

**TOWN OF RYE**  
**RECORD OF PROCEEDINGS**  
**February 3, 2025**

**Call to Order/Roll Call**

Marty Rahl called the Emergency Meeting to order at 6:30 p.m. at the Town Hall at 2067 Main Street in Rye, Colorado. Those in attendance were as follows: Marty Rahl, Mayor; Kathy MacCormack, Mayor Protem; Patrick Ryan, Trustee; Geoff Pagnotta, Trustee; Aimee Kramer, Trustee; Heidi Miller, Trustee; and Jocelyn Ensley, Town Clerk. Those absent were: Sandra Steele, Trustee.

**Regular Meeting**

Marty Rahl stated that the emergency meeting was called to update the Board on all bank fraud information available since the regular monthly meeting held on January 8, 2025. Jocelyn Ensley stated that she would provide a chronological order of details as to not miss any details: On January 9, 2025, following the regular monthly meeting Paul Hendricksen with Valkyries Infosec initiated a meeting between Valkyries Infosec, Bank of the San Juans reps, Marty Rahl, and herself to establish communication regarding the ongoing investigation. In that meeting Bank of the San Juans SVP/Regional Operations Manager, Jimmy Micikas, stated that Bank of the San Juans would be able to retrieve and return one of the fraudulent checks totaling \$76,000.00 and the remaining fraudulent checks totaling \$105,000.00 were not able to be retrieved from the banks they were deposited at in different states. Jimmy Micikas then stated that Bank of the San Juans would be taking the loss of the remaining \$105,000.00 that could not be returned and crediting the Town of Rye in the full amount of \$181,000.00 by the end of the following day, January 10, 2025. Jocelyn Ensley requested a letter from Bank of the San Juans stating their decision for the Town records and did receive an email from Jimmy Micikas later that afternoon confirming Bank of the San Juans decision. On January 10, 2025, the Jocelyn Ensley received a letter from Bank of the San Juans Market President, Brian Prichard, stating that Bank of the San Juans had completed their fraud investigation and outlined all funds to be returned to the Town of Rye totaling \$181,000.00. Upon receiving the letter from Brian Prichard, Jocelyn Ensley stated that she checked all Town bank accounts and all monies had been returned to their associated new accounts. Jocelyn Ensley went on to say that due to the fraud attack she had developed new internal procedures to include checking all Town bank accounts by 8:00 a.m. on every working day. Jocelyn Ensley stated that on the morning of January 13, 2025, upon checking the new Town bank accounts, she discovered fraudulent ACH credits and debits under \$1.00 in the new Conservation Trust Fund account and in the new Sewer Checking account. Jocelyn Ensley stated that she immediately contacted Bank of the San Juans reps, Valkyries Infosec, CBI, Pueblo County Sheriff's Department, the Town Attorneys, and the Mayor to notify them that the new accounts had already been breached and that all accounts needed to be

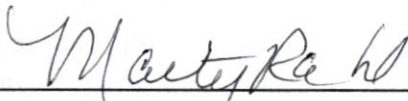
placed on no post. Jocelyn Ensley stated that the fake ACH transfers were dated January 9, 2025, just six days within the new accounts being created and that despite the extra security protections the bank had made on all new accounts, no alerts were sent to her. Jocelyn Ensley stated that due to her workload on the week of January 6, 2025, she didn't have time to scan the new account documents for record retention, and she also did not have time to change any accounting information in any of the accounts in QuickBooks, leaving her computer free from any new account documents and emphasized that Marty Rahl and herself signed all paperwork for new accounts in person and not through DocuSign or any other online program. Jocelyn Ensley stated that Bank of the San Juans did not have time to order any new checks for the new accounts in time to pay the January 2025 bills, so all new checks were printed at the Colorado City Branch of Bank of the San Juans and picked up by herself on January 6, 2025. Jocelyn Ensley went on to say that all Accounts Payable checks were dropped in the mailbox following the approval of the Board at the January 8, 2025, meeting, which would lead to the belief that the new accounts had not been compromised by the new checks being intercepted in the mail. Jocelyn Ensley stated that upon receiving notice of the new accounts being breached, Valkyries Infosec immediately contacted her and performed a second full scan of her laptop to assess it for a breach and the reports came back clean and no reports of any attempts to access her computer were received since installing the protective programs after the first round of fraud on the old accounts. Jocelyn Ensley stated that on January 15, 2025, Detective Montoya with the Pueblo County Sheriff's Department contacted her and requested all evidence and information as well as notified her that he was in the process of filing a warrant to have Bank of the San Juans produce all evidence, fraud investigations, etc. to the police and he would provide his report to the Town upon its completion but that it would take weeks or months before the investigation is completed. Jocelyn Ensley stated that on January 16, 2025, Bank of the San Juans Branch Manager II, Kourtney Quillen, called her to notify her that a fake ACH transfer had been initiated and the name on the request was the same as one of the names from the first round of fraud on the old accounts, leading the bank to believe that this was not a coincidence and that the same ring of people had access to the new accounts and that attempts continue to come in daily. Jocelyn Ensley stated that Marty Rahl and herself had requested a copy of Bank of the San Juans fraud investigation reports for all old and new accounts on multiple occasions and had never received any information or assistance from Bank of the San Juans representatives in providing any of their findings, and due to this Marty Rahl requested that the Town Attorneys request this information from Bank of the San Juans. Jocelyn Ensley stated that Valkyries Infosec recommended sending her laptop to a cyber investigation specialist, such as the Pueblo County Sheriff's Department, for an intense investigation to fully analyze her laptop, which could take up to thirty days before being returned and that Valkyries Infosec would provide a fully protected loaner laptop in the meantime. Marty Rahl stated that she had an in-depth conversation with the Town Attorneys to determine if it was necessary to turn Jocelyn Ensley's laptop over to law enforcement for analysis and determined it was necessary to get a second opinion from another cyber security company instead, to which the Town Attorney's cyber security company recommended using

