Robert B. Sorock

HUMANEWATCH.ORG

April 14, 1988

Board of Directors
The Humane Society of the United States

Dear HSUS Director:

As per a resolution passed at the December 12 special meeting of The HSUS Board of Directors, an Audit Committee was established, with the expressed purpose "to make a full report to the Board of Directors on the management of the financial affairs of The HSUS... " The resolution also authorized an expenditure of up to $50,000, plus the authority to seek professional services (of accountants and/or counsel).

Under separate cover you have received a report, compiled and written by counsel (Gail Harmon, Esq. of Harmon & Weiss in Washington, D.C.) commissioned by the Audit Committee. The facts have been presented, as they were obtained. However, I feel very strongly that the Audit Committee should not draw conclusions based only on the information contained in the Harmon & Weiss report. However, and of extreme importance, I believe the Audit Committee should not endorse or necessarily agree with the conclusions and recommendations. They are solely those of Harmon & Weiss.

The Audit Committee understood this assignment to include a gathering of facts, and a report to contain conclusions and recommendations to The Board to take corrective steps, when and where necessary. Unfortunately, the committee did not have the time necessary to prepare this report in time for the April Board meeting, nor could the committee agree to the content of the material being sent to The Board.

It should be noted that obtaining information took much longer than we anticipated. In fact, we hired an accounting firm, Deloitte Haskins & Sells, to obtain information that The H.S.U.S. accounting firm could not provide in its entirety, or in a timely manner.

The decision to send this preliminary report, as you have received it, and for the Audit Committee's counsel to present it as such to The Board at the April Board meeting, was not unanimous. I was a dissenting committee member, and I am vehemently opposed to this presentation in its present format, including and especially the accusations made, and the negative and convictive tone and manner in which the report appears.

5544 Lakeview Drive • Bloomfield Hills, Michigan 48013 • (313) 851-2298

I definitely agree, and, in fact insist, that the total facts should be presented to the Board. However, I feel that the "trial and conviction" method of presentation is totally inappropriate. Additionally, I feel strongly that an Audit Committee recommendation should be made, based on all the facts, that will include conclusions and recommendations in order to resolve all past or existing actions, in order for The HSUS to be in total compliance with all laws and regulations, and provide a course for future Board and staff procedures. I will request Chairman Wiseman to permit me to report a plan for conclusions and recommendations as a dissenting member of the Audit Committee at the April 20-21 Board meeting.

Very sincerely yours,

Robert B Sorock

Robert B. Sorock
Member, Audit Committee

RBS/wr

April 14, 1988

Board of Directors
The Humane Society of the United States

Dear HSUS Directors:

As per a resolution passed at the December 12 special meeting of The HSUS Board of Directors, an Audit Committee was established to make a full report to the Board of Directors in advance of the April, 1988 Board meeting on the management of the financial affairs of the HSUS. The resolution also authorized an expenditure of up to $50,000 to seek professional services of accountants and/or counsel.

Under separate cover you have received a report, compiled and written by counsel (Gail Harmon, Esquire of Harmon & Weiss in Washington, D.C.) commissioned by the Audit Committee. The facts have been presented, as they were obtained. However, the Audit Committee does not endorse or necessarily agree with the conclusions and recommendations. They are solely those of Harmon & Weiss. Board members should not draw conclusions based solely on the Harmon & Weiss report.

The Audit Committee requests that the Harmon & Weiss report be kept strictly confidential.

It should be noted that obtaining information took much longer than we anticipated. In fact, we hired an accounting firm, Deloitte, Haskins & Sells, to obtain information that the HSUS accounting firm, Thomas Havey & Company, could not provide in its entirety or in a timely manner.

Based on the fact that we only recently received some of the information, the Audit Committee did not have the time required to prepare a report, including conclusions and recommendations, for the meeting next week. However, we believe the report you received from Harmon & Weiss represents an accurate summary of the facts which we have received to date.

We firmly believe that both Ms. Gail Harmon of Harmon & Weiss and Mr. Nile Webb of Deloitte, Haskins & Sells should appear before the board in order to explain their findings as well as to answer any questions.

Very sincerely yours,

John W. Mettler

Audit Committee Members
John W. Mettler, III
Susan Pepperdine

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022

(212) 752-1855

April 4, 1988

Mr. K. William Wiseman
P.O. Box 120
Woolwich, ME 04579

Dear Mr. Wiseman:

In its conference call this morning the Audit Committee decided that it would not be appropriate to have Mr. Ramsey substitute for you at its meeting this Thursday or at future meetings. We were willing to accept Mr. Ramsey last month as a substitute because of your unavailability, but that is no longer the case.

You also suggested that the president, John Hoyt, or, due to his illness, Paul Irwin, should now participate in the activities of the Audit Committee. This morning the committee also decided it would decline the suggestion. Your letter assumes that the investigatory phase of the Committee's work is about to be completed, while in fact there remain many unanswered questions.

We have recently engaged an independent auditor and will be reviewing his preliminary report and perhaps discussing further lines of inquiry. In addition, it is clear that a number of questions being raised concerning possible self-dealing directly involve Messrs. Hoyt and Irwin and that they simply should not be participating in the committee process until those questions are resolved by the Board.

The heart of the problem facing the Board today, however, is that over the years the President and the Executive Vice President have had an inordinate amount of influence upon the Board and all of its activities, and members of the Board have been excluded from many areas in which they have had responsibility and should have been participating. To involve either of these gentlemen directly in the functioning of this Board Committee would quite clearly once again make the work and conclusions of this Committee suspect and subject to the same criticism, i.e., that even this Audit Committee was directed, led and influenced by Messrs. Hoyt and Irwin.

Mr. Wiseman, it should be pointed out that another issue which has become increasingly important has to do with the perception that both you and Mr. Ramsey have been part of the small group within the Board that either actively participated in or at least knowingly condoned and apparently approved the withholding of vital and relevant information from your fellow Board members.

I refer, of course, to the recent purchase by the HSUS of John Hoyt's residence which was never reported to the Board nor to the Executive Committee nor to the Finance Committee of the HSUS. As you should know, board members have clear duties to the organization, and to their fellow Board members not to either intentionally or negligently put them at risk by undercutting their ability to meet their fiduciary responsibilities as members of a board of directors of a charitable corporation. For this reason, it may be that neither you nor Mr. Ramsey would wish to participate further in the Committee activities. If you do, let me suggest that you keep in mind that the Audit Committee was appointed by the Board to report back to the Board, and that you should be quite careful about any matters that could even possibly be considered as attempts to direct, guide, or influence the Committee's activities.

Very truly yours,

John W. Mettler, III
for the Audit Committee

John W. Mettler, III
Susan Pepperdine
Robert B. Sorock

January 26, 1988

Messrs. John Hoyt and Paul Irwin
The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear John and Paul:

As per the resolution at the December 12 Board of Directors meeting, an Audit Committee was established. The resolution charged the Audit Committee with the specific task of preparing a full report for the Board of Directors on the management of the financial affairs of The HSUS.

In order to perform the assigned task, the Audit Committee has engaged the help of the law firm of Harmon and Weiss. Ms Gail Harmon will be contacting both of you in order to arrange meetings. She will want to discuss and obtain relevant and complete information pertaining to various subject matter.

The Audit Committee anticipates an accurate, unbiased and professional report containing the pertinent facts for all matters in question. Upon acceptance of this report, the Board can then proceed with the important matters facing The HSUS in regard to the betterment of animal welfare.

If you have any questions at any time, please call.

Very sincerely yours,

Bob Sorock

The Audit Committee
John W. Mettler, III
Susan Pepperdine
Robert B. Sorock

K. William Wiseman, ex-officio

RBS:wr

cc: Ms. Gail M. Harmon

December 21, 1987

Thomas Havey & Co.
4301 Connecticut Avenue, N.W.
Washington, D.C. 20008

Re: The Humane Society of the United States
Gentlemen:

This letter is written on behalf of John W. Mettler, III, Susan Pepperdine and Robert B. Sorock, members of the Audit Committee of HSUS. Pursuant to authorization of the board of directors at its December 12, 1987 meeting, the Audit Committee requests that Thomas Havey & Co. furnish the three members of the Audit Committee, in writing, the initial information on the attached schedule, together with supporting documents, as promptly as practicable. Since the Audit Committee wishes to report to the board of directors by March 31, 1988, we hope to have the information as it becomes available to you, so that hopefully all information requested will be in hand by the end of January.

We will be periodically requesting additional information from you. The Audit Committee will not have a chairman, and accordingly the requests may come from any of the three of us. Replies should be sent to all three of us, so that we will all have the same information at the following addresses:

John W. Mettler, III
Seminole Asset Management, Inc.
950 Third Avenue
New York, New York 10022
(212)752-1855

Susan Pepperdine
Marketing Resources, Inc.
8310 Nieman Road
Lenexa, Kansas 66214
(913)492-9494

Robert B. Sorock
Stone & Simons Advertising, Inc.
24245 Northwestern Highway
Southfield, Michigan 48075
(313)358-4800

Thomas Havey & Co. should maintain a separate billing for any fees incurred by this committee. Please call if you have any questions.

Sincerely,

John W. Mettler, III
Susan Pepperdine
Robert B. Sorock

December 21, 1987

Mr. K. William Wiseman
Post Office Box 120
Woolwich, Maine 04579

Dear Bill:

The Audit Committee requests that the HSUS board of directors furnish the three members of the Audit Committee, in writing, the initial information on the attached schedule pertaining to the Deferred Compensation Committee, together with supporting documents. Since the Audit Committee wishes to report to the board by March 31, we hope to have received the information by January 15.

We will be periodically requesting additional information. The Audit Committee will not have a chairman, and accordingly the request may come from any of the three of us. Replies should be sent to all three simultaneously, so that we will all have the same information. Please call if you have any questions.

Sincerely,

John W. Mettler, III
Susan Pepperdine
Robert B. Sorock

Post Office Box 120
Woolwich, ME 04579

March 29, 1988

John W. Metler, III
Susan Pepperdine
Robert B. Sorock

Dear Audit Committee Members:

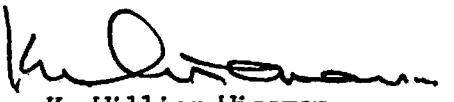
I have been asked by Ms. Gail M. Harmon in her letter of March 15 whether I plan to attend the next meeting of the Committee in Washington, D.C. on April 7, 1988. However, since Mr. O. J. Ramsey stood in for me at the previous meeting, for the sake of continuity and to avoid unnecessary repetition and duplication, I believe it would be more efficient if he were to continue as my alternate at the forthcoming meeting even though I am now available to attend myself. I trust you will agree with this conclusion and once again accept Mr. Ramsey in my stead assuming he is available. Should Joe's other commitments make this impossible, I would, of course, plan to attend myself.

Further to the subject of committee participation, I would like to point out that according to the H.S.U.S. By-Laws (Article VIII, Section 5) "The President may participate in any meeting of . . . any commitee of the Board, but without vote". Early on the President elected not to participate in the activities of the Audit Committee for obvious potential "conflict of interest" reasons. However, since the investigatory phase of the Committee's work is about to be completed, it seems to me the time is now appropriate for the President to be included so that his views may be available to the Commitee while developing their conclusions and recommendations for presentation to the Board in April. And, in order to participate meaningfully, he obviously needs to be provided, in advance of the meeting, with all of the material developed by the Committee thus far. However, as you know, the President is at this time still recovering from recent surgery. Therefore, in these circumstances, I believe the Executive Vice President should attend since he is presently the acting chief executive officer of H.S.U.S.

Concerning the eventual conclusions and recommendations of the Committee, I would like to observe that the mandate of the Committee is "to make a full report to the Board on the management of the financial affairs of H.S.U.S." During the period under review

by the Committee, the "financial management" of the Society has resulted in an extraordinary growth in revenues and budget (and, as a consequence, programs and membership). Further, during this period, H.S.U.S. received an unbroken succession of unqualified reports from its auditor as well as several federal and state tax audits which imposed no penalties. Nevertheless, in highly successful and rapidly expanding organizations, it is not unusual for management's focus to be on growth rather than administrative procedures. Undoubtedly, there are areas where improvements can and should be made. I know that John and Paul recognize this and have constructive ideas of their own to contribute. For this reason, I would hope their views will be incorporated into the final reecommendations of the Committee.

Sincerely,



K. William Wiseman

cc: Gail M. Harmon
John A. Hoyt
Paul G. Irwin
Murdaugh S. Madden
O. J. Ramsey

Post Office Box 120
Woolwich, ME 04579

March 29, 1988

John W. Metler, III
Susan Pepperdine
Robert B. Sorock

Dear Audit Committee Members:

I have been asked by Ms. Gail M. Harmon in her letter of March 15 whether I plan to attend the next meeting of the Committee in Washington, D.C. on April 7, 1988. However, since Mr. O. J. Ramsey stood in for me at the previous meeting, for the sake of continuity and to avoid unnecessary repetition and duplication, I believe it would be more efficient if he were to continue as my alternate at the forthcoming meeting even though I am now available to attend myself. I trust you will agree with this conclusion and once again accept Mr. Ramsey in my stead assuming he is available. Should Joe's other commitments make this impossible, I would, of course, plan to attend myself.

Further to the subject of committee participation, I would like to point out that according to the H.S.U.S. By-Laws (Article VIII, Section 5) "The President may participate in any meeting of . . . any commitee of the Board, but without vote". Early on the President elected not to participate in the activities of the Audit Committee for obvious potential "conflict of interest" reasons. However, since the investigatory phase of the Committee's work is about to be completed, it seems to me the time is now appropriate for the President to be included so that his views may be available to the Commitee while developing their conclusions and recommendations for presentation to the Board in April. And, in order to participate meaningfully, he obviously needs to be provided, in advance of the meeting, with all of the material developed by the Committee thus far. However, as you know, the President is at this time still recovering from recent surgery. Therefore, in these circumstances, I believe the Executive Vice President should attend since he is presently the acting chief executive officer of H.S.U.S.

Concerning the eventual conclusions and recommendations of the Committee, I would like to observe that the mandate of the Committee is "to make a full report to the Board on the management of the financial affairs of H.S.U.S." During the period under review

RECEIVED

by the Committee, the "financial management" of the Society has resulted in an extraordinary growth in revenues and budget (and, as a consequence, programs and membership). Further, during this period, H.S.U.S. received an unbroken succession of unqualified reports from its auditor as well as several federal and state tax audits which imposed no penalties. Nevertheless, in highly successful and rapidly expanding organizations, it is not unusual for management's focus to be on growth rather than administrative procedures. Undoubtedly, there are areas where improvements can and should be made. I know that John and Paul recognize this and have constructive ideas of their own to contribute. For this reason, I would hope their views will be incorporated into the final reecommendations of the Committee.

Sincerely,

K. William Wiseman

cc: Gail M. Harmon
John A. Hoyt
Paul G. Irwin
Murdaugh S. Madden
O. J. Ramsey

(1)

Post Office Box 120
Woolwich, Maine 04579

January 14, 1988

Dear Committee Members:

I wish to acknowledge receipt of your letter to me dated December 21, 1987, requesting that "the HSUS Board of Directors furnish the three members of the Audit Committee" certain information relating to the Deferred Compensation Committee. Obviously, I cannot speak for the Board without being properly authorized to so; however, I can provide some information based on my personal knowledge of events and this is attached hereto.

I also note you have adopted the unusual procedure of not having a chairman, one result of this being that copies of all information goes to each of you. In this circumstance, I do not feel too badly at requesting I also receive a copy of all the replies you receive to your various requests for information, together with a copy of the request itself. As you know, our By-Laws provide that, as Chairman, I am an "ex-officio" member of all committees except the Elections Committee.

I trust this request will not be inconvenient to you. Having such information available currently will be most helpful if I decide to participate actively in your deliberations.

Sincerely,

K. William Wiseman

KWW

Members of the Audit Committee

John W. Mettler, III
Susan Pepperdine
Robert B. Sorock

1/14/88

RESPONSE TO REQUEST FOR INFORMATION FROM HSUS
ATTACHED TO AUDIT COMMITTEE LETTER OF DECEMBER 21, 1987

1. I know of no "further" documents utilized in connection with the Minutes of the Deferred Compensation Committee. (I understand "further" to mean additional to those distributed at the December 12, 1987, Board Meeting.

2. I am unclear as to whether this request refers to minutes of all meetings of the Deferred Compensation Committee or only that of August 25, 1987. Assuming the latter, my response is that I do not know precisely when the minutes in the form distributed to the Board on December 12, 1987, were prepared and typed nor do I know with certainty who drafted them. I presume it was either John or Paul or possibly both since they were the only others present at the meeting. This was the same procedure as followed in preparation of minutes for all other meetings of this committee. I do recall, however, reviewing a draft and making comments thereon but I have no idea now what such comments may have been, and it seems to me extremely unlikely that any copies of such earlier drafts now survive. Further, if I may be permitted a comment, the relevance of such drafts, their timing, and who authored them, escapes me. It would appear the important fact is that the final version as provided to you has been signed by Jack Lydman to indicate that it is indeed an accurate record of decisions made by the Committee, and this I can personally vouch for.

who would John or Paul prepare minutes?

3. The membership of the Committee has remained unchanged since initially authorized by resolution of the Executive Committee on September 9, 1983. A copy of this resolution together with minutes of every meeting of the Committee since its inception (together with relevant supporting documents) were distributed at the December 12, 1987, meeting. These minutes include the dates, time, persons present and place of each meeting. I know of no other material pertinent to this inquiry.

(3)

Post Office Box 120
Woolwich, Maine 04579

January 15, 1988

Mr. Samuel A. Bowman
TUCKER, ANTHONY & R. L. DAY, Inc.
120 Broadway (33rd Floor)
New York, N.Y. 10271

Dear Mr. Bowman:

At the recent special meeting of the HSUS Board of Directors, an Audit Committee was authorized to investigate the financial management of our organization. The letter of December 4, 1987, written on your behalf by Attorney Bardyl A. Tirana contained several serious accusations, but gave no indication of the facts on which such allegations were based. In order to facilitate further investigation of these allegations, please provide the specific information which gave rise to your concerns as enumerated below and the source of such information.

1. Your Paragraphs 2 and 3 imply that certain directors may have been improperly elected to the Board and thus may have improperly participated in decisions of the Board, which decisions may have included financial decisions. Please advise which directors you believe may have been improperly elected, and when, the decisions in which they may have improperly participated, and the reasons for such belief.

2. Your Paragraph 6 contains several allegations regarding payments by HSUS, and/or transfer of assets, to or for the account of Director Evans and to or for the accounts of Mr. Hoyt and Mr. Irwin and members of their families. These are extremely serious charges. Therefore, please be as specific as possible in your response and the source of your information.

3. Your Paragraph 11 implies that Mr. Hoyt and Mr. Irwin or members of their families may have benefited from the sale, lease or use of HSUS membership lists. Again, these are extremely serious charges and specific information is needed as to why you made this inquiry and the source of your information.

I make this inquiry in my capacity as an "Ex-Officio" member of the Audit Committee and request you send copies of your reply to the other three members of the Committee at the addresses indicated below. I would also like to emphasize you should not assume these are the only areas of concern created by the Tirana letter of December 4, 1987.

In order that the work of the Committee may be expedited, a reply within fifteen days of your receipt of this letter would be much appreciated.

Sincerely,

K. William Wiseman

KWW:MW

cc: Mr. John W. Metler, III
950 Fifth Avenue
New York, NY 10022

Ms. Susan Pepperdine ✓
5831 Sunrise Drive
Fairway, KS 66205

Mr. Robert Sorock
24245 Northwestern Highway
Southfield, MI 48075

Post Office Box 120
Woolwich, Maine 04579

April 1, 1988

Ms. Gail Harmon
HARMON & WEISS
2001 S Street, N.W. Suite 430
Washington, D.C. 70009-1125

Dear Ms. Harmon:

This is in reply to your letter of March 22 inquiring about membership of the Deferred Compensation Committee. I do not believe Joe can be a member of this Committee since I am not aware of any action being taken to change its original composition.

I have also discussed with Joe the confusion as to whether there was a meeting of the Deferred Compensation Committee on March 3, 1987, at which payment of part of Paul Irwin's compensation from NAAHE was endorsed. Relative to this matter, I can offer the following comments:

1. I do remember with absolute certainty participating in an affirmative discussion of this matter with other members of the Committee. In fact, upon review, I am quite surprised to find it not reflected in any of the Committee's minutes.

2. I am unable to recall exactly when and where this discussion took place; however, since I was in Washington on March 3, 1987, for another meeting in which Joe and Jack Lydman also participated, and, since Joe's recall of such discussion on that occasion is so specific, I have no reason to doubt that it was indeed as he was stated.

3. I do remember Joe voicing reservations over the necessity of having to take such action. However, his role would have to have been that of guest of or advisor to the Committee.

Sincerely,

K. William Wiseman

cc: Audit Committee
Jack Lydman

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022

(212) 752-1855

January 26, 1988

Mr. K. William Wiseman
Chairman of the Board HSUS
Post Office Box 120
Woolwich, Maine 04579

Dear Bill:

In response to your letter of January 14th answering our request for information about the Deferred Compensation Committee, we still have not received certain specific information:

(Enclosure, Paragraph II) - This request refers to the minutes of **all** meetings of the Deferred Compensation Committee. We have requested a **statement** as to **when** the minutes of the Deferred Compensation Committee were **actually** prepared and typed; and who drafted them. Since you say you do not recall, we are sending a copy of this request to Mr. Lydman, who signed them.

If there were any other meetings of this committee, other than those whose minutes were distributed on December 12, 1987, please inform this committee.

These requests should be relatively simple to answer and we are sure that at least one of the committee members who were present will be able to supply this information.

As per your request to receive copies of this committee's requests for information as well as a copy of all replies, we will forward these to you as we receive them.

Sincerely,

John W. Mettler

The Audit Committee
John W. Mettler III
Susan Pepperdine
Robert B. Sorock

cc: Gail M. Harmon, Esq.
Mr. Jack Lydman

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022
(212) 752-1855

January 26, 1988

Mr. K. William Wiseman
Chairman of the Board HSUS
Post Office Box 120
Woolwich, Maine 04579

Dear Bill:

This letter responds to a letter to you from John Hoyt and Paul Irwin, dated January 19, 1988.

As you are aware, the Audit Committee was developed as a result of a unanimous resolution passed by the Board of Directors of the Humane Society of the United States on December 12, 1987.

Resolution

> WHEREAS, the board of Directors of the HSUS has the utmost faith and confidence in the executive staff of organization; nevertheless, it is timely that an Audit Committee of the board be established. Therefore,
>
> BE IT RESOLVED, that an Audit Committee comprised of Susan Pepperdine, Robert B. Sorock and John W. Mettler be established to make a full report to the Board of Directors on the management of the financial affairs of the HSUS in advance of the April 1988 board meeting, and that the Audit Committee be authorized to expend up to $50,000, in its discretion, for professional services of accountants and/or counsel, plus reimbursement for committee members' personal expenses.

The purpose of the Audit Committee is to collect and to provide information to the Board of Directors regarding the management of the financial affairs of the HSUS since 1980.

The intent of the Audit Committee is not to discredit any officers or directors of the HSUS, but to provide information that has not been made available (and may not even have been requested) to the Board of Directors in the past.

We would like to point out that the two requests sent out to Board Chairman Wiseman and to Thomas Havey & Co. were drafted by attorneys Madden and Tirana as asked for by the Audit Committee. These two letters requested information which was asked for during the December 12th Board meeting. It is important to note that neither of these two requests are related to the December 4th letter written by Mr. Tirana on behalf of Director Bowman, referred to by Mr. Hoyt's and Mr. Irwin's letter to you dated January 19, 1988.

We hope that Mr. Hoyt and Mr. Irwin will respect that this board appointed committee looks at this assignment as a positive action which will provide information to the Board of Directors of the HSUS. **This committee does not wish to imply any "dishonesty or malfeasance" which will discredit the integrity of any officer or director of the HSUS.**

Since Mr. Hoyt and Mr. Irwin did not attend the HSUS Board of Directors meeting and have not yet seen the minutes containing the resolution forming the Audit Committee, we feel that it is important that they both understand the purpose and intent of this committee.

Sincerely,

John W. Mettler

The Audit Committee
John W. Mettler, III
Susan Pepperdine
Robert B. Sorock

cc: Mr. John A. Hoyt, President HSUS
Mr. Paul G. Irwin, Executive V.P. HSUS
Gail M. Harmon, Esq.

MICHAEL TRAYNOR
THE ALCOA BUILDING, 20TH FLOOR
1 MARITIME PLAZA
SAN FRANCISCO, CALIFORNIA 94111

January 3, 1990

Mr. Samuel A. Bowman
Tucker Anthony Incorporated
535 Madison Avenue
New York, New York 10022

Re: The Humane Society of the United States

Dear Sam:

I enclose a copy of a chapter that my partner Kenn Guernsey and I wrote, Nontax Considerations Before Incorporation, for the California Continuing Education of the Bar's book, Advising California Nonprofit Corporations (1984), together with the applicable pages from the June 1989 supplement. See section 1.15 for a brief discussion of the rules governing foreign nonprofit corporations that do business or hold property in California.

I also enclose a copy of the Uniform Supervision of Trustees for Charitable Purposes Act, as enacted in California, Cal. Gov. Code §§ 12580-12598. The California law explicitly applies to any nonprofit corporation organized under the laws of a jurisdiction other than California for charitable purposes if it is "doing business or holding property in this State for such purposes." Cal. Gov. Code § 12582.1.

If the Humane Society of the United States does business in or holds property in California it would be subject to supervision by the Attorney General of California. Although I have not researched the point, I would expect the phrase "doing business" to be construed broadly and, probably, to include solicitation of funds from residents of California. Certainly, the Attorney General should have an interest in protecting

California donors from misuse of funds solicited from them.

If you wish to pursue any inquires in California, you might consider beginning by telephoning or writing to the Attorney General of California, starting first with an informational inquiry to the Registry of Charitable Trusts along the lines of the enclosed draft letter. Depending on the information you get, you might pursue the inquiry and communicate directly, by letter or telephone, with Carole Ritts Kornblum, Assistant Attorney General or one of the attorneys in her office. Her address is:

Carole Ritts Kornblum
Assistant Attorney General
Charitable Trusts Enforcement Section,
Public Rights Division
Office of the Attorney General of California
State Building
350 McAllister St., Rm. 6000
San Francisco, CA 94102
Telephone: (415) 557-2645

Please let me know if you have any questions at any time. I will be glad to discuss them with you.

Sincerely,

COOLEY GODWARD CASTRO
HUDDLESON & TATUM

Michael Traynor

MT/ca
Encls.
20154000

Sam: The Registry's telephone number is (916) 445-2021. You might telephone first to try to identify file, any reports, and costs and procedure for getting copies.

Mike

[For Sam Bowman's Stationery]

January ___, 1990

The Honorable John K. Van de Kamp
Attorney General of California
Registry of Charitable Trusts
1718 Third Street
P.O. Box 903447
Sacramento, California 94203-4470

Re: The Humane Society of the United States

Dear Mr. Attorney General:

I am [I was from _____ to _____] a director of The Humane Society of the United States. The Society solicits and obtains funds from residents in California and holds the following property in California [describe].

In addition to fundraising, it conducts the following business in California: [describe]. One of its directors is currently a resident of California.

I shall appreciate your sending to me copies of any filings by the Society with your office for the period commencing 19__ until the present. Please let me know also whether your office has conducted any investigation into the matters described in the enclosed Jack Anderson reports (Washington Post, Sept. 7 and 8 and Oct. 13, 1988). If so, please let me know the status or outcome of your investigation.

I enclose my check for $_____ to cover copying and mailing costs. If I owe any difference, please bill me; if I have enclosed too much, please remit the difference.

Thank you for whatever time you may take in responding to this letter.

Very truly yours,

Samuel A. Bowman

SAB/ca
20154013
Encl.

MEMORANDUM

TO: John A. Hoyt

FROM: Patrick B. Parkes

DATE: March 31, 1989

SUBJECT: Retirement Benefits and Medical, Hospitalization Costs

The purpose of this memorandum is to request that the board of directors give serious consideration to including within the framework of our pension plan some reasonable form of compensation to help defray the medical and hospitalization costs that retired HSUS employees are almost certain to incur at some stage in their retirement years. Since virtually all retired employees will come under Medicare, this proposal argues for some form of compensation that would enable HSUS retirees to purchase an assured Medicare supplementary insurance plan such as those written by the Prudential Insurance Company and made available through the American Association of Retired Persons.

