to Africa, pursuing allegations of Dr. Shepard's travel suggests that the Commission's interest in Dr. Shepard's travel is driven by ulterior motives rather than ensuring that public officials put the public good above personal gain.

#### **IV. Conclusion**

Dr. Shepard vehemently denies that any of his actions represent actual or potential violations of the GCA. I trust that the above information fully addresses the concerns raised in the Letter. In the event the Commission pursues litigation, Dr. Shepard is fully prepared to defend himself, his actions, and his reputation.<sup>6</sup>

Very truly yours,

John C. Anderson  
Partner

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<sup>4</sup> At least one other Finca Vigia Board Member is a professor at a public university. See <https://fincafoundation.org/about-us/board-of-directors/>

<sup>5</sup> <https://culture.wnmu.edu/series/>

<sup>6</sup> As the Letter contemplates the filing of litigation, I would ask that the Commission take all appropriate steps to preserve all relevant documents and electronically stored information that may become subject to discovery efforts should litigation ensue.

of Holland & Hart LLP

JCA:  
Attachments  
cc: Connor G. Woods, Esq.

34542684\_v6

# **Exhibit 38**

**STATE OF NEW MEXICO  
COUNTY OF RIO ARriba  
FIRST JUDICIAL DISTRICT  
STATE ETHICS COMMISSION,**

Plaintiff,

v.

JOSEPH SHEPARD,

Defendant.

No. \_\_\_\_\_

## **COMPLAINT**

1. The Governmental Conduct Act, NMSA 1978, §§ 10-16-1 to -18 (1967, as amended through 2023), requires public officials to treat their positions as a public trust, to refrain from using the powers and resources of public office for private benefit, and to refrain from using government resources for unauthorized purposes. *See* NMSA 1978, §§ 10-16-3(A) (2011), -3.1(C) (2007).

2. Defendant Joseph Shepard, as president of Western New Mexico University (“WNMU”), expended public resources to pursue a private interest.

3. To enforce New Mexico’s Governmental Conduct Act and to deter public corruption and abuse of office, Plaintiff State Ethics Commission brings this civil action.

## **PARTIES**

4. Plaintiff State Ethics Commission is an independent state agency established by Article V, Section 17 of the New Mexico Constitution with constitutional and statutory authority to enforce New Mexico’s ethics laws, including the Governmental Conduct Act. *See* N.M. Const. art. V, § 17; NMSA 1978, § 10-16G-9(A)(6), (F) (2021); NMSA 1978, § 10-16-18(B)



**Western New Mexico University  
Board of Regents Meeting (hybrid)  
Serna Conference Room, WNMU Castorena Building  
J. Cloyd Miller Library  
1000 W. College Ave., Silver City, NM  
July 31, 2025**

**9:00 a.m. Executive Session – Serna Conference Room, WNMU Castorena Hall / Virtual by Zoom**  
**(<https://wnmu.zoom.us/j/84360996571>)**

- i. Pursuant to NMSA 1978 Section 10-15-1 (H)(7), discussions subject to the attorney-client privilege pertaining to threatened or pending litigation in which the University is or may become a participant:
  - a. State ex rel. Torrez v. Shepard, et al., Sixth Judicial District Court No. D-608-CV-2025-00007
  - b. State Ethics Commission v. Shepard, Fourth Judicial District Court No. D-117-CV-202500260
- ii. Pursuant to NMSA Section 10-15-1(H)(2), discussions of limited personnel matters including hiring, demotion, assignment, and/or resignation of an individual University employee pertaining to the purported Western New Mexico University Separation and Faculty Appointment Agreement involving a former University President

**10:30 a.m. Regular Session – J. Cloyd Miller Library / Virtual by Zoom**  
**(<https://wnmu.zoom.us/j/83265352895>)**

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**SPECIAL SESSION**

- I.** Call to Order/Pledge of Allegiance
- II.** Approval of Agenda
- III.** Approval of Meeting Minutes of May 8, 2025; May 23, 2025; June 25, 2025; and July 21, 2025
- IV.** University President's Report – Interim President Dr. Chris Maples
- V.** Old Business
  - A. None
- VI.** New Business
  - A.** Preliminary Appointment to the Presidential Search Committee – *Regent Chair Steven Neville*
  - B.** FY25 Quarter 4 Financial Certification – *VPBA Kelley Riddle*
  - C.** FY26 Budget Adjustment Request 1 – *VPBA Kelley Riddle*
  - D.** Asset Disposal – *VPBA Kelley Riddle*
  - E.** American Tower Lease – *VPBA Kelley Riddle*
  - F.** Capital Project Transmittal Early Childhood Facility Phase I – *VPBA Kelley Riddle*
  - G.** Possible Action Regarding Validity of Purported Western New Mexico University Separation and Faculty Appointment Agreement Involving a Former University President Pursuant to the New Mexico Open Meetings Act – *Regent Chair Steven Neville*
  - H.** Possible Action Regarding Approval or Disapproval of Proposed Western New Mexico University Separation and Faculty Appointment Agreement Involving a Former University President – *Regent Chair Steven Neville*
- VII.** Regents Information Session
  - A. Public Comments
  - B. Board Closing Comments
- VIII.** Adjournment

**A recording of the meeting will be posted on the WNMU Board Meetings video archive webpage at:**  
**<https://wnmu.hosted.panopto.com/Panopto/Pages/Sessions/List.aspx#folderID=%225adab8d0-1f22-4dc1-926e-ad6b013b0012%22>**

## **Exhibit 39**

**MISSION**

An open-access Hispanic-Serving Institution (HSI) and New Mexico's Applied Liberal Arts and Sciences University, Western New Mexico University combines a foundation of liberal arts education with quality professional programs and career and technical preparation in a diverse, inclusive, creative, and caring community of learners empowered with the essential skills and knowledge for lifelong success in work and life.

Al ser una Institución al Servicio de Hispanos (HSI) y de inscripción abierta, así como la Universidad de Artes Liberales y Ciencias Aplicadas de Nuevo México, Western New Mexico University combina una base de educación en artes liberales con programas profesionales de calidad y preparación técnica en una comunidad diversa, inclusiva, creativa y solidaria de estudiantes capacitados con habilidades y conocimientos esenciales para el éxito permanente en la vida y el trabajo.

**VISION**

Western New Mexico University is a premier and innovative Applied Liberal Arts and Sciences University in combination with internationally recognized professional programs and career and technical preparation. Its students achieve career goals, become conscientious citizens, practice social and environmental responsibility, and impact their communities and their futures as independent thinkers who know themselves within the changing context of a global, digital world. Embracing its identity as a Hispanic Serving Institution, WNMU is the central contributor in its region for public service, economic development, and cultural enrichment.

Western New Mexico University es una Universidad de Artes Liberales y Ciencias Aplicadas líder e innovadora que combina programas profesionales reconocidos internacionalmente y la preparación profesional técnica. Sus estudiantes alcanzan metas profesionales, formándolos en ciudadanos comprometidos, que practican la responsabilidad social y ambiental, que tienen impacto en sus comunidades y en su futuro como pensadores críticos independientes que se conocen a sí mismos dentro del contexto cambiante de un mundo global y digital. Adoptando su identidad como una institución al servicio a hispanos, WNMU es la contribuyente central en su región para el servicio público, el desarrollo económico y el enriquecimiento cultural.



August 22, 2025

By Email and U.S. Mail  
Joseph Shepard, Ph.D.  
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Embudo, NM 87531  
joe@outdoorshep.com

RE: Status of Separation and Faculty Appointment Agreement

Dr. Shepard,

As you are aware through your virtual attendance of the Western New Mexico University (WNMU) Board of Regents (Regents) July 31, 2025, meeting, the Regents determined that the Separation and Faculty Appointment Agreement (Invalid Agreement) considered in December 2024 by then-Regent members was not approved in accordance with the New Mexico Open Meetings Act and, therefore, was invalid. Furthermore, at that same July 31st meeting, the Regents also considered and then declined to approve the Invalid Agreement. As a result, I am writing to ensure that you understand that the Invalid Agreement is not in effect and the terms of the Invalid Agreement will not be followed by WNMU—most immediately notable, the terms relating to indemnity and employment as a tenured faculty member.

