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**IN THE THIRD DISTRICT COURT  
in and for SUMMIT COUNTY  
STATE OF UTAH**

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<p>THE STATE OF UTAH,                      Plaintiff,  vs.  KENNETH J. ABDALLA, D.O.B. 03-18-1964                      Defendant.</p>	<p style="text-align: center;"><b>INFORMATION</b></p> <p>Summons</p> <p>Case No.</p> <p>Judge Richard Mrazik</p> <p>PCPD Case No. 21-07971</p>
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The undersigned prosecutor states on information and belief that the defendant, either directly or as a party, committed the crime(s) of:

1. UNLAWFUL DEALING OF PROPERTY BY FIDUCIARY, in violation of Utah Code 76-6-513(2), a second degree felony, as follows, to wit:

That on or about May 2, 2018, in Summit County, State of Utah, the defendant, did deal with property that had been entrusted to him as a fiduciary, or property of a governmental entity, public money, or of a financial institution, in a manner which he knew was a violation of his duty and which involved substantial risk of loss or detriment to the owner or to a person for whose benefit the property was entrusted, and the (i) value of the property or services was or exceeded \$5,000; (ii) property stolen was a firearm or an operable motor vehicle; (iii) actor was armed with a dangerous weapon, as defined in Utah Code § 76-1-601, at the time of the theft; or (iv) property was stolen from the person of another.

2. THEFT, in violation of Utah Code 76-6-404, a second degree felony, as follows, to wit:

That on or about May 2, 2018, in Summit County, State of Utah, the defendant, did obtain or exercise unauthorized control over the property of another person with a purpose to deprive the person thereof, and (i) the value of the property or services was or exceeded \$5,000; (ii) the property stolen is a firearm or an operable motor vehicle; or (iii) the property was stolen from the person of another.

3. PATTERN OF UNLAWFUL ACTIVITY, in violation of Utah Code 76-10-1603, a second degree felony, as follows, to wit:

That on or about May 2, 2018, in Summit County, State of Utah, the defendant, did, (a) having received any proceeds derived, whether directly or indirectly, from a pattern of unlawful activity in which the defendant had participated as a principal, use or invest, directly or indirectly, any part of that income, or the proceeds of the income, or the proceeds derived from the investment or use of those proceeds, in the acquisition of any interest in, or the establishment or operation of, any enterprise; (b) through a pattern of unlawful activity, acquire or maintain, directly or indirectly, any interest in or control of any enterprise; (c) having been employed by or associated with any enterprise, conduct or participate, whether directly or indirectly, in the conduct of that enterprise's affairs through a pattern of unlawful activity; or (d) conspire to violate any of the above provisions.

This Information is supported by a Statement of Probable Cause as follows:

Detective A. Sawaya with the Park City Police Department received a report involving a theft/fraud involving the home owner's association at Sky Lodge condominiums in Park City, Utah. The follow was reported:

Since 2017, there have been numerous litigation issues regarding the Sky Lodge hotel condominium project located in Park City (the "Project"), and the association of owners thereof, the Union Square Owners Association, Inc. (the "Association"). During the course of the litigation, a Court-ordered receivership, the law firm of Morris/Devoe, discovered evidence of criminal activity.

The Project, originally marketed and sold as a luxury boutique property, is comprised of twenty-two (22) residential units and six (6) commercial units. Each residential unit is divided into eight (8) fractional interests—called Shared Interest Units—and each Owner of a Shared Interest Unit is entitled to use his or her unit for forty-five (45) days per year. Such use includes the Owner staying in the unit or renting the unit in similar fashion to that of a hotel through a rental management program independent of the Association. Collectively, the 176 Shared Interest Units own approximately sixty-nine percent (69%) of the percentage interests in the Project. Every Shared Interest Unit Owner is a member of the Association and based on his or her percentage of ownership in the Project, pays assessments (sometimes referred to as "dues") to the Association for Shared Interest Expenses and Common Expenses.