The attached extract from a publication of the American Institute for Economic Research describes vividly the increasing personal financial liability of Medicare patients resulting from the ever-growing gap between Medicare benefits paid and actual medical and hospitalization charges. (The Institute, incidentally, is a highly respected research organization that regularly publishes in-depth reports, surveys, and analyses of economic issues.) Briefly stated, Part A of Medicare is now estimated to cover only 65% of hospital charges and Part B about 56% of doctors' fees and other services. This enormous gap is caused by spiraling medical and hospital costs and by Medicare's payment of (what they term) "reasonable" charges. These charges are woefully below today's real costs; in fact, Medicare is lagging some three years behind.

With enactment of the Medicare Catastrophic Coverage Act which took effect this year, the costs of coverage to Medicare enrollees have soared. Enrollees have been paying, as a deduction from their Social Security checks, a monthly premium of $24.40 which has now risen to $27.90 ($334.80 annually) in 1989. This is per person. Now two additional premiums have been added: 1) a flat rate of $4 per person monthly ($48 annually) which will increase to $10.20 ($122.40 annually) by 1993; and 2) a supplemental premium of a stated amount per $150 of federal taxes owed -- $22.50 in 1989; $37.50 in 1990; $39.00 in 1991; $40.50 in 1992; $42.00 in 1993 -- which is paid along with the individual's annual income tax.

What this means in costs to a retired couple on Medicare with, for example, a gross annual income of $30,000 with income tax due of (say) $2,160.00 is:

Basic annual premium (two people)	$96.00
Current annual premium, Plan B, (two @ $55.80 monthly)	$669.60
Supplementary annual premium (based on income tax owed for '89)	$324.00
	$1089.60

For this total amount of annual premiums it should be noted that the Medicare enrollee is covered only for benefits in Plan A and Plan B and those benefits, as we now are well aware, do not begin to cover the real costs of hospitalization and medical treatment. It therefore becomes mandatory for retired personnel to carry private supplementary insurance against medical risk. I have reviewed several of these policies offered by various companies but the most reasonable seem to be the plans offered by the Prudential Insurance Company through the American Association of Retired persons.

AARP offers four plans: AARP Medical Supplement (MA), annual cost $246; AARP Medical Supplement Plus (M6), annual cost $414.00; AARP Extended Medicare Supplement (M3), annual cost $762.00; AARP Comprehensive Medicare Supplement (M7), annual cost $1067.40. Please note that, in the case of the retired couple in our example, any of these costs would be **DOUBLED**. The coverage of each of these plans determines the cost: the comprehensive plan, M7, covers virtually all expense including drug prescriptions and 100% of everything above Medicare costs while the low-cost Medicare supplement, MA, covers a very limited number of areas. The best buy seems to be the extended Medicare supplement, M3 for $762.00.

Taking plan M3 as a choice, the annual cost of health insurance to our two retired Medicare enrollees now becomes:

Basic annual premium	96.00
Current annual premium, Plan B	669.60
Supplementary annual premium	324.00
Supplementary insurance, AARP's M3	1524.00
	$2613.60

This kind of expense represents a very big outlay for any HSUS retiree living on modest means. It is especially burdensome since the retirement plan, as now written, does not make any provision for cost-of-living increases. It is also certain that these costs will increase steadily as time wears on and the retirement resources of the employee will become more and more straitened. I am confident the board of directors would not wish this upon long-time and valued employees who have given years of good, and often outstanding, service to The HSUS.

My recommendation is that some form of annual payment be arranged to help worthy HSUS retirees cover these costs. It would be easier, and probably cheaper, than keeping the retiree enrolled in the health insurance plan offered to working employees by the Society. Further, it would leave the choice open to the retiree to make his or her own decision as to what kind of supplementary insurance plan, comprehensive or otherwise, he or she should choose.

I would greatly appreciate, as I am sure many others would also, your giving serious thought and consideration to this recommendation and pursuing it with the appropriate board committee.

PBP:tlm

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Ms. Gisela Hunnicutt
6 Pepper Road
Towaco, NJ 07082

UPS Next-Day Air

Mrs. Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Re: HSUS Select Committee

Dear Gisela and Susie:

As chairman of the Select Committee, I have written a letter to most of the remainder of the Board (I have excepted Regina Frankenberg, Irene Evans, and Jane Goodall, and I have written Bardyl Tirana as counsel for Sam Bowman, John Mettler, and Brook Speidel) asking that they let the Select Committee know in writing as soon as reasonably convenient and hopefully by no later than May 11, 1988, of any special concerns they may have as a result of the work of the Audit Committee, the Harmon report, etc.

For your information, I am enclosing herewith a copy of that letter that went to the rest of the Board with the exceptions noted.

I wanted to write each of you separately asking that you write me with your special concerns. I know that both of you have been concerned about matters and that you are perhaps better informed about matters than many Board members. For those reasons, I especially want to be sure that the Select Committee fairly considers any special concerns that either or both of you may have.

Thank you in advance for your courtesy and cooperation.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
Enclosure
cc: John Hoyt, Jake Stein, Bill Wiseman, Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

April 29, 1988

OFFICERS
K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Patricia Forkan
Senior Vice President
Murdaugh Stuart Madden, Esq.
Vice President/General Counsel
Patrick B. Parkes
Vice President/Field Services
Dr. John W. Grandy
Vice President/Wildlife & Environment
Phyllis Wright
Vice President/Companion Animals
Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS
Aida Flemming
Virginia Milliken
Andrew Wyeth

Harold H. Gardiner
GARDINER--A MARKETING COMPANY
P. O. Box 30
Salt Lake City, UT 84110

UPS Next-Day Air

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Robert Sorock
5544 Lakeview Drive
Bloomfield Hills, MI 48013

Re: HSUS Select Committee

Dear Hal, John, Susan, and Bob:

Enclosed herewith are copies of self-explanatory letters to Bardyl Tirana, a separate letter to Susan Pepperdine and Gisela Hunnicutt, and to the remainder of the Board (excepting Irene Evans, Regina Frankenberg, Jane Goodall, and the honorary directors) asking that anyone with any particular concerns about this whole matter communicate them to me in writing as soon as reasonably convenient and hopefully by no later than May 11, 1988. You will recall we talked about doing this at our brief organizational meeting on Thursday, April 21, 1988.

After that meeting with you, I met with Jake Stein and told him of our plans to obtain legal analysis from him, a review of internal accounting procedures from Deloitte, et al., and to report fully to the Board with our recommendations. He agreed that this was a sensible approach and, with respect to our effort to get input from essentially the entire Board, he suggested that we urge them to get back to us as soon as possible. He says he believes he should be able to complete his work by no later than the end of June. We are hoping that Mr. Webb of the Deloitte firm can complete his assignments soon after that.

Once we get back questions from the Board, I will have copies forwarded to each of you. Jake Stein has written Bill Wiseman a letter confirming his retention, and I will forward a copy of that to you once I obtain one myself. We will engage Mr. Webb and will forward each of you a copy of his letter confirming the scope of his work, his time estimate for completion, and his estimate of expenses.

Also enclosed are self-explanatory letters to John and Paul asking for their statements to be sent directly to Jake.

If any of you has any questions, please do not hesitate to call. Otherwise, with the exception of forwarding information to you as we get it, I do not see that we have any particular work to do until we receive reports back from Webb and Jake Stein, at which time I will begin a draft of a report of our committee and distribute copies to you as soon as possible.

I agree with Bob Sorock's suggestion that at that time, although we can certainly confer any time by conference call, it will probably be necessary that we meet to create a final draft.

I look forward to working with all of you and trust that we will be able to fairly consider all questions that have been raised and to make appropriate and prudent recommendations to the Board concerning what should be done.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
cc: John Hoyt, Bill Wiseman, Jake Stein, Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Mr. K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

UPS Next-Day Air

Re: HSUS Select Committee

Dear Bill:

Enclosed herewith are copies of the following presumably self-explanatory letters:

1. to Paul Irwin;

2. to John Hoyt;

3. to Bardyl Tirana;

4. to the directors, excepting Bowman, Mettler, Speidel, Evans, Frankenberg, Goodall, Hunnicutt, Pepperdine, and the honorary directors;

5. to Gisela Hunnicutt and Susan Pepperdine;

6. to the members of the Select Committee;

7. to Mr. Webb of Deloitte, Haskins & Sells; and

8. to Jake Stein.

Bill, it seems to me we should include a recommendation about Tirana's claim for attorney's fees unless that matter is somehow otherwise taken care of through some other means and with Jake Stein's guidance. What do you think?

I also think that the recommendations of the "Committee on Committees" fit very well into the recommendations of this Select Committee. Frankly, it seems to me they dovetail perfectly, and I am wondering why we should not simply plan to incorporate the "Committees" report into the report of the Select Committee and as part of its recommendations. What do you think?

As usual, I look forward to working with you in what I am now cautiously optimistic may be a successful and final effort to properly deal with all these matters and put them to rest so we can get back to work on what we are here for.

Best personal regards,

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
Enclosures

cc: John Hoyt
Jake Stein,
Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

April 29, 1988

OFFICERS
K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Patricia Forkan
Senior Vice President
Murdaugh Stuart Madden, Esq.
Vice President/General Counsel
Patrick B. Parkes
Vice President/Field Services
Dr. John W. Grandy
Vice President/Wildlife & Environment
Phyllis Wright
Vice President/Companion Animals
Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS
Aida Flemming
Virginia Milliken
Andrew Wyeth

Jake Stein
STEIN, MITCHELL & MEZINES
1800 M. Street, N.W.
Washington, D.C. 20036

Re: HSUS Select Committee

Dear Jake:

I am enclosing herewith for your file and information copies of self-explanatory correspondence from me to the Board asking that they notify me of any special concerns they would like to have considered in our final report, to John Hoyt and Paul Irwin asking that they provide you directly (copy to me) with their narrative statements of all they know about the matters raised by the Harmon report, to Mr. Webb of the Deloitte firm asking for his recommendations about what should be included in his review of our internal financial procedures, and otherwise reflecting the activities to date of the Select Committee.

As soon as I receive any input from the Board, I will immediately forward it to you.

Concerning Mr. Webb, I have gone ahead and asked him to get involved but wonder whether I, as chairman of the Select Committee, or you, as counsel for HSUS, should deal with him further. I would appreciate your guidance and recommendation in this respect.

Jake, I cannot tell you how reassuring it is to have your help in dealing with these matters. I certainly look forward to working with you toward the successful conclusion of this investigation.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
Enclosures
cc: John Hoyt, Jake Stein, Bill Wiseman, Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Mr. K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

UPS Next-Day Air

Re: HSUS Select Committee

Dear Bill:

I am writing you as chairman of the Select Committee created by the Board on April 20, 1988, during its regular spring meeting. For those of you who were not present, the purpose of the Select Committee is to consider and make recommendations to the full Board concerning all questions raised as a result of the November 5, 1987, request by some of the Board for a special meeting of the Board of Directors and by the activities of the Audit Committee created at the December 12, 1987, special meeting of the Board of Directors to consider the financial management of HSUS.

If you have any special concerns about any of the questions considered by the Audit Committee as reflected by the report of its attorney, Gail Harmon, I would very much appreciate your sending me a letter listing such concerns so that the Select Committee can make a special effort to consider any such concerns. I would appreciate receiving your letter listing any such concerns as soon as reasonably possible and by no later than May 11, 1988, if at all possible. Our attorney hopes to complete his analysis of any legal questions by the end of June and has requested that we try to have any information back from the Board by May 11, 1988.

Thank you in advance for your prompt cooperation.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
cc: John Hoyt, Jake Stein, Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Mr. Paul Irwin — UPS Next-Day Air
The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037

Re: HSUS Select Committee

Dear Paul:

As you know, the HSUS has retained outside counsel Jake Stein to help the Select Committee conclude the investigation into matters raised by the Audit Committee and to make recommendations to the full Board of Directors.

Jake has indicated to me that it would be extremely helpful to him if you would make the time to prepare a statement in narrative form covering what you know about the matters treated in the Harmon report. He said he would appreciate as much detail and documentation as you can reasonably provide.

Jake will try to complete his legal analysis and recommendations by some time near the end of June and has indicated it would be very helpful to get your statement as soon as possible and hopefully by no later than say Wednesday, May 11, 1988.

It may well be that Jake will have additional questions, and I am assuming he will contact you directly or Mr. Sonde concerning any such questions.

Paul, in addition to the matters raised by the Audit Committee report, it will be relevant to the report of the Select Committee to consider the growth of the HSUS, measured both in terms of constituency and financial success.

Would you therefore also include in your statement for Mr. Stein a summary showing the number of constituents and the amount of money generated by the HSUS, where you have such records, from 1970 through the first quarter of 1988?

Please send all this material directly to Jake with a copy to me.

Thank you in advance for your prompt attention to this matter, and best personal regards.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr

cc: John Hoyt
Jake Stein
Bill Wiseman
Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Mr. John Hoyt — UPS Next-Day Air
The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037

Re: HSUS Select Committee

Dear John:

Before I left Washington Friday, April 22, 1988, I mentioned to you, among other things, the idea that you and Paul might expedite the work of the Select Committee by providing to Jake Stein your narrative report of your knowledge of all matters raised by the Audit Committee and the Harmon report.

Having discussed this matter with you, I then discussed it with Jake Stein, who thought it was an excellent idea that would greatly facilitate his work.

Since he is planning on completing his report by no later than the end of June, he wanted all additional factual input as soon as reasonably possible, and I am asking you and others from whom we are seeking input to do their best to provide it by no later than May 11, 1988.

I have also asked Paul to provide such a narrative report and have asked him to include data on the growth of the HSUS from 1970 forward, measured both in terms of constituency and financially.

Will you take special note, working with Paul, to be sure that Jake Stein is provided with all the information which Ms. Harmon claimed was withheld? In our first meeting of the Select Committee, Mr. Mettler said that the only information he knew of which had been allegedly withheld was the information reflected by Table VIII in the Harmon report. Between you and Paul, will you be sure that your narratives respond directly to the claims made in Table VIII of the Harmon report?

Will you send your narrative statement and any supporting documentation directly to Jake Stein, and send me a copy?

John, I also think it would also be helpful for the Select Committee and for Jake Stein if you would have copied and sent to Jake (copy to me) all of the correspondence among you, Paul, and Ms. Harmon during the Audit Committee's work.

Finally, I am enclosing herewith for you as a member of the Select Committee and for your continuing information copies of all correspondence I have initiated as committee chairman to the Board, to the Select Committee members, to Jake Stein, to Bill and Paul, etc.

We shall keep you advised, and in the meantime I would appreciate the benefit of any input you may have based on the action I have taken to start things off as reflected by the enclosed correspondence.

Best personal regards,

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
Enclosures
cc: Jake Stein
Bill Wiseman
Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Neil Webb
Deloitte, Haskins & Sells
1101 Pennsylvania Avenue, N.W.
Washington, D.C. 20003

UPS Next-Day Air

Re: HSUS Select Committee

Dear Mr. Webb:

You will recall after reporting to the Board of Directors of The Humane Society of the United States you spoke briefly with me and with Bill Wiseman, our Board chairman, concerning the willingness of your firm to review and critique and make recommendations for any changes you feel advisable in the internal financial management procedures of The HSUS.

Based on your knowledge of our purpose and operations, would you please write me as soon as reasonably convenient with your recommendation of the scope of your critical review, your estimate of cost, and your estimate of how soon your review and recommendations could be completed.

If you need to confer further with anyone in order to prepare this proposal, please feel free to contact Paul Irwin of The HSUS directly at (202)452-1100. By copy of this letter, I am advising Paul that you may be calling for that or any related purpose.

Thank you in advance for your prompt attention to this matter.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
cc: Jake Stein, Bill Wiseman, John Hoyt, Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

May 19, 1988

Harold Gardiner
GARDINER--A MARKETING CO.
P. O. Box 30
Salt Lake City, UT 84110

VIA UPS

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Robert Sorock
5544 Lakeview Drive
Bloomfield Hills, MI 48013

K. William Wiseman
P. O. Box 120
Woolwish, ME 04579

Re: HSUS Select Committee

Dear Hal, John, Susan, Bob and Bill:

Enclosed are copies of the following:

1. John Hoyt's narrative statement with copies of material he selected attached;

2. Paul Irwin's narrative statement with copies of material he selected attached;

3. Letter from Bardyl Tirana, dated May 11, 1988; and

4. In response to my request that the board members let us know what particular matters of concern they want us to be sure to cover, copies of such correspondence from board members Alice Garey, Jack Lydman, John Mettler, Susan Pepperdine, Viola Weber, Robert Welborn, and Bill Wiseman.

As John Hoyt has correctly pointed out in his letter, all of the enclosed material is obviously sensitive and privileged, and we must treat it confidentially and guard it carefully and affirmatively against some inadvertent disclosure to anyone other than our own fellow board members and Jake Stein.

As you know, at the last minute I tried to arrange a conference call for Friday, May 13, 1988, but since I had given no warning, most of you were busy. The purpose of that call was to simply touch bases with everyone, and actually I think we can more productively confer by telephone conference call after you receive and have a chance to consider the enclosed material.

I would like to suggest that we plan on a brief conference call just to exchange thoughts at 6:30 a.m. California time on Friday, May 27, 1988. I realize that is the Friday before a major holiday, but I am essentially unavailable Monday through Thursday for the next several weeks. I also realize that this is early for Hal and me, but I am anticipating that some committee members might want to get away for an elongated Memorial Day weekend and thus think the early-morning call would be most possible.

Please contact Jenny at my office and let her know whether you will be available for the conference call on the 27th of May.

Best personal regards,

Very truly yours,

Joe

Joe Ramsey

OJR:jr
Enclosures
cc: Jake Stein
John Hoyt
Paul Irwin
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS
K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Patricia Forkan
Senior Vice President
Murdaugh Stuart Madden, Esq.
Vice President/General Counsel
Patrick B. Parkes
Vice President/Field Services
Dr. John W. Grandy
Vice President/Wildlife & Environment
Phyllis Wright
Vice President/Companion Animals
Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS
Aida Flemming
Virginia Milliken
Andrew Wyeth

May 27, 1988

Jacob A. Stein, Esq. UPS Next-Day
STEIN, MITCHELL & MEZINES
1800 M Street, N.W.
Washington, D. C. 20036

Re: HSUS Select Committee

Dear Jake:

Enclosed herewith are the following items:

1. A copy of my response to Bardyl Tirana's letter of May 11, 1988;

2. Copies of my letters of today to Amy Freeman Lee, Jack Lydman, and Paul Irwin;

3. Copy of letter from Bill Kerber in response to our earlier request of April 29, 1988, that the Board members notify us of their particular concerns with regard to the work of the Select Committee;

4. A copy of a letter to us from Deloitte, Haskins & Sells dated May 20, 1988;

5. A copy of our response to the letter from Deloitte, et al., of today;

6. A copy of Murdaugh Madden's confidential memorandum to John Hoyt, dated May 6, 1988, regarding the purposes and functions of the National Humane Education Center (NHEC) and the National Association for the Advancement of Humane Education (NAAHE); and

7. Paul Irwin's curriculum vitae.

The Select Committee met today, Friday, May 27, 1988, by status conference telephone call. We have planned tentatively to meet in Kansas City, Missouri, all day Friday, July 8, 1988. We hope to have your records and those of

Deloitte, et al., in hand by no later than the end of June so that I will have at least a week to do a first draft of the report of the Select Committee to discuss with the committee on July 8, 1988.

Jake, the Select Committee felt it had no choice in light of the letter from Mr. Tirana but to submit the problem to you to make recommendations and deal directly with Mr. Tirana. Would you let me know if you need any further information on that issue and otherwise do what has to be done to deal with Mr. Tirana's demands?

Best personal regards,

Very truly yours,

O. J. Ramsey

OJR:jr
Enclosures
cc: Select Committee
John Hoyt
Bill Wiseman
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

June 20, 1988

Harold Gardiner
GARDINER--A MARKETING CO.
56 West Fourth South
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Robert Sorock
STONE & SIMONS ADVERTISING, INC.
24245 Northwestern Highway
Southfield, MI 48075

Mr. K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

returned by UPS 6/28/88
recent 6/29

Re: HSUS--Select Committee

Dear Hal, John, Susan, Bob, and Bill:

To keep you current, we enclose copies of the following:

1. A letter from John Hoyt to Jake Stein, dated June 13, 1988;

2. A letter from Regina Frankenberg to me, dated June 1, 1988;

3. John Hoyt's resume/curriculum vitae;

4. A letter from Paul Irwin to Jake Stein, dated June 18, 1988, including enclosures; and

5. A letter from me to Jack Lydman, dated June 20, 1988, which was originally erroneously sent to Bill Kerber on May 27, 1988.

As always, please contact me if you have any questions or concerns.

Very truly yours,

O. J. Ramsey

OJR:jr
Enclosures
cc: John Hoyt
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

June 20, 1988

UPS NEXT-DAY AIR

Nile J. Webb
DELOITTE, HASKINS & SELLS
Suite 350
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2505

Re: The HSUS

Dear Mr. Webb:

This letter is to confirm my secretary's conversation with your secretary today in which we requested that you go ahead with the services proposed in your letter to me of June 3, 1988, regarding internal controls of The HSUS.

Also, please note that we did not receive Appendix C, to which you referred in Paragraph 3 of your letter. We would appreciate your sending a copy of that to us.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

O. J. Ramsey

OJR:jr
cc: John Hoyt
Bill Wiseman
Harold Gardiner
John Mettler
Susan Pepperdine
Robert Sorock

Enclosure: Letter from Deloitte, Haskins & Sells of June 3, 1988.

Deloitte
Haskins+Sells

RECEIVED
JUN 06 1988
RMK & W

Suite 350
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2505
(202) 879-5600
ITT Telex: 4995732

June 3, 1988

Mr. Joe Ramsey
Ramsey, Morrison, Keddy & Wallis
10399 Old Placerville Road
Sacramento, California 95287

Dear Mr. Ramsey:

We have outlined below our understanding of the services you have requested, constituting a review of the internal control procedures of The Humane Society of the United States (HSUS). Internal controls comprise the plan of organization and all of the coordinate methods and measures adopted within an organization to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. In the broader sense, internal controls may be characterized as either accounting or administrative controls as follows:

- Accounting - comprises the plan of organization related directly to the safeguarding of assets and reliability of financial records.

- Administrative - comprises the plan of organization and all methods and procedures that are concerned with the operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records.

Our review will encompass HSUS's broad objectives of internal accounting controls which are to provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that financial records are reliable to permit the preparation of financial statements. This will be accomplished by gathering and analyzing information regarding the broad objectives of internal accounting controls including assurance that:

a. Transactions are executed in accordance with management's general or specific authorization.

b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principals and (2) to maintain accountability for assets.

c. Access to assets is permitted only in accordance with management's authorization.

d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Additionally, we will report to you any significant administrative or operating matters which we feel require corrective attention. Such recommendations will be derived from our observations during our review and will not be based on a special study. See Appendix C.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. We have included as Appendix A a discussion of the objectives and limitations of internal accounting control for your consideration. Particularly significant for the purpose of reports on internal accounting control is a recognition that any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with prescribed procedures may deteriorate. Consequently, the process of evaluating internal accounting controls requires frequent procedures to detect and respond to changing conditions and instances of non-compliance.

The specific procedures that we propose to perform in investigating the matters mentioned above have been developed in accordance with generally accepted auditing standards and will entail the same type of procedures we consider necessary for conducting an audit of an organization. Our procedures can, of course, be changed or modified upon your instruction as additional information is obtained or unforeseen matters arise.

Scheduling

We are prepared to commence our review of HSUS's internal accounting control procedures as soon as we receive your authorization and you have arranged for us to meet with the appropriate personnel.

We will keep you informed orally as our work progresses, and we will submit a written report promptly after completion of our review. Our report will be prepared for the sole use of HSUS's management and its Board of Directors and should not be used for any other purpose.

Fees

We estimate that the above procedures will require 15 to 20 hours of management time at the rate of $100 per hour and 60-80 hours of a senior staff accountant's time at the rate of $70 per hour. If it appears that, due to unforeseen circumstances, our charges will exceed this, we will discuss our charges with you before proceeding. Our out-of-pocket expenditures will be separately itemized on the billings.

Please advise us if the proposed services are in accordance with your wishes. If you have any questions relating to our proposal, please call me at (202) 879-5360.

Sincerely,

Nile J. Webb
Partner

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, INTERNAL ACCOUNTING CONTROL AND THE DEFINITION OF A MATERIAL WEAKNESS

The following comments concerning management's responsibility for internal accounting control, the objectives of and the inherent limitations in a system of internal accounting control, and the definition of a material weakness are excerpts from Statements on Auditing Standards of the American Institute of Certified Public Accountants.

Management's Responsibility

Management is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures.

Objectives

The objectives of a system of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Limitations

Because of inherent limitations in any system of internal accounting control, errors or irregularities nevertheless may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Material Weakness

A material weakness, for the auditor's purpose, is a condition in which the specific control procedures, or the degree of compliance with them, do not, in the auditor's judgment, reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. These criteria may be broader than those that may be appropriate for evaluating weaknesses in accounting control for management or other purposes.

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

RECEIVED
JUN 16 1988
RMK & W

June 13, 1988

OFFICERS
K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Patricia Forkan
Senior Vice President
Murdaugh Stuart Madden, Esq.
Vice President/General Counsel
Patrick B. Parkes
Vice President/Field Services
Dr. John W. Grandy
Vice President/Wildlife & Environment
Phyllis Wright
Vice President/Companion Animals
Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS
Aida Flemming
Virginia Milliken
Andrew Wyeth

Jacob Stein, Esq.
Stein, Mitchell and Mezines
1800 M Street, N.W.
Washington, DC 20005

Dear Jake:

At the request of Bill Wiseman, I have prepared a brief summary of the growth of The HSUS during the past several years in terms of our various programs and activities. In this brief analysis, I have attempted to indicate the extent to which The HSUS has moved from a small group seeking national identity in the early 1970s to the largest, most influential, and most widely respected animal protection organization in the United States today.

I have attached to this statement my President's Report for 1987 in the event you desire a more complete overview of our current program and activities.

Please let me know if I can be of assistance in any other manner.

Sincerely,

John A. Hoyt

John A. Hoyt
President

cc: K. William Wiseman
O.J. Ramsey, Esq.

The Growth and Expansion of The Humane Society of the United States 1970-1988

In the pages that follow I have sought to summarize the growth and expansion of The Humane Society in the United States in terms of programs and activities and to indicate the influence and leadership role The HSUS has achieved within the animal-protection movement during the last 15-20 years.

The HSUS vis-a-vis the American Humane Association

Since its founding in 1954, resulting from a split within the American Humane Association, The HSUS viewed itself as the "conscience" of the nation as regards the welfare and protection of animals. Perceived by its "parent" organization, the American Humane Association, as well as numerous conservation groups of the 50s and 60s and various government agencies as being "radical" in its views regarding animal protection, The HSUS struggled throughout the early years of its existence for both a national identity and a constituency large enough to enable it to make its views known and operative.

Such was gradually achieved through a small network of branches in five states and a loosely controlled chapter relationship with several local humane societies throughout the country. Structured as an individual membership organization, The HSUS experienced slow but steady growth prior to 1975. At the same time, its program and activities, though small in scope, attracted national attention by virtue of their contrast with those of the better-known and widely accepted American Humane Association. By the mid-sixties, The HSUS was both recognized and accepted as a group to be reckoned with as regards the protection of animals.

The 1970s saw The HSUS transition from a small but vigorous group to the leading animal-protection organization in the United States. By virtue of a major increase in membership growth and contributions, The HSUS took several giant steps forward during this period in the expansion of both its staff and facilities.

Having been housed in a rented suite of offices at 1145 19th Street, N.W., in the late 60s and early 70s, The HSUS became the proud owner of its own building at 1604 K Street, N.W., in 1971; and in 1975 was in a position to purchase the building it now occupies at 2100 L Street, N.W. The acquisition of both these buildings was prompted by a rapid expansion of staff.

Prior to 1970, the entire staff of The HSUS consisted of less than 15 persons and its program activities were principally in the areas of domestic animals, with special emphasis on the sheltering and control of dog and cats; investigating significant animal cruelties, restricted, however, to the efforts of one investigator for the entire nation, and federal legislation affecting laboratory animals and those being slaughtered for food purposes.

Though The HSUS was very much concerned for the welfare of wild animals prior to 1970, it had little capacity for addressing these issues in any meaningful way. However, in the early 70s, a significant program addressing captive wild animals (zoos, circuses, animals in entertainment, etc.) was undertaken. In addition, several new investigators were added to the staff, greatly increasing our ability to respond to animal cruelties in numerous areas not previously undertaken.