As you are also aware, there are several pending lawsuits which may relate to actions taken by you while serving as former President of WNMU. WNMU will not be making any further payments to legal counsel personally selected by you—this was not only a legally unenforceable term of the Invalid Agreement, but also a potential violation of the University's legal requirements for procurement. Any prior and current balances with legal counsel personally selected by you are your personal responsibility, not WNMU's. As a result, you have two options: 1) to continue representation through your own personally selected counsel at your own expense; or 2) submit the pending litigation to WNMU for consideration of coverage for those actions falling within the scope of your duties (not any personal actions outside the scope of your duties) either for WNMU to, in its sole discretion, determine coverage and provide counsel selected and paid for by WNMU or for WNMU to refer to the Risk Management Division of the State of New Mexico (RMD) for, in RMD's sole discretion, determination of coverage and/or assignment of counsel. Please understand that your personally selected legal counsel has no authority to bind WNMU, its Regents, administrators, or agents in any manner.

Finally, because the Invalid Agreement is not effective, there will need to be a full examination of the compensation and benefits that you received, as well as payments made by WNMU on your behalf, by way of the Invalid Agreement and an ultimate determination by the Board of the funds and benefits to be clawed back. For this reason, it is highly recommended that you, WNMU, the New Mexico Department of Justice, and the State Ethics Commission engage in a multi-party mediation to explore negotiated solutions to end all pending and potential claims and conclude all litigation.

Sincerely,

Steven Neville  
Chair, Board of Regents

Cc (by email only):

WNMU Board of Regents  
Christopher Maples, Ph.D.  
Kelley Riddle  
William "Jack" Crocker, Ph.D.

Geno Zamora, Esq., Ortiz & Zamora, Attorneys at Law, LLC – geno@ortiz-zamora.com  
Karen Kilgore, Cuddy & McCarthy, LLP – kkilgore@cuddymccarthy.com  
John C. Anderson., Partner, Holland & Hart LLP - jcanderson@hollandhart.com

SIXTH JUDICIAL DISTRICT COURT  
COUNTY OF GRANT  
STATE OF NEW MEXICO

FILED  
6th JUDICIAL DISTRICT COURT  
Grant County  
8/25/2025 11:23 AM  
ALEJANDRA CRUZ  
CLERK OF THE COURT  
Leda Chapp

STATE OF NEW MEXICO, EX REL.,  
RAÚL TORREZ, ATTORNEY GENERAL,

Plaintiff,

v.

## **Exhibit 41**

No. D-608-CV-2025-00007

DR. JOSEPH SHEPARD,

Defendant-Crossclaim Plaintiff,

and

WESTERN NEW MEXICO UNIVERSITY BOARD OF REGENTS,

Defendant-Crossclaim Defendant,

**DR. JOSEPH SHEPARD'S ANSWER TO PLAINTIFF'S AMENDED COMPLAINT AND  
CROSS-CLAIM AGAINST WESTERN NEW MEXICO UNIVERSITY BOARD OF  
REGENTS FOR BREACH OF CONTRACT, BREACH OF THE DUTY OF GOOD  
FAITH AND FAIR DEALING, PROMISSORY ESTOPPEL,  
AND UNJUST ENRICHMENT**

Dr. Joseph Shepard hereby answers Plaintiff's First Amended Complaint (the "Amended Complaint") in the following correspondingly numbered paragraphs:

1. The allegation in Paragraph 1 is an introductory statement that requires no answer. Further, Paragraph 1 contains legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 1.

2. Dr. Shepard admits the allegations contained in Paragraph 2 of the Amended Complaint.

3. Dr. Shepard admits the allegations contained in Paragraph 3 of the Amended Complaint.

4. Dr. Shepard admits the allegations contained in Paragraph 4 of the Amended Complaint. Dr. Shepard denies Dr. Mary E. Hotvedt, Dr. Lyndon Haviland, Trent Jones, Dr. Daniel H. Lopez, and Dal Moellenberg were members of the Board of Regents of the University and public officers at all times relevant to Dr. Shepard's cross claims.

5. Dr. Shepard admits he served as President of the University from 2011 through January 15, 2025. Dr. Shepard denies he served as President of the University during all times relevant to Dr. Shepard's cross claims.

6. Dr. Shepard admits that Western New Mexico University is headquartered in Grant County, New Mexico.

7. Dr. Shepard admits venue is proper in this District.

8. Paragraph 8 contains legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard admits this Court has jurisdiction over the subject matter of the action.

9. Paragraph 9 contains legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard admits the Court has personal jurisdiction over him in connection with the State's claims but denies that he is subject to personal jurisdiction for the reasons stated in Paragraph 9.

#### **FACTUAL BACKGROUND**

10. Dr. Shepard denies the allegations contained in Paragraph 10.

11. Dr. Shepard admits the allegations contained in Paragraph 11.

12. Dr. Shepard admits he engaged in University-related travel as President of the University. Except as expressly admitted, Dr. Shepard denies the allegations contained in Paragraph 12.

13. Dr. Shepard denies knowledge and information sufficient to admit or deny the allegations contained in Paragraph 13 and therefore denies the same.

14. Paragraph 14 contains legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard admits Ms. Riddle sent a letter to OSA. Dr. Shepard denies Plaintiff's characterization and paraphrasing of the letter to the extent it differs from the text of the letter. Except as expressly admitted, Dr. Shepard denies the allegations contained in Paragraph 14.

15. Paragraph 15 contains legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard admits that OSA sent a letter on November 19, 2024. Dr. Shepard denies Plaintiff's characterization and paraphrasing of the letter to the extent it differs from the text of the letter. Except as expressly admitted, Dr. Shepard denies the allegations contained in Paragraph 15.

16. Dr. Shepard denies knowledge and information sufficient to admit or deny the allegation contained in Paragraph 16 and therefore denies the same.

17. Paragraph 17 contains legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard admits the Board formed a personnel subcommittee, and that the subcommittee consisted of Regents Lopez and Moellenberg. Except as expressly admitted, Dr. Shepard denies the allegations contained in Paragraph 17, including that there was any violation of the Open Meetings Act.

18. Dr. Shepard admits the allegations contained in Paragraph 18.

19. Dr. Shepard admits the allegation contained in Paragraph 19.

20. Dr. Shepard admits the allegation contained in Paragraph 20.

21. Dr. Shepard admits the allegation contained in Paragraph 21.

22. Dr. Shepard denies knowledge and information sufficient to admit or deny the allegations contained in Paragraph 22 and therefore denies the same.

23. Dr. Shepard admits that at the December 20, 2024 meeting the Board voted to approve the Separation and Faculty Appointment Agreement. Except as expressly admitted, Dr. Shepard denies the allegations contained in Paragraph 23.

24. Paragraph 24 contains legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard admits the Separation Agreement includes various provisions, among which required the University to employ him as a tenured faculty member of the School of Business, provide a paid sabbatical, and pay him a lump sum Severance Payment. Dr. Shepard denies the allegations in Paragraph 24 to the extent Plaintiff's characterization or paraphrasing of the Agreement differs from the text of the Agreement. Except as expressly admitted, Dr. Shepard denies the allegations contained in Paragraph 24.

25. Dr. Shepard admits the University agreed "to defend, indemnify, and hold harmless Dr. Shepard against any claims arising out of or relating to any actions taken by Dr. Shepard in his capacity as President of the University." Dr. Shepard further admits the Agreement provides "Dr. Shepard shall be entitled to representation of the counsel of his choosing, and the University shall pay all reasonable costs and fees associated with such counsel's representation of Dr. Shepard." Dr. Shepard denies the allegations in Paragraph 25 to the extent Plaintiff's characterization or paraphrasing of the Agreement differs from the text of the Agreement. Except as expressly admitted, Dr. Shepard denies the allegations contained in Paragraph 25.

26. Dr. Shepard denies the allegations contained in Paragraph 26.

27. Dr. Shepard admits the allegations contained in Paragraph 27.

28. Paragraph 28 contains legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 28.

29. Dr. Shepard denies the allegations contained in Paragraph 29.

30. Dr. Shepard admits the allegations contained in Paragraph 30.

31. Dr. Shepard lacks knowledge or information sufficient to admit or deny the allegations contained in Paragraph 31 and therefore denies the same.