The Commercial Units, which collectively own approximately thirty-one percent (31%) of the Project's percentage interests, include:

- The historic Depot Building, which previously housed Robert Redford's restaurant, Zoom;
2. The Lumber Building, which has served as various restaurants and bars over the years;
  3. A barbershop (which was originally a bakery);
  4. A spa;
  5. The hotel lobby; and
  6. A space on the fourth floor of the Project, which originally housed the Sky-Blue Lounge.

Every Commercial Unit Owner is a member of the Association and, based on each Commercial Unit Owner's percentage of ownership in the Project, pays assessments to the Association for Commercial Unit Expenses and Common Expenses. The Association is governed by a Management Committee, the members of which are elected by the Owners, pursuant to the Declaration of Condominium for Union Square (the "Declaration") recorded against every Unit in the Project. During the period relevant to this matter, the Management Committee was comprised of four (4) Shared Interest Directors elected by the Shared Interest Unit Owners and three (3) Commercial Unit Directors elected by the Commercial Unit Owners. The Management Committee is responsible for, inter alia, adopting an annual budget for the Association and levying Shared Interest, Commercial, and Common Assessments to pay for expenses of the Association.

Shared Interest Assessments are only to be used to pay expenses related to Shared Interest Units, such as refurbishing the residential units. Similarly, Commercial Assessments are only used to pay expenses related to the Commercial Units. Common Assessments are used to pay expenses related to or benefiting both Shared Interest and Commercial Units, like roof repairs or maintenance of the HVAC system.

On or around March of 2012, KENNETH JAMES ABDALLA (03-18-2964) and his then-wife, Kay Carol "Kitty" Stoneburner, through various entities referred to collectively herein as the "Abdalla Entities," purchased all six (6) Commercial Units and approximately fifty-three (53) Shared Interest Units. Shortly thereafter, Mr. Abdalla and Ms. Stoneburner appointed three (3) individuals to serve as Commercial Unit Directors. Ms. Stoneburner served as a Commercial Unit Director for most, if not all, of the years 2012 through 2018.

Ostensibly based on the Abdalla Entities' ownership of the hotel lobby Commercial Unit, in 2012, Mr. Abdalla assumed control of the rental management program at the Project through his entity, Malibu Companies, LLC. Malibu Companies, LLC was supposed to, on behalf of Shared Interest Unit Owners who chose to put their interest (or "use days") in the rental pool, rent out Shared Interest Units on a nightly basis similar to a hotel. In return for its services, Malibu Companies, LLC was to keep fifty percent (50%) of the income derived from nightly rentals and remit the other fifty percent (50%) to the Shared Interest Unit Owner whose Shared Interest Unit was rented.

Pursuant to the Declaration, any rental income due to a Shared Interest Unit Owner delinquent in his or her payment of Assessments was to be remitted to the Association by Malibu Companies, LLC to be credited against the amount overdue. Between March of 2012 and January of 2015, the Abdalla Entities acquired additional Shared Interest Units. Using the voting power of their numerous Shared Interest Units and Commercial Units, by roughly January of 2015 Mr. Abdalla and Ms. Stoneburner appointed or elected a majority of the Management Committee members. Thereafter in 2015, Mr. Abdalla's company Malibu Property Management, LC was engaged to serve as the Association's property manager in exchange for \$10,000.00 per month.

By no later than 2017, Mr. Abdalla and Ms. Stoneburner appointed or elected each of the seven (7) Management Committee members. In short, over the span of a few years Mr. Abdalla and Ms. Stoneburner gained control of the Management Committee, the rental program, and the property management. Between 2015 and 2017, the Management Committee increased the Shared Interest Unit Assessments by more than 281% in two (2) years. During the same period, the Commercial Unit Assessments decreased. For instance, the Commercial Unit Assessments in 2016 were over twenty percent (20%) lower than the year before. At the same time, the Management Committee shifted an increasing number of Common Expenses to the Shared Interest Unit Owners alone.