The former branch affiliates, located in just four states, were replaced with regional offices, greatly expanding our outreach to local animal welfare organizations as well as being responsive to regional animal-protection issues. Because these offices were directly under the control of the national administration, we were able to better define and coordinate programs and activities than had been possible through the branches. At the present time there are eight regional offices serving 36 states with a full-time staff of 36 persons. Each of these offices maintains major programs in the areas of cruelty investigations, legislative activities, and in training and educating others through seminars, workshops, and special courses.

The wildlife department has expanded from the one principal investigator of the early 1970s to a staff of nine full-time persons, including two scientists with Ph.D.'s and several others with master's degrees.

A totally new field of endeavor and scholarship was launched in the mid-70s with the hiring of Dr. Michael Fox, a nationally known veterinarian and animal behaviorist. Under his leadership, The HSUS is now addressing a wide variety of issues affecting both the environment and animal protection, with special emphasis on farm animals and bio-technology. In addition to Dr. Fox, several other scientists are currently identified with these endeavors.

Major emphasis is now placed on challenging the use of animals for biomedical research and testing under various conditions and circumstances. Two Ph.D. scientists are addressing these issues on a full-time basis, assisted by

several other persons in the implementation of our concerns and views into specific legislative, educational, or negotiated actions.

The dissemination of information from The HSUS has increased significantly since 1970. Our major publications include The Humane Society News, a quarterly magazine mailed to approximately 245,000 members; four Close-Up Reports annually, each addressing a major animal abuse issue; the Animal Activist Alert, a publication informing our more activist members about legislative as well as other issues where their immediate participation and response is requested; Shelter Sense, a ten times a year publication for persons working in the field of animal sheltering and control currently mailed to approximately 2,500 individuals and agencies; Children & Animals, a quarterly humane education journal for teachers and humane educators, and Kind News, a newspaper publication in two editions for elementary students. Additionally, numerous other publications on a variety of subjects are printed and distributed periodically (see attachment).

Public and media relations has expanded greatly with The HSUS being at the forefront of those acknowledged by the press as being a leader in this movement.

Legislative activities are managed by staff lobbyists, both at the federal and state levels, who are assisted in this work by other staff as well as outside professionals.

The legal activities of the organization have expanded since 1975 from having simply retained legal counsel prior to that time to a full-time legal staff of two attorneys and several part-time law clerks. Additionally, numerous lawsuits are engaged annually utilizing the pro bono legal services of several major Washington, D.C., law firms.

Our education staff now consists of seven persons located in East Haddam, Connecticut, directing programs and publishing materials for elementary and secondary school teachers and students, and two persons based in Washington, D.C., coordinating programs addressing student concerns and needs at the university level. The HSUS, without qualification, has the finest and most far-reaching humane education program in the nation.

Our outreach to local animal welfare and animal control agencies has expanded greatly since 1970, with a current Washington-based staff of five persons working in this field. In addition to publishing a wide variety of materials, this department engages in a variety of training

programs, evaluation and consultative services for local organizations, and direct animal cruelty intervention.

Much could be said about other areas of growth and expansion of our programs and activities since 1970. Suffice it to say, however, that The HSUS, the largest animal-protection organization in the United States, is also recognized and acknowledged as the most credible and influential organization in the nation. When working in concert with other organizations, ours is always a leadership role. When creating and intiating new programs, we are always on the cutting edge. When challenging various animal exploiters and abusers, we are, almost without exception, regarded their most formidable opposition.

Exhibit I

Addendum

Animal Protection vis-a-vis Animal Rights

The decade of the 80s witnessed a major change within the traditional animal-welfare movement with the advent of the so-called animal rights movement. As enunciated by its most radical proponents, the animal rights movement has insisted that animals, like humans, have certain rights that may not be violated by the human species, irrespective of the value in human terms that such a utilization might make possible. For example, animals have a right not to become the subjects of medical research or product safety testing, no matter what the consequences may be for humans or other animal species. Likewise, animals have the right not to be eaten by humans, albeit meat and other animal products have long been accepted as an appropriate part of the human diet, and so on.

Within a matter of a few short years, literally hundreds of small animal rights groups came into existence, as well as a few larger and more influential groups, the most significant of which is People for the Ethical Treatment of Animals (PETA). More traditional groups such as The HSUS became the objects of criticism and censure, viewed by these more radical groups as too compromising and status quo oriented. Tension between these animal rights groups and the more traditional groups has been considerable and some of the latter, e.g., the largest and most influential of all such groups prior to the 70s, the American Humane Association, has suffered a significant loss of influence and acceptance.

The HSUS, however, continued to grow internally as regards staff, members, and finances and was thus able to both withstand and adapt to this change in climate and emphasis within this movement. Far from either seeking to become or being acknowledged as an animal rights group, The HSUS has nonetheless responded positively and aggressively to the notion that animals can no longer be regarded as existing for the utilization and pleasure of the human species and that it is not enough to simply be concerned for their welfare while at the same time giving little or no consideration to their own inherent value.

REGINA B. FRANKENBERG
31 EAST 72ND STREET
NEW YORK, NEW YORK 10021

June 1 1988

RECEIVED
JUN 09 1988
RMK & W

Mr. Joe Ramsey
Chairman of the Select Committee
The Humane Society of the United States
2100 "L" Street N.W. Washington DC. 20037

Dear Mr. Ramsey

During the mid sixties I became involved with the humane movement. At that time the HSUS was floundering around. When John Hoyt became President he turned the organization around. It has become a prestigious organization, respected by everyone. It looks after the welfare of animals all over the country.

In your letter of May 27, 1988 delivered by U.P.S. you asked me to list "any questions that I might have about any of the questions considered by the Audit Committee."

In my opinion the way you are harassing John Hoyt is disgusting. I question your motives and intentions. I consider what you are doing to be destructive and certainly not helping the humane societies. So well, they deserve a little break from you!

I am wondering what and who is back of all this?

Yours truly
Regina Baker Frankenberg

C.C. John Hoyt.

John A. Hoyt
14670 Seneca Road
Germantown, MD 20874
(301) 926-6645 - Residence
(202) 452-1100 - Office

Personal:

Birthdate:	March 30, 1932
Married:	Gertrude Ellen Mohnkern, June 7, 1957
Children:	Margaret (Peggy) Rose Hoyt, Birth: 3/1/59
	Karen Elizabeth Hoyt Birth: 6/8/61
	Anne Christine Hoyt Birth: 12/12/62
	Julie Kay Hoyt Birth: 11/13/65

Education:

Received B.A. (Bachelor of Arts) degree (Summa Cum Laude) from Rio Grande College, Rio Grande, Ohio in 1954

Received M.Div. (Master of Divinity) degree from Colgate Rochester Divinity school in 1958

Received D.D. (Doctor of Divinity) degree from Rio Grande College in 1969

Employment Record:

1970-Present:	President, The Humane Society of the United States, Washington, D.C.
1968-1970:	Senior Minister, First Presbyterian Church, Fort Wayne, IN
1964-1968:	Senior Minister, Drayton Avenue Presbyterian Church, Ferndale, MI
1960-1964:	Minister, First Presbyterian Church, LeRoy, NY
1958-1960:	Minister, Allen Park Baptist Church, Allen Park, MI

Positions Within The Animal Protection Movement:

1986-Present: President, World Society for the Protection of Animals. Headquarters, London, England

1981-Present: Member, Executive Committee and Board of Directors, World Society for the Protection of Animals

1971-1981: Member, Board of Directors, World Federation for the Protection of Animals, now merged into the WSPA

1978-1981: Member, Board of Directors, International Society for the Protection of Animals, now merged into the WSPA

1985-1987: Chairman, The National Coalition to Protect Our Pets (ProPets), a coalition of ten major animal-protection organizations working to prevent the use of shelter animals for research

1971-Present: Member, Board of Directors, Council for Livestock Protection

1976-1982: Member, Board of Directors, Monitor, Inc.

1985-Present: President, National Trust for Animal Protection

In addition, I have served as a member of numerous other committees and consultations addressing animal protection/ rights issues.

Positions Outside Animal Protection Movement

1986-1988: Member, Board of Trustees, Lake Erie College

1979-1986: Member, Board of Trustees, Rio Grande College

1967-1968: Represented Detroit Council of Churches and Protestant point of view in award-winning television series with a Roman Catholic priest, entitled "Dialogue"

1967: Moderator, television series of programs exploring causes and aftermath of Detroit riots of 1967 entitled "The Church Looks At The Riots."

1967: Identified by Christian Herald Magazine, a major non-denominational religious publication, as one of the five outstanding young preachers in the United States

1949-1950: President, National Council, Hi-Y Clubs of America, youth division of Y.M.C.A.

1981-Present: Listed in Who's Who in America

Specific Accomplishments As President of The HSUS

Since becoming President of The Humane Society of the United States, April 1, 1970, The HSUS has grown from a small, struggling society of approximately 20,000 members to the largest and most influential animal-protection organization in the United States. Likewise, The HSUS has become a major force and one of the three most important leaders in the world-wide animal-protection movement.

Since 1975 - Dues income has increased from $171,000 to $3,519,721.
- Contributions have increased from $395,000 to $2,424,518.
- Investment income has increased from $22,000 to in excess of $714,877.
- Contributions have been received during the most recent fiscal year from 71 foundations.

In addition to these and numerous other growth indicators and achievements, The HSUS has assembled the most able, diversified, and highly educated staff of any animal-protection organization in the United States.

By virtue of my personal leadership and tenure with The HSUS, I am uniquely in a position to influence and help direct the activities and actions of both the national and international animal-protection movement. I am a frequent radio and television guest, regularly called upon to testify before Congressional committees regarding federal legislation, and continuously serving on committees or in a consultative capacity with organizations and agencies dealing with animal-protection issues.

I have been actively involved with fund raising on behalf of The HSUS since my employment in 1970. The extraordinary success of the financial and membership growth of The HSUS since that time is in no small measure directly related to my leadership in this arena.

National Headquarters
2100 L Street, N.W.
Washington, D.C. 20037

(202) 452-1100

June 8, 1988

Jacob A. Stein, Esq.
Stein, Mitchell and Menzines
1800 M Street, NW
Washington, DC 20036

Dear Jake:

Thank you for your letter of May 31. I wish to respond to Section 9 of the Harmon report in accordance with your request. I would also like to state at the outset that there has been no intention on the part of anyone, to the best of my knowledge to withhold information from Miss Harmon or the former Audit Committee.

Item #1: I am enclosing a copy of a memorandum which was prepared for me by Mr. Sam Trevino. (Appendix A)

Item #2: I am enclosing a memorandum from Mr. Trevino regarding missing bank statements. (Appendix B)

Item #3: I am enclosing the material from my letter to you and Joe Ramsey relating to insurance policies for myself and Mr. Hoyt. (Appendix C)

Item #4: As I have explained to you before, The HSUS has a charitable gift annuity program. The Mellon Bank of Pittsburg serves as trustee. In summary, the charitable gift program receives gifts from various donors and provides lifetime income to those donors and survivor beneficiaries, if such should be designated. When the beneficiaries are deceased, the principal of the gift becomes the unencumbered property of The HSUS. Much activity is involved in this account. We have provided statements regarding this activity.

Item #5: The HSUS, at it's annual organizational meeting, passes ~~enabling resolutions~~. These enabling resolutions authorized me to act on behalf of The HSUS. Such a ~~resolution~~ has been filed with the ~~Mellon~~ Bank. Further, I was first elected to the Investment

Committee of The HSUS in 1977 and have continued on that committee since. Due to a clerical error, my name was not included as a member of the Investment Committee on the last circulated lists of the committees.

Item #6: I am providing a memorandum relating to real estate estate which is presently owned by The HSUS. (Appendix D)

A request was made to provide a list of real estate owned by the Society over the past 10 years. Mr. Madden and his law clerks are accumulating this data. He informed the Committee that it would take up to six months to comb through the files. When this work is completed he will provide it to the appropriate persons.

Item #7: I am providing a memorandum relating to the tangible property owned by The HSUS. (Appendix E)

Item #8: I am providing information regarding the Evans note. (Appendix F)

Item #9: Mr. Hoyt's letter to Mr. Ramsey dated May 3rd, page 11, section 2: Mr. Hoyt discusses the Frankenberg situation. I am providing a copy of that section of his letter. (Appendix G)

Item #10: The HSUS was informally audited by the IRS and by New York State. These events took place at least five years ago. No formal report was ever provided the Society regarding these audits. Obviously, there were no changes recommended.

Item #11: I am providing a copy of a memorandum from Mr. Hoyt relating to the Joyce Mertz-Gilmore Foundation gift. (Appendix H)

Item #12: Various materials have been provided previously relating to the direct mail campaign of The HSUS. I am providing a report regarding these campaigns for the period January 1986 through December 1987. (Appendix I)

I trust this material is helpful in your review. If you have any questions, I would be most pleased to respond.

Sincerely,

Paul G. Irwin
Executive Vice President
and Treasurer

PGI:jps
Enclosures: Appendices A through I

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

June 20, 1988

Mr. Jack W. Lydman
2815 Que Street, N.W.
Washington, D.C. 20007

Re: HSUS Select Committee

Dear Jack:

Thank you for your recent letter concerning the work of the Select Committee.

The Select Committee received a letter from Bardyl Tirana dated May 11, 1988, on behalf of his clients which makes certain comments about the "majority of the Board" in general and you and others specifically.

The Select Committee felt it should send a copy of this letter to you because you were mentioned in it, and that the Select Committee should respond to Mr. Tirana's letter. We are therefore enclosing for your information copies of the Tirana letter and the response of the Select Committee. For your further information, we are enclosing a copy of my letter to Mr. Tirana to which he was responding in his May 11, 1988, letter to the Select Committee.

As you can see, we felt we had no choice but to turn the matter over to Jake Stein. The Select Committee would very much appreciate it if you would direct any response you may want to make to the Tirana letter to me as chairman of the Select Committee, rather than directly to Mr. Tirana. I am confident that the Select Committee, with Jake Stein's valued advice, can deal properly with Mr. Tirana's demands and comments.

Very truly yours,

O. J. Ramsey

OJR:jr
Enclosures

Appendix A

M E M O R A N D U M

TO: Paul Irwin

FROM: Sam Trevino

RE: Response to Deloitte, Haskins, & Sells Findings

As previously requested, all checks of $5,000 or more were provided to the Board, Thomas Havey, and Deloitte, Haskins and Sells.

Deloitte,Haskins & Sells raised questions regarding checks to Mr. Hoyt and Mr. Irwin. Specifically check numbers 13166, 14414, 14854, 14959 and 17579 for $9,285, $5,000, $7,428, $13,927.50 and $13,873.50 respectively to Mr. John Hoyt, and check numbers 13167, 14960, 16127 and 17580 for $9,285, $13,927.50, $5,490.57, and $13,873.50 respectively to Mr. Paul Irwin.

These checks represent bonus and quarterly payments to each Mr. Hoyt and Mr. Irwin which were disclosed previously with compensation totals for the years 1986, 1987, and 1988.

SAT/pjh

Appendix A

Appendix B

M E M O R A N D U M

June 7, 1988

To: Paul Irwin

From: Sam Trevino

Re: Response to Deloitte Haskins & Sells Findings

Deloitte Haskins & Sells found that in certain instance, bank statements were not available for review. Specificly Riggs National Bank account number [redacted]0-01 July 1987, Mellon Bank account number [redacted]-274 second quarter 1986, Merrill Lynch account number [redacted]119 July-November 1987 and Shearson Lehman Brothers account number [redacted]440 April-July 1987 and November 1987.

The Riggs bank statements were all in the file that was given to D,H & S. The statements were not all in order and D,H & S may have missed the statement. A copy of the missing statements is attached.

The Mellon bank account #[redacted]-274 was missing and a copy is attached. This copy was faxed to the HSUS from Mellon bank. This statement indicates that there was no transaction over $5,000.

Merrill Lynch and Shearson Lehman Brothers brokers accounts only send statements when there is activity in the accounts.

Appendix B

THE RIGGS NATIONAL BANK
OF WASHINGTON, D.C.
TRUST DEPARTMENT
STATEMENT OF TRANSACTIONS

ACCOUNT NAME HUMANE SOCIETY OF US PACKWOOD FUND

ACCOUNT NO. [redacted]0-01

PERIOD ENDED 07/31/87

THE HUMANE SOCIETY OF THE U S
MRS DIXIE MORGAN
2100 L ST N W
WASH D C 20037

RY TE	ENTRY DESCRIPTION	INCOME CASH	PRINCIPAL CAS
'01	BALANCE AT BEGINNING OF PERIOD	.00	511.0 O/D
'01	RIGGS NATIONAL BANK MONEY MARKET ACCOUNT RCPTS REDEEMED $511.02		511.0
'02	RIGGS NATIONAL BANK MONEY MARKET ACCOUNT 5.270% INTEREST ON AVG CASH BALANCE OF 8,203.19 FOR MONTH OF 0687	35.53 I	See Ris
'15	RIGGS NATIONAL BANK MONEY MARKET ACCOUNT RCPTS RIGGS NATL BANK MONEY MARKET ACCOUNT INTEREST FOR THE MONTH OF JUNE 1987	2,525.46 I	
'31	REMIT HUMANE SOCIETY OF U S PACKWOOD FUND	2,560.99-	
	BALANCE AT END OF PERIOD	.00	.0

CASH TRANSACTION SUMMARY

	INCOME	PRINCIPAL
RECEIPTS	2,560.99	511.02
DISBURS	2,560.99	.00

O/D INDICATES AN OVERDRAFT
(-) SYMBOL INDICATES A DISBURSEMENT

C

FORM 933

MELLON BANK N.A.

TRUST AND INVESTMENT DEPARTMENT

FROM 3/31/88 THROUGH 6/30/88

ACCOUNT NUMBER [redacted]274 PAGE 1

STATEMENT OF INCOME AND PRINCIPAL TRANSACTIONS

TRUST OFFICER: BARBARA ROBINSON
(412)234-5784

INVESTMENT OFFICER: JOHN HALL
(412)234-5576

TRUSTEE UNDER DEED OF TRUST OF THE
HUMANE SOCIETY OF THE UNITED STATES
DATED APRIL 9 1962 - 320246 - BOULDER
COLORADO HUMANE SOCIETY

53-0225590-1

MELLON BANK N.A.

HUMANE SOCIETY OF-BOULDER CO-326246 FROM 3/31/86 THROUGH 6/30/86 TRUST AND INVESTMENT DEPARTMENT
ACCOUNT NUMBER [redacted]276 PAGE 7

SUMMARY STATEMENT OF INCOME AND PRINCIPAL TRANSACTIONS

TRUST OFFICER: BARBARA ROBINSON
(412)234-5784

INVESTMENT OFFICER: JOHN WALL
(412)234-5570

INCOME CASH OPENING BALANCE 3/31/86			NONE
SINCE THEN INCOME CASH HAS BEEN RECEIVED AS FOLLOWS:			
INTEREST	$ 3,191.63+		
TOTAL		$ 3,191.63+	
INCOME CASH HAS BEEN DISBURSED AS FOLLOWS:			
BENEFICIARY PAYMENTS	$ 3,054.26-		
MELLON BANK COMPENSATION	$ 137.19-		
TOTAL		$ 3,191.63-	
LEAVING AN INCOME CASH BALANCE ON 6/30/86			NONE
PRINCIPAL CASH OPENING BALANCE 3/31/86			$ 1,461.85+
SINCE THEN PRINCIPAL CASH HAS BEEN RECEIVED AS FOLLOWS:			
TOTAL		NONE	
PRINCIPAL CASH HAS BEEN DISBURSED AS FOLLOWS:			
TOTAL		NONE	
LEAVING A PRINCIPAL CASH BALANCE ON 6/30/86			$ 1,461.85+

INFORMATION ON THIS STATEMENT SHOULD NOT BE USED AS A BASIS FOR TAX REPORTING

93-022539G-1

MELLON BANK N.A.

HUMANE SOCIETY OF-BOULDER CO-526246 FROM 3/31/86 THROUGH 6/30/86

STATEMENT OF INCOME AND PRINCIPAL TRANSACTIONS

DATE	PAR VALUE OR SHARES	INVESTMENT TRANSACTIONS	INCOME (D)CASH	PRINCIPAL (D)CASH	TAX COST (D)EXCHANGE	(D)GAIN/(LOSS)
5/15/86		USA TREAS NTS SER G DTD 5-7-82 MATURES 11-15-1987 RATE 12.625 INTEREST DUE 05-15-86 ON $50,000 PAR	3,156.25+			
4/07/86		AUTOMATIC INCOME CASH INVESTMENT RETURN ON INVESTED INCOME FOR PERIOD 02-28-86 THROUGH 03-30-86 ON AN AVERAGE INVESTED BALANCE OF $418.66 GROSS RETURN $2.50 LESS SWEEP FEE .17	2.33+			
5/06/86		AUTOMATIC INCOME CASH INVESTMENT RETURN ON INVESTED INCOME FOR PERIOD 03-31-86 THROUGH 04-29-86 ON AN AVERAGE INVESTED BALANCE OF $8.65 GROSS RETURN $.05 LESS SWEEP FEE .01	0.04+			
6/05/86		AUTOMATIC INCOME CASH INVESTMENT RETURN ON INVESTED INCOME FOR PERIOD 04-30-86 THROUGH 05-30-86 ON AN AVERAGE INVESTED BALANCE OF $1,556.67 GROSS RETURN $9.35 LESS SWEEP FEE .69	8.66+			
4/07/86		AUTOMATIC PRINCIPAL CASH INVESTMENT RETURN ON INVESTED PRINCIPAL FOR PERIOD 02-28-86 THROUGH 03-30-86 ON AN AVERAGE INVESTED BALANCE OF $1,668.85 GROSS RETURN $9.74 LESS SWEEP FEE .59	9.15+			
5/06/86		AUTOMATIC PRINCIPAL CASH INVESTMENT RETURN ON INVESTED PRINCIPAL FOR PERIOD 03-31-86 THROUGH 04-29-86 ON AN AVERAGE INVESTED BALANCE OF $1,461.05 GROSS RETURN $8.48 LESS SWEEP FEE .61	7.87+			

53-0225390-1

MELLON BANK N.A.

HUMANE SOCIETY US-BOULDER CO-326746 FROM 3/31/86 THROUGH 6/30/86 TRUST AND INVESTMENT DEPARTMENT ACCOUNT NUMBER [redacted]-274 PAGE 4

STATEMENT OF INCOME AND PRINCIPAL TRANSACTIONS

DATE	PAR VALUE OR SHARES	INVESTMENT TRANSACTIONS	INCOME (B)CASH	PRINCIPAL (B)CASH	TAX COST (B)CHANGE	(B)GAIN/LOSS
6/05/86		AUTOMATIC PRINCIPAL CASH INVESTMENT RETURN ON INVESTED PRINCIPAL FOR PERIOD 04-30-86 THROUGH 05-30-86 ON AN AVERAGE INVESTED BALANCE OF $1,461.85 GROSS RETURN $8.78 LESS SWEEP FEE .65	8.13+			
		OTHER TRANSACTIONS				
6/30/86		NET INCOME THROUGH 06/27/1986 PAID TO BOULDER COLORADO HUMANE SOCIETY MAILED TO BOULDER COLORADO HUMANE SOCIETY	3,056.24-			
6/30/86		QUARTERLY COMPENSATION FOR PERIOD ENDED 05-01-86 BASED ON 03-31-86 MARKET VALUE ON RELATED ACCOUNTS 719-787 MELLON BANK COMPENSATION	137.19-			
	OPENING BALANCE	3-31-86	NONE	1,461.85+	59,832.12+	
	CLOSING BALANCE	6-30-86	NONE	1,461.85+	59,832.12+	

*** NOTE ***
THIS ACCOUNT IS PRESENTLY A PARTICIPANT IN MELLON'S AUTOMATIC INVESTMENT OF CASH SERVICE. THIS SERVICE FULLY INVESTS AN ACCOUNT'S INCOME & PRINCIPAL CASH ON A DAILY BASIS.

53-0225390-1 6/30/86

8.12.04 10:6

Appendix C

Connecticut Mutual Life Insurance Company

Policies:

John A. Hoyt Policy [redacted]
Cash value: $63,330.07
(4-8-88)

Paul G. Irwin Policy [redacted]
Cash value: $26,228.25
(4-8-88)

Appendix C

JAMES & CO., INC. OF VIRGINIA 1600 Wilson Blvd., Suite 1100, Arlington, Virginia 22209-2332 (703) 528-0100 Telex 899-473

INDIVIDUAL LIFE POLICIES

FLEXIBLE PREMIUM ADJUSTABLE LIFE INSURANCE

Insured:	John A. Hoyt	Paul G. Irwin
Owner:	John A. Hoyt	Paul G. Irwin
Ins.Co.:	Manhattan Life	Manhattan Life
Policy #:	ML8605293	ML8605294
Beneficiary :	Trudy Hoyt - Spouse	Jean H. Irwin - Spouse
Annual Premium:	$4,000.00	$2,700.00
Face Amount :	$237,810	$50,000
Cash Value :	$432.00 (9-30-87)	$311.00 (9-30-87)

PARTICIPANT ACCOUNT ACTIVITY
OCTOBER 1, 1987 THROUGH DECEMBER 31, 1987

HUMANE SOCIETY OF THE US
ATTN: JOHN A HOYT PRES.

EGINNING BALANCE	CONTRIBUTIONS	WITHDRAWALS	MISCELLANEOUS TRANSACTIONS	FEES	CHANGE IN INVST. VALUE	ENDING BALANCE
P A						
T NUMBER: 00167367598						
7,775.15	0.00	0.00	0.00	0.00	276.31+	$18,051.46
JOHN W						
T NUMBER: 00225584701						
7,775.15	0.00	0.00	0.00	0.00	276.31+	$18,051.46
JOHN A						
T NUMBER: 00287261381						
8,167.15	0.00	0.00	0.00	0.00	5,105.15-	$23,062.00
PAUL G						
T NUMBER: 00077325725						
5,800.87	0.00	0.00	0.00	0.00	6,488.73-	$29,312.14
PATRICK B						
T NUMBER: 00579403761						
7,775.15	0.00	0.00	0.00	0.00	276.31+	$18,051.46
PHYLLIS E						
T NUMBER: 00212243887						
5,718.77	0.00	0.00	0.00	0.00	415.35+	$27,134.12
4,012.24	0.00	0.00	0.00	0.00	10,349.60-	$133,652.64

BILLING GROUP: [redacted]

(HOYT)

CASH VALUE QUOTATION

POLICY NUMBER [redacted] CURRENT AGENCY 125 INSURED HOYT

GROSS POLICY FACE AMOUNT 100000 AGENT CODE 34670

CURRENT PREMIUM PAID-TO-DATE 89/01/01 GROSS PREMIUM (ANN) 4196.00

FACE AMOUNT OF ADDITIONS 39446.98

VALUES QUOTED AS OF 88/04/08 BASED ON PREMIUM PAYMENTS TO 89/01/01

		PLUS	
GROSS CASH VALUE	39579.00	APPLIED DIVIDEND	.00
PLUS CASH VALUE ADDITIONS	23540.77	DIVD ACCUMULATIONS	.00
MINUS LOAN	.00	FINAL DIVIDEND (MODIFIED MATURITY POLICIES)	.00
MINUS INTEREST	.00	INTEREST ON ACCUMULATIONS	.00
		COST 1 YEAR TERM INS	210.30
NET CASH VALUE	$63,119.77	TOTAL CASH VALUE AND DIVIDENDS	$63,330.07

ALL QUOTES ARE BASED ON POLICY STATUS AS OF 88/04/08 01/01 IMAD REG

PRIMARY OWNER: THE HUMANE SOCIETY OF THE UNITED STATES

PRIMARY BENEFICIARY: THE HUMANE SOCIETY OF THE UNITED STATES

(IRWIN)

CASH VALUE QUOTATION

POLICY NUMBER [redacted] CURRENT AGENCY 125 INSURED IRWIN

GROSS POLICY FACE AMOUNT 100000 AGENT CODE 34670

CURRENT PREMIUM PAID-TO-DATE 08/10/03 GROSS PREMIUM (ANN) : 2877.00

FACE AMOUNT OF ADDITIONS 12377.22

1. VALUES QUOTED AS OF 08/04/08 BASED ON PREMIUM PAYMENTS TO 08/10/03

		PLUS	
GROSS CASH VALUE	20281.00	APPLIED DIVIDEND	.00
PLUS CASH VALUE ADDITIONS	5947.25	DIVD ACCUMULATIONS	.00
MINUS LOAN	.00	FINAL DIVIDEND (MODIFIED MATURITY POLICIES)	.00
MINUS INTEREST	.00	INTEREST ON ACCUMULATIONS	.00
		COST 1 YEAR TERM INS	.00
NET CASH VALUE	$26,220.25	TOTAL CASH VALUE AND DIVIDENDS	$26,228.25

ALL QUOTES ARE BASED ON POLICY STATUS AS OF 08/04/08 10/03 ADDN REG

PRIMARY OWNER: THE HUMANE SOCIETY OF THE UNITED STATES

PRIMARY BENEFICIARY: THE HUMANE SOCIETY OF THE UNITED STATES

Appendix D

M E M O R A N D U M

June 8, 1988

To: Paul Irwin

From: Sam Trevino

Re: Real Estate owned by the HSUS

Attach is a list of the real property that is owned by the HSUS at 5/31/88. This list does not note which real property is held in trust and which belongs to the HSUS free and clear.