32. Dr. Shepard admits the allegations contained in Paragraph 32.

33. Dr. Shepard admits the allegations contained in Paragraph 33.

34. Paragraph 34 contains legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard admits that on January 6, 2025, the New Mexico Attorney General filed an Emergency Motion. Dr. Shepard denies the allegations in Paragraph 34 to the extent those allegations differ from the motion itself. Except as expressly admitted, Dr. Shepard denies the allegations in Paragraph 34.

#### **COUNT I: BREACH OF FIDUCIARY DUTY**

35. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count I of the Amended Complaint as to Dr. Shepard. Accordingly, no response is required to Paragraph 35. To the extent a response is required, Dr. Shepard re-alleges and incorporates his responses to Paragraphs 1–34 as though fully set forth herein.

36. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count I of the Amended Complaint as to Dr. Shepard. Accordingly, no response is required to Paragraph 36. Further, the allegations in Paragraph 36 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 36.

37. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count I of the Amended Complaint as to Dr. Shepard. Accordingly, no response is required to Paragraph 37. Further, the allegations in Paragraph 37 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations contained in Paragraph 37.

## **COUNT II: LACK OF CONSIDERATION**

38. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count II of the Amended Complaint. Accordingly, no response is required to Paragraph 38. To the extent a response is required, Dr. Shepard re-alleges and incorporates his responses to Paragraphs 1–37 as though fully set forth herein.

39. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count II of the Amended Complaint. Accordingly, no response is required to Paragraph 39. Further, the allegations in Paragraph 39 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 39.

40. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count II of the Amended Complaint. Accordingly, no response is required to Paragraph 40. Further, the allegations in Paragraph 40 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 40.

41. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count II of the Amended Complaint. Accordingly, no response is required to Paragraph 41. Further, the allegations in Paragraph 41 are legal conclusions to which no response

is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 41.

### **COUNT III: UNCONSCIONABLE CONTRACT**

42. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count III of the Amended Complaint. Accordingly, no response is required to Paragraph 42. To the extent a response is required, Dr. Shepard realleges and reincorporates the responses contained in Paragraphs 1–41 as though fully set forth herein.

43. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count III of the Amended Complaint. Accordingly, no response is required to Paragraph 43. Further, the allegations in Paragraph 43 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 43.

44. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count III of the Amended Complaint. Accordingly, no response is required to Paragraph 44. Further, the allegations in Paragraph 44 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 44.

### **COUNT IV: VIOLATION OF ARTICLE IX, SECTION 14 OF THE NEW MEXICO CONSTITUTION**

45. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count IV of the Amended Complaint. Accordingly, no response is required to Paragraph 45. To the extent a response is required, Dr. Shepard re-alleges and incorporates his responses to Paragraphs 1–44 as though fully set forth herein.

46. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count IV of the Amended Complaint. Accordingly, no response is required to Paragraph 46. Further, the allegations in Paragraph 46 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 46.

**COUNT V: VIOLATION OF ARTICLE IV, SECTION 27 OF THE NEW MEXICO  
CONSTITUTION**

47. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count V of the Amended Complaint. Accordingly, no response is required to Paragraph 47. To the extent a response is required, Dr. Shepard re-alleges and incorporates his responses to Paragraphs 1–46 as though fully set forth herein.

48. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count V of the Amended Complaint. Accordingly, no response is required to Paragraph 48. Further, the allegations in Paragraph 48 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 48.

**COUNT VI: VIOLATION OF ARTICLE IX, SECTION 8  
OF THE NEW MEXICO CONSTITUTION**

49. Dr. Shepard re-alleges and incorporates his responses to Paragraphs 1–48 as though fully set forth herein.

50. The allegations in Paragraph 50 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 50.

### **COUNT VII: OPEN MEETINGS ACT VIOLATION**

51. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count VII of the Amended Complaint. Accordingly, no response is required to Paragraph 51. To the extent a response is required, Dr. Shepard re-alleges and incorporates his responses to Paragraphs 1–50 as though fully set forth herein.

52. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count VII of the Amended Complaint. Accordingly, no response is required to Paragraph 52. Further, the allegations in Paragraph 52 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 52.

53. In its order partially granting Dr. Shepard's motion to dismiss, the Court dismissed Count VII of the Amended Complaint. Accordingly, no response is required to Paragraph 53. Further, the allegations in Paragraph 53 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 53.

### **COUNT VIII: UNJUST ENRICHMENT**

54. Dr. Shepard re-alleges and incorporates his responses to Paragraphs 1–53 as though fully set forth herein.

55. The allegations in Paragraph 55 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 55.

### **COUNT IX: AIDING AND ABETTING**

56. Dr. Shepard reasserts and reincorporates his responses to the allegations contained in Paragraphs 1–55 as though fully set forth herein.

57. The allegations in Paragraph 57 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 57.

58. Dr. Shepard denies the allegations contained in Paragraph 58.

59. The allegations in Paragraph 59 are legal conclusions to which no response is required. To the extent a response is required, Dr. Shepard denies the allegations in Paragraph 59.

Pursuant to Rule 1-008(B) NMRA, all headers, introductory statements, averments, allegations, or paragraphs not expressly admitted are denied.

### **PRAYER FOR RELIEF**

In response to the allegations contained in the Prayer for Relief, Dr. Shepard denies that Plaintiff is entitled to any of the relief requested in subparagraphs 1–6. Dr. Shepard requests that Plaintiff’s Amended Complaint be dismissed, that Plaintiff take nothing, and that Dr. Shepard be awarded such other and further relief that the Court may deem just and proper.

### **AFFIRMATIVE DEFENSES**

As affirmative defenses to Plaintiff’s claims as set forth in the Amended Complaint, Dr. Shepard pleads as follows:

60. Plaintiff’s claims are barred, in whole or in part, for failure to state a claim on which relief may be granted.

61. Plaintiff's claims are barred, in whole or in part, for lack of statutory and/or Constitutional authority to pursue its claims.

62. Plaintiff's claims are barred, in whole or in part, for lack of standing.

63. Plaintiff's claims are barred, in whole or in part, by promissory estoppel.

64. Plaintiff's claims are barred, in whole or in part, by the express terms of the written instruments governing the relationship between the parties, as well as the parties' course of performance under those instruments.

65. Plaintiff's claims are barred, in whole or in part, by the doctrines of res judicata, waiver, acquiescence, estoppel, or abandonment.

66. Plaintiff's claims are barred, in whole or in part, by the doctrine of accord and satisfaction.

67. Plaintiff's claims are barred, in whole or in part, by the doctrines of offset and recoupment.

68. Plaintiff's claims are barred, in whole or in part, by the Contracts Clauses of the New Mexico and United States Constitutions.

Dr. Shepard has not knowingly waived any applicable defenses and reserves the right to assert and rely on such other applicable defenses as may later become available or apparent. Dr. Shepard further reserves the right to amend this Answer and/or affirmative defenses accordingly and/or delete defenses he determines are not applicable during the course of subsequent discovery.

**DR. SHEPARD’S CROSS CLAIM FOR BREACH OF CONTRACT, BREACH OF THE  
DUTY OF GOOD FAITH AND FAIR DEALING, PROMISSORY ESTOPPEL, AND  
UNJUST ENRICHMENT AGAINST DEFENDANT WESTERN NEW MEXICO  
UNIVERSITY BOARD OF REGENTS**

Pursuant to Rule 1-013(G) NMRA, for his cross claims against Defendant Western New Mexico University Board of Regents (the “Board”), Defendant Dr. Joseph Shepard pleads as follows:

69. The claims asserted by the State of New Mexico present the question of whether, and to what extent, the December 20, 2024 Western New Mexico University Separation and Faculty Appointment Agreement (the “Agreement”) between Dr. Shepard and Western New Mexico University (“WNMU” or the “University”) is valid and enforceable. Since the inception of this lawsuit, the State and Dr. Shepard have been litigating these issues before this Court.

70. But the newly constituted Board has neither respect for the rule of law nor patience for the course of justice. Instead, the Board has chosen to bypass this Court, resort to self-help, and take the law into its own hands. At a meeting on July 31, 2025, the Board of Regents unilaterally decided its predecessor Board violated the Open Meetings Act (“OMA”), NMSA 1978, § 10-15-1 *et seq.* when it entered into the Agreement. Heedless of this Court’s views, its role in determining the validity of the Agreement, or the reality that a violation of the OMA does not render an otherwise valid agreement voidable, the Board proceeded to declare the Agreement “invalid.”

