

STATA's bumbblings seeping out in court documents

By Kathryn Reed

Who owns the name BlueGo?

The trustee appointed to oversee the lawsuit involving MV Transportation and the bankrupt STATA is asking that and many other questions.

Based on David J. Thompson's 15-page report submitted this month to the bankruptcy court in Reno, the tide is turning in MV's favor.



It's not known who owns the BlueGo brand.
Photo/LTN file

South Tahoe Area Transit Authority's board voted to file for bankruptcy in August 2010. MV filed a lawsuit a couple months before that after the STATA board severed the transit operator's agreement for it to run the South Shore bus system known as BlueGo.

"I have reconciled MV's claimed damages for unpaid invoices of \$1,979,227.52 to STATA's records. I preliminarily find it to be accurate," Thompson wrote in the report.

Also in the report, Thompson says, "For the two years ended

June 30, 2010, STATA received approximately \$2 million in operating grants. In spite of this, operating expenses consistently exceeded revenues including these grants.”

Thompson admits he still has a number of documents to review. There are 20 boxes of accounting records. What he isn't able to discern is how STATA ended up with all the liability and Tahoe Transportation District with all the assets. TTD is now the umbrella entity – the STATA so to speak – to coordinate transit on the South Shore.

Jessica Woelfel, who represents Fairfield-based MV, would not comment on pending litigation.

South Lake Tahoe Assistant City Attorney Mira Feeley refused multiple requests for comment.

South Lake Tahoe was part of STATA, so it is part of all of the hearings. El Dorado County settled its portion of the case months ago. STATA was made up of public and private entities – from local governments to the casinos to Heavenly Mountain Resort to Ridge Tahoe.

While the lawsuit naming board members of STATA has been dropped, they are not without blame for running the agency into the ground, according to court records.

“According to the Participation Agreement, a certain level of funding based on an operating budget was to be paid quarterly in advance by the participants. It also provided that in the event of any operating shortfalls the participants would make additional contributions or suffer reduced services. The board of directors, who were also the representatives of the participants/customers, was obligated by the agreement to execute on this provision. It appears that they neither cut the services nor secured additional contributions for the shortfall,” Thompson wrote.

The report outlines how the STATA board ignored warnings of

financial weaknesses in the system, as well as not having an adequate amount of staff.

At the hearing this month the adversary part of the lawsuit was stayed, with motions needing to be filed in November. Ultimately what needs to be decided is if MV's case against STATA will remain part of the bankruptcy hearing or if it will be decided separately.

And a twist not before made public is that it's not clear who owns the rights to BlueGo.

"Not listed on the petition is the BlueGo brand name which has some worth if it can be determined who owns it," Thompson wrote.