Appendix D

THE HUMANE SOCIETY OF THE UNITED STATES
REAL PROPERTY HOLDINGS

BRYCE, VA
DETROIT LAKES, MN
HAMILTON, NJ
HENDERSON COUNTY, NC
LEHIGH ACARES, FL
MONTGOMERY COUNTY, MD
MOOREHEAD, MINN
NANTUCKET, MA
WIBURTOM, OK
PIMA COUNTY- TUSON, AZ
PLEASANTVILLE, NJ
PORT CHARLOTTE, FL
RIO GRANDE ESTATES- LOS LUMAS, NM
SAN BERNADINO, CA

Appendix E

M E M O R A N D U M

June 8, 1988

To: Paul Irwin

From: Sam Trevino

Re: Personal property owned by the HSUS

Attached is a list of personal property owned by the HSUS.

Appendix E

THE HUMANE SOCIETY OF THE UNITED STATES
PERSONAL PROPERTY HOLDINGS

FORD THUNDERBIRD - 1956

American Security Bank -
Safe Deposit box:

Box # [redacted] - First day issue stamps
1776 Bicentennial

Box # [redacted] Silver Dollars

YEAR	QUANTITY
1880S	180
1881S	120
1881O	20
1882	20
1883	20
1883O	80
1887	20
1888	20
1889	40
1890	20
1898O	60
1899S	11
1904S	01
1924S	07

Silver Quarter - year 1834

100 Pesos

25 Krugeranes

Twenty Dollar Gold Coins

Year	Quantity
1899	2
1904	3
1907	2
1910S	1
1914D	1
1914S	2
1915S	1

One Dollar Gold Coin - year 1853

Indian Head Ten Dollar Coins -

Year	Quantity
1926	1
1932	2

1987 - U.S. Proof Set including half dollar, quarter, nickel, dime, and penny.

U.S. Gold Type Set -

Year	Amount
1914	$ 5.00
1925	2.50
1904	20.00
1881	10.00
1902	5.00
1906	2.50
1854	Small one
1878	3.00
1924	20.00
1926	10.00

Safe at 2100 L Street Office:

Woman's Elager Watch
Diamond Ring and Pin
Diamond Chain
Gold Krugerand
Set Pearl Earrings
Birthday Charm
2 Rings
Diamond Ring

Safe at 2100 L Street Office (continued):

Pendant Necklace and Ring
Bracelet
4 Rings
2 Pins
Diamond Ring
Woman's Waltham Watch
2000 Silver Quarters
Hand Gun - Beretta 26 Col.
Fraternity Badge and Tie Pin
14K Gold Cameo Ring
Crystal Necklace
2 Pieces of Gold:
One 7½ Penny wts
One 6 Penny wts
Man's Timex Watch
Woman's Tissot Watch
4 Rings
3 Broaches
5 Necklaces
Woman's Caravelle Watch
Necklace Watch Bolova
Necklace Single Pearl
2 Silver Rings - no setting
14K Gold Ring - Diamond Setting
2 Necklaces
Necklace - Gold
2 Cameo Items - Ring and Pendant
Two Dollar Bills

Year	Quantity
1953	8
1963	5
1928	2

Twenty Dollar Bill - 1934
One Dollar Bills -

Year	Quantity
1969	10
1974	1

One Dollar Silver Certificates -

Year	Quantity
1957	11
1935	6

Two Dollar Bills -

Year	Quantity
1976	51

Safe in Sam Trevino's Office:

Ladies Waltham Watch with diamonds
Ladies Diamond Ring

Safe Deposit Box at Guardian Safe Deposit:

190 - South African Krugerands
87 - Smith 1/10 oz
573 - Deak 1/20 oz
29 - Hazlett 1/3 oz
20 - Hyek 1/2 oz - United States Medallions
21 - Anderson 1/2 oz
3 - Grand Wood 1 oz

Appendix F

M E M O R A N D U M

June 1, 1988

To: Paul Irwin

From: Sam Trevino

Re: Evans' Note

I am providing a copy of the Evans' note which was transferred to the HSUS on 12/31/86. The note shows that American Security Bank effected this transfer.

This note was brought onto the records of the society in May 1987 by myself. The former bookkeeper apparently did not bring this note formally onto the books when it was received. Further, I cannot find a journal entry relating to the transfer.

Appendix F

AMERICAN SECURITY BANK

April 20,1988

Mr. Paul G. Irwin
The Humane Society
of the United States
2100 L Street, N. W.
Washington, D. C. 20037

Dear Mr. Irwin:

In accordance with our telephone conversation, we are enclosing the $100,000 Promissory Note dated November 2, 1981 between John and Gertrude Hoyt and Irene Evans. In addition, we are enclosing copies of the December 31, 1986 Assignment and Receipt by Irene Evans and the Receipt dated December 31, 1986 by you for your records.

Should you need additional information or have any questions, do not hesitate to call.

Sincerely,

Marny McCain
Assistant Vice
President & Trust
Officer

District-Realty Title Insurance Corporation

SECURED BY DEED OF TRUST

TO Samuel R. Gillman and Michael J. Patchan TRUSTEES:

ON Lot 21 and Part of Lot 22, Deakins Range, Montgomery County, Maryland

$ 100,000.00 Washington, D. C., November 12, 1981

FOR VALUE RECEIVED being all due and payable Six (6) years after date or upon sale of property whichever occurs first, we, jointly and severally *promise..... to pay to the order of* Irene C. Evans *the principal sum of* One Hundred Thousand and no/100 ---------- *Dollars, with interest at the rate of* Ten (10%) *per centum per annum until paid,* payable semi-annual, first payment of interest due Six (6) months from date *; interest to bear interest* hereof *after maturity, if not then paid, at the rate aforesaid.*

John A. Hoyt

John A., Hoyt

Gertrude M. Hoyt

Gertrude M. Hoyt

No. 1 of 1

RETAIN THIS NOTE AFTER PAYMENT UNTIL RELEASE IS OBTAINED

DUE $

AT

This is to certify that this is the promissory note described in a certain deed of trust of even date herewith, to the trustees named in the margin hereof, and noted in a certain title insurance policy issued by

DISTRICT-REALTY TITLE INSURANCE CORPORATION

By:

ASSIGNMENT

November 20, 1981

Pay to the order of Irene C. Evans, Trustee, U/T/D 8-17-78, as amended 9-18-78, and as may be amended.

Irene C. Evans

Irene C. Evans

Witness:

Acknowledged received: Irene C. Evans TR

Witness:

Irene C. Evans, Trustee, U/T/D 8-17-78, amended 9-18-78

State of District of Columbia

County of _____

I, Ellen C. Truong, a Notary Public in and for the State and County aforesaid mentioned, do hereby certify that Gertrude M. Hoyt, party to the Promissory Note dated November 2, 1981, personally appeared before me in said State and County, the said Gertrude M. Hoyt being personally well known to me (or satisfactorily proven) as the person who executed and ratified the above memorandum, and acknowledged the same to be done freely and voluntarily.

Given under my hand and seal this 8th day of January, 1986.

My Commission Expires:

Ellen C. Truong
Notary Public

My Commission Expires October 31, 1990

State of _____

County of _____

I, Ellen C. Truong, a Notary Public in and for the State and County aforesaid mentioned, do hereby certify that John A. Hoyt, party to the Promissory Note dated November 2, 1981, personally appeared before me in said State and County, the said John A. Hoyt being personally well known to me (or satisfactorily proven) as the person who executed and ratified the above memorandum, and acknowledged the same to be done freely and voluntarily.

Given under my hand and seal this 8th day of January, 1986.

My Commission Expires:

Ellen C. Truong
Notary Public

My Commission Expires October 31, 1990

State of DISTRICT OF

County of COLUMBIA

I, PATRICK B. SMITH, a Notary Public in and for the State and County aforesaid mentioned, do hereby certify that Irene C. Evans, party to the Promissory Note dated November 2, 1981, personally appeared before me in said State and County, the said Irene C. Evans being personally well known to me (or satisfactorily proven) as the person who executed and ratified the above memorandum, and acknowledged the same to be done freely and voluntarily.

Given under my hand and seal this 17th day of JANUARY, 1986.

My Commission Expires:
MAY 31, 1989

Notary Public

MEMORANDUM

UNIQUE # 48

Regarding a Promissory Note, dated November 2, 1981, principal sum $100,000.00, it has come to the attention of the following parties, Irene C. Evans, payee, and John and Gertrude Hoyt, promisor, that they would like to now put into writing a verbal agreement that was made on November 1, 1982, that effective November 1, 1982, the interest rate on the $100,000.00 note is to be at a rate of 0% per annum, and not 10% per annum.

The above referenced note was assigned on November 20, 1981 to the Irene C. Evens Trust U/T/D August 17, 1978, amended September 18, 1978 and it is the intent of both the assignor and assignee to have the interest on the note be 0% per annum until paid.

This alteration of the interest, which is to be 0% effective November 1, 1982, is ratified and consented to by all the parties to the note, and reduced to writing by this memorandum in order to record the true intent of the parties and to avoid any confusion or ambiguity in the future.

John A. Hoyt

Gertrude M. Hoyt

Irene C. Evans

The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037
(202) 452-1100

OFFICERS

Coleman Burke
Chairman of the Board

K. William Wiseman
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Murdaugh Stuart Madden
Vice President/ General Counsel

Patrick B. Parkes
Vice President/Field Services

Patricia Forkan
Vice President/Program and Communications

Dr. John W. Grandy
Vice President/ Wildlife and Environment

Phyllis Wright
Vice President/ Companion Animals

Dr. Michael W. Fox
Scientific Director

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke
Jack Conlon
Irene Evans
Anna Fesmire
Regina B. Frankenberg
Harold H. Gardiner
Alice R. Garey
Gisela H. Karlan
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Cherie Mason
John W. Mettler, III
John G. Mosher
Susan Pepperdine
O.J. Ramsey
Marilyn G. Seyler
Everett Smith, Jr.
Brook Speidel
Robert F. Welborn
K. William Wiseman

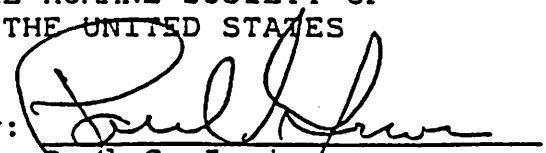
HONORARY DIRECTORS

Alda Flemming
Virginia Milliken
Andrew Wyeth

R E C E I P T

On this 31st day of December, 1986, THE HUMANE SOCIETY OF THE UNITED STATES gratefully acknowledges the receipt, donation, and assignment of a promissory note held by Mrs. Irene C. Evans, and the rights to income and payments therefrom, said note being made by John A. Hoyt and Gertrude M. Hoyt, on November 2, 1981, in the principal amount of One Hundred Thousand ($100,000) Dollars, payable to Irene Evans, and due on July 1, 1987, bearing interest at Ten (10%) Percent, payable semiannually -- said note being amended by memorandum dated January 7, 1986, reducing the interest rate to Zero (0%) Percent, retroactive to November 1, 1982.

THE HUMANE SOCIETY OF
THE UNITED STATES

By: 
Paul G. Irwin
Executive Vice President &
Chief Operating Officer

ASSIGNMENT AND RECEIPT

The undersigned, as the holder of the attached promissory note made by John A. Hoyt and Gertrude M. Hoyt, dated November 2, 1981, and amended by memorandum dated January 7, 1986, hereby irrevocably assigns, transfers and donates all rights of ownership and income in said promissory note to THE HUMANE SOCIETY OF THE UNITED STATES.

Irene C. Evans

Irene C. Evans

Dated: December 1, 1986

Appendix G

meeting of the committee. However, I did not deliberately falsify the date of the committee's having taken the action referred to in the memo. On reflection, it appears that a very brief meeting was held on that date following another meeting unrelated to the Deferred Compensation Committee and that, unfortunately, no minutes of the meeting were recorded. Whatever the reasons for the uncertainty, no one, including myself, deliberately attempted to falsify anything.

// 2. Letter of John A. Hoyt to K. William Wiseman regarding Regina Frankenberg's gifts of $330,000 over the last five-year period.

Much was made of the fact that I overstated the amount of Miss Frankenberg's gifts by $65,000. However, on re-examination, it was verified that my figure was correct and that which was produced by the attorney for the former Audit Committee was incorrect.

Further, it was pointed out that it was not from the Regina Frankenberg Fund that Mrs. Hoyt's travel expenses were paid but from the "General Fund." However, no mention was made of the fact that each year tens of thousands of dollars are transferred from the Regina Frankenberg Fund to the "General Fund."

Nor was it anywhere pointed out that Mrs. Hoyt's travel expenses were minimal (less than $5,000) when compared to the $330,000 given by Miss Frankenberg. Likewise, no effort was made to explain the value and benefits deriving from Mrs. Hoyt accompanying me on certain trips to meet with benefactors or to various meetings of significance to The HSUS. \\

Appendix H

MEMORANDUM

TO: Paul G. Irwin

FROM: John A. Hoyt

DATE: June 6, 1988

RE: Joyce Mertz-Gilmore Foundation Contribution

As you are aware, the Joyce Mertz-Gilmore Foundation had for several years preceding 1986 provided The HSUS an unrestricted contribution in the amount of $75,000 annually. However, because of a change of trustees on the foundation's board, we were informed by its president, Larry E. Condon, in early 1986 that it was not likely the current board would continue to have as keen an interest in animal protection and, consequently, the work and programs of The HSUS as was previously the case.

He suggested, however, that he and Mrs. LuEsther Mertz, Joyce Gilmore's mother, were prepared to recommend that the foundation make a major contribution to The HSUS in lieu of continuing annual contributions.

In consequence of this possibility, Mr. Condon met with you and me in Washington to explore possible uses of a contribution that might be as much as $1,000,000. It was on the occasion of that meeting (on October 9, 1986) that we discussed in some detail the funding of the purchase of a building located on the grounds of the Renewable Natural Resources Center in Bethesda, Maryland, along with two other possible uses of that proposed contribution.

On November 16, 1986, Larry Condon wrote to inform me that the Joyce Mertz-Gilmore Foundation Board had indeed agreed to contribute $1,000,000 to The HSUS in recognition of Joyce's relationship with the Society and her interest in animal welfare. He also indicated in that same letter that the Board had "reviewed the three applications we had discussed in Washington, and were interested in the proposed new facility in Maryland as well as the Center for the Advancement of Animal Protection. After some discussion, however, the Board decided to make the contribution unrestricted, subject to mutual agreement between HSUS and me."

It is clear that this contribution was made without restrictions though the foundation's board had indicated an interest in the Bethesda building project. Indeed, as late

as December 1, 1987, in acknowledging the final payment of $350,000 of that contribution of $1,000,000, I wrote Mr. Condon as follows:

> "You will recall that Paul Irwin and I discussed with you the possibility of using this grant or a portion thereof for a new building to house a segment of our expanding staff and program operations. We are currently in negotiation for such a facility located in Bethesda, Maryland, and would like to reserve the possibility of utilizing at least a part of this grant for that purpose if such is acceptable to the Trustees of the Joyce Mertz-Gilmore Foundation. I shall be pleased to be in touch with you when our plans are more definite but would welcome your response to this possibility. If utilized for this purpose, appropriate recognition of Joyce would be made within the facility.
>
> "Otherwise, it would be our intention to use this grant for the general purposes of the Society in its efforts to prevent abuse and cruelty to animals. We shall, of course, use it in such a way as to conform to the Foundation's terms and conditions as set forth in the Terms and Conditions letter, which I am returning, as well as the Appendix to Grant Letter."

Appendix i

HUMANE SOCIETY OF THE US
SUMMARY OF ALL DIRECT MAIL
JAN, 1986 - DEC, 1987
BY YEAR - SORTED BY PROSPECT/HOUSEFILE

PACKAGE	YEAR	MO.	QTY MAILED	# DONORS	% RESP	GROSS REVS	$ AVE	TOTAL COST	NET (LOSS)
SLAVE TRADE	1986	SEP	28,053	565	2.01%	8,012	11.18	6,117	1,595
SLAVE TRADE	1986	JAN	130,374	1,955	1.08%	28,560	14.61	36,267	(7,707)
SLAVE TRADE	1986	MAR	119,206	2,188	1.84%	28,818	13.18	26,135	2,683
SLAVE TRADE	1986	MAR	127,989	1,736	1.36%	21,670	11.21	24,537	(2,867)
TRAPPING	1986	OCT	56,100	591	1.05%	8,168	11.33	11,937	(6,169)
FACE BRAND	1986	APR	157,831	3,199	2.03%	12,957	13.13	35,207	7,650
SLAVE TRADE	1986	MAR	130,758	1,618	1.26%	23,389	14.19	24,113	(1,751)
TRAPPING	1986	JUL	108,018	1,977	1.83%	27,590	13.96	25,801	1,789
TRAPPING	1986	DEC	191,571	1,961	1.02%	27,123	13.83	18,835	(21,712)
TRAPPING	1986	SEP	66,111	795	1.20%	11,585	11.57	16,216	(5,231)
SLAVE TRADE	1986	MAR	154,717	2,777	1.79%	37,792	13.61	31,529	3,202
TRAPPING	1986	JUN	60,161	1,295	2.14%	16,121	12.15	13,961	2,169
SLAVE TRADE	1986	JUN	77,467	1,022	1.32%	13,371	13.08	15,277	(1,906)
SLAVE TRADE	1986	AUG	41,720	596	1.13%	7,999	13.12	9,293	(1,299)
SLAVE TRADE	1986	JUN	128,232	1,540	1.20%	22,996	11.93	30,771	(7,778)
SLAVE TRADE	1986	JUN	128,228	1,471	1.15%	20,701	11.07	31,119	(10,115)
TRAPPING	1986	AUG	82,624	1,246	1.51%	17,382	13.95	20,363	(2,981)
SLAVE TRADE	1986	MAY	38,101	410	1.15%	6,912	15.78	9,121	(2,182)
SLAVE TRADE	1986	OCT	30,000	259	0.86%	4,060	15.68	7,559	(3,199)
SLAVE TRADE	1986	MAY	119,843	2,347	1.96%	30,204	12.87	28,986	1,218
SLAVE TRADE	1986	AUG	48,636	623	1.28%	7,861	12.62	10,600	(2,736)
SLAVE TRADE	1986	JUL	68,115	1,100	1.61%	14,839	13.19	15,060	(221)
SLAVE TRADE	1986	SEP	47,287	699	1.48%	8,881	12.71	12,159	(3,278)
SLAVE TRADE	1986	JAN	163,887	2,011	1.23%	30,115	11.98	31,784	(1,669)
SLAVE TRADE	1986	JUN	66,115	1,116	1.68%	11,967	13.11	11,815	152
SLAVE TRADE	1986	JUL	11,672	279	1.90%	3,693	13.21	3,401	292
1986 PROSPECT SUBTOTAL			2,437,022	35,436	1.45%	489,135	13.80	519,718	(69,613)
PET INFO	1987	MAR	76,476	904	1.18%	11,911	13.18	15,901	(3,990)
NAME LABEL	1987	APR	111,355	1,270	3.83%	47,613	11.15	36,782	10,831
SLAVE TRADE	1987	MAR	13,675	367	0.81%	1,492	12.21	11,613	(7,151)
NAME LABEL	1987	MAY	273,814	9,995	3.61%	111,183	11.51	87,711	29,169
PET INFO	1987	APR	72,131	678	0.91%	9,770	11.11	16,212	(6,112)
NAME LABEL	1987	MAR	82,688	3,338	4.04%	37,829	11.33	25,413	12,386
NAME LABEL	1987	JUL	171,169	4,679	2.73%	52,188	11.15	49,315	2,813
NAME LABEL	1987	JUN	212,031	9,689	4.00%	110,220	11.38	68,151	11,766
NAME LABEL	1987	SEP	97,447	2,748	2.82%	30,461	11.08	29,261	1,200
TRAPPING	1987	MAR	14,973	242	0.54%	3,333	13.77	12,018	(8,685)
NAME LABEL	1987	AUG	420,073	9,948	2.37%	140,678	11.11	82,503	58,175
NAME LABEL	1987	SEP	605,137	15,495	2.56%	175,361	11.32	182,071	(6,710)
1987 PROSPECT SUBTOTAL			2,241,299	62,253	2.78%	738,039	11.86	615,317	122,692
1986 H/A	1986	NOV	5,645,297	160,031	2.83%	2,172,291	15.15	1,081,567	1,090,724
FACE BRAND(HF)	1986	APR	302,989	19,738	6.51%	337,223	17.08	82,611	251,612
FACE BRAND(HF)	1986	MAY	439	216	49.20%	5,443	25.20	3,653	1,790
1986 HOUSEFILE SUBTOTAL			5,948,725	179,985	3.03%	2,814,957	15.64	1,167,831	1,317,126
MEMB RENEW	1987	MAY	129,153	11,042	8.55%	183,799	16.65	54,608	129,191
MEMB RENEW	1987	MAY	1,733	403	23.25%	8,489	21.06	6,227	2,262
MEMB RENEW	1987	JUL	40,283	1,838	4.56%	23,576	12.83	16,465	7,111
MEMB RENEW	1987	FEB	170,493	16,885	9.90%	252,027	14.93	68,113	183,911
1987 H/A	1987	NOV	8,418,424	208,166	2.47%	2,992,744	11.38	2,063,129	929,615
1987 SUBTOTAL			8,760,086	238,334	2.72%	3,460,635	11.52	2,208,542	1,252,093
GRAND TOTAL			19,387,132	516,008	2.66%	7,502,766	14.51	1,811,168	2,661,298

LAW OFFICES

STEIN, MITCHELL & MEZINES

1800 M STREET, NORTHWEST

WASHINGTON, D. C. 20036

BASIL J. MEZINES
GLENN A. MITCHELL
JACOB A. STEIN
GERARD E. MITCHELL
ROBERT F. MUSE
DAVID U. FIERST
RICHARD A. BUSSEY
PATRICK A. MALONE
ROBERT L. BREDHOFF
HELEN RANDOLPH

TELEPHONE: (202) 737-7777
TELECOPIER: (202) 296-8312

June 29, 1988

Mr. John A. Hoyt
President
The Humane Society of the United
States
2100 L Street, N.W.
Washington, D.C. 20037

Mr. Paul G. Irwin
Executive Vice President/Treasurer
The Humane Society of the United
States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Messrs. Hoyt and Irwin:

In our capacity as counsel for the Select Committee of the HSUS I would appreciate your assisting me concerning several questions that have arisen. I would like the answers at your earliest convenience.

1. In Mr. Irwin's letter to me, dated June 8, 1988, under Item #5, reference is made to certain "enabling resolutions" approved at the Society's annual organizational meeting that authorized him "to act on behalf of the HSUS." It was further noted that "[s]uch a resolution has been filed with the Mellon Bank." Please furnish a copy of the minutes containing the most recent set of enabling resolutions. If these most recent resolutions were approved by the Executive Committee, please also provide a copy of the minutes of the most recent meeting of the Board of Directors at which the subject matter of the enabling resolutions was discussed, especially as it may relate to the

resolution doesn't mention Mellon

Mr. John A. Hoyt
Mr. Paul G. Irwin
June 30, 1988
Page 2

STEIN, MITCHELL & MEZINES

annuity trust account at the Mellon Bank. Also please furnish copies of all correspondence with the Mellon Bank and any other documentation concerning the Treasurer's authority to withdraw funds from and/or write checks against the annuity account. If these enabling resolutions are not recorded in the minutes, please provide whatever other form of documentary evidence may be available to confirm the content of these resolutions.

2. Attached as Appendix C to Mr. Irwin's June 8 letter is information relating to certain insurance policies on the lives of the President and the Executive Vice President/Treasurer of the HSUS. Please confirm the data shown below with respect to the Connecticut Mutual policies owned by the Society for its protection and indicate the date acquired, and the type of life insurance (i.e., straight life, term, etc.).

Policy No.	Insured	Face Value	Type Policy	Date Purchased
[redacted]	John A. Hoyt	$100,000		
[redacted]	Paul G. Irwin	$100,000		

It appears that the Manhattan Life policies insuring Mr. Hoyt's life in the face amount of $237,810 and Mr. Irwin's for $50,000 may have been owned by the HSUS at one time. If so, information is needed with respect to these policies as follows:

	Hoyt	Irwin
a) Date purchased by the HSUS		
b) Date transferred to the insureds		
c) Straight life, term, or other		
d) Cash surrender value at time of transfer		
e) Are premiums paid by the HSUS?		

Harmon, dated March 8, 1988, and in the attachment thereto, showing who paid these expenses and when? Who has custody of these proofs of payment. Please indicate who paid these expenses.

I look forward to your prompt response.

Sincerely,

Jacob A. Stein

cc: Theodore Sonde, Esq.

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 12, 1988

VIA UPS

Harold H. Gardiner
GARDINER--A MARKETING COMPANY
The Gardiner Plaza
56 West Fourth South
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
MARKETING RESOURCES
10551 Barkley
Overland Park, KS 66212

Robert Sorock
STONE & SIMONS ADVERTISING, INC.
24245 Northwestern Highway
Southfield, Mich. 48075

K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

Re: HSUS Select Committee

Dear Hal, John, Susie, Bob, and Bill:

Enclosed are copies of letters we are sending to the Committee on Committees members and to Mr. Webb of Deloitte, Haskins & Sells. Note that we have asked him to be prepared to send copies of their report directly to each of us as committee members, rather than first to me for subsequent dissemination to the other committee members. I hope we will be able to do at least that but fear we may end up just having Webb come to the meeting with a stack of reports to distribute at that time.

Also enclosed please find a copy of Jake Stein's letter of June 29, 1988, to John and Paul, and John's

response thereto of July 6, 1988, with enclosures. John brought this to the July 8, 1988, meeting but had been unable to get copies for all of you.

Very truly yours,

Joe Ramsey (by jr.)

Joe Ramsey

OJR:jr
Enclosures
cc: John Hoyt
Jake Stein
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

RECEIVED
JUL 22 1988
RMK & W

July 21, 1988

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

O. J. Ramsey, Esq., Vice Chairman
Board of Directors
The Humane Society of the United States
10399 Old Placerville Road
Sacramento, CA 95827

Dear Mr. Ramsey:

Enclosed is a draft copy of the Deloitte Haskins & Sells study and evaluation of the design of the Society's system of internal accounting control and managements response thereto.

The response was prepared in close consultation with the Treasurer, Paul Irwin, and with the invaluable assistance of the accounting and EDP department staff.

As you review the study it does not take long to sense that DH&S believes that a management information/accounting system is going to cure most of the weaknesses. We also believe that the installation of the proper software and a network of PC based computers will go a long way toward providing management with the tools necessary to run the organization in an efficient manner.

If you have questions regarding the responses please feel free to call if I can be of help. My direct dial number is (301)571-8991.

I look forward to meeting you when you next visit Washington.

Cordially,

Thomas J. Huntt, CPA
Controller

Enclosure

Deloitte Haskins+Sells

RECEIVED
MAY 26 1988
RMK & W

Suite 350
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2505
(202) 879-5600
ITT Telex: 4995732

May 20, 1988

Mr. O. J. Ramsey
Ramsey, Morrison, Keddy & Wallis
10399 Old Placerville Road
Sacramento, CA 95827

Dear Mr. Ramsey:

I have received your request for Deloitte Haskins & Sells to extend continuing professional services to The Humane Society of the United States (HSUS). We are most enthusiastic about performing an internal control study and providing our comments regarding internal control matters and other matters identified that relate to internal financial management procedures of HSUS.

We are in the prcess of determining the recommended scope and timing of our procedures as well as the estimated cost of our services. We will provide this to you in approximately one week at which time I hope we can discuss the proposal and take actions necessary to under-take this important project.