71. Following this decision by the Board, in August 2025, the University effectively terminated Dr. Shepard. It stopped paying his faculty salary, cut off the health insurance on which he and his family rely, and withdrew the other benefits for which Dr. Shepard bargained, and to which he is entitled under the Agreement, including payment of his legal fees in this litigation.

72. The Board further provided notice to Dr. Shepard the University no longer intended to comply with the Agreement or its terms. *See Exhibit A.* In an August 22, 2025 letter from Regent Steven Neville, issued on the same day as the Court’s order dismissing NMDJOJ’s OMA claim (Count VII), the Board informed Dr. Shepard it considered the Agreement “invalid” because it had concluded the previous board violated the OMA. *See id.*

73. The Board’s action invalidating the Agreement is nothing less than a frontal assault on the rule of law. The suggestion that anybody, whether public or private, may unilaterally repudiate or invalidate binding contracts executed by their predecessor members, is contrary to the most fundamental principles of contract law. If the Board of Regents believed the Agreement was entered into in violation of the OMA, it could have and should have done exactly what the State did—present that issue to this Court for decision. Indeed, our legal system exists precisely for the purpose of resolving such issues according to law.

74. The Board’s decision to unilaterally declare the Agreement “invalid” represents a blatant breach of the Agreement—a breach committed with reckless disregard for the consequences to Dr. Shepard. That the Board’s decision is cloaked in the guise of a resolution makes it no less unlawful. As set forth below, the University’s unilateral decision to declare the Agreement invalid, while that very question is pending before this Court, represents an opportunistic and bad faith breach of the Agreement.

### **GENERAL ALLEGATIONS**

75. Dr. Shepard’s cross claim is properly asserted in this action pursuant to Rule 1-013(G) NMRA because it arises out of the transaction and occurrence that is the subject matter of the State’s original action (*i.e.*, the validity of the Agreement).

76. Between 2011 and January 2025, Dr. Shepard served as President of the University. Dr. Shepard served in this capacity pursuant to a contract with the University that, by its terms, extended through June 2027.

77. On or about December 20, 2024, Dr. Shepard entered into the Agreement with the University, acting through its Board. Through the Agreement, Dr. Shepard agreed to leave his post as President of WNMU and to waive any and all claims he may have had against the University. In exchange, WNMU agreed to pay Shepard the full value of salary and benefits remaining on his employment contract. The University also agreed to defend and indemnify Dr. Shepard against all claims arising out of actions taken in his capacity as President of the University.

78. The Agreement also provided that upon his departure as President, Dr. Shepard would assume a position as a tenured faculty member at WNMU, in which position he would be paid an annual salary of \$200,000 and be afforded all employment benefits (including insurance coverage) provided to tenured faculty members. The Agreement provided that Dr. Shepard's faculty appointment would last for an initial period of five years.

79. On or about January 2, 2025, Dr. Shepard received the separation payment provided for in the Agreement.

80. In or about mid-January 2025, Dr. Shepard began to receive paychecks reflecting his \$200,000 annual salary as compensation for his service as a tenured faculty member. At the same time, Dr. Shepard also began to receive benefits consistent with his employment as a tenured faculty member, including, but not limited to health insurance and retirement benefits.

81. On January 9, 2025, the State of New Mexico initiated this lawsuit against the Board and Dr. Shepard. In its Complaint, the State asked this Court to declare the Agreement

void and unenforceable and to order Dr. Shepard “to disgorge any compensation received under the [Agreement] back to the University.” Complaint at 9, ¶ 5. Since that time, the State and Dr. Shepard have been actively litigating these and related issues before this Court.

82. Meanwhile, on or about January 1, 2025, a majority of the members of the Board that voted to approve the Agreement resigned at the request of Governor Michelle Lujan Grisham. Governor Lujan Grisham subsequently appointed four new Regents to fill the vacancies created by these resignations.

83. Since the inception of this lawsuit, consistent with its obligation under the Agreement to defend and indemnify Dr. Shepard, the University has been paying Dr. Shepard’s legal bills incurred in connection with his defense of this litigation.

84. On July 31, 2025, the “new” Board, comprised of Governor Lujan Grisham’s recent appointees, voted to invalidate the Agreement on the grounds that certain of the “old” Board’s procedures leading to approval of the Agreement did not comply with the Open Meetings Act. *See Plaintiff’s Notice of Supplemental Information* (filed August 12, 2025).

85. As a result of this action, the University effectively terminated Dr. Shepard from his faculty position at the University. Since July 31, 2025, the Board failed to pay his salary, canceled his fall class schedule at the business school, and discontinued his health insurance coverage and other employment benefits provided to him pursuant to the Agreement, including contributions to his retirement.

86. In addition to depriving Dr. Shepard of the above-listed employment benefits, the University also breached its obligation to defend and indemnify Dr. Shepard against any claims arising out of his actions as President of the University. Specifically, the University has ceased paying Dr. Shepard’s legal bills incurred in connection with the State’s claims in this lawsuit as

well as his legal bills incurred in connection with a parallel lawsuit against Dr. Shepard filed by the State Ethics Commission.

87. As a result of these actions, Dr. Shepard is now without an income and must pay out of his own pocket for health insurance for himself and his family. At the same time, Dr. Shepard is saddled with paying the costs of his legal defense in two separate lawsuits. And he finds himself in this situation despite having bargained for and obtained a guarantee that the University would defend him against any such claims.

88. Notably, while declaring the Agreement “invalid,” the new Board did not restore to Dr. Shepard the bargained-for consideration he provided to the University under the Agreement, such as reinstating Dr. Shepard as President of the University.

89. Dr. Shepard has in all respects faithfully performed his obligations under the Agreement.

90. While the new Board may not think highly of the decision made by its predecessor body or may have made a different decision under the circumstances, those facts do not privilege the Board to terminate an otherwise lawful and binding agreement. Indeed, while Dr. Shepard and the State of New Mexico have starkly different views on the validity of the Agreement, even the State of New Mexico recognizes that it may not unilaterally invalidate the Agreement but must instead present its claims for adjudication by this Court. That the new Board believes it need not await this Court’s ruling and may instead achieve its desired outcome by pure fiat reflects a willful and knowing disregard for the rule of law.

91. Finally, even if the Board were correct that the original Agreement was entered into otherwise than in compliance with the OMA, that also does not privilege the Board to

rescind or invalidate the Agreement. Nothing in New Mexico law suggests that such a contract is either void or voidable.

### **FIRST CAUSE OF ACTION—BREACH OF CONTRACT**

92. Dr. Shepard realleges and incorporates the allegations set forth above.

93. The Agreement is a valid and enforceable contract supported by offer, acceptance, and consideration.

94. Dr. Shepard has fully performed all of his obligations to the University under the Agreement.

95. By unilaterally declaring the Agreement void and invalid, and by withdrawing, withholding, and otherwise refusing to provide the benefits to which Dr. Shepard is entitled under the terms of the Agreement, including payment of salary and provision of related employment benefits, as well as reimbursement of costs incurred defending against pending litigations, the University has breached the Agreement.

96. The University's breach of the Agreement has caused Shepard to suffer actual damages in an amount to be proven at trial, including but not limited to loss of his agreed upon salary and related benefits, health insurance and retirement contributions, as well as costs of legal fees incurred in connection with pending litigations.

97. The University's breach of the Agreement was intentional, in bad faith, and committed with reckless disregard for Dr. Shepard's rights or the consequences of the breach for Dr. Shepard. As set forth above, the University's decision to breach the Agreement was without substantial justification and was done despite the Board's awareness that the very claim on which the termination was predicated—that the Agreement had been voted on in violation of the

OMA—has been dismissed by this Court. Accordingly, Dr. Shepard is entitled to punitive damages for the University's breach.

**SECOND CAUSE OF ACTION: BREACH OF THE DUTY OF GOOD FAITH AND  
FAIR DEALING**

98. Dr. Shepard realleges and incorporates the allegations set forth above.

99. Under New Mexico law every contract contains an implied covenant of good faith and fair dealing. This covenant prohibits a party to a contract from taking any action that would operate to deprive the other party of the benefits to which it is entitled under the agreement.