For example, the budget for 2015, which was prepared by the Management Committee in 2014 prior to Mr. Abdalla and Ms. Stoneburner obtaining majority control of the Management Committee, allocated seventy-six percent (76%) of the total budget to the Shared Interest Unit Owners. The Shared Interest Unit Owners' share of the Association budget rose to nearly eighty-six percent in 2017, and almost ninety percent (90%) in 2018. The overall Association budget ballooned from \$1,503,876.00 in 2015 to \$3,965,682.00 in 2017.

Despite the more than 163% increase, the services and amenities previously available to Owners and hotel guests alike disappeared and the Project quickly fell into severe disrepair. A number of Shared Interest Unit Owners were forced or coerced to abandon their Shared Interest Units or convey them to one of the Abdalla Entities. On behalf of approximately forty (40) Shared Interest Unit Owners, Morris/Devoe initiated a civil action, Raeburn, et al. v. Abdalla, et al., case no. 6 170500482, to have a receiver appointed over the Association and obtain an accounting of the Association's finances, among other things.

In August of 2019, the Third District Court, Silver Summit Department, held an evidentiary hearing in Raeburn, et al. v. Abdalla, et al. on Plaintiff's Motion to Appoint a Receiver. Thereafter, on September 19, 2019, the Court held a telephonic conference at which it pronounced its ruling. Among its findings, the Court found by clear and convincing evidence:

1. "[A]ccounting irregularities in the payroll," (Partial Transcript, 19:25- 20:7.)
2. The Association was "if not insolvent, in imminent danger of insolvency," which was exacerbated by Ken Abdalla's failure to pay assessments, and unpaid rental income owed to the Association. (Partial Transcript, 22:9- 24:4.)
3. Evidence of mismanagement of the Association, including that reserve funds were used to pay operating expenses, reserve funds were not built up and there was no plan to do so, certain transactions lacked documentation, the Association's

records were inaccurate from mid-2017 until April of 2019, no Board meetings were held from 2017 through 2019, the Association did not invoice for assessments, and Association bills were not paid when they became due. (Partial Transcript, 25:7-28:14.)

Based on its findings, on October 19, 2019, the Court appointed John Curtis as Receiver of the Association. Specifically, the Court ordered the Receiver to “[a]udit the books and records [of the Association] going back twelve (12) months ...” and if a reasonable basis existed, for “additional time periods beyond the 12 month time period.” The Receiver found “that significant commercial and personal expenses of Kenneth Abdalla (“Mr. Abdalla”), or entities owned or controlled by him (the “Abdalla Entities”), were paid by the Association over several years. These commercial entities included Malibu Companies, LLC (“Malibu Companies”) and Coal and Lumber, LLC (“Coal & Lumber”), the entity that the Receiver understands operated the former restaurant on the property commonly referred to as The Sky Lodge (the “Property”). It also appears that Mr. Abdalla caused these expenses to be paid by the Association to or on behalf of the Abdalla Entities. For example, Mr. Abdalla wrote checks on the Association’s account to pay for the food and liquor Coal & Lumber sold to its patrons.

The Forensic Audit Report contains a highly detailed analysis of the Association’s budgets, assessments and expenses, as well as amounts due from the rental management program, compared to the Association funds expended. The Receiver determined that Mr. Abdalla and certain Abdalla Entities owe the Association \$4,183,582.00. Of that amount, \$3,767,502.00 in Association monies were spent on non-Association expenses, such as Coal & Lumber’s food and liquor licensing as well as Mr. Abdalla’s personal chef and nanny. According to the court-appointed Receiver, Mr. Abdalla misappropriated over \$3.7 million dollars over four (4) years. About \$142,645.35 of the misappropriation occurred on or after May 2, 2018.

This information is based on evidence obtained from the following witnesses:

Alan Sawaya

**[The State reserves the right to supplement its  
witness list as additional discovery warrants]**

Authorized for presentment  
and filing May 2, 2022.

MARGARET H. OLSON  
Summit County Attorney

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/s/ Ivy Telles  
Prosecutor

**DEFENDANT'S LAST KNOWN ADDRESS:** 201 Heber Avenue, Park City, UT 84060