Sincerely,

Nile J. Webb

Nile J. Webb
Partner

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

September 9, 1988

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Dear Director,

As most of you already know from the telephone calls of either Joe Ramsey or myself, the Harmon and Stein reports (all or part, we are not sure which) found their way into the hands of the columnist Jack Anderson. He has now published two articles based on this confidential material. Copies of these, which appeared on Wednesday and Thursday in The Washington Post, are attached. You will readily see the distortions which result from innuendo and omission of key facts.

As a result of this latest development, The HSUS has retained the public relations organization Earle Brown Associates to assist in developing appropriate responses. This organization has advised The HSUS on public relations matters in the past.

Fortuitously, four other directors (Hal Gardiner, Susan Pepperdine, Marilyn Seyler and Bob Sorock) were here in Washington on Wednesday for a scheduled meeting of the Compensation Committee and participated fully in the above decision. Attached is a statement subsequently prepared with the assistance of Mr. Ed Segal, Vice President of Earle Brown Associates. This statement will be used to respond to inquiries which may be received from the press, members, the public, etc.

At the time of this mailing, no press inquiries have yet been made nor have there been more than a scattering of inquiries from members of the public.

Sincerely,

K. William Wiseman (my)

K. William Wiseman
Chairman of the Board

ReSurfCo
26711 Southfield Road, Suite 102, Lathrup Village, MI 48076 (313) 559-7166

MEMO

TO: HSUS Compensation Committee*
FROM: Bob Sorock
RE: Final Approval of Hoyt & Irwin contracts
DATE: September 8, 1989

To: Hal Gardiner
Susan Pepperdine
Marilyn Seyler
Bill Wiseman

After our last meeting (via conference call) I sent the Hoyt & Irwin contracts to Jake Stein, with our questions and comments. Jake made the necessary revisions, plus he added some of his own. Additionally, he rewrote some parts, to make them less wordy, or more concise.

After I received the revised drafts I sent the contracts to John and Paul. They discussed them with their respective attorneys. They requested a few minor changes. The changes were basically wording (for clarity) rather than substantive.

I sent the requested changes to Jake, and he incorporated them into the contracts.

Please carefully review these contracts. I am presenting these contracts to the Executive Committee for approval on Friday, September 15. (They are being sent to the Executive Committee in advance so they can approve them at the September 15 meeting.)

no vote taken

These contracts are what we all agreed to during our last conference call. If you feel anything should be changed, please contact me immediately. Otherwise, I will assume you are in agreement to present these contracts to the Executive Committee for final approval.

Bob Sorock

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 12, 1988

VIA UPS

Nile J. Webb
DELOITTE, HASKINS & SELLS
Suite 350
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2505

Re: The HSUS Report

Dear Mr. Webb:

We received at our Kansas City, Missouri, meeting on July 8, 1988, a thermofaxed copy of your preliminary report on the accounting practices and procedures of HSUS.

We thank you and your Mr. Thiel for your efforts in getting the draft to us. You will recall that I failed to respond promptly to your proposal, and I know that delay cost you valuable time.

We have asked Mr. Irwin (and Tom Hunt and Kay Smart) of HSUS to work further with you to be sure you are familiar with current practices and procedures so that you can refine your recommendations in a final written report. We hope you can complete such a report sufficiently before July 30, 1988, so that we can get copies out to our Board before our July 30, 1988, Board meeting in Washington, D.C. You should plan on sending the report to me and to each member of the Select Committee and John Hoyt and Jake Stein at the following addresses:

Harold Gardiner
GARDINER--A MARKETING CO.
The Gardiner Plaza
56 West Fourth South
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
MARKETING RESOURCES
10551 Barkley
Overland Park, KS 66212

Robert Sorock
STONE & SIMONS ADVERTISING, INC.
24245 Northwestern Highway
Southfield, Michigan 48075

K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

Jacob Stein, Esq.
STEIN, MITCHELL & MEZINES
1800 M Street, N.W.
Washington, D.C. 20005

John Hoyt
THE HUMANE SOCIETY OF THE UNITED STATES
2100 L Street, N.W.
Washington, D.C. 20037

Please call me if, in your judgment, you will not be able to do this on time.

In the meantime, we ask if at all possible that you (or someone you designate from Deloitte, Haskins & Sells) attend our Board meeting in Washington, D.C., on July 30, 1988, beginning at 10:00 a.m.

Thank you for your continuing service and help.

Very truly yours,

Joe Ramsey

OJR:jr
cc: Harold Gardiner
John Mettler
Susan Pepperdine
Bob Sorock
Bill Wiseman
Jake Stein
John Hoyt
Murdaugh Madden
Paul Irwin

Ramsey, Mettler, Sorock, Pepperdine, Gardiner, Wiseman, Stein

1. Brightwater –
vote to disengage
rescind
Resolved ~~that HSUS must not enter into partners~~
The comm. agrees
(1) Gardiner in princ. HSUS will disengage from the ~~partnership agreement~~ transaction involving Brightwater, including the repayment by Mr. Irwin of the $85,000. ~~at terms~~ 4 aye, 1 abstention (Bill W)

~~In principle~~.
view favorably a plan to protect Irwin from loss, with the expectation ~~that~~ he continue to
as part of disengagement terms the comm. wd fav. consider
~~In the~~ belief that Irwin entered into Brightw transaction as part of terms & which HSUS will diseng its 2 Br transaction
~~and~~ include a plan to ~~protect~~ safeguard Irwin from ~~financial~~ reasonably limiting personal loss as a result of transaction, & expec. Irw. continue & exert best efforts to assure future monetary benefit ~~for~~ to the HSUS. Such terms sh. be negotiated by ~~HSUS counsel and~~ Select Comm. w. ~~assistance~~ advice of house counsel, ~~and Paul Irwin~~.

vote 3-2
aye Sorock + Gardiner
no Pepper + Mettler
abstain Wiseman

with best interest of HSUS in mind the Select Com. further recommends Sorock

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 19, 1988

VIA UPS

Mrs. Susan Pepperdine
MARKETING RESOURCES
10551 Barkley
Overland Park, KS 66212

Re: HSUS--Progress Report by Select Committee

Dear Mrs. Pepperdine:

This is a progress report on the activities of the Select Committee, and it includes some of the major recommendations the Select Committee will make to the full Board at the meeting scheduled for July 30-31, 1988, in Washington, D.C.

We are enclosing documents for your specific reference and review, as follows:

1. Minutes of the Select Committee meeting of July 8, 1988, in Kansas City, Missouri, which include recommendations that the Board adopt eleven motions (we will be making additional recommendations at or before the July 30, 1988, meeting);

2. Letter from Bardyl Tirana of May 11, 1988, to the Select Committee on behalf of his clients (Directors Bowman, Mettler, and Speidel);

3. Letter from me to Mr. Tirana of May 28, 1988, in response thereto; and

4. Letters from John Mettler of May 9, 1988; June 21, 1988; and July 6, 1988, to Jake Stein, outside independent counsel for HSUS.

The Select Committee has considered and continues to consider the material gathered by Gail Harmon, as counsel for the Audit Committee; the questions raised by those of you who wrote us with specific concerns; and all related matters which have occurred to us. In so doing, we have conferred twice by conference phone calls and twice in person. We have also consulted with Jake Stein and have

asked for an independent review of the internal management of accounting practices and procedures of The HSUS from Nile Webb of Deloitte, Haskins & Sells (DHS), who was initially consulted by the former Audit Committee.

We have asked for comprehensive written reports from Jake Stein as independent counsel for HSUS on all legal matters and from DHS on all accounting questions. We expect to receive a final report from Jake Stein in time to get it to you before the July 30-31, 1988, meeting. We hope but are not sure whether DHS will be able to complete its report before the July 30, 1988, meeting. Depending upon what we receive from Mr. Stein and possibly from DHS and upon when we receive it, we may or may not be able to report again to you in writing with additional recommendations before the July 30th meeting. But even if we cannot do so, we will at least send you a written status report. We hope and intend that we will make additional recommendations to the Board on July 30, 1988, concerning what actions we feel should be considered and taken by the Board concerning those issues not considered at our July 8, 1988, meeting, principally the issues raised by the Hoyt residence and the Brightwater transactions.

In the meantime, at our July 8, 1988, meeting, we were able to agree upon quite a number of significant recommendations to make to the Board. We felt that you would want to have time to reflect upon them before we meet on July 30, 1988, and therefore enclose for your thoughtful consideration and analysis the minutes of our July 8, 1988, Kansas City meeting, which set forth those recommendations.

We believe each recommendation speaks for itself and therefore will not comment upon their substance. However, we feel you should know that Jake Stein was present and advised us concerning all of the recommendations (this is not to say he specifically recommended all of them, though he agreed all should be adopted) except the last three, in which we recommend a travel policy for spouses of senior staff; the formation of a new compensation committee to replace the "Deferred Compensation Committee," and its composition until the annual organizational meeting of the board in October of 1989; and the creation and defined responsibilities for a new and permanent Audit Committee. Having made these recommendations after Mr. Stein left, we have since checked with him and can report that he agrees these measures are good ideas.

We also point out that each of the recommendations set forth in the July 8, 1988, minutes was passed unanimously by those voting members present (Hal Gardiner, Susie Pepperdine, Bob Sorock, Bill Wiseman, and myself) except that Bill Wiseman was excused and did not participate in the discussion or vote concerning the reimbursement of attorneys fees to Tirana (for Bowman, Mettler, and Speidel) or Sonde (for Hoyt and Irwin) or the recommendations that HSUS not seek reimbursement for those fees from any individuals. Mr. Mettler did not attend (see his enclosed letters of June 21 and July 6, 1988).

Although Mr. Hoyt has consistently maintained he cannot participate in matters involving any possible conflict of interest, the Committee acknowledged his right to attend all committee meetings and specifically invited him to the meeting to be available to advise and inform the Committee as necessary. However, Mr. Hoyt was excused during a preliminary oral report by Mr. Stein (which will be formalized in his written report) and the consideration of and voting upon all but the last three of the Select Committee recommendations set forth in the minutes of July 8, 1988.

Finally, we have invited Mr. Stein and Mr. Webb to attend our July 30-31, 1988, meeting to help us consider everything. In the meantime, we hope you will find this progress report helpful and look forward to a productive and positive meeting with you on July 30, 1988.

Very truly yours,

Joe Ramsey, Jr.

Joe Ramsey
Chairman of the Select Committee

OJR:jr
Enclosures
cc: John Hoyt
Jake Stein

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 19, 1988

VIA UPS

Jacob Stein, Esq.
STEIN, MITCHELL & MEZINES
1800 M Street, N.W.
Washington, D.C. 20005

Re: HSUS Select Committee Recommendations

Dear Jake:

Thanks for your invaluable advice and guidance at the meeting of the Select Committee in Kansas City, Missouri, on July 8, 1988.

So that you will continue to have all material being generated, we enclose herewith the following:

1. Minutes of the July 8, 1988, meeting. Please note final language of recommendations to the full Board to be sure we have accurately recorded the actions taken at least on those measures voted upon before you left (all but the last three).

2. Copies of executive compensation summaries entitled "Association Executive Compensation Study," published by the American Society of Association Executives in Washington, D.C., and the other entitled "Management Compensation Report--Not-For-Profit Organizations," by Towers, Perin, Forster & Crosby. I brought copies of these summaries to the July 8, 1988, meeting, but I am not sure whether I delivered a copy of each to you.

3. Copy of progress report of the Select Committee (letter by me) of July 19, 1988, to the Board.

We anticipate receipt of your report shortly and will forward it to the Board. We may or may not receive a final report from Deloitte, Haskins & Sells in time but hope so. We may or may not prepare any additional written report of substance for the Board beyond a status report before the July 30, 1988, meeting, depending primarily on what we are able to do under all the circumstances.

Finally, we look forward to your attendance and further help at the HSUS Board meeting on July 30, 1988, at the HSUS offices in Washington, D.C. The meeting on July 30, 1988, will start at 10:00 a.m., and we hope you can be there by that time.

Very truly yours,

Joe Ramsey/jr.

Joe Ramsey

OJR:jr
Enclosures
cc: Select Committee
John Hoyt
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

July 21, 1988

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

The Audit Committee
The Humane Society of the United States

The auditing firm Deloitte Haskins & Sells has been retained to make a study and evaluation of the design of the Society's system of internal accounting control as at July 1, 1988. That report is to be delivered to you at the meeting of July 30, 1988. In order that you have managements response to each of the conditions that Deloitte Haskins & Sells believes are weaknesses in the design of the present system of internal accounting control we were provided with a draft copy of the report.

Our response uses the same format as the Deloitte Haskins & Sells report. Following each heading we have provided a summary of the observations and recommendations made by Deloitte Haskins & Sells and then managements response. In many instances the recommendations are of a nature that the adoption and installation of the new accounting software will provide the recommended solution. In those cases we have consolidated our response under a group of headings.

Please note that in many instances the recommendation calls for action by the Board of Directors and in providing managements response we are only indicating what we would recommend to the Board for approval.

ADMINISTRATIVE CONTROLS

EMPLOYEE MANUAL

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

DH&S noted that the current employee manual is outdated and that the areas of authority have become unclear as the organization has grown and they recommend that the organization structure and the assignment of management responsibilities be reviewed with the goal of aiding in the identification of personnel responsibilities, budgeting and control of personnel costs. To this end they recommend an official personnel chart and a revised personnel manual and give an outline of suggested topics to be included.

Managements Response:

As DH&S has noted, the employee manual is currently in the process of being revised and rewritten. At the present time the first draft is in the Society's Legal Department for review by in-house counsel. Every effort will be made to complete that review and have a revised document with the recommended topics published by this fall.

ACCOUNTING MANUAL, BUDGETING PROCESS, MANAGEMENT INFORMATION SYSTEMS, EDP CONTROLS AND PROPERTY

ACCOUNTING MANUAL

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

It was observed by DH&S that an accounting manual detailing the practices followed by the accounting department is not maintained and recommended the preparation of an accounting manual and suggested topics for inclusion that would document the accounting system, facilitate management objectives and be the basis for the training of new personnel.

BUDGETING PROCESS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

The Society prepares financial statements on a quarterly basis and does not include a line item comparison of departmental budgets as approved by the Board. The effective use of the approved Budget as a management tool and the monitoring actual expenditures as compared to budget should be reviewed and revised.

MANAGEMENT INFORMATION SYSTEMS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

The Society's management information system is a non-integrated, stand-alone general ledger system, which requires manual posting and does not prepare financial statements. As a result the system is labor intensive and results in the preparation of statements on a quarterly basis that are often incomplete and require an enormous amount of work by the personnel of the accounting department. DH&S recommends that the Society evaluate and select computer software as necessary to satisfy its information needs. In the meanwhile they recommend that to improve financial reporting control the present system should be documented, the chart of accounts reviewed and simplified and that complete financial statements monthly no later than fifteen days following the close of a month. In addition certain entries that were made on an annual basis by the auditors be recorded on a interim basis and that an executive summary be required for significant balance sheet items and an analysis of changes in major balance sheet items provided on a regular basis.

EDP CONTROLS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

Access to the computerized general ledger does not require a unique user password and there is no detailed documentation for all of the automated accounting applications. It is recommended that a password system be developed to control and record access to the computerized accounting system and that a procedures manual be developed incorporating all accounting applications.

PROPERTY

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

The annual capital expenditures budget adopted by the Board is not compared with actual capital expenditures, when equipment is purchased identification tags are not attached, internal transfers of equipment is not tracked, detailed property records are maintained by the Society's auditors and an inventory of property has never been taken. It is recommended that policies regarding the definition of capital expenditures, approval procedures for the purchase and disposition, a physical inventory be taken, property tagged and detailed property records prepared including description, cost, tag number, location, useful life, periodic depreciation and accumulated depreciation.

Managements Response:

The Controllers Office in the process of accessing the various needs within the Society for a management information system and how to best respond to those needs in a cost effective manner. When all of the immediate and near future requirements are identified a decision will be made regarding the acquisition of a system (computer hardware and software). A target for implementation has been set for January 1, 1989. One of the requirements for this system is that it be fully documented including operating manuals. These manuals and the system configuration identified while assessing the management information system requirements will be the basis for the compilation of the accounting manual as recommended by DH&S.

In regard to the BUDGETING PROCESS, a very important part of the assessment of an accounting system/management information system for the Society is the ability to report department line item expenditures, the corresponding budget and the variance from budget as discussed under the headings ACCOUNTING MANUAL and MANAGEMENT INFORMATION SYSTEMS. After the selection and installation of the accounting system, monthly budget statements will be prepared for each department that will provide a comparison of actual expenditures to date, the budget for the period and the deviation.

When in the course of the year it becomes apparent that a department does not have sufficient funds to last until year-end or if the department manager becomes aware that sufficient funds are not available, a meeting will be held with controllers office personnel to determine funding needs through the balance of the budget year. The amount needed as additional funding will be submitted to management approval, and if funds are available from other unused budget lines, a transfer will be made. If however, funds are not available from other approved sources or if the supplemental expenditure budget request is to be financed from increased revenue estimates, the Board will be requested to approve the increased revenue and expenditure amounts.

It was also recommended that the Society consider using the zero-based budgeting technique which does not appear feasible at this time. At some point in the future the Society may adopt a policy of applying the zero-based budget principles to some of the larger departments on a rotating basis.

As discussed above, the MANAGEMENT INFORMATION SYSTEM, is an intregal part of the new accounting system to be selected. However, we do not believe that a review and up-date of the documentation for the old system that will be replaced on December 31, 1988 is cost effective. The review and consolidation of small general ledger accounts and the combination of cost centers as recommended will be accomplished as part of the installation of the new management information system. All transactions including depreciation will be recorded in the appropriate accounting period, analyses of significant account balances will be provided management on a scheduled basis and changes in major balance sheet amounts reported on a timely basis.

As a part of the assessment of the accounting system, a fixed assets/depreciation system to accurately track PROPERTY is one of the more important considerations. A system that provides all of the recommended procedures will be adopted and the budget will be constructed with a provision for the acquisition of capital items so that management can be provided with a monthly report of actual expenditures compared with the approved budget.
In order to provide an accurate start for the fixed asset accounting system an inventory of all property will be conducted and all assets tagged and assigned to a manager for accountability.

The accounting systems that are presenty being evaluated include the ability to use several levels of "passwords". This allows selected accounting personnel to make entries to a limited series of accounts and to perform only assigned functions. The system also records log-on/log-off times and dates and contains codes to provide a record of the functions and activities entered in the system. This type of "password" will allow management to limit the ability of employees to alter, modify or erase records. We are very cognizant to the dangers of inadequate EDP CONTROLS and the system that is selected will have the recommended "password" system.

MANAGEMENT COMMUNICATION

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

The minutes of the Compensation Committee regarding the salaries and benefits of top management are filed in the Legal Department and are not acknowledged by the Board by reference in the minutes. DH&S concludes that the Board of Directors were not made aware of certain actions of the Compensation Committee since the minutes did not make mention that the Compensation Committee reported to the Board. This lack of communication can lead to the misstatement of financial data and reports generated in the accounting department if they are not aware of all actions of the Board of Directors and its committees.

Managements Response:

The Board of Directors will be requested to adopt procedures that require each committee to report all actions since the previous Board meeting for ratification at the next full Board meeting. Further, the Board will be requested to require all committee reports be incorporated into the minutes of the Board meeting at which ratification occurs and the Secretary of the Board provide a full and complete copy of the minutes to the Controller of the Society within a reasonable time after the meeting. The Controller will maintain a confidential file of the minutes which will be available for the annual audit.

INTERNAL ACCOUNTING CONTROLS

CASH RECEIPTS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

It is noted that a large majority of the Society's revenue is derived from checks received by mail directly through the D. C. office. As a result of the use of color coded envelopes mail containing checks is readly identified and forwarded directly to Bethesda for processing. During peak activity an outside contractor is used to cage cash receipts and provide data entry services. Written procedures have been developed for the caging process both in-house and for the contracted services. It was noted that these procedures are not always followed during times of peak activity when the same individual prepares the list of checks and the total tape of the remittance documents. The procedure of splitting this function between two individuals is designed as a cross check of money to remittance advises. DH&S recommends the centralizing of the caging function and the use of a lockbox function. They also noted that remittances in non-standard envelopes are opened in the D. C. office and transmitted to Bethesda without restrictive endorsement. Similarly, note was made that seminar and workshop receipts are collected by the branch offices which conduct the activity and these receipts are also transmitted to Bethesda without restrictive endorsement. Comment was also made regarding the individual making bank deposits also entering the amount of such deposits in the cash receipts journal of the Society. Recommendation was made that the Society review and revise the policies covering the processing of cash receipts so that all remittances are restrictively endorsed, recorded by someone without other cash receipt responsibilities and that all funds be deposited in a timely manner.

Managements Response:

As a part of the identification of the management information system specifications, the entire area of the receipt and recordation of cash receipts will be reviewed. Since membership and contribution amounts are recorded as part of the membership fulfillment and development process we will seek to develop a system that will match the actual cash deposits with those amounts on a batch reference basis. All policies regarding the handling of cash receipts will be reviewed and revised as required to provide the highest level of control for all cash receipts.

BOARD OF DIRECTORS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

DH&S notes that the Board has a fiduciary responsibility to protect the interests of the public and is responsible to creditors for actions of the Society but does not have a policy requiring Board approval for unusual or in excess of certain dollar amounts. They also note that the Board appointed an audit committee. They also recommend that the Society establish a limit on the dollar amount and type of transaction that management is authorized to transact and that Board approval of transactions outside the established limits be documented in the Board minutes. They conclude by recommending a list of duties for the audit committee as exerpted from the Treadway Commission.

Managements Response

It is well that the Board realize its responsibilities to the public and creditors of the Society. It is also good that the Board have guidelines governing the powers of management. The question becomes "what is good management and what is interference". It is not good management to take away all of the decision making power from management nor is it wise to give management unlimited power. Management is hired by the Board to conduct the day to day activities of the Society and the Board must provide guidelines as to the latitude the Board wants management to have over the resourses of the Society.

The Board should consider the recommendations of DH&S regarding the duties of the audit committee in consideration of the time members are willing to give and what the Board expects the committee to accomplish.

Hoyt house

wh. if John died?
incompac.?
quit job?

HSUS out 210,000
100,000 loan - tax deduction

John get loan

educ. inst + church
on campus sm. salary

anything over $250,000

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

RECEIVED
JUL 22 1988
RMK & W

July 21, 1988

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

O. J. Ramsey, Esq., Vice Chairman
Board of Directors
The Humane Society of the United States
10399 Old Placerville Road
Sacramento, CA 95827

Dear Mr. Ramsey:

Enclosed is a draft copy of the Deloitte Haskins & Sells study and evaluation of the design of the Society's system of internal accounting control and managements response thereto.

The response was prepared in close consultation with the Treasurer, Paul Irwin, and with the invaluable assistance of the accounting and EDP department staff.

As you review the study it does not take long to sense that DH&S believes that a management information/accounting system is going to cure most of the weaknesses. We also believe that the installation of the proper software and a network of PC based computers will go a long way toward providing management with the tools necessary to run the organization in an efficient manner.

If you have questions regarding the responses please feel free to call if I can be of help. My direct dial number is (301)571-8991.

I look forward to meeting you when you next visit Washington.

Cordially,

Thomas J. Huntt, CPA
Controller

Enclosure

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 21, 1988

The Audit Committee
The Humane Society of the United States

The auditing firm Deloitte Haskins & Sells has been retained to make a study and evaluation of the design of the Society's system of internal accounting control as at July 1, 1988. That report is to be delivered to you at the meeting of July 30, 1988. In order that you have managements response to each of the conditions that Deloitte Haskins & Sells believes are weaknesses in the design of the present system of internal accounting control we were provided with a draft copy of the report.

Our response uses the same format as the Deloitte Haskins & Sells report. Following each heading we have provided a summary of the observations and recommendations made by Deloitte Haskins & Sells and then managements response. In many instances the recommendations are of a nature that the adoption and installation of the new accounting software will provide the recommended solution. In those cases we have consolidated our response under a group of headings.

Please note that in many instances the recommendation calls for action by the Board of Directors and in providing managements response we are only indicating what we would recommend to the Board for approval.

ADMINISTRATIVE CONTROLS

EMPLOYEE MANUAL

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

DH&S noted that the current employee manual is outdated and that the areas of authority have become unclear as the organization has grown and they recommend that the organization structure and the assignment of management responsibilities be reviewed with the goal of aiding in the identification of personnel responsibilities, budgeting and control of personnel costs. To this end they recommend an official personnel chart and a revised personnel manual and give an outline of suggested topics to be included.

Managements Response:

As DH&S has noted, the employee manual is currently in the process of being revised and rewritten. At the present time the first draft is in the Society's Legal Department for review by in-house counsel. Every effort will be made to complete that review and have a revised document with the recommended topics published by this fall.

ACCOUNTING MANUAL, BUDGETING PROCESS, MANAGEMENT INFORMATION SYSTEMS, EDP CONTROLS AND PROPERTY

ACCOUNTING MANUAL

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

It was observed by DH&S that an accounting manual detailing the practices followed by the accounting department is not maintained and recommended the preparation of an accounting manual and suggested topics for inclusion that would document the accounting system, facilitate management objectives and be the basis for the training of new personnel.

BUDGETING PROCESS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

The Society prepares financial statements on a quarterly basis and does not include a line item comparison of departmental budgets as approved by the Board. The effective use of the approved Budget as a management tool and the monitoring actual expenditures as compared to budget should be reviewed and revised.

MANAGEMENT INFORMATION SYSTEMS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

The Society's management information system is a non-integrated, stand-alone general ledger system, which requires manual posting and does not prepare financial statements. As a result the system is labor intensive and results in the preparation of statements on a quarterly basis that are often incomplete and require an enormous amount of work by the personnel of the accounting department. DH&S recommends that the Society evaluate and select computer software as necessary to satisfy its information needs. In the meanwhile they recommend that to improve financial reporting control the present system should be documented, the chart of accounts reviewed and simplified and that complete financial statements monthly no later than fifteen days following the close of a month. In addition certain entries that were made on an annual basis by the auditors be recorded on a interim basis and that an executive summary be required for significant balance sheet items and an analysis of changes in major balance sheet items provided on a regular basis.

EDP CONTROLS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

Access to the computerized general ledger does not require a unique user password and there is no detailed documentation for all of the automated accounting applications. It is recommended that a password system be developed to control and record access to the computerized accounting system and that a procedures manual be developed incorporating all accounting applications.

PROPERTY

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

The annual capital expenditures budget adopted by the Board is not compared with actual capital expenditures, when equipment is purchased identification tags are not attached, internal transfers of equipment is not tracked, detailed property records are maintained by the Society's auditors and an inventory of property has never been taken. It is recommended that policies regarding the definition of capital expenditures, approval procedures for the purchase and disposition, a physical inventory be taken, property tagged and detailed property records prepared including description, cost, tag number, location, useful life, periodic depreciation and accumulated depreciation.

Managements Response:

The Controllers Office in the process of accessing the various needs within the Society for a management information system and how to best respond to those needs in a cost effective manner. When all of the immediate and near future requirements are identified a decision will be made regarding the acquisition of a system (computer hardware and software). A target for implementation has been set for January 1, 1989. One of the requirements for this system is that it be fully documented including operating manuals. These manuals and the system configuration identified while assessing the management information system requirements will be the basis for the compilation of the accounting manual as recommended by DH&S.

In regard to the BUDGETING PROCESS, a very important part of the assessment of an accounting system/management information system for the Society is the ability to report department line item expenditures, the corresponding budget and the variance from budget as discussed under the headings ACCOUNTING MANUAL and MANAGEMENT INFORMATION SYSTEMS. After the selection and installation of the accounting system, monthly budget statements will be prepared for each department that will provide a comparison of actual expenditures to date, the budget for the period and the deviation.

When in the course of the year it becomes apparent that a department does not have sufficient funds to last until year-end or if the department manager becomes aware that sufficient funds are not available, a meeting will be held with controllers office personnel to determine funding needs through the balance of the budget year. The amount needed as additional funding will be submitted to management approval, and if funds are available from other unused budget lines, a transfer will be made. If however, funds are not available from other approved sources or if the supplemental expenditure budget request is to be financed from increased revenue estimates, the Board will be requested to approve the increased revenue and expenditure amounts.

It was also recommended that the Society consider using the zero-based budgeting technique which does not appear feasible at this time. At some point in the future the Society may adopt a policy of applying the zero-based budget principles to some of the larger departments on a rotating basis.

As discussed above, the MANAGEMENT INFORMATION SYSTEM, is an intregal part of the new accounting system to be selected. However, we do not believe that a review and up-date of the documentation for the old system that will be replaced on December 31, 1988 is cost effective. The review and consolidation of small general ledger accounts and the combination of cost centers as recommended will be accomplished as part of the installation of the new management information system. All transactions including depreciation will be recorded in the appropriate accounting period, analyses of significant account balances will be provided management on a scheduled basis and changes in major balance sheet amounts reported on a timely basis.