100. By unilaterally declaring the Agreement void and invalid, and by withdrawing, withholding, and otherwise refusing to provide the benefits to which Dr. Shepard is entitled under the terms of the Agreement, including payment of salary and provision of benefits, the University has deprived Dr. Shepard of the benefit of his bargain with the University and thereby breached the covenant of good faith and fair dealing implied in the Agreement.

**THIRD CAUSE OF ACTION: PROMISSORY ESTOPPEL**

101. Dr. Shepard realleges and incorporates the allegations set forth above.

102. In agreeing to leave his post as President of the University, and by waiving any claims he may have against the University, Dr. Shepard relied to his detriment on the promises made by the University as reflected in the Agreement, including but not limited to the University's promise to defend and indemnify him against any claims, and the promise to employ him as a tenured faculty member for a period of five years. Dr. Shepard's reliance on the University's promises resulted in a substantial change in his position, including leaving his post as President of the University.

103. Dr. Shepard's reliance on these promises was entirely foreseeable to, and in fact foreseen and explicitly recognized by, the Board.

104. Dr. Shepard's decision to rely on the promises made by the Board was reasonable.

105. Even if the Agreement was entered into in violation of the OMA, or was otherwise invalid, the doctrine of promissory estoppel operates to prevent the Board from declaring the Agreement invalid, or otherwise refusing and failing to honor the promises made to Dr. Shepard in the Agreement.

#### **FOURTH CAUSE OF ACTION: UNJUST ENRICHMENT**

106. Dr. Shepard realleges and incorporates the allegations set forth above.

107. In the alternative, even if the Court finds the Agreement was void or unenforceable, the University has knowingly benefitted at Dr. Shepard's expense in a manner which would be unjust to permit it to retain without complete compensation.

108. In particular, and without limitation, the University received from Dr. Shepard his resignation as President of the University, a release of all claims arising on or before January 15, 2025, and a commitment to teach as a tenured faculty member of the School of Business.

109. However, the University no longer wants to pay for these benefits: It has terminated his employment benefits, failed to pay reasonable litigation costs related to claims arising out of Dr. Shepard's role as President, and expressed its intent to "claw[] back" funds and benefits it has already conferred on Dr. Shepard. *See Exhibit A.*

110. It would be unfair and unjust to allow the University to retain these benefits without fully compensating Dr. Shepard pursuant to the terms of the Agreement.

#### **PRAYER FOR RELIEF**

Based on the foregoing, Defendant-Crossclaim Plaintiff Dr. Joseph Shepard requests the Court grant him the following relief against Defendant-Crossclaim Defendant the Board of Regents of Western New Mexico University:

- a. declare the Agreement is a valid and enforceable contract between the parties thereto;
- b. compel the University to perform its ongoing obligations under the Agreement, including but not limited to, indemnification of Dr. Shepard related to this suit, the related lawsuit brought by the State Ethics Commission, and any other suits filed in the future which arise out of actions taken by Dr. Shepard while President of the University;
- c. award Dr. Shepard compensatory damages in an amount to be proven at trial;
- d. award Dr. Shepard punitive damages;
- e. award Dr. Shepard pre-and post-judgment interest to the fullest extent permitted by law;
- f. award Dr. Shepard attorneys' fees and costs to the extent permitted by law;
- g. award Dr. Shepard such other relief as is just and proper.

Respectfully submitted,

**HOLLAND & HART LLP**

By: /s/ John C. Anderson

John C. Anderson

Robert J. Laird

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***Attorneys for Defendant/Crossclaim Plaintiff  
Dr. Joseph Shepard***

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on August 25, 2025, the foregoing was filed through Odyssey File & Serve, causing it to be served via electronic mail upon all parties and counsel of record.

/s/ John C. Anderson  
John C. Anderson



August 22, 2025

By Email and U.S. Mail  
Joseph Shepard, Ph.D.  
1940 State Highway 68  
Embudo, NM 87531  
joe@outdoorshep.com

RE: Status of Separation and Faculty Appointment Agreement

Dr. Shepard,

As you are aware through your virtual attendance of the Western New Mexico University (WNMU) Board of Regents (Regents) July 31, 2025, meeting, the Regents determined that the Separation and Faculty Appointment Agreement (Invalid Agreement) considered in December 2024 by then-Regent members was not approved in accordance with the New Mexico Open Meetings Act and, therefore, was invalid. Furthermore, at that same July 31st meeting, the Regents also considered and then declined to approve the Invalid Agreement. As a result, I am writing to ensure that you understand that the Invalid Agreement is not in effect and the terms of the Invalid Agreement will not be followed by WNMU—most immediately notable, the terms relating to indemnity and employment as a tenured faculty member.

As you are also aware, there are several pending lawsuits which may relate to actions taken by you while serving as former President of WNMU. WNMU will not be making any further payments to legal counsel personally selected by you—this was not only a legally unenforceable term of the Invalid Agreement, but also a potential violation of the University's legal requirements for procurement. Any prior and current balances with legal counsel personally selected by you are your personal responsibility, not WNMU's. As a result, you have two options: 1) to continue representation through your own personally selected counsel at your own expense; or 2) submit the pending litigation to WNMU for consideration of coverage for those actions falling within the scope of your duties (not any personal actions outside the scope of your duties) either for WNMU to, in its sole discretion, determine coverage and provide counsel selected and paid for by WNMU or for WNMU to refer to the Risk Management Division of the State of New Mexico (RMD) for, in RMD's sole discretion, determination of coverage and/or assignment of counsel. Please understand that your personally selected legal counsel has no authority to bind WNMU, its Regents, administrators, or agents in any manner.

Finally, because the Invalid Agreement is not effective, there will need to be a full examination of the compensation and benefits that you received, as well as payments made by WNMU on your behalf, by way of the Invalid Agreement and an ultimate determination by the Board of the funds and benefits to be clawed back. For this reason, it is highly recommended that you, WNMU, the New Mexico Department of Justice, and the State Ethics Commission engage in a multi-party mediation to explore negotiated solutions to end all pending and potential claims and conclude all litigation.

Sincerely,

Steven Neville  
Chair, Board of Regents

Cc (by email only):

WNMU Board of Regents  
Christopher Maples, Ph.D.  
Kelley Riddle  
William "Jack" Crocker, Ph.D.

Geno Zamora, Esq., Ortiz & Zamora, Attorneys at Law, LLC – geno@ortiz-zamora.com  
Karen Kilgore, Cuddy & McCarthy, LLP – kkilgore@cuddymccarthy.com  
John C. Anderson., Partner, Holland & Hart LLP - jcanderson@hollandhart.com

# Exhibit 42



**WESTERN**  
NEW MEXICO UNIVERSITY

## **REPORT OF INDEPENDENT ACCOUNTANT'S SPECIAL AUDIT FORENSIC ACCOUNTING PROCEDURES**

September 11, 2025



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# REPORT OF INDEPENDENT ACCOUNTANT'S SPECIAL AUDIT FORENSIC ACCOUNTING PROCEDURES

**To the University Board Trustees and  
Interim President Dr. Christopher Maples**  
Silver City, New Mexico and  
**Honorable Joseph Maestas, PE, CFE, New Mexico State Auditor**  
Santa Fe, New Mexico

**Subject: Western New Mexico University Special Audit**

Dear State Auditor, University Regents, and Acting President:

We appreciate the opportunity to assist the University and the New Mexico Office of the State Auditor (OSA) in completing this special audit engagement for Western New Mexico University. This report outlines the procedures we performed, along with our findings and recommendations, in response to concerns regarding potential financial and compliance irregularities at the University. Our forensic accounting procedures, conducted in accordance with the scope agreed upon by both the University and the OSA, were designed to evaluate, document, and assess the University's internal controls and compliance practices in specific areas of concern as outlined herein. The period under review was July 1, 2017 through December 31, 2024 (the "Period").

This forensic engagement was conducted in accordance with the Audit Act Sections 12-6-1 through 12-6-14 NMSA 1978, the Audit Rule 2.2.2 NMAC Requirements for Contracting and Conducting Audits of Agencies, specifically Section 2.2.2.15 NMAC and the Standards for Forensic Services established by the American Institute of Certified Public Accountants (AICPA). The scope of this engagement is outlined in the body of our report. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the forensic accounting procedures described below either for the purpose for which this report has been requested or for any other purpose. The University remains responsible for their accounting records, operations, funds, fraud prevention and detection, and for maintaining effective internal controls over the financial statements and compliance.