Technowledge out of Colorado Springs. Jocelyn Ensley stated that on January 23, 2025, Technowledge was able to speak with Marty Rahl and herself and start the process of having her laptop evaluated. Jocelyn Ensley stated that on January 24, 2025, Marty Rahl and herself had a meeting with Bank of the San Juans representatives to discuss the ongoing cyber fraud attack and at that meeting they were told by Bank of the San Juans Vice President/Cash Management Officer, Terry Baughman, that the bank had provided a credit for the first set of fraudulent monies due to the monies being public funds and the credit was in no way an admission of guilt and that the bank would be opening a third set of accounts and if the third set of accounts are breached they would not be returning or crediting any monies to the Town moving forward. Marty Rahl stated that after the meeting with the bank it was very evident that they were not going to provide any assistance with the ongoing investigation due to Terry Baughman stating that it is not Bank of the San Juans responsibility to assist the Town in the investigation. Jocelyn Ensley stated that on January 30, 2025, Marty Rahl and herself had a meeting with Technowledge owner Johnny Hernandez and his employee Joseph Collins to review their findings and that after performing all their scans and research they showed zero evidence of any compromise, malware, or fraudulent activity on Jocelyn Ensley's laptop. Jocelyn Ensley stated that on January 31, 2025, due to the Bank of the San Juans wanting to open a third set of accounts, without providing any fraud or investigation reports to the Town, that Valkyries Infosec recommended switching to a "loaner laptop" and shutting down her regular laptop to be able to rule out that machine of involvement in the case that the third set of bank accounts are compromised. Marty Rahl stated that she spoke with the Town Attorneys, and they agreed to have Valkyries Infosec provide a temporary loaner laptop immediately and to call an emergency meeting to update the Board of all events and have them vote to approve Bank of the San Juans opening a third set of Town accounts. Jocelyn Ensley stated that she was able to get the loaner laptop on January 31, 2025, and as of February 3, 2025, she was no longer using her previous laptop for any bank activities. The Board discussed all the information provided by Jocelyn Ensley and Marty Rahl. Geoff Pagnotta stated that he believes the Town should have transferred to another bank immediately following the first fraud attack and that he does not believe the Town should open a third set of accounts. Aimee Kramer suggested opening one "test" account for a certain amount of time and waiting before opening all eight accounts. Jocelyn Ensley stated that she did ask Terry Baughman this during the meeting with the Bank, and Terry did not agree with doing so due to the new protective measures they would be adding to the third set of accounts. Geoff Pagnotta stated that he believes the bank is responsible for the multiple account compromises due to the Towns' overwhelming efforts of having multiple cyber security companies investigate and clear the Town and the bank being unwilling to provide any proof, reports, or investigations saying otherwise. The Board continued to discuss the matter. Marty Rahl emphasized that the Town attorneys stated that Bank of the San Juans Attorneys would only state that they had not had any other companies compromised or any other monies taken from any other accounts during this time. Marty Rahl stated that the Town Attorneys current recommendation to the board is to open a third set of eight accounts. Kathy MacCormack stated that she thinks the Town needs to switch to another bank as she

already highly disapproved of banking with Bank of the San Juans. Geoff Pagnotta stated that if Bank of the San Juans is not willing to cover another set of credit in the case that the third set of accounts are breached that the public will not be happy, and the Town would be financially devastated. All board members agreed with Geoff Pagnotta and continued to discuss the matter. Aimee Kramer made a motion to have Bank of the San Juans open three new accounts to include the Conservation Trust Fund Checking account, the Maintenance Checking account, and the Sewer Savings account and have all monies transferred to them. As well as pay all February 2025 bills out of the second set of accounts that are locked and wait until March 12, 2025, regular monthly meeting before agreeing to open the remaining five accounts. Kathy MacCormack seconded the motion. The Board discussed the motion. Geoff Pagnotta emphasized that he does not think the Town should open any new accounts with Bank of the San Juans. Marty Rahl asked the board to place their votes on the motion made by Aimee Kramer. Aimee Kramer voted, aye. Patrick Ryan voted, aye. Kathy MacCormack voted, aye. Heidi Miller voted, aye. Geoff Pagnotta voted, nay. The vote passed 4-1. Marty Rahl stated that she will be having a meeting on February 5, 2025, with County Commissioner Miles Lucero and will let him know about everything discussed in the meeting.

### **Adjournment**

At 7:50 p.m., Kathy MacCormack made a motion to close the Emergency Meeting. Aimee Kramer seconded the motion. The motion passed unanimously.

  
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Marty Rahl, Mayor

  
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Jocelyn Ensley, Town Clerk

**The Next Regular Board Meeting will be held on  
February 12, 2025, at 6:00 pm at the Town Hall at 2067 Main Street, Rye, CO 81069  
The public is encouraged to attend.**

*Individuals with disabilities needing auxiliary aid(s) may request assistance by contacting the Rye Town Clerk at 719-489-2011. We would appreciate if you would contact, us at last 48 hours in advance of scheduled events so arrangements can be made to locate the requested auxiliary aid(s).*