As a part of the assessment of the accounting system, a fixed assets/depreciation system to accurately track PROPERTY is one of the more important considerations. A system that provides all of the recommended procedures will be adopted and the budget will be constructed with a provision for the acquisition of capital items so that management can be provided with a monthly report of actual expenditures compared with the approved budget.
In order to provide an accurate start for the fixed asset accounting system an inventory of all property will be conducted and all assets tagged and assigned to a manager for accountability.

The accounting systems that are presenty being evaluated include the ability to use several levels of "passwords". This allows selected accounting personnel to make entries to a limited series of accounts and to perform only assigned functions. The system also records log-on/log-off times and dates and contains codes to provide a record of the functions and activities entered in the system. This type of "password" will allow management to limit the ability of employees to alter, modify or erase records. We are very cognizant to the dangers of inadequate EDP CONTROLS and the system that is selected will have the recommended "password" system.

MANAGEMENT COMMUNICATION

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

The minutes of the Compensation Committee regarding the salaries and benefits of top management are filed in the Legal Department and are not acknowledged by the Board by reference in the minutes. DH&S concludes that the Board of Directors were not made aware of certain actions of the Compensation Committee since the minutes did not make mention that the Compensation Committee reported to the Board. This lack of communication can lead to the misstatement of financial data and reports generated in the accounting department if they are not aware of all actions of the Board of Directors and its committees.

Managements Response:

The Board of Directors will be requested to adopt procedures that require each committee to report all actions since the previous Board meeting for ratification at the next full Board meeting. Further, the Board will be requested to require all committee reports be incorporated into the minutes of the Board meeting at which ratification occurs and the Secretary of the Board provide a full and complete copy of the minutes to the Controller of the Society within a reasonable time after the meeting. The Controller will maintain a confidential file of the minutes which will be available for the annual audit.

INTERNAL ACCOUNTING CONTROLS

CASH RECEIPTS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

It is noted that a large majority of the Society's revenue is derived from checks received by mail directly through the D. C. office. As a result of the use of color coded envelopes mail containing checks is readly identified and forwarded directly to Bethesda for processing. During peak activity an outside contractor is used to cage cash receipts and provide data entry services. Written procedures have been developed for the caging process both in-house and for the contracted services. It was noted that these procedures are not always followed during times of peak activity when the same individual prepares the list of checks and the total tape of the remittance documents. The procedure of splitting this function between two individuals is designed as a cross check of money to remittance advises. DH&S recommends the centralizing of the caging function and the use of a lockbox function. They also noted that remittances in non-standard envelopes are opened in the D. C. office and transmitted to Bethesda without restrictive endorsement. Similarly, note was made that seminar and workshop receipts are collected by the branch offices which conduct the activity and these receipts are also transmitted to Bethesda without restrictive endorsement. Comment was also made regarding the individual making bank deposits also entering the amount of such deposits in the cash receipts journal of the Society. Recommendation was made that the Society review and revise the policies covering the processing of cash receipts so that all remittances are restrictively endorsed, recorded by someone without other cash receipt responsibilities and that all funds be deposited in a timely manner.

Managements Response:

As a part of the identification of the management information system specifications, the entire area of the receipt and recordation of cash receipts will be reviewed. Since membership and contribution amounts are recorded as part of the membership fulfillment and development process we will seek to develop a system that will match the actual cash deposits with those amounts on a batch reference basis. All policies regarding the handling of cash receipts will be reviewed and revised as required to provide the highest level of control for all cash receipts.

Procedures for all offices will be drafted that require the immediate restrictive endorsement of all checks, photocopies, and transmittal of checks. If volume warrants we may also adopt multipart transmittal receipt forms which require the acknowledgement of receipt by the cashiering office to the remitter.

CASH MANAGEMENT

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

Note is made of a large number of accounts with banking institutions on the books of the Society including accounts in the name of affiliated organizations. Recommendation is made that all but the least number of accounts as required to honor the restrictions placed by donors be closed and consolidated.

Managements Response:

Once the new accounting system is in place, and management is provided with assurance that all restricted accounts are maintained in a manner in keeping with the fiduciary requirements of the donor, all unnecessary cash and investment accounts will be closed.

BEQUESTS AND DONATED PROPERTY

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

All bequests and donations in kind are processed through the Legal Department without a formal procedure to notify the accounting department of the taking of title. As a result real and tangible personal property given to the Society has not been recorded. A policy as to the eventual disposition of such assets has not been formalized. DH&S recommends that a formal procedure be devised whereby the Legal Department can notify the accounting department of the taking of title to property both real and personal and the basis for the gift. They also recommend that the Board adopt a policy for the disposition of gifts in kind within certain parameters. All dispositions of gifts in kind should be governed by procedures that insure that the Society is receiving the "fair-market value" and consequently an outside appraiser should be used as required.

Managements Response:

Procedures will be developed between the Controllers Office and the Legal Department that will provide notification when the Society takes title to gifts in kind. This procedure will provide for the data that is recommended above.
The Board will be requested to adopt a policy to give guidance to management regarding the disposition of gifts in kind. Management will recommend to the Board that the use of expert appraisers be authorized to determine the fair market value of gifts when not available from reliable sources prior to disposition.

INVESTMENTS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

It was noted that certain securities are held in the safe in the accounting department in Bethesda and that these securities should be place in a custodian bank for safe-keeping. They also recommend that the Board should adopt a policy to serve as a guideline for management in the handling of investments. It is also mentioned that the lack of procedures regarding donated securities could permit them to go unrecorded.

Managements Response:
Management will recommend to the Board that a policy be adopted instructing that all securities donated to the Society be placed with one of the investment advisors to be handled in accordance with the overall investment strategy of the Society. The procedures to be adopted to safeguard the recordation of donated securities is addressed in BEQUESTS AND DONATED PROPERTY.

CASH DISBURSEMENTS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

Expense reimbursements to the Treasurer and President are approved by the Treasurer and President. Recommendation is made that the expenses for top management be approved by the Board.

Managements Response

As a part of the revision of the accounting manual and the accounting/management information systems, current guidelines and forms that are used for the reimbursement of expenses will be reviewed and revised if necessary. All employees will be required to follow the same set of rules and regulations in order to obtain reimbursement of expenses incurred on behalf of the Society. If the Board deems it necessary to approve expenditures above certain dollar limitations or for a class of employees the Controllers Office will devise procedures to process such items in a timely manner.

DOCUMENT SECURITY

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

It was noted that blank checks were stored in unlocked supply closets.

Managements Response

All blank check supplies are now stored in locked file cabinets.

SUBSIDIARY ORGANIZATIONS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

Two subsidiary organizations exist which are controlled by the Society's Board process salary payments to top management that are not recorded on the Society's records. It was recommended that the Board and the Legal Department review the organization of the entire consolidated entity and merge all related operations. It is DH&S's observation that GAAP suggests the preparation of consolidated financial statements and through intercompany eliminations the "Contributions to other Organizations" caption becomes "Salaries". If merger is not practical, each organization should maintain its own set of records and be subject to the reporting procedures of the Board.

Managements Response

The Board should consult the Legal Department and encourage the elimination of all unnecessary subsidiary organizations.

INSURANCE

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

During the past year the Society transferred officers' life insurance policies to the insured without any evidence of Board approval. DH&S recommends that the Board establish an insurance committee with the responsibility of reviewing all insurance coverage and approving insurance policies and the transfer of the Society's policies to insured employees.

Managements Response

If the Society provides benefits to employees in any manner including the transfer of Society owned life insurance policies, the Compensation Committee of the Board should have the authority to approve such arrangements. All insurance that is classified as an employee benefit will be reviewed by the Compensation Committee. Management does not believe that risk insurance coverage is a matter for direct Board involvement.

LEGAL MATTERS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

No policy exists for the accounting for contingencies or legal matters that might affect the Society's financial statements. Recommendation is made that the Legal Department and the Controllers Office adopt a procedure for notification of matters that the Legal Department may have a financial affect.

Managements Response

A procedure for notification by the Legal Department to the Controllers Office of matters that may have a financial affect on the Society. In addition the Controllers Office will undertake to verify from all counsel, both in-house and outside, by written communication on a quarterly basis the potential liability for unsettled claims.

BOARD OF DIRECTORS

Summary of Deloitte Haskins & Sells Observation(s) and Recommendation(s):

DH&S notes that the Board has a fiduciary responsibility to protect the interests of the public and is responsible to creditors for actions of the Society but does not have a policy requiring Board approval for unusual or in excess of certain dollar amounts. They also note that the Board appointed an audit committee. They also recommend that the Society establish a limit on the dollar amount and type of transaction that management is authorized to transact and that Board approval of transactions outside the established limits be documented in the Board minutes. They conclude by recommending a list of duties for the audit committee as exerpted from the Treadway Commission.

Managements Response

It is well that the Board realize its responsibilities to the public and creditors of the Society. It is also good that the Board have guidelines governing the powers of management. The question becomes "what is good management and what is interference". It is not good management to take away all of the decision making power from management nor is it wise to give management unlimited power. Management is hired by the Board to conduct the day to day activities of the Society and the Board must provide guidelines as to the latitude the Board wants management to have over the resourses of the Society.

The Board should consider the recommendations of DH&S regarding the duties of the audit committee in consideration of the time members are willing to give and what the Board expects the committee to accomplish.

RECEIVED
JUL 25 1988
RMK&W

LAW OFFICES
SILVERSTEIN AND MULLENS
1776 K STREET, NORTHWEST
WASHINGTON, D.C. 20006

(202) 452-7900

CABLE "SIMUL WASH"
TELEX: 64426
TELECOPIER: (202) 452-7989

WRITER'S DIRECT DIAL NUMBER

(202) 452-7911

July 19, 1988

LEONARD L. SILVERSTEIN
GERALD H. SHERMAN
ROBERT E. FALB
JERRY J. McCOY
ADELBERT L. SUWALSKY, JR.
STUART M. LEWIS
RONALD D. ABRAMSON
LYNN K. PEARLE
JOHN P. WARNER
ROBERT E. LILES, II
BARDYL R. TIRANA
DONALD B. REYNOLDS, JR.
CHARLES E. TAYLOR
DIANE J. FUCHS
BRANT BABER
JAVED A. KHOKHAR

RICHARD A. MULLENS, P.C.
EDWARD L. MERRIGAN
COUNSEL

PATENT AND TRADEMARK
JAMES F. MILLER
HARRISON B. McCAWLEY
DONALD J. MATHISON
PATRICIA R. LESSER
DEBORAH M. BEERS
SAMUEL M. MARUCA
JOHN F. LEFEVERE*
JANE M. ELDREDGE
GEORGE B. DELTA*
MARILYN E. NELSON
MARGO B. STERN
STEVEN C. WALLACE*
ERIC S. KRACOV
RICHARD B. TREANOR*
STUART A. STREICHLER
LAURA A. GLASSMAN
JEROME M. HESCH
VICTORIA W. GIRARD*

* NOT ADMITTED IN D.C.

O.J. Ramsey, Esquire
Ramsey, Scott, Morrison & Keddy
10399 Old Placerville Road
Sacramento, California 95827

Re: HSUS

Dear Joe:

On May 11, 1988, I sent you a summary of our time and out-of-pocket expenses through April 30. Enclosed is an updated summary, reflecting May and June time, and the aggregate of all time and expenses through June 30. I would appreciate hearing from Jake Stein or you if there are any questions.

Sincerely,

SILVERSTEIN AND MULLENS

Bardyl R. Tirana

BRT:she
Enclosures
cc: Jacob Stein, Esquire (By Hand w/enclosure)
brt/docs/7.18.8

SILVERSTEIN AND MULLENS BILLING
RE: THE HUMANE SOCIETY OF THE UNITED STATES

Month	Name */	Hours	Rate	Amount	Expenses Billed	Cumulative
Oct.	BRT	8.50	205	1,750.00		1,750.00
Nov.	BRT	16.25	214	3,493.74		
	MEN	3.50	120	420.00		
	RSN	12.50	65	812.50		
		32.50		4,726.08	148.43	6,624.67
Dec.	BRT	57.00	215	12,255.00		
	MEN	1.00	120	120.00		
	RSN	2.50	65	162.50		
		60.50		12,537.50	2,000.00	21,162.17
Jan.	BRT	6.25	215	1,343.75	357.56	22,863.48
Feb.	BRT	3.00	215	645.00	29.97	23,538.45
Mar.	BRT	3.50	215	752.50	38.34	24,329.29
Apr.	BRT	46.25	215	9,943.75	437.95	34,710.99
May	BRT	10.25	215	2,203.75	338.45	37,253.19
June	BRT	16.00	215	3,440.00	190.18	40,883.37
Total to 6/30/88		186.75		37,342.49	3,540.88	40,883.37

*/ BRT = Bardyl R. Tirana
MEN = Marilyn E. Nelson
RSN = Robert S. Nesheim

brt/0743/5.10.8a

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 27, 1988

Mrs. Susan Pepperdine
MARKETING RESOURCES
10551 Barkley
Overland Park, KS 66212

Re: HSUS Select Committee

Dear Mrs. Pepperdine:

At about the time you receive this letter, you should be receiving under separate cover direct from our independent counsel, Jake Stein, a copy of his final report covering all matters which have been of concern to us in these recent months. We trust and hope his treatment of the subject matter will help all of us consider the motions that will be before us at our meeting starting July 30, 1988, in Washington, D.C. We will have additional copies of Jake's report at the meeting in case it does not get to you before you have to come to Washington, D.C.

Concerning the report of the accounting firm of Deloitte, Haskins & Sells, we have gotten another draft from them since our progress report to you of last week. We have also gotten a commentary from the HSUS staff concerned with accounting management and procedures. We understand Deloitte, Haskins & Sells has completed its final report and that it will be available for you at the meeting this Saturday. In the meantime, we also understand that any differences between their recent draft and their final report are minor. Therefore, we enclose herewith the draft we have and the staff's comments on the draft.

We will not be able to report to you further in writing as a committee before the July 30, 1988, meeting, but we will make final recommendations to you at that time on the matters not covered at our July 8, 1988, meeting, principally the matters concerning the Hoyt residence transaction and the Brightwater transaction.

Obviously, both the Stein and the Deloitte, Haskins & Sells reports are highly sensitive and confidential. Copies are being made available outside the Board only to John Hoyt, Paul Irwin, and Murdaugh Madden. The Select Committee and Jake Stein believe it is clearly in the best interests of HSUS that no one else--not even other staff members--be given a copy of either of these reports or any of the information contained therein.

We look forward to seeing you in Washington this coming weekend for the meeting of July 30-31, 1988.

Very truly yours,

O. J. Ramsey

OJR:jr
Enclosures
cc: John Hoyt
Paul Irwin
Murdaugh Madden
Jake Stein

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 25, 1988

VIA UPS

Harold H. Gardiner
GARDINER--A MARKETING COMPANY
The Gardiner Plaza
56 West Fourth South
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
MARKETING RESOURCES
10551 Barkley
Overland Park, KS 66212

Robert Sorock
STONE & SIMONS ADVERTISING, INC.
24245 Northwestern Highway
Southfield, Mich. 48075

K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

Re: HSUS Select Committee

Dear Hal, John, Susie, Bob, and Bill:

At our Sunday conference call, I mentioned that I had received on Friday a letter from HSUS controller, Tom Huntt, together with two enclosures, one another draft of the DHS report to "the Audit Committee" of HSUS, dated July 18, 1988, and a "response" thereto by HSUS staff involved in accounting.

I am enclosing copies of Huntt's covering letter, the DHS draft, and the HSUS staff's response, so that your files will be complete.

I also received a copy of a letter from Mettler to Stein, dated July 18, 1988, which indicates a copy was sent to Murdaugh Madden and the "Select Committee."

Very truly yours,

O. J. Ramsey, jr.

O. J. Ramsey

OJR:jr
Enclosures
cc: John Hoyt, Jake Stein, and Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brock Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Alda Flemming
Virginia Milliken
Andrew Wyath

July 29, 1988

Harold H. Gardiner
GARDINER--A MARKETING COMPANY
The Gardiner Plaza
56 West Fourth South
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
MARKETING RESOURCES
10551 Barkley
Overland Park, KS 66212

Robert Sorock
STONE & SIMONS ADVERTISING, INC.
24245 Northwestern Highway
Southfield, Mich. 48075

K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

Re: HSUS Select Committee

Dear Hal, John, Susie, Bob, and Bill:

Enclosed for your files please find copies of a letter to me from Bardyl Tirana, dated July 19, 1988.

Very truly yours,

O. J. Ramsey / jr

O. J. Ramsey

OJR:jr
Enclosures
cc: John Hoyt
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

June 14, 1989

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Carroll Thrift
Viola Weber
Robert F. Welborn, Esq.
Marilyn Wilhelm
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

MEMORANDUM

TO: HSUS Directors

FROM: Marcia Glaser

RE: Affiliations and Background Information

I would like to update our affiliations and background information for members of the Board of Directors. As you may know, this information is used to prepare the ballot package sent to HSUS members eligible to vote in the election of directors and in filing annual reports with various agencies.

Please review the information given for you on the enclosed listing and advise me by phone or letter before July 7 of any changes that should be made. Thank you for your cooperation.

BOARD OF DIRECTORS AND OFFICERS OF
THE HUMANE SOCIETY OF THE UNITED STATES

Affiliations and Background

Dr. Carol Browning
Ogden, Utah
- Director, Institute for Studies in the Humanities
- Humane Education Committee, Junior League of Ogden
- Ogden City Advisory Board on Animal Welfare & Control
- Director, various community organizations

Coleman Burke, Esq.
Short Hills, New Jersey
- Chairman Emeritus, HSUS Board of Directors
- Chairman Emeritus, Hamilton College
- American Bible Society

Mrs. Oliver M. Evans
Washington, D.C.
- Active supporter of numerous animal-welfare and other charitable organizations
- Charter member and founder, with late husband, of HSUS

Miss Regina Bauer Frankenberg
New York, New York
- Member, Founders Society, American SPCA (ASPCA)
- Former Board member, Bide-A-Wee
- Active in support of numerous animal-welfare organizations

Mr. Harold H. Gardiner
Salt Lake City, Utah
- Owner, Gardiner - A Marketing Company, an advertising, public relations firm
- Former Board member, The Humane Society of Utah
- Accredited member, Public Relations Society of America and other professional organizations

Ms. Alice R. Garey
Arroyo Grande, California
- Board member, Action for Animal Rights
- Member of numerous other organizations concerned with animal welfare

Dr. Jane Goodall
Tucson, Arizona
- Primatologist, lecturer, writer
- Director, Gombe Stream Research Center, Tanzania
- Board member, Jane Goodall Institute for Wildlife Research, Education and Conservation

Mr. Paul Heneks
Birmingham, Michigan
Financial consultant
Lecturer-writer in securities industry
Treasurer/Director, Michigan Humane Society

Ms. Gisela Hunnicutt
Towaco, New Jersey
Founder and Director, Wildlife Rehabilitation Fund
Morris County Board of Realtors

Mr. John Kelly
Southfield, Michigan
Co-host, two daily television programs, WXYZ-TV
Member, Advisory Board, Michigan Humane Society

Mr. William Kerber
Washington, D.C.
Retired executive, National Steel Company

Dr. Amy Freeman Lee
San Antonio, Texas
Secretary, HSUS Board of Directors
Artist, writer, lecturer
Chairman, Board of Trustees, Incarnate Word College of San Antonio
Board member, state and local animal-welfare organizations

The Honorable Jack W. Lydman
Washington, D.C.
Former Ambassador to Malaysia
Advisory Council, Washington Center/Asia Society
Lecturer, Business Council for International Understanding

Mrs. Virginia Lynch
San Francisco, California
Docent Council, California Academy of Sciences
Board member, Friend of Recreation & Parks, San Francisco Zoological Society, Women for International Understanding

Mrs. Susan Selby Pepperdine
Fairway, Kansas
Advertising agency director of public relations
Past President, Missouri Federation of Humane Societies
International Association of Business Communicators

O. J. Ramsey, Esq.
Sacramento, California
Vice Chairman, HSUS Board of Directors
Partner, law firm of Ramsey, Morrison, Keddy & Wallis
Former Deputy Attorney General, California

Mrs. Marilyn G. Seyler
Mansfield, Ohio
Animal Control Committee, North Central Ohio Nature Preservation League
Former Board member, Mansfield Humane Society
Volunteer, numerous community organizations

Mr. Robert Sorock
Bloomfield Hills, Michigan
Owner, ReSurfCo
President, Michigan Humane Society

Mrs. Brook Speidel
Washington, D.C.
Actress
Volunteer for and member of local and national animal-welfare organizations

Mr. Carroll Thrift
Knoxville, Tennessee
President and owner, Corporate Travel
Former Board member, Knox County Humane Society

Mrs. Viola Weber
Falls Church, Virginia
With late husband, founder of Committee for Dove Protection and Desert Protective Council (California)
Active in Garden Clubs of America

Robert F. Welborn, Esq.
Denver, Colorado
Partner, law firm of Welborn, Dufford, Brown & Tooley
Former director, Colorado Humane Society
Chairman, Center for Respect of Life and Environment

Ms. Marilyn Wilhelm
San Antonio, Texas
Founder-Director, The Wilhelm Schole
Lecturer on humane education

Mr. K. William Wiseman
Arrowsic, Maine
Chairman, HSUS Board of Directors
Director, World Society for the Protection of Animals
Former General Manager, Producing Division, Mobil Oil Corporation

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

WRITER'S DIRECT DIAL (301) 571-8989 EXTENSION 5020

April 17, 1989

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brock Speidel
Carroll Thrift
Viola Weber
Robert F. Welborn, Esq.
Marilyn Wilhelm
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Mrs. Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Dear Mrs. Pepperdine:

At the direction of the Board in its meeting of April 14, 1989, it is my pleasure to forward herewith the financial statements and report of the independent auditors for the year ended December 31, 1988. Also enclosed is the report of the Treasurer dated March 21, 1989, which is a narrative of the Society's operations for the past year and provides another perspective.

We have attempted to address all aspects of the Society's financial activity, however, if you have questions that are not answered in this data, please let us know and we will be glad to assist in any manner you require.

Cordially,

Thomas J. Huntt
Controller

Enclosures

March 21, 1989

The Audit Committee of the Board
The Humane Society of the United States
Washington, D. C. 20037

You have received the audited financial statements from Thomas Havey & Co. for the year ended December 31, 1988 and their opinion dated February 9, 1989. The following is a narrative report from the Treasurer's perspective which we believe will aid in understanding the fiscal operation of the Society.

GENERAL UNRESTRICTED FUND

The general unrestricted fund is the only source of funds available for the day to day operations of the Society. The primary source of these funds is the dues collected from members. Dues revenue counts not only the standard membership assessment but also voluntary amounts remitted in excess of the minimum. Unrestricted operating revenue increased in 1988 by $1,349,984 or 14.5% over 1987. The rise in dues revenue was $1,462,572 (40.8%) and gifts and grants went up $285,673 (10.9%). However, these two increases were offset by a decrease of $408,179 (-16.3%) in the amount of bequests revenue. Financial income also decreased $30,653 (-11.3%) as a result of the lower interest rates that persisted for most of the year. Sales of publications and materials grew $21,947 (8.7%) as did trust fund income by $18,624 (16.1%). Operating revenue for 1988 totaled $10,677,482 as compared with $9,327,498 for 1987.

From this revenue the Society expended $10,286,885 for operations which was an increase of $1,375,168 (15.4%) over 1987. The largest expenditure of the Society is for staff which totaled $3,252,249 for the year, an increase of $398,424 (14.0%). The cost of communicating with members, prospective members and the general public increased substantially. Costs went up $269,021 (32.7%) in the area of educational publications; outside printing and art work jumped $185,334 (51.2%), and mailings to develop memberships and raise funds experienced an increase of $254,263 (8.6%). Some part of this increase was offset by a decrease of $150,360 (-54.8%) in the amount spent for films and public service announcements. Occupancy expenses increased $106,197 (59.8%) as a result of utility

cost increases and the occupancy of the Bethesda Center for all of 1988 as compared to four months in 1987. One of the largest increases occurred in the category of board, meeting, travel and conference expenses and amounted to $215,545 (55.4%). This category includes the cost of the increased number of board and committee meetings held during 1988 and also reflects a substantial expenditure for legal and accounting fees as required to address and resolve a complex array of issues.

The categorization of the expenditures for 1988 by the major cost centers reveals that 56% of all expenditures go to Humane Education, Membership and Program Services and totals $5,807,310. Cruelty Investigations and Litigation generated spending of $956,828 or 9%. Management and General expenses are 10% of the total or $1,064,241. Membership Development cost $1,799,448 or 17% while Fund-Raising expenditures were $659,058 or 6% of the total.

The Society was again fortunate in 1988 because revenues exceeded expenditures by the amount of $390,597. This compares with a similar excess of $415,781 for the year ended December 31, 1987.

The Society follows a conservative accounting policy that acts to equalize the annual bequest revenue total. The policy provides that individual bequest amounts in excess of $25,000 be amortized over the current and four succeeding years. During 1988 the accrual of bequests from preceding years exceeded the deferral of this year's bequests to future years by $137,842 which acted to increase the excess of revenue over expenditures for 1988.

To summarize, the unrestricted general fund balance increased from $5,979,309 to $6,507,748 or $528,439 as a result of operations for 1988. This consists of the excess of revenues over expenditures of $390,597 and $137,842 as a net transfer from bequest equalization. The unrestricted general fund balance is limited to those assets that have accumulated over the past 35 years to operate the Society. At year end this consisted of cash in checking and interest bearing accounts of $2,242,067; investment securities with a book value of $1,900,515; receivables, deposits and accrued revenue $242,755, interfund receivables $68,750 and undepreciated operating property and equipment of $2,282,296. Against these assets the Society has accounts and notes payable of $228,635 with the resulting fund balance being $6,507,748.

For 1989 the HSUS is budgeted to spend $10,094,752. Because the day to day expenses are incurred in advance of the collection of revenue and, as the paragraph above demonstrates, assets such as buildings and equipment must also be funded from this source, the Society must protect and preserve the unrestricted general fund balance. Since this capital fund can only increase from excess revenue it further underscores the critical importance of an ongoing aggressive and sustaining membership and fund raising campaign. All should note that the Society has a unrestricted

general fund balance that could finance only five months operations. As with all not-for-profit organizations, our need for a capital base to provide continuous funding, demands that the fund-raising effort provide a continuous and undiminished positive cash flow.

BOARD DESIGNATED, RESTRICTED, ENDOWMENT AND ANNUITY FUNDS

In addition to the unrestricted general fund the Society holds monies designated by donors or the board for restricted purposes. This requires that the funds be segregated from unrestricted general funds and expended only for the restricted purpose.

The board designated funds are internally restricted and function primarily as an income equalization vehicle or quasi-endowment. The policy of equalization of bequest revenues is explained under the unrestricted general funds above. The quasi-endowment funds are gifts that do not carry written restrictions from the donor. However, the donor expects the fund to be used for a special purpose that they specify. During 1988 gifts of $90,000 were donated to these accounts and financial income of $105,531 accrued for a revenue total of $195,531 of which $137,842 was transferred to the unrestricted general fund. The net result was an increase of $57,689 to a fund balance of $4,325,827 at year end.

Restricted funds are similar to the board designated funds except that the donors placed a definite and clear restriction upon the use of the fund and the Society upon acceptance of the fund agrees to honor the donor's restriction. The restricted funds earned $91,939 for 1988 which was added to the balance of the fund which totals $1,119,126 at year end.

Endowment funds are similar to restricted funds except that the donor has also specified that the principal of the fund and all capital gains must remain inviolate and only the income earned is available to be expended for the purpose specified by the donor. This fund began 1988 with a balance of $6,512 and received gifts and grants totaling $433,374 plus earned income of $225. It disbursed $200 for the purpose designated by the donor with the result that the fund increased $433,399 to a total of $439,911 at year end.

Annuity funds are amounts made available to the Society under an agreement with the donor to pay an annual annuity during the life of the donor and/or donors designated co-beneficiary. Upon the death of an annuitant the principal becomes unrestricted income to the Society. During 1988 grants of $20,043 were added and the funds invested earned $206,530. Payments of $160,471 were made to annuitants with the result that the fund increased by $66,102 to $3,110,074 at year end.