## EXECUTIVE SUMMARY

In response to growing public concern over executive spending and governance practices at Western New Mexico University (WNMU) in Silver City, New Mexico, the University engaged Jaramillo Accounting Group LLC (JAG) in the summer of 2023 to conduct a forensic review. The purpose of this engagement, requested by the Former President, was to address concerns regarding allegations of financial irregularities, particularly in relation to travel, procurement activity, and reimbursements involving the University and its Foundation.

While this work was underway, the New Mexico Office of the State Auditor (OSA) released a Letter of Concern on November 19, 2024, identifying over \$363,000 in procedural violations relating to travel and procurement. Following the resignation of the University President in December 2024 and the Board of Regents in January 2025, OSA designated WNMU for an OSA-designated special audit. This was due to risk that the first (agency-

designated) special audit would be unduly and unnecessarily delayed or not completed. After procurement was reperformed, JAG was reinstated, now coordinating with OSA as a designated special audit, still under the authority of the Audit Act and Audit Rule but with certain oversight changes. The scope remained similar to the first engagement, including but not limited to forensic accounting services related to potential fraud, waste, and/or abuse including any potential violations of criminal statutes in connection with procurements and travel involving the university leadership. Due to a ransomware attack in 2025 that disrupted University systems and delayed access to records, the engagement was extended through September 12, 2025.

The New Mexico Higher Education Department (NMHED) supported and advised WNMU in various ways before, during, and after the allegations, resignations, and cyber incident. The New Mexico Legislature passed, and the New Mexico Governor signed, a new law requiring all members of university Boards of Regents and governing bodies of other public post-secondary institutions in New Mexico to complete 10 hours of training during the first year of the members' terms to be developed and provided by NMHED.<sup>1</sup>

The scope of this forensic audit covers the period July 1, 2017 through December 31, 2024, and includes a review of financial activity associated with the Office of the President and senior leadership. Areas examined include domestic and international travel, purchasing card use, procurement activities involving the President, First Lady, Board of Regents, and administrative leadership expenditures related to residential furnishings and short-term housing, and transactions reimbursed by the University Foundation. The objective of this engagement was to assess the adequacy of internal controls and determine whether any patterns of waste or misuse of public resources occurred.

Evidence did not point to fraud, misappropriation of assets, incompetence, personal financial gain, or corruption.

Throughout the course of the engagement, evidence did indicate multiple areas of concern related to the timing and adequacy of approvals, the application of internal controls, and the completeness of policies. These included instances of after-the-fact approvals, inadequate supporting documentation, self-approval of certain expenditures, and limited transaction-level oversight by the Board of Regents. While these issues reflect weaknesses in control design and execution, they occurred within a broader governance environment in which the President was afforded substantial discretion by the Board to pursue institution-wide strategic goals in his executive role.

There seemed to be significant external confusion regarding Foundation purchases. *The Foundation is not a governmental entity; thus, Foundation funds are not public funds and can be spent however the Foundation wishes to support the University.* Foundation purchases supporting donor development, administration, student, and faculty, events, and entertaining such as wine, flowers, and food, are routine in higher education operations. Thus, these transactions were not part of the special audit. However, there were expenditures originally paid for by WNMU with public monies, then reimbursed by the Foundation, that were reviewed.

Ultimately, much of the concern surrounding these expenditures appears to stem from differing views on the University's strategic direction and the level of discretion granted to the President in its pursuit. While internal controls were inconsistently applied and certain approvals did not follow prescribed procedures, or policies were lacking, the activities reviewed were consistent with the objectives set forth in the Board-approved strategic plan and related to University business. The determination as to whether such spending

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<sup>1</sup> From 2025 Regular Session, SB 19: Chapter 21, NMSA 1978, State Educational Institutions – Board of Regents and Governing Boards Mandatory Training.

constitutes waste is, to some extent, dependent on one's assessment of the strategy itself. *Evidence does not point to Board violations of its fiduciary responsibility although they should strengthen certain internal controls with direct (not delegated) transactional reviews and approvals, however tedious, of Presidential expenditures.* And while certain procedural weaknesses increased the risk of misuse and reduced transparency, the expenditures examined were connected to advancing the University's strategic vision and operations, and did not indicate theft, fraud, or material waste. Evidence did indicate several violations of the NM Governmental Conduct Act, policies, and good accounting practices as reported in **Exhibit 1 – Schedule of Findings and Responses**.

The University's Strategic Plan Vision from 2018-2023:

*"Western New Mexico University is a premier and innovative Applied Liberal Arts and Sciences University in combination with **internationally** recognized professional programs and career and technical preparation. Its students achieve career goals, become conscientious citizens, practice social and environmental responsibility, and impact their communities and their futures as independent thinkers who know themselves within the changing context of a **global**, digital world. Embracing its identity as a Hispanic Serving Institution, WNMU is the central contributor in its region for public service, economic development, and **cultural enrichment**." (Emphasis added)*

Public response to sustained media attention and political pressure resulted in the resignation of all five members of the Board of Regents and the University President. As of the date of this report, reviews by the NM Department of Justice and State Ethics Commission remain ongoing. Allegations raised in this matter include claims that the Former University President and the Former First Lady spent taxpayer funds in a lavish manner and failed to uphold the duty to safeguard public resources. Counter-allegations suggest that such expenditures are common within higher education entities and that the controversy may be rooted in political disagreements or differing preferences regarding leadership.

This report presents observations and findings organized by scope area and is intended to assist stakeholders in reviewing internal controls, compliance with applicable policies and laws, and the appropriate use of public resources.

## FORENSIC ACCOUNTING PROCEDURES

We conducted forensic accounting procedures to evaluate risks related to the University's leadership, governance, and procurement and travel activities during the Period. Our work included an assessment of compliance with applicable laws, regulations, policies, and procedures by the University President and spouse/First Lady, Board of Regents, Vice Presidents, and other University leadership.

The scope of work includes developing an understanding of the processes and procedures, both formal and informal, that governed travel and procurement activities, review of expenditures for domestic and international travel, the use of University purchasing cards (P-cards), procurement of residential furnishings and short-term housing, and transactions reimbursed by the University Foundation during the Period.

## SCOPE OF WORK

We conducted the detailed procedures and prepared the associated deliverables on behalf of OSA. The scope

[https://www.santafenewmexican.com/news/local\\_news/more-lawsuits-over-1-9m-buyout-of-university-president/article\\_77aa0169-c90b-494d-8310-9bcd73aa4226.html](https://www.santafenewmexican.com/news/local_news/more-lawsuits-over-1-9m-buyout-of-university-president/article_77aa0169-c90b-494d-8310-9bcd73aa4226.html)

RINGSIDE SEAT

## More lawsuits over \$1.9M buyout of university president

★ Follow Milan Simonich

By Milan Simonich

Oct 19, 2025



Joseph Shepard

Daniel Chacon/New Mexican file photo

## EXHIBIT 43



**Milan Simonich**

*Ringside Seat*

No part of state government acted more outrageously than the old board of regents of Western New Mexico University.

Its recklessness has spawned a fresh round of lawsuits as the university's new leaders are searching for a president.

If you don't remember the contempt Western's former five-member board showed for students, faculty members and taxpayers, here is a fast refresher: It handed the institution's then-president, Joseph Shepard, \$1.9 million in return for his resignation. Shepard's buyout was almost five times more than his yearly base salary of \$398,507.

In a lawsuit this month, Western's new board says its predecessors illegally paid Shepard. "Under the terms of the Employment Agreement, the Board had the right to terminate President Shepard without cause with a severance payment up to 1.5 times the annual base salary, or \$597,760. The Employment Agreement does not provide for a severance payment in the event of termination of the Employment Agreement by resignation or for just cause."

Instead of guiding a university serving an impoverished part of New Mexico, the former regents chose to further enrich Shepard. No regent actually signed a check authorizing the buyout. The board funneled the money to Shepard's bank account as a direct deposit, treating it like a giant paycheck.

The old board also awarded Shepard a full professorship in the school of business at a salary of \$200,000 a year, starting with an eight-month paid sabbatical. Shepard was to be the highest-paid teacher at Western, even though the faculty senate said he didn't qualify for a full professorship under the school's rules.