To conclude, it is our opinion that the Society is financially healthy. However, when the size of the annual operating budget is considered in relation to the resources available to meet day to day operating needs, the necessity of a continuing and sustaining membership and fund raising effort becomes a sobering reality and an intensive programming priority

Your help in any form including comments and suggestions are encouraged and welcomed. We will continue our commitment to the cause of animals and we invite your participation.

Respectfully,

Paul G. Irwin
Executive Vice President/Treasurer

THE HUMANE SOCIETY OF THE UNITED STATES

FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT AUDITORS

DECEMBER 31, 1988

THE HUMANE SOCIETY OF THE UNITED STATES

FINANCIAL STATEMENTS

DECEMBER 31, 1988

CONTENTS

	Page
Report of Independent Auditors	1
Exhibit "A" - Balance Sheet	2
Exhibit "B" - Statement of Revenue, Expenses and Changes in Fund Balances	3
Exhibit "C" - Statement of Functional Expenses	4
Notes to Financial Statements	5-6

THOMAS HAVEY & CO.
CERTIFIED PUBLIC ACCOUNTANTS

900 Seventeenth Street, N.W.
Washington, D.C. 20006
202/331-9880
202/331-9890 FAX

Members of the American Institute of Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
The Humane Society of the United States
Washington, D. C.

We have audited the accompanying balance sheet of The Humane Society of the United States as of December 31, 1988 and the related statements of revenue, expenses and changes in fund balances, and of functional expenses for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Humane Society of the United States as of December 31, 1988 and the changes in its fund balances and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Thomas Havey & Co.

February 9, 1989

THE HUMANE SOCIETY OF THE UNITED STATES

BALANCE SHEET

DECEMBER 31, 1988

	Unrestricted Funds		
	General Fund	Board-Designated Funds	Total
ASSETS			
Cash	$ 976,794	$ 798,808	$ 1,775,602
Certificates of deposit	1,265,273	20,000	1,285,273
Receivables, deposits and accrued revenue	242,755	-	242,755
Interfund receivable (payable)	68,750	-	68,750
Investments (Note 2)	1,900,515	3,507,019	5,407,534
Fixed assets, at cost less accumulated depreciation of $1,178,713 (Note 3)	2,282,296	-	2,282,296
Total assets	$6,736,383	$4,325,827	$11,062,210
LIABILITIES AND FUND BALANCES			
Accounts payable	$ 188,635	$ -	$ 188,635
Note payable (Note 5)	40,000	-	40,000
Total liabilities	228,635	-	228,635
Fund balances:			
Unrestricted	6,507,748	-	6,507,748
Board-designated endowment fund	-	358,284	358,284
Board-designated investment fund	-	3,677,935	3,677,935
Board-designated special purpose funds	-	289,608	289,608
Restricted funds	-	-	-
Endowment funds	-	-	-
Annuity funds	-	-	-
Total fund balances	6,507,748	4,325,827	10,833,575
Total liabilities and fund balances	$6,736,383	$4,325,827	$11,062,210

See accompanying notes to financial statements.

THE HUMANE SOCIETY OF THE UNITED STATES

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 1988

	Unrestricted Funds		
	General Fund	Board-Designated Funds	Total
Revenues and other additions:			
Dues	$ 5,044,649	$ -	$ 5,044,649
Gifts and grants	2,897,405	90,000	2,987,405
Bequests	2,088,844	-	2,088,844
Financial income	239,353	105,531	344,884
Sales of literature and other	273,053	-	273,053
Trust fund income	134,178	-	134,178
	10,677,482	195,531	10,873,013
Expenditures and other deductions:			
Program services:			
Humane education, membership and program services	5,807,310	-	5,807,310
Cruelty investigation and litigation	956,828	-	956,828
Supporting services:			
Management and general	1,064,241	-	1,064,241
Membership development	1,799,448	-	1,799,448
Fund raising	659,058	-	659,058
Payments to annuitants	-	-	-
	10,286,885	-	10,286,885
Increase before transfers	390,597	195,531	586,128
Transfers - additions (deductions)	137,842	(137,842)	-
Net increase for the year	528,439	57,689	586,128
Fund balance at beginning of year	5,979,309	4,268,138	10,247,447
Fund balance at end of year	$ 6,507,748	$4,325,827	$10,833,575

See accompanying notes to financial statements.

Restricted Funds	Endowment Funds	Annuity Funds
$1,106,434	$439,911	$ 197,343
12,692	-	1,163
-	-	42,487
-	-	(68,750)
-	-	2,937,831
-	-	-
$1,119,126	$439,911	$ 3,110,074
$ -	$ -	$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,119,126	-	-
-	439,191	-
-	-	3,110,074
1,119,126	439,191	3,110,074
$1,119,126	$439,911	$ 3,110,074

THE HUMANE SOCIETY OF THE UNITED STATES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 1988

	Total	Humane Education, Membership and Program Services
Salaries	$ 2,751,058	$1,831,380
Payroll taxes	203,565	135,512
Employee benefits	297,626	198,130
Total compensation	3,252,249	2,165,022
Consultants and contracted services	117,822	117,822
Professional fees	72,065	-
Supplies	198,140	131,919
Telephone and telegraph	109,688	73,020
Postage and shipping	196,393	149,410
Occupancy and building expense	283,677	188,231
Data processing	51,920	34,563
Outside printing and art work	547,528	364,489
Board, conferences and meeting expense	354,217	36,347
Interest	6,400	4,260
Travel expenses	250,572	166,805
Insurance and bonds	86,476	57,567
Depreciation	172,740	114,993
Equipment rental and maintenance	33,378	22,220
Gifts to other societies	46,377	46,377
Real estate and personal property taxes	68,528	45,619
Films and public service announcements - Pet action line	124,140	118,007
Library	3,102	3,102
Cost of educational publications	1,092,217	1,092,217
Mailing expense	3,219,256	875,320
	$10,286,885	$5,807,310

See accompanying notes to financial statements.

Restricted Funds	Endowment Funds	Annuity Funds
$ -	$ -	$ -
-	433,374	20,043
-	-	-
91,939	225	206,530
-	-	-
-	-	-
91,939	433,599	226,573
-	200	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	200	160,471
		160,471
91,939	433,399	66,102
-	-	-
91,939	433,399	66,102
1,027,187	6,512	3,043,972
$1,119,126	$439,911	$3,110,074

Cruelty Investigation and Litigation	Supporting Services		
	Management and General	Membership Development	Fund Raising
$ 453,374	$ 406,331	$ -	$ 59,973
33,548	30,067	-	4,438
49,049	43,959	-	6,488
535,971	480,357	-	70,899
-	-	-	-
-	72,065	-	-
32,632	29,269	-	4,320
18,077	16,201	-	2,390
23,161	20,758	-	3,064
46,598	42,684	-	6,164
8,556	7,669	-	1,132
90,233	80,870	-	11,936
93,605	223,075	-	1,190
1,055	945	-	140
41,294	37,009	-	5,464
14,251	12,773	-	1,885
28,468	25,514	-	3,765
5,501	4,930	-	727
-	-	-	-
11,293	10,122	-	1,494
6,133	-	-	-
-	-	-	-
-	-	-	-
-	-	1,799,448	544,488
$ 956,828	$1,064,241	$1,799,448	$ 659,058

THE HUMANE SOCIETY OF THE UNITED STATES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

Note 1. Summary of Significant Accounting Policies

a. Method of Accounting - Assets, liabilities, revenue and expenses are recognized on the accrual basis of accounting with the exception of dues income, which is recognized in the year received.

b. Depreciation - Depreciation of fixed assets is computed on the straight-line method at rates calculated to prorate the cost of the assets over their estimated useful lives (see Note 3).

c. Investments - Investments are recorded at cost or, in case of gifts, fair market value at date of donation.

Note 2. Investments

The Society's investments at December 31, 1988 are summarized as follows:

	Cost or Value at Date of Gift	Market Value at December 31, 1988
Unrestricted funds:		
Corporate stocks	$2,838,553	$3,386,863
Government obligations	690,312	682,060
Real property	272,241	272,241
Personal property	158,182	158,182
Notes receivable	81,768	81,768
Mutual funds	1,366,478	1,426,741
	$5,407,534	$6,007,855
Annuity Funds:		
Corporate stocks	$1,011,533	$1,225,945
Corporate bonds	227,130	169,065
Government obligations	759,650	745,842
Real property	811,120	811,120
Mutual funds	128,398	126,708
	$2,937,831	$3,078,680

Note 3. Fixed Assets

At December 31, 1988 fixed assets consisted of the following:

	Useful Life	
Land		$ 422,375
Buildings and improvements	10 to 40 years	1,905,954
Office furniture and equipment	10 years	1,105,065
Automobiles	4 years	27,615
		3,461,009
Less: Accumulated depreciation		1,178,713
Net fixed assets		$2,282,296

Note 4. Long-Term Lease Commitments

The Society leases space in Bethesda, Maryland under a five year agreement due to expire August 1992. The current monthly rent is $12,572 and is subject to CPI increases.

The minimum lease payments for the remainder of the term is as follows:

	Amount
Year Ending December 31, 1989	$ 150,864
1990	150,864
1991	150,864
1992	100,576
	$ 553,168

The Society also leases space for its various regional offices under short-term agreements.

Note 5. Note Payable

The note payable consists of an unsecured $40,000 note due December 15, 1996 with interest only of 8% payable semi-annually. The interest rate increases to 10% on June 15, 1990.

Note 6. Tax Status

The Internal Revenue Service has advised that the Society qualifies under Section 501(c)(3) of the Internal Revenue Code, and is therefore, not subject to tax under present income tax laws.

Note 7. Pension Plan for Employees

All of the Society's employees are eligible for coverage by a defined benefit pension plan. The required employer contributions to the plan are based on actuarial cost as calculated by the actuary. Employer contribution to the plan during the year ended December 31, 1988 was $68,426.

A comparison of accumulated plan benefits and plan net assets for the plan as of February 28, 1988, the date of the latest actuarial report, is as follows:

Actuarial present value of accumulated plan benefits:	
Vested	$1,077,789
Nonvested	34,184
	$1,111,973
Net assets available for benefits	$1,435,598

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Statement of K. William Wiseman
Chairman, Board of Directors
The Humane Society of the United States

Responding to recent columns by Jack Anderson critical of certain actions and compensation arrangements benefiting the two principal officers of The Humane Society of the United States, K. William Wiseman, chairman of the Society's 24-person Board of Directors, issued the following statement on September 9, 1988:

"We regard many of the criticisms leveled by Mr. Anderson and his associates against the president and executive vice-president/treasurer of The Humane Society of the United States (HSUS) to be erroneous as regards the facts of the situation and clearly distorted and misleading as regards their interpretation. Neither the president nor the executive vice-president/ treasurer has taken any actions or received any benefits not previously approved by an authorized committee of the board of directors and, subsequently, endorsed by the board as a whole.

"Specifically, a home previously owned and occupied by the president, John A. Hoyt, and his family for approximately 17 years was recently purchased by The HSUS with the unanimous approval of the board's Deferred Compensation Committee, and is currently being provided as a residence in lieu of monetary increases in compensation. For income tax purposes, an imputed rental value which is reviewed annually by the Society's auditors is

assessed to Mr. Hoyt. Providing housing for the chief executive is commonplace with charities as it is with many churches and educational institutions.

"The executive vice-president and treasurer, Paul G. Irwin, did not write himself checks for $85,000 but, as treasurer, was a cosigner of two checks totaling $85,000 which were authorized by the Deferred Compensation Committee as part of a transaction in which the Society's assets were fully protected.

"The Deferred Compensation Committee approving both actions was, at the time, comprised of the then chairman of the board of The HSUS, its vice chairman, and a third member of the board. By previous action of the board, the committee had been authorized by the full board to act on its behalf in matters pertaining to compensation for senior staff. All actions of that committee were subsequently endorsed by the board.

"In response to questions and concerns raised by a few of the Society's board members regarding these and other actions, the board in December of last year undertook a comprehensive review of the management practices and policies of the Society. Because preliminary findings of an independent counsel associated with the law firm of Harmon and Weiss suggested the possibility that certain actions of the executive officers and the Deferred Compensation Committee were improper and perhaps illegal, the board at its regular meeting in April of this year engaged the services of the noted attorney Jacob A. Stein to further investigate all matters pertaining to these findings.

"Mr. Stein concluded that while certain policies and procedures identified in the Harmon and Weiss report needed refinement and clarification, he was conclusive in his opinion

that no actions that had been taken were illegal nor that the Society's tax-exempt status was threatened.

"Based upon Mr. Stein's findings and recommendations, the board has endorsed all the actions of its Deferred Compensation Committee and reaffirmed its confidence in the leadership of its president and executive vice-president/ treasurer.

"A newly created Compensation Committee of the Board has just completed a review of the salaries of all senior staff of the Society and does not regard such salaries excessive. Guidelines for determining senior staff salaries are based on the Compensation Survey Report of Management Positions In Not-for-Profit Organizations conducted by TPF & Company, a Tower Perrin company, and the annual Association Executive Compensation Study published by the American Society of Association Executives.

"The HSUS during Mr. Hoyt's 18-year tenure as president has grown from a constituency of approximately 30,000 to over 800,000 persons. During that same period the annual budget of the Society has increased from $500,000 to approximately $9 million annually. Mr. Irwin became an employee of the Society in 1975.

"We regret that several of the actions and decisions reviewed by the board have been so grossly distorted and erroneously reported by Jack Anderson and his associates. The HSUS remains fully committed to the task of preventing the abuse and suffering of animals and welcomes the continued support of the public."

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Carroll Thrift
Viola Weber
Robert F. Welborn, Esq.
Marilyn Wilhelm
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

September 26, 1989

Mrs. Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Dear Mrs. Pepperdine:

The Audit Committee met in Washington on Thursday, September 14th to consider the proposed budget for 1990. After considerable discussion and explanation by the Society's administrative staff a budget with anticipated revenues totaling $12,400,000 and estimated expenditures of $12,388,544 was approved for recommendation to the Executive Committee at it's meeting on September 15, 1989. The Executive Committee has now also approved this budget for final action by the board at the October meeting in Houston.

A copy of the proposed 1990 budget and the supporting documents are enclosed.

Sincerely,

Carroll S. Thrift

Carroll S. Thrift JTS
Member, Audit Committee

Enclosure

ReSurfCo

26711 Southfield Road, Suite 102, Lathrup Village, MI 48076 [313] 559-7166

To: HSUS Compensation Committee

From: Bob Sorock

RE: Hoyt & Irwin Contracts--Revisions and Conference Call

Date: May 22, 1989

Distribution

Hal Gardiner
Susan Pepperdine
Marilyn Seyler
K. William Wiseman

Enclosed are the revised drafts of the Hoyt and Irwin contracts that I recently received from Jake Stein. Although Jake's letter to me is dated May 4 I did not receive it until May 19, as it was sent to my old address and then forwarded.

Jake has made the revisions as we have requested. Please note there is one change that was not made. When initially speaking with Jake after our last conference call I decided we should not delete 4.2 (c). This section deals with termination by society without cause--in the case of merger, takeover, etc. We will discuss this in our next conference call.

The section I kept trying to take out

Let's have a conference call to finalize these drafts, so we may present them to John and Paul for their approval, revisions, input--whatever.

I will arrange a conference call as follows:

Tuesday, May 30
11:00 A.M., EST

If this date or time is not convenient please contact me immediately. The conference call will be directed to the phone numbers listed below.

Hal Gardiner	801-364-5600
Susan Pepperdine	913-492-9494
Marilyn Seyler	419-756-7559
Bill Wiseman	207-443-3979

Bob Sorock

Item 10

Post Office Box 120
Woolwich, ME 04579

March 29, 1988

John W. Metler, III
Susan Pepperdine
Robert B. Sorock

Dear Audit Committee Members:

I have been asked by Ms. Gail M. Harmon in her letter of March 15 whether I plan to attend the next meeting of the Committee in Washington, D.C. on April 7, 1988. However, since Mr. O. J. Ramsey stood in for me at the previous meeting, for the sake of continuity and to avoid unnecessary repetition and duplication, I believe it would be more efficient if he were to continue as my alternate at the forthcoming meeting even though I am now available to attend myself. I trust you will agree with this conclusion and once again accept Mr. Ramsey in my stead assuming he is available. Should Joe's other commitments make this impossible, I would, of course, plan to attend myself.

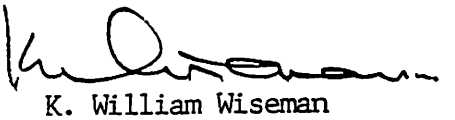
Further to the subject of committee participation, I would like to point out that according to the H.S.U.S. By-Laws (Article VIII, Section 5) "The President may participate in any meeting of . . . any commitee of the Board, but without vote". Early on the President elected not to participate in the activities of the Audit Committee for obvious potential "conflict of interest" reasons. However, since the investigatory phase of the Committee's work is about to be completed, it seems to me the time is now appropriate for the President to be included so that his views may be available to the Commitee while developing their conclusions and recommendations for presentation to the Board in April. And, in order to participate meaningfully, he obviously needs to be provided, in advance of the meeting, with all of the material developed by the Committee thus far. However, as you know, the President is at this time still recovering from recent surgery. Therefore, in these circumstances, I believe the Executive Vice President should attend since he is presently the acting chief executive officer of H.S.U.S.

Concerning the eventual conclusions and recommendations of the Committee, I would like to observe that the mandate of the Committee is "to make a full report to the Board on the management of the financial affairs of H.S.U.S." During the period under review

RECEIVED APR 0 1 1988

by the Committee, the "financial management" of the Society has resulted in an extraordinary growth in revenues and budget (and, as a consequence, programs and membership). Further, during this period, H.S.U.S. received an unbroken succession of unqualified reports from its auditor as well as several federal and state tax audits which imposed no penalties. Nevertheless, in highly successful and rapidly expanding organizations, it is not unusual for management's focus to be on growth rather than administrative procedures. Undoubtedly, there are areas where improvements can and should be made. I know that John and Paul recognize this and have constructive ideas of their own to contribute. For this reason, I would hope their views will be incorporated into the final reecommendations of the Committee.

Sincerely,



K. William Wiseman

cc: Gail M. Harmon
John A. Hoyt
Paul G. Irwin
Murdaugh S. Madden
O. J. Ramsey

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

January 29, 1990

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Paul Heneks
Gisela Hunnicutt
Leslie R. Inglis
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
John E. Taft
Carroll Thrift
Viola Weber
Robert F. Welborn, Esq.
Marilyn Wilhelm
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Dear HSUS Director:

Printed copies of the policy statements acted on by the Board of Directors at the organization meeting of October 29, 1989 are enclosed for your Board Manual. A new table of contents was also printed which incorporates all current HSUS policy statements.

Also enclosed is a revised listing of addresses and phone numbers for directors, which reflects a change of address for Mr. Carroll Thrift.

Sincerely,

Marcia Glaser

Marcia Glaser
Assistant Secretary

The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037
(202) 452-1100

John A. Hoyt
President

February 7, 1990

Confidential

Mr. K. William Wiseman
P.O. Box 120
Woolwich, ME 04579

Dear Bill,

Enclosed find a copy of my letter to Alice Garey relating to the reasons for calling a formal meeting of the Nominating Committee. She concurs (by phone) that this procedure is advisable in light of the special circumstances surrounding the work of the committee this year.

I have also confirmed with Bob Sorock a meeting of the Compensation Committee to be held Thursday, April 5 at 2:00 p.m. Bob was concerned about having to be absent from his work from Thursday through Saturday. When I see him this week in Detroit, I will explore other possibilities, especially a Thursday evening dinner meeting, and after if necessary. I'm not sure the Saturday a.m. continuation of the meeting of the Board bodes well, especially for those attending the Planning and Policy Committee meeting, which begins on Wednesday morning. We'll see how those attending respond.

I will discuss with Paul holding a meeting of the Audit Committee at 2:00 p.m. Thursday, April 5 and a meeting of the Investment Committee at 4:00 p.m. the same day. I will have him contact the Chairs directly.

Will you please indicate any items you wish to be included on the agenda and the times at which you desire committee reports. It would seem to me that we should have all committee reports not requiring staff attendance (other than Paul, Roger, Marcia and me) on Friday morning, concluding with the Planning and Policy Committee report, at which time other staff could join the proceedings.

I will also arrange for a dinner for Directors, senior staff and spouses for Friday evening, April 6, beginning with a reception at 6:30 p.m.

I will probably talk with you again before you leave for your trip on February 19-24. If not, have a pleasant time. I will be in Florida from February 15-27 but will contact you by phone after the 27th.

Sincerely,

John A. Hoyt

Enclosure
cc: Paul Irwin
Marcia Glaser

ROBERT F. WELBORN
P.O. BOX 208
FRANKTOWN, COLORADO 80116

October 23, 1989

Mrs. Susan Pepperdine
5831 Sunrise
Fairway, Kansas 66205

Dear Mrs. Pepperdine:

There is one statement in your letter of October 18, 1989 to Bill Wiseman on which I would like to comment at this time.

You say that the Executive Committee "voted to pay attorney's fees for Mr. Hoyt and Mr. Irwin." The motion was for the approval of "the payment of attorney fees for the preparation of the employment agreements with Mr. Hoyt and Mr. Irwin". It had to do with the preparation of the agreements.

The committee was advised that Mr. Jacob Stein had been retained as outside counsel to represent H.S.U.S. The motion was made on recommendation of the chairman of the Compensation Committee and it was made with reference to the work Mr. Stein did or approved in the preparation of the agreements.

Best Regards,

Sincerely,

Bob Welborn

cc Bill Wiseman

MEMORANDUM OF LAW

TO: Chairman Wiseman

FROM: Office of General Counsel

DATE: September 12, 1989

Director Welborn has raised the question of whether or not the HSUS Executive Committee has the legal power to act upon the employment contracts proposed to be entered into with the President and the Treasurer.

At a meeting of the full Board of Directors dated April 13-14, 1989 the Executive Committee was authorized --

> "to consider, negotiate and approve employment agreements between the President and the Executive Vice President/Treasurer and the HSUS at its meeting to be held in September, 1989."

Article VII, Section 1 of the HSUS By-Laws clearly outlines the powers of the Executive Committee and reads as follows:

> "The Executive Committee shall have and may exercise all of the powers of the Board of Directors when the Board is not in session, except the power to elect or remove officers and such powers, if any, as the Board may specifically reserve to itself or as may be specifically assigned to any other committee or any officer of the Society."

There is no indication that the Board has specifically reserved the question of employment contracts to itself. On the contrary, as stated above, at the Board meeting of April 13-14, the full Board did speak to this question and authorized the Executive Committee to act upon these proposed contracts.

Any corporate by-law or Board resolution of course, is subordinate to the corporation law of Delaware. Delaware Corporation Law §141(a) states that "the business and affairs of every corporation organized under this chapter shall be managed by or under the direction of a board of directors...." In keeping with the language of §141(a) whereby the corporation may be managed not only by but "under the direction of" a Board of Directors, §141(c) authorizes the Board to designate one or more committees.

> "Any such committee, to the extent provided in the resolution of the board of directors, or in the by-laws of the corporation, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation...." Id.

(Qualifying this broad authority to delegate, §141(c) lists a number of corporate acts the authority to act upon may not be delegated by the Board of Directors to a committee (for example, recommending a dissolution of the corporation). These exceptions to the Board's power to delegate to a committee do not encompass or include entering into employment contracts with officers of the corporation.)

Accordingly, under the Delaware Corporation statute, it would seem clear that the HSUS Executive Committee has the legal power to take whatever action it deems appropriate with

respect to the proposed contracts. No judicial constructions of the statute contradict this conclusion.

However, two points should be added to this memorandum. First, the contents and substance of the proposed contracts were reviewed by outside counsel Jake Stein, insofar as their legality is concerned, and have not been seen or reviewed by the undersigned.

Finally, it seems clear that the Board has properly authorized the Executive Committee to act, and not only specifically delegated this function to it, but has generally, in the HSUS By-Laws, authorized the Executive Committee to perform all of the powers of the Board when the Board is not in session. However, delegation does not eliminate the ultimate responsibility of the full Board of Directors to manage all of the affairs of the corporation, and does not exculpate it and its members from having the responsibility to continually supervise and oversee the activities of its committees, including the Executive Committee, and including, of course, this proposed action.

Murdaugh Stuart Madden
General Counsel

Roger A. Kindler
Associate General Counsel

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

July 1, 1988

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brock Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

VIA UPS

Harold H. Gardiner
GARDINER--A MARKETING CO.
The Gardiner Plaza
56 West Fourth South
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Robert Sorock
STONE & SIMONS ADVERTISING, INC.
24245 Northwestern Highway
Southfield, MI 48075

Mr. K. William Wiseman
Skin Pond
P. O. Box 267
Patton, ME 04765

Re: HSUS Select Committee

Dear Hal, John, Susie, Bob, and Bill:

Just so you will stay currently informed, I am enclosing herewith for each of your files copies of a letter to Jake Stein from Brook Speidel, dated June 26, 1988, which was thermofaxed to me by Jake Stein yesterday. Also enclosed is a copy of John Mettler's letter to Jake Stein dated June 21, 1988.

I had hoped to be able to have a proposed draft of the Select Committee report, along with a report from Jake Stein and Nile Webb of Deloitte, Haskins & Sells for all of us to discuss, revise, etc. at our meeting scheduled for Kansas City next Friday, July 8, 1988. However, I do not yet have reports from either Jake Stein or Nile Webb.

Moreover, it would be much easier for me to create a first draft of the report for our further review and revision after first meeting with all of you and having the benefit of all of your input.

The agenda that I propose we try to cover in a general way for our Select Committee meeting in Kansas City would be as follows:

1. Consideration of the demands in Mr. Tirana's letter of May 11, 1988, on behalf of his clients;

2. Report from Jake Stein on his progress toward advising HSUS concerning the matters raised by Harmon;

3. Consideration of the Deloitte, Haskins & Sells recommendations if we have them by that time;

4. Consideration of suggestions by everyone about the overall format and design of the Select Committee report;

5. Anything else anybody else wants to talk about.

I look forward to meeting with all of you with confidence that we will have a most productive meeting.

Best personal regards,

Very truly yours,

O. J. Ramsey

OJR:jr
Enclosure
cc: John Hoyt

May 6, 1988

Mr. Joe Ramsey
Ramsey, Morrison, Keddy & Wallis
10399 Old Placerville Road
Sacramento, CA 95827

Dear Joe:

This is in reply to the Select Committee's request for directors to submit any further "concerns" to be answered.

Here are the questions I still have:

1. John's house was termed an "investment" though HSUS obviously doesn't need a tax deduction and receives no interest. It's like putting money under a mattress that could be earning interest or paying for expanded programs. So my question is, how can this be a good investment?

2. Was an attorney consulted concerning Brightwater, as the Deferred Compensation Committee asked Paul to do? Where does the partnership agreement stand now? Is HSUS obligated to maintain this property though it has inadequate rights to it?

3. Is the use of shell corporations to run salary checks through considered ethical? (Mr. Webb seemed to indicate it wasn't, so perhaps his report will discuss this issue.)

4. On the matter of compensation for senior staff and all other employees, have any guidelines been established to ensure equitability between jobs? Now that HSUS has over 100 employees, should some of the president's responsibility in this area be delegated to a personnel manager? (Now that people play lawsuits like the lottery, we've got to protect ourselves by having systems in place.)

One final thought: It's not clear to me why you've asked Paul to provide figures on HSUS's growth since 1970. You said this is relevant to our report, but I'm not sure how.

Thanks for the opportunity to have these matters considered by the committee.

Best regards,

Susan Pepperdine

SP:cp

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

January 19, 1988

lupe

Mr. K. William Wiseman
P.O. Box 120
Woolwich, ME 04579

Dear Bill,

More than one month has passed since a special meeting of the Board of Directors was held in Washington, D.C., December 12, 1987. Since that time, both of us have given careful thought to the events leading up to that meeting and the possible consequences of what appears now to be transpiring as a result of the unsubstantiated accusations of a small minority of directors.

As you are aware, two communications exist which set forth the scope and nature of the "investigation" now being undertaken. Members of the Board of Directors have already received the letter dated December 4, 1987 from Mr. Bardyl R. Tirana, attorney for Mr. Samuel A. Bowman. This has been compounded by a letter dated December 21, 1987 to Thomas Havey and Company, initiated by John W. Mettler, III, in the name of the Audit Committee established by the Board of Directors at its special meeting held December 12, 1987. (Copy attached.) We believe it is important that the Board understand the full implication of these letters and their possible consequences when viewed from our perspective.

Both letters are replete with implications of dishonesty and malfeasance; innuendos and questions which discredit the integrity not only of ourselves, but of HSUS directors as well; and with character aspersions totally without foundation. If there is an assumption on the part of these few directors that we will stand idly aside and not raise our

voices in protest against these totally false and malicious accusations, we wish to dispel that notion forthwith.