Western's old regents deserve condemnation as much for their duplicity as their votes. After deciding to authorize the balloon payment and professorship for Shepard, they scheduled a special meeting five days before Christmas. They made certain the agenda was vague as could be. "President's Contract" was all it said.

Then they voted 5-0 to accept Shepard's resignation as president without mentioning the \$1.9 million payout or the amount of salary he would receive for teaching two online classes per semester.

It gets worse. The old regents also obligated taxpayers to cover Shepard's legal bills if he were sued over his buyout or other matters involving his presidency. They expected litigation, and they got it.

State Attorney General Raúl Torrez sued Shepard and the old board to recover the money. Madness followed. Taxpayers funded Torrez's effort while also having to pay Shepard's attorney to fend off the state's lawsuit.

Democratic Gov. Michelle Lujan Grisham, who appointed all five of the board members, asked them to resign after their deal-making with Shepard. They quit, enabling the governor to appoint new regents.

Led by former state Sen. Steve Neville, R-Farmington, and Albuquerque attorney John Wertheim, formerly chairperson of the state Democratic Party, the new board members are trying to undo all the damage. They decided in July the deal former regents struck with Shepard was never valid, in part because the Open Meetings Act was violated.

Western's new regents voted 4-0 to end taxpayer-funded legal representation for Shepard, billings that cost taxpayers \$173,000 in the first half of this year.

In addition, the new regents rescinded Shepard's professorship. One of the classes he was supposed to teach this fall was business ethics. Perhaps the title of the class was intended by the business school's staff as a joke after all the furor over Shepard's buyout.

He wasn't laughing. Shepard sued the new regents for breach of contract and breach of the duty of good faith and fair dealing. He is seeking damages, though he did not ask for reinstatement to the faculty.

The new regents countersued Shepard in hopes of recovering a portion of the \$1.9 million. Their pleadings contain denunciations of Shepard's deal with the former regents. One states: "The Board admits that Dr. Shepard was inappropriately paid One Million, Nine Hundred Thousand dollars in furtherance of the illegal and invalid Separation Agreement." Another section is similar: "The Board admits that Dr. Shepard has been inappropriately paid amounts in alleged legal fees in furtherance of the illegal and invalid Separation Agreement."

Western's new regents hope to move the case to mediation. They know the quicksand of the judicial system could stall a lawsuit for years.

Mediation and a settlement won't placate taxpayers who say they were sold out by the old regents. Lujan Grisham bears blame for the mess former regents made. She should have pushed for their resignations when the state auditor found improper expenditures of \$364,000 at Western. Lujan Grisham did nothing at that point, and the regents weeks later voted to hand Shepard the seven-figure buyout.

But the former board members are most at fault. One of them, Lyndon Haviland, has scrubbed all mentions of Western New Mexico University from her online biography.

History shouldn't be written by the losers. Haviland and the other former regents — Mary Hotvedt, Dal Moellenberg, Daniel H. Lopez and Trent Jones — deserve to have their names in the paper.

They left Western in turmoil. Now they're watching from afar as the new board tries to rebuild public trust in a school the Territorial Legislature established in 1893.

*Ringside Seat is an opinion column about people, politics and news. Contact Milan Simonich at*

*msimonich@sfnwmexican.com or 505-986-3080.*

**MORE INFORMATION**



**WNMU regents say \$1.9M payment to former president violated open meetings law**

Another state agency sues former WNMU president Joseph Shepard, claiming he diverted funds for wedding  
Fresh voices at last on a troubled campus

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**Milan Simonich**

Editor



# **EXHIBIT 44**

## **Points of Progress Highlights**

### **Academic Excellence**

- Through a joint legislative resolution and enacted by the New Mexico governor, WNMU was designated as the state's only Applied Liberal Arts and Sciences university, providing an education focused on providing a more holistic education that included critical thinking, effective communication and reasoning.
- Through a campuswide collaborative effort, WNMU received reaffirmation of accreditation through the Higher Learning Commission.
- Designated by the New Mexico legislature, WNMU is home to the New Mexico Center of Excellence for Early Childhood Education.
- In 2023, the fall '17 cohort graduation rate was 35%, a 2018% increase in the university's graduation rate since 2011.
- To better serve students as they work toward completing their goals, WNMU created a University Academic Advising Center, providing one-on-one guidance and consultation to students from first year through the completion of their chosen academic program.
- In 2024, the Men's Golf team was recognized as the top academic performing men's golf team in the NCAA Lone Star Conference.
- The Bachelor and Master of Social Work programs became the largest in the state and consistently rank among the top in the nation for quality and affordability.
- The Master of Science in Nursing program gained initial accreditation and has experienced significant growth (over 200%) in the past year.
- The Master of Science in Nursing program provides one of the few programs that train nurses in rural/frontier health, continuing a commitment to addressing the health care challenges and shortages in rural New Mexico.
- Social Work programs received a \$14.5 million in legislative funding to support the increasing need of social workers throughout New Mexico.
- The WNMU School of Nursing has been awarded a \$1.2 million grant for student centered Holistic Nursing Education which prioritized mental health and social support throughout students' nursing education.
- WNMU Bachelor of Science in Nursing program's most recent graduates had a 100% NCLEX pass rate.
- School of Business students consistently earn the highest exit exam scores in the country, surpassing many schools holding similar accreditation.
- The WNMU Applied Technology program has helped dozens of students achieve national certification in welding.
- WNMU Healthcare Workforce programs has helped dozens of students acquire certification as certified nursing assistants and phlebotomists, filling the gap in health care services in southern rural New Mexico.
- In 2024, Adult Education Services helped 17 students achieve their high school equivalency, a 54% increase over 2023.
- In 2024, WNMU opened the John Arthur & Jeanette Smith Learning Center in Deming, home to the university's health sciences programs, allowing for expanded education and training opportunities for traditional and nontraditional students in southern New Mexico.

- In response to statewide economic workforce shortages, the WNMU welding electrician and construction programs have been expanded to Deming.
- WNMU received \$1.2 million in legislative funding to support apprenticeships and internships for workforce development programs, including trade programs, health care programs, education and behavioral health.

### **Beautification & Expansion**

- In collaboration with the Town of Silver City, WNMU upgraded and modernized the main entrance to the university campus along College Avenue. This project included the relocation of overhead power lines into underground networks, improved lighting, upgraded sidewalks and expanded landscaping.
- In 2023, WNMU was recognized as an official Tree Campus by the Arbor Day Foundation through the work of establishing a community forest on the WNMU campus.
- With a continued focus on campus revitalization, WNMU completed construction of Regents Square, the center of campus activity that hosts campus and community events including concerts, art shows and admissions recruiting events.
- Over the past decade, and through voter support of General Obligation Bonds for Higher education, the university has worked to upgrade campus buildings, modernize science laboratories and improve campus technology.
- In response to the growing needs of the student body, WNMU completed work on a central Information Technology Resource Center located in J. Cloyd Miler Library. This central hub provides students access to a wide range of computers, printing services and access to modern study rooms inclusive of the latest technology.
- As part of the university's Master Plan, a recent renovation of 10<sup>th</sup> Street includes upgraded campus lighting, new sidewalks and expanded landscaping.
- In 2019, the university's Ben Altamirano football stadium received upgrades that include the installation of artificial turf, stadium lighting to allow for night games and an upgraded scoreboard and jumbotron.
- In 2023, the WNMU softball field received a facelift that included the replacement of dirt and grass with a synthetic turf infield and outfield, a state-of-the-art video board and sound system and lighting.
- With a commitment toward maintaining buildings and facilities already invested in by the New Mexico taxpayer, WNMU rehabilitated historical buildings for modern use, including Ritch Hall, now home to Aldo Leopold Charter High School and university offices.
- To address increases in campus enrollment, WNMU broke ground on modern residence halls in 2012. Mustang Village houses 223 students and is consistently at capacity year over year and highly in-demand.

### **Campus Safety**

- For more than a decade, WNMU has worked to create a safer campus for both students and members of the community through increased lighting and expanded walkways throughout campus.

- The university's campus police force continues to receive modern patrol vehicles, additional officers and access to the latest campus surveillance made possible through the installation of modern cameras across campus that provide more than 350 views delivered from 165 security cameras, ensuring the safety of the campus community.
- Blue light emergency call boxes have been installed in and outside of buildings throughout campus.
- In addition to campus law enforcement, the campus police force provides escort services for students and staff, emergency vehicle assistance and student outreach events including the annual Burgers & Cops grill out.
- In 2015, the university launched the RAVE Alert emergency notification system that initiates emails and text messages to the campus community in the case of a campuswide emergency.

### **Community Engagement**

- For more than a decade, the university campus has acted as the hub for community discussion, events and thought, providing spaces for community gatherings, debates and provoking presentations.
- In 2015, the university unveiled a new fitness center, inclusive of an indoor saltwater swimming pool, a fully equipped gym as well as intramural gyms and indoor racquetball courts, with the recent addition of a modern indoor climbing wall, all available to the public through monthly memberships.
- In 2015, the university established the Department of Cultural Affairs, charged with bringing worldclass performers, speakers and other cultural offerings to the WNMU campus, with dozens of offerings each year, including the President's Chamber Music Series, the Distinguished Speaker Series and the community holiday favorite, Jingle & Mingle.
- Through the Arts in Public Places program, WNMU has committed to increasing access to public art across campus available for public viewing in buildings throughout the university and in exterior locations throughout the university's grounds.
- In a continued effort to maintain the university's cultural and historical roots to Mexico and Central and South America, the university's signature event, ¡Fiesta Latina! brings thousands of visitors to the WNMU campus every summer.
- As one of the nation's original Hispanic Serving Institutions, the university founded Mariachi Plata de WNMU, a student mariachi ensemble that has been globally recognized as one of the top performing mariachi groups
- In 2021, the Mimbres Press of Western New Mexico University was launched, the premiere university press in the southwest region of New Mexico. As of 2024, the Mimbres Press has produced 11 publications that include the Maverick, the student-led arm of the university press.

### **Environmental Stewardship**

- WNMU is taking the lead in New Mexico with the goal of becoming carbon neutral by 2030.

- Through the installation of energy efficient lighting systems, building HVAC control systems, low flow water fixtures and high efficiency transformers, WNMU has seen an average savings in annual utility costs of \$220,000.
- Entering into the Solar Direct agreement with the Public Service Company of New Mexico (PNM) in 2019, WNMU began to receive power through clean-energy sources, including the PNM solar array located outside of the Farmington area.
- As of 2024, 50% of the university's energy is generated through carbon neutral sources that include clean energy from the PNM Solar Direct program, on campus photovoltaic panels that provide 15% of campus energy, as well as greater efficiency within buildings that have reduced annual energy consumption by 22%.
- In collaboration with community partner Freeport-McMoRan, WNMU has installed six rapid electric vehicle charging ports on campus that are available for free to the community.

### **Fiscal Stability**

- To gain greater insight into university finances, WNMU has commissioned an independent special audit to identify opportunities for enhancing internal processes and maximizing returns on investments.
- For more than a decade, WNMU has been awarded "clean audits" with no additional requirements from state or federal oversight bodies.
- WNMU has maintained healthy reserves greater than the state required 3% with six of the last 12 years maintaining a reserve of 20% of instruction and general funding expenditures.
  - Healthy reserves has provided WNMU the ability to maintain staffing levels when state appropriations for higher education were reduced.
- The University Foundation's total current assets have experienced continued growth of 172% in five years.
  - WNMU Foundation net position change: \$712,451 in FY ending 2011 increase to \$28,856,228 in FY ending 2024 = 395% increase
- Annually fundraising consistently over one million dollars.
- Privately Funded Scholarships
  - 23/24 academic year, The Foundation awarded \$304,811.89 in private scholarship funds, the largest amount awarded since 2018.
  - 158 individual students received Foundation scholarships, resulting in 360 awards provided as many students qualify for multiple scholarships.

### **Food Security & Sustainability**

- To address the challenges of food insecurity, WNMU established the Office of Food Security and Sustainability as part of a larger community initiative to stem the increase of food insecurity in and around the campus community.
- As part of the food security and sustainability initiative, planning for a new greenhouse to be constructed on campus has been complete, with pre-construction work underway.

- This project will provide produce, grown and cultivated on the WNMU campus, to the university dining hall as well as provide important learning opportunities for students who will assist in the food production process.
- Made possible through statewide collaborations with organizations such as the New Mexico Roadrunner Foodbank, the WNMU One Stop, with locations on the WNMU main campus and in the WNMU Deming Mimbres Learning Center, provides food, hygiene products and fresh produce in unlimited quantities to students and employees alike.
  - The One Stop experiences an average of 600 visits each month resulting in 5,000 visits between 2023 and August 2024.

### **Global Connections**

- WNMU has established a unique program that allows international students the opportunity to earn dual undergraduate degrees from both their home university and WNMU.
- Through a sustained effort toward cultivating a culturally vibrant and diverse student population through international agreements and partnerships, the university's international student enrollment has experienced continued growth of 181% during the previous five years.
- Transfer agreements with major higher education institutions in Mexico provide students the opportunity to expand their worldviews, gain exposure into cross-cultural experiences and establish a foundation of personal cross-border success

### **Policies & Procedures**

- In 2024, WNMU initiated a comprehensive review and revision of all university policies to ensure full alignment with state statutes and maintain compliance across the campus.
- In 2011, the university began the process to simplify the tuition and fee structure, proving greater clarity and transparency to the student body.
- To assist in student success and ease financial barriers associated with the cost of education, WNMU implemented a student payment plan and online payment portal.
- Develop procedures to track and account for Debt Service both in revenue collections, expenditure schedules, and trend analysis.
- Restructure Student Fee procedures to work closely with Student Government to enhance and educate students on the use of fees. This has allowed administration to be more transparent with students as well as empower Student Government to understand shared governance.
- Restructure Lab/Course Fee procedures to improve departmental spending. This process also has allowed Business Affairs to be more transparent with Academic departments on funding sources.
- Through the WNMU|Access program, the cost of required class textbooks are included in the cost of tuition and fees for every WNMU student, providing access to the tools needed for success.

STATE OF NEW MEXICO  
GRANT COUNTY  
SIXTH JUDICIAL DISTRICT

JOSEPH SHEPARD,

Plaintiff,

v.

Civ. No.

WESTERN NEW MEXICO UNIVERSITY,  
GEORGE MUNOZ, individually,  
SIAH CORREA HEMPHILL, individually,  
MIMI STEWART, individually, JOSEPH MAESTAS,  
individually, JOHN WERTHEIM, individually,  
and STEPHANIE RODRIGUEZ, individually,

Defendants.

AFFIDAVIT OF TONY TRUJILLO

STATE OF NEW MEXICO                    )  
                                                  )ss  
COUNTY OF Grant                    )

I, Antonio "Tony" P. Trujillo, being first duly sworn upon my oath, state and affirm as follows:

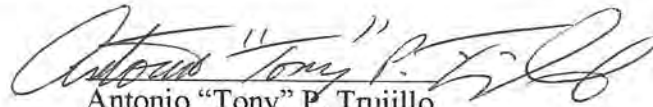
1. I have personal knowledge of the matters set forth herein, and I am competent to testify to the same.
2. I was the registered lobbyist for Western New Mexico University ("WNMU") at all times relevant for matter.
3. On or around March of 2023, I was contacted by Senator George Munoz, and he informed me that he was going to protect Senator Hemphill from any threats or anything Joe Shepard did against her because Senator Munoz needed her continued support in the Senate Finance Committee.
4. On or around April of 2023, Senator Munoz contacted me, and he indicated he had knowledge of Mr. Shepard threatening to go after him as Chair of the Senate Finance Committee. Senator Munoz further indicated that he was going to go after Mr. Shepard. What I remember most about the conversation is that Senator Munoz threatened that he was going to do a forensic audit on Mr. Shepard. Based on my previous interactions with

**EXHIBIT 45**

Senator Munoz, I could tell that he was very upset.

5. On Thanksgiving Day of 2024, Senator Munoz called me and said that Mr. Shepard needed to resign.
6. About every time I spoke with Senator Munoz, he indicated that Mr. Shepard should be gone from WNMU. In response, I attempted to be a peacemaker between the parties.

FURTHER AFFIANT SAYETH NOT,

  
Antonio "Tony" P. Trujillo

SUBSCRIBED AND SWORN TO BEFORE ME this 29<sup>th</sup> day of October, 2025.



NOTARY PUBLIC

My Commission Expires: 05/30/2028