There is perhaps little that can be done at this juncture to halt the destructive activities now taking place, activities which already are causing great disruption to The HSUS program. Yet we are confident that the result of this "investigation", when concluded, will reveal no malfeasance or imprudence in our management of the financial affairs of The Society. However, how much better it would have been that the two of us, who incidentally have served this organization faithfully and unstintingly for a total of approximately 30 years, would have been invited to sit down with a committee of the Board to review any and all matters of legitimate concern. Certainly neither of us makes any pretense of being perfect, but any actions taken or any decisions made by us on behalf of The HSUS have been done either with the approval of the Board of Directors or a duly established committee of the Board; the approval and concurrence of its chairman; or in the exercising of the administrative authority inherent to our offices as President and Executive Vice President/Treasurer, the exercise of which has heretofore been acknowledged by the Board with great approbation.

Since such a meeting is not contemplated we have no recourse but to stand together to challenge and repudiate the outrageous and vicious attacks which are being leveled against us and members of our families, and other HSUS directors.

Because neither of us was afforded the opportunity to meet with the Board at the meeting held on December 12, 1987, nor has since been invited to sit with any contingent of the Board, we hereby request a full review of the malicious accusations against us by these few directors at the next scheduled meeting of the Board. In conjunction with this review, we further request:

1. That no staff member except ourselves, HSUS General Counsel Murdaugh S. Madden and Recording Secretary Marcia Glaser be in attendance;

2. That we, John Hoyt and Paul Irwin, be permitted to bring to that meeting legal counsel, and;

3. That no other business be docketed for that meeting until the matter set forth above be thoroughly resolved.

We fully anticipate that following such review the Board will reaffirm its confidence in our leadership, both individually and collectively as well as its belief in our personal integrity and honesty.

Sincerely,

John A. Hoyt, President

Paul G. Irwin, Executive Vice President
and Treasurer

JAH:PGI/jps

cc: All HSUS Directors

The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037
(202) 452-1100

December 1, 1987

OFFICERS

Coleman Burke
Chairman of the Board

K. William Wiseman
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Murdaugh Stuart Madden
Vice President/ General Counsel

Patrick B. Parkes
Vice President/Field Services

Patricia Forkan
Vice President/Program and Communications

John W. Grandy
Vice President/ Wildlife and Environment

Phyllis Wright
Vice President/ Companion Animals

Dr. Michael W. Fox
Scientific Director

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke
Irene Evans
Regina B. Frankenberg
Harold H. Gardiner
Alice R. Garey
Gisela H. Karlan
John W. Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Cherie Mason
John W. Mettler, III
John G. Mosher
Susan Pepperdine
O.J. Ramsey
Marilyn G. Seyler
Everett Smith, Jr.
Brook Speidel
Robert F. Welborn
William Wiseman

HONORARY DIRECTORS

Alda Flemming
Virginia Milliken
Andrew Wyeth

Mr. K. William Wiseman
P.O. Box 120
Woolwich, ME 04579

Dear Bill:

It has come to my attention that certain members of The HSUS Board of Directors have asked for a listing of business related trips I have made during recent years that have also included members of my family. The concern, I imagine, has to do with whether or not any expenses involving family members have been charged to The HSUS..

As you are aware, Trudy has accompanied me on several trips during the past few years, some on behalf of The HSUS directly and others relating to my leadership role with the World Society for the Protection of Animals. Expenses for her portion of these trips have on some occasions been underwritten by The HSUS; on others by the WSPA. In all cases, however, the monies to pay for her portion of these trips was provided through the generosity of HSUS director Regina Frankenberg who specifically urged that Trudy accompany me on these trips, especially since the occasion of my heart attack in 1985. Additionally, this arrangement was approved by then Chairman of the Board Coleman Burke.

I trust you will continue to regard this arrangement as appropriate so long as Miss Frankenberg agrees to underwrite these expenses as she has in the past. Not only is Trudy a great help to me personally on such trips but is also a very able and appropriate representative of The HSUS.

The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037
(202) 452-1100
FAX (202) 778-6132

February 20, 1991

OFFICERS
K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Roger A. Kindler, Esq.
Vice President/General Counsel

SENIOR STAFF
VICE PRESIDENTS
Patricia Forkan
Senior Vice President
Dale A. Didion
Government Relations
Patty A. Finch
Youth Education
Dr. Michael W. Fox
Farm Animals & Bioethics
Dr. John W. Grandy
Wildlife & Habitat Protection
Jan A. Hartke, Esq.
Environment
Thomas J. Huntt
Controller
Dr. Randall Lockwood
Field Services
Dr. Martin L. Stephens
Laboratory Animals
David K. Wills
Investigations
Phyllis Wright
Companion Animals
Murdaugh Stuart Madden, Esq.
Senior Counsel

DIRECTORS
H. I. (Sonny) Bloch
Coleman Burke, Esq.
Anita Schoomaker Coupe, Esq.
Irene Evans
Carroll Forgham-Thrift
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Leslie R. Inglis
John Kelly
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
John E. Taft
Terry C. Thomason
Viola Weber
Robert F. Welborn, Esq.
Dr. David O. Wiebers
Marilyn Wilhelm
K. William Wiseman

Dear HSUS Director:

I am sure you are no more desirous than I of having to respond to the continuing efforts of ~~at least one~~ a former board member to do violence to The HSUS, ~~than am I, but~~ but once again Jack Anderson and Dale Van Atta are doing that ~~former director's~~ individuals bidding.

You have already been made aware of the inquiry from the California Attorney General's Office which is being ably handled by HSUS General Counsel Roger Kindler in consultation with vice chairman Joe Ramsey. In spite of the comment made in the Anderson-Van Atta column that "the deputy attorney general told our associate Jim Lynch that his opinion hasn't changed" (whatever that means), we have had no response whatsoever from the deputy attorney general. Mr. Kindler is making further inquiry about this alleged comment.

Everything else in the column is a regurgitation of old accusations and innuendoes with the exception of the reference to David Wills. The reference to the Michigan Humane Society being under investigation relating to its financial condition ~~did occur.~~ is correct However, this investigation was completed several months ago and did not in any way involve Mr. Wills.

The statement that "Hoyt is grooming Wills to be his successor" is so absurd it hardly merits response. I am grooming no one to be my successor. The Board of Directors being willing, I have no intention of being succeeded by anyone for many years to come. And when, finally, that time does come, it will be the board itself, and not I, who chooses my successor.

Sincerely,

John A. Hoyt
President

JAH:mg

The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037
(202) 452-1100
FAX (202) 778-6132

OFFICERS

K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Roger A. Kindler, Esq.
Vice President/General Counsel

SENIOR STAFF VICE PRESIDENTS

Patricia Forkan
Senior Vice President
Dale A. Didion
Government Relations
Patty A. Finch
Youth Education
Dr. Michael W. Fox
Farm Animals & Bioethics
Dr. John W. Grandy
Wildlife & Habitat Protection
Jan A. Hartke, Esq.
Environment
Thomas J. Huntt
Controller
Dr. Randall Lockwood
Field Services
Dr. Martin L. Stephens
Laboratory Animals
David K. Wills
Investigations
Phyllis Wright
Companion Animals
Murdaugh Stuart Madden, Esq.
Senior Counsel

DIRECTORS

H. I. (Sonny) Bloch
Coleman Burke, Esq.
Anita Schoomaker Coupe, Esq.
Irene Evans
Carroll Forgham-Thrift
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Leslie R. Inglis
John Kelly
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
John E. Taft
Terry C. Thomason
Viola Weber
Robert F. Welborn, Esq.
Dr. David O. Wiebers
Marilyn Wilhelm
K. William Wiseman

Statement of K. William Wiseman
Chairman, Board of Directors
The Humane Society of the United States

Responding to a recent column by Jack Anderson and Dale Van Atta, K. William Wiseman, chairman of the Society's 24-person Board of Directors, issued the following statement on February 25, 1991:

We regard many of the criticisms leveled by Mr. Anderson and his associate against the president and executive vice-president/treasurer of The Humane Society of the United States (HSUS) to be erroneous as regards the facts of the situation and clearly distorted and misleading as regards their interpretation. Neither the president, John Hoyt, nor the executive vice-president/treasurer, Paul Irwin, has taken any actions or received any benefits not previously approved by an authorized committee of the board of directors and, subsequently, endorsed by the board as a whole.

A house previously owned and occupied by the president and his family for approximately 17 years was purchased four years ago by The HSUS with the unanimous approval of the board's Deferred Compensation Committee, and is being provided as a residence as a part of Mr. Hoyt's compensation. For

HSUS' president and executive vice-president/treasurer. HSUS responded promptly and provided the Attorney General all the information he requested, and more.

Jack Anderson's column asserted that the California Attorney General has concluded that the transactions in question violated charitable trust law. That assertion is flatly incorrect.

The Attorney General's office has advised HSUS, after the Anderson column appeared, that the Attorney General is now in the process of reviewing the information and documents HSUS submitted, and that the Attorney General has not taken a final position on the propriety of the transactions under California law, or made any determination as to whether a formal investigation should be undertaken.

HSUS is fully cooperating with the Attorney General's office and believes that once all the facts are carefully considered, HSUS will be shown to have acted within California law.

MEMORANDUM

TO: MEMBERS OF THE BOARD OF DIRECTORS AND STAFF

FROM: JOHN A. HOYT

DATE: AUGUST 14, 1990

RE: APPOINTMENT OF VICE PRESIDENT/INVESTIGATIONS

I am pleased to announce the appointment of David Wills as HSUS Vice President/Investigations, effective September 1, 1990. David comes to The HSUS from the National Society for Animal Protection where he has served as president since its founding in September of 1989. Prior to that time, David was Executive Director of the Michigan Humane Society from 1980 until 1989.

Effective September 1, Paul Irwin, Executive Vice President/Treasurer of The HSUS will assume direct supervision of the Field Services, Companion Animals, and Investigations Sections.

JAH:nehp

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

September 14, 1989

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Carroll Thrift
Viola Weber
Robert F. Welborn, Esq.
Marilyn Wilhelm
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Mrs. Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Dear Mrs. Pepperdine:

I wish to acknowledge your letter of September 12, 1989 which was sent to me and the Board. You request that the President's salary be reviewed by the full Board. You also note that you object to certain provisions of the contract.

With respect to your request that the full Board act instead of the Executive Committee, you are aware that the Board unanimously approved a specific delegation of authority to the Executive Committee to act on the employment contracts. I enclose a legal opinion of our counsel concerning the propriety of the delegation.

With respect to your comment concerning your disapproval of the employment contracts, I recall there was considerable discussion concerning the contracts by the Committee and that you participated. However, I did not understand that you were opposed to the contracts as a whole. Your letter expressing your views will be placed in the file with this reply.

I also wish to confirm that the concerns expressed in your letter of August 29th will be placed on the agenda for the Board at its meeting scheduled for October 29th in Houston. I am sure you know that as chairman I always welcome suggestions.

Sincerely,

K. William Wisemen
Chairman

KWW:jdf
Enclosure
CC Board of Directors
John A. Hoyt

PERSONAL AND CONFIDENTIAL

TO: ALL OFFICERS, CURRENT DIRECTORS, AND CERTAIN RECENT DIRECTORS OF THE HUMANE SOCIETY OF THE UNITED STATES

Out of a deep concern for the future of the Humane Society of the United States ("HSUS") , and mindful of our responsibilities as directors of its Board, we wish to express serious concern over the problems in our organization that were highlighted during the recently proposed merger of the Michigan Humane Society ("MHS") and the HSUS.

First, this proposed merger could have violated the Delaware State Corporation law by which we are governed. (By-Laws, Article VI, Section 1) We were not adequately apprised, or in any way warned of the impact of this proposed merger by HSUS officers or that this proposal violated our By-Laws. Worse, the February 1987 Board meeting, at which this proposal could have been discussed with the Board, was cancelled by President Hoyt as "unnecessary." We understand that, instead, only three Board members, chosen by the Officers, began exploration of an HSUS/MHS merger. This action was taken without our knowledge or, we believe, that of the remainder of the Board.

In August of 1987 each Board member was presented with a document urging the proposed merger. However, the document failed to note any organizational or legal bars to such a merger as presented by President Hoyt. Such action draws into serious question the HSUS' President's responsiveness to the Board's supervisory and oversight authority explicitly set forth in our By-Laws. Under Article VI, Section 1: "The concerns, direction and managment of the affairs of the Society shall be vested in the Board of Directors..."

We are concerned about the possible purchase, on May 4, 1987, of the President's house in Germantown, Maryland for $310,000 by the HSUS. We are unaware that the Board was ever informed of this apparent purchase, which appears to be in plain violation of several HSUS By-Laws. Pertinent to this issue are Article VIII, Section 7, which requires that the Treasurer "...disburse funds in accordance with a budget approved by the Board," and Article VIII, Section 5, which empowers the Board to determine the President's salary and benefits.

These problems highlight the need for our Board to reemphasize its managment and oversight responsibilities and to

examine closely several other areas that may be in violation of our By-Laws.

First, we need to assure that no Board member is now or was at the time of his or her election "...receiving compensation for services from this of any other humane organization." Article VI, Section 2. The term "compensation" must be interpreted in its broadest definition.

Second, in order to carry out more fully its financial oversight responsibilities, the Board may wish to reexamine the Treasurer position, which is currently held by an Executive Officer. In order to increase the Treasurer's responsiveness to the Board, we may wish to amend the By-Laws to provide that he or she is selected from the Board membership or also be a member of the Board, as was previously the case.

Third, the Board must be aware of its functions, duties and responsibilities. This includes the appointment of members to various committees. The By-Laws, in Article VIII, section 5, state that the President "...shall conduct the activities and business of the Society in accordance with principles and policies prescribed by the Board of Directors." Their legal liability in regard to both their actions and inaction must be clearly understood. In an issue such as the recently proposed merger, Board members have not only a <u>right</u> to concern themselves, but an absolute legal <u>obligation</u> to do so.

In order to carry out our duties as Board members under the By-Laws, we feel that the foregoing concerns should be dealt with as soon as possible. Accordingly, we are requesting the Chairman of the Board to convene a special meeting of the Board of Directors , at the HSUS Headquarters in Washington D.C., within a 45 day period as specified in the By-Laws. This meeting should be closed and for Directors only. Prior to this meeting Board members may require from the Officers of the Society, certain information in writing pertaining to the affairs of the Society.

November 5, 1987

Samuel A. Bowman
Gisela Hunnicutt
John W. Mettler, III
Marilyn G. Seyler
Brook Speidel

a friend to Paul Irwin

The Humane Society of the United States
Nominating Committee
Candidate Information Form

MAR 3 0 1989

Name Terry (First) Clay (Middle) Thomason (Last)

Address/Telephone

Home RR #2, Tracy Way, (Number-Street) Meredith, New Hampshire (City-State) 03253 (Zip) 603/279-7041 (Phone)

Office 363 Reef Rd., (Number-Street) Fairfield, CT (City-State) 06430 (Zip) 203/254-1211 (Phone)

Occupation Investment Management

Education Southern Methodist University, B.A.; Perkins School of Theology, B.D.
(Names of schools, degrees received)
Boston University School of Theology, graduate study, Administration.

Brief career summary 1956-69: Parish Minister, United Methodist Church; 1969-83: Financial Management, Pensions Administration, Investment for The United Methodist Church, headquartered Boston, MA; 1983-present: Vice President, The Common Fund (Investment Management for Colleges & Universities)

Current animal-welfare activities
- Boat guard patrol duty for loon hatchery, Lake Winnepausakee, New Hampshir
  This is a unified effort to preserve an endangered species.
- Assisting in providing shelters for dogs in colder climates.

Animal Welfare Organizations of which you are a member (list offices held): and financial supporter: Cousteau Society; Greenpeace; Gilford (NH) Humane Society; Humane Society of the United States; The Loon Preservation Society of New Hampshire; New Hampshire Humane Society. FORMER MEMBERSHIPS: Spay & Neuter Society of Newtown (CT); Animal Welfare League of Newtown.

Professional memberships Registered Representative (S.E.C.);
Three times elected member, General Conference of The United Methodist Church
Former Director, Federal Credit Union.

Statement of your philosophy regarding animal welfare (please use reverse).

The HSUS Board of Directors has approved the attached Statement of Beliefs and Principles. Do you fully subscribe to this statement? ~~Yes.~~

Date 3-24-89 Signature Terry C Thomason

My philosophy regarding animal welfare is rather simple and might be classified as unsophisticated. Over many years I have been increasingly influenced by the philosophy of Albert Schweitzer as he affirmed the precious nature of all life as the creation of God. Thus, his term "reverence for life" was central in the formulation of my beliefs. To assert that human life is the highest priority on one's scale of values while discounting (by acts of commission or omission) the value of non-human creatures is at best a gross intellectual inconsistency and at worst a distortion of the intentionality of creation. "Ask not for whom the bell tolls..."

My wife, Marilyn and I share an increasing sense of horror at the callous brutality perpetrated in the slaughter of animal life for the profit, pleasure or comfort of human beings. We are equally dismayed and outraged by the life-long torture inflicted on animals as they are prepared in "cost effective" ways for human consumption. An obvious case in point is the heinous abuse suffered by veal calves on factory farms. In this instance, we have joined many others in making a moral commitment to never again order veal or eat it if served. We do not deceive ourselves by thinking of this as a noble or courageous stand that will result in substantial change. It is rather a simple, passive act by which we seek to remind ourselves of our most basic values. We are clear about the need to continually seek to be sensitized to current issues of animal abuse and to seek ways to actively engage ourselves in those issues.

We believe that as with most major issues, significant change in patterns of animal neglect and abuse will not result from individual efforts alone. Political, economic, social and life-style realities must be dealt with in an organized manner in order to be effective. Thus we choose to align ourselves personally, financially and politically with those organizations that continually demonstrate effective, active advocacy on behalf of animals. We believe that The Humane Society of The United States preeminently demonstrates this quality of advocacy.

The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037
(202) 452-1100

John A. Hoyt
President

February 7, 1990

Confidential

Ms. Alice R. Garey
2030 Carriage Lane
Arroyo Grande, CA 93420

Dear Alice,

As you are aware, the nominating of candidates for election to The HSUS Board of Directors poses a somewhat unusual problem this year, i.e., whether or not certain incumbent directors should be nominated for an additional term or even solicited to ascertain whether or not they wish to be considered. Consequently, it would appear that a formal meeting of this year's Nominating Committee should be held to discuss these concerns in confidence and reach a consensus as to how the matter should be handled.

Bill Wiseman very much supports this procedure and has recommended that you call such a meeting to be held at the HSUS headquarters office, Saturday, April 7 at 1:30 p.m. As this meeting would immediately follow the meeting of the Board of Directors, scheduled to adjourn at noon that same day, it will avoid an additional trip for you and Joe Ramsey. Also, it will make it possible for Bill Wiseman to be available for consultation if the committee so desires.

If you agree with this proposed procedure, I am enclosing letters to each member of your committee prepared by Marcia Glaser for your signature. Thank you for giving this matter your attention.

Sincerely,

John A. Hoyt

JAH/mg
Enclosures
cc: K.W. Wiseman
O.J. Ramsey, Esq.

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

February 15, 1990

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Paul Heneks
Gisela Hunnicutt
Leslie R. Inglis
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
John E. Taft
Carroll Thrift
Viola Weber
Robert F. Welborn, Esq.
Marilyn Wilhelm
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Dr. David Wiebers
3873 Hidden Hills Lane, NE
Rochester, MN 44904

Dear Dr. Wiebers:

Mr. John A. Hoyt, president of The Humane Society of the United States, has indicated your willingness to be considered as a candidate for election as an HSUS director. On behalf of the 1990 HSUS Nominating Committee, I am writing to ask you to provide some biographical information for use by the committee.

Would you please complete the enclosed form for prospective nominees and return it to me at your earliest convenience. If you have a resume or curriculum vita, please enclose that also.

At the present time we are not sure how many new candidates we will need for the eight positions to be filled. However, once the committee has prepared a slate of nominees, a referendum ballot will be mailed to our voting members in August with the names of the candidates for those eight positions. Terms are for a three-year period and commence and end coincident with the date of our annual membership meeting, which will be held this year on October 27 in San Francisco.

I very much look forward to your response.

Sincerely,

Alice R. Garey
Chair
1990 Nominating Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Paul Heneks
Gisela Hunnicutt
Leslie R. Inglis
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
John E. Taft
Carroll Thrift
Viola Weber
Robert F. Welborn, Esq.
Marilyn Wilhelm
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

February 15, 1990

Four ~~prop~~ prospects being asked to complete the "form". Thomason already on file from last year —

Mr. John Kelly
7045 Indian Creek Drive
West Bloomfield, MI 48322

Dear Mr. Kelly:

Mr. John A. Hoyt, president of The Humane Society of the United States, has indicated your willingness to be considered as a candidate for election as an HSUS director. On behalf of the 1990 HSUS Nominating Committee, I am writing to request current biographical information for use by the committee.

Would you please complete the enclosed form for prospective nominees and return it to me at your earliest convenience. If you have a resume or curriculum vita, please enclose that also.

At the present time we are not sure how many new candidates we will need for the eight positions to be filled. However, once the committee has prepared a slate of nominees, a referendum ballot will be mailed to our voting members in August with the names of the candidates for those eight positions. Terms are for a three-year period, as you know, and commence and end coincident with the date of our annual membership meeting, which will be held this year on October 27 in San Francisco.

I very much look forward to your response.

Sincerely,

Alice R. Garey
Chair
1990 Nominating Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

Essentially same letter sent to all committee members.

February 14, 1990

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Paul Heneks
Gisela Hunnicutt
Leslie R. Inglis
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
John E. Taft
Carroll Thrift
Viola Weber
Robert F. Welborn, Esq.
Marilyn Wilhelm
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

O.J. Ramsey, Esq.
Ramsey, Morrison, Keddy & Wallis
10399 Old Placerville Road
Sacramento, CA 95827

Dear Joe:

As chair of The HSUS Nominating Committee for 1990, I am writing to remind you of your election to the Nominating Committee by The HSUS Board of Directors. I am pleased to welcome you to this committee and wish to share with you details of the task we are charged to perform.

Each year, eight persons are nominated for election to the Board of Directors for a three-year term. These persons may be either incumbent Directors whose terms expire this year or persons whose leadership and interest commend them for consideration as potential Board members. Several names of such persons have already been suggested to me. It is, of course, your prerogative as a member of the Nominating Committee to recommend other potential candidates. If you have any recommendations, please let me know.

In order to begin our work, I am calling a meeting of the Nominating Committee to be held at The HSUS headquarters, 2100 L Street, N.W., Washington, D.C. on Saturday, April 7, at 1:30 p.m. I sincerely hope you will plan to attend this meeting, the only one I anticipate will require travel. Any other meeting can be conducted by conference call.

All expenses which you will incur will be paid by The HSUS. Marcia Glaser, HSUS Assistant Secretary and recording secretary for the Board of Directors, will assist you in your travel and housing plans.

Please return the enclosed card at your earliest convenience, indicating your need for housing

accommodations and travel arrangements. Please write to me directly at 2030 Carriage Lane, Arroyo Grande, CA 93420 (Phone: 805/489-5382) regarding any other matters pertaining to your serving on this committee.

I very much look forward to working with you.

Sincerely,

Alice R. Garey
Chair
1990 Nominating Committee

Ms. Marcia Glaser
Assistant Secretary
The Humane Society of the U.S.
2100 L Street, N.W.
Washington, DC 20037

_____ I plan to attend the meeting of the Nominating Committee at 1:30 p.m. on Saturday, April 7, 1990.

_____ Please make a reservation for me at the Ramada Renaissance Hotel for the following nights: ___ Friday, April 6; ___ Saturday, April 7. ___ Please guarantee my reservation for late arrival.

_____ Please telephone me to discuss my travel plans.

_____ I do not plan to attend this meeting.

_____ _____
Date Name

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

February 15, 1990

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Dr. Jane Goodall
Paul Heneks
Gisela Hunnicutt
Leslie R. Inglis
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
John E. Taft
Carroll Thrift
Viola Weber
Robert F. Welborn, Esq.
Marilyn Wilhelm
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Mr. H.I. "Sonny" Bloch
Suite 602
888 Seventh Avenue
New York, NY 10019

Dear Mr. Bloch:

Mr. John A. Hoyt, president of The Humane Society of the United States, has indicated your willingness to be considered as a candidate for election as an HSUS director. On behalf of the 1990 HSUS Nominating Committee, I am writing to ask you to provide some biographical information for use by the committee.

Would you please complete the enclosed form for prospective nominees and return it to me at your earliest convenience. If you have a resume or curriculum vita, please enclose that also.

At the present time we are not sure how many new candidates we will need for the eight positions to be filled. However, once the committee has prepared a slate of nominees, a referendum ballot will be mailed to our voting members in August with the names of the candidates for those eight positions. Terms are for a three-year period and commence and end coincident with the date of our annual membership meeting, which will be held this year on October 27 in San Francisco.

I very much look forward to your response.

Sincerely,

Alice R. Garey
Chair
1990 Nominating Committee

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022
(212) 752-1855

May 9, 1988

Mr. Jacob Stein, Esq.
1800 M Street, NW
Washington, DC 20036

CONFIDENTIAL

Dear Mr. Stein,

In accordance with Mr. Ramsey's April 29th request, enclosed is a partial list of the matters which I feel remain either unanswered or unresolved. Mr. Tirana, on behalf of Ms. Spiedel, Mr. Bowman and me, will be sending his own letter to Mr. Ramsey with a copy to you.

John W. Mettler, III
Member, Board of DIrectors HSUS

encl.

cc: Members of Board of Directors, HSUS

CONFIDENTIAL

The question of the transfer of the Maine property from Paul Irwin to the HSUS for some $85,000 raises the obvious questions of self dealing, private inurement, and propriety, as is true in any case where a senior official, here the top financial official of the organization, has dealings of a financial nature with the organization itself. It is here obviously compounded by the fact that a very minute segment of the Board, knowing that it was acting in secret with respect to the full board, approved this matter and authorized Mr. Irwin pay himself a substantial sum of money. That of course, raises the questions to which the answers to date of which I am aware, do not appear to give any acceptable explanation.

My understanding is that Mr. Irwin's explanation is that when you deal with potential future large donors you sometimes do unusual looking things, all for the ultimate sake of financial benefits to the organization which will fall into place at some future time. He therefore took title to this property in his own name.

The problem that I have with this explanation is really threefold. It appears from the explanatory documents that Mr. Irwin and Mr. Hoyt initially looked at this as a personal recreation or vacation spot and there is no indication, in the record to the contrary. Next, it is difficult to accept the view that Mr. Irwin would have advanced substantial personal funds of money over a significant period of time to the HSUS. There is no history of either Mr. Irwin or any of the other employees making significant financial advances to the organization, and there is surely no indication that the organization was short of funds and needed this kind of financial support from its employees. It is also difficult to understand the reason given that this transaction had to be kept from the Board members or other HSUS officials. While there could have been a reason not to be candid with the potential donor, surely this didn't apply to our organization itself and to our board members. In short the explanations, if I understand them clearly, do not seem to answer the serious questions raised. In fact this may be a rather simple case of self dealing where perhaps Mr. Irwin got himself into a personal venture either as a recreation spot or as a long term investment, and then he subsequently decided that it for one reason or another was a very bad financial deal for him. If at that time he decided to transfer the property the HSUS and be reimbursed for his outlay,then, whether we like it or not, that is the explanation. If hopefully, there is another explanation that will hold together, I want very much to hear it quickly. In any event the point is to get at the truth as soon as possible.

My next question has to do with the indication that additional sub rosa compensation was authorized by this Deferred Compensation Committee for Mr. Hoyt and Mr. Irwin by payments

through the National Humane Education Center (NHEC) and the National Association for the Advancement of Humane Education (NAAHE). Apparently the former organization, NHEC had been completely inactive for many years and that money was apparently transferred from the Mellon Annuity bank account in Pittsburgh into that organization so that payments could be made to Mr. Hoyt and Mr. Irwin. The only explanation given so far for this unusual way of paying our President and Treasurer was to keep "outsiders" from knowing how much money Messrs Irwin and Hoyt were making. However, this also kept the HSUS board members from knowing the facts, and it also kept these transactions from being recorded in the normal manner in the financial books and records of the organization. I would like to have further explanation as to why what appears on the surface to be a very devious way to go about giving compensation to the President and Treasurer, was utilized. I have seen no explanation whatsoever that seemed to adequately deal with the questions. Once again these are matters that appear to raise serious questions of self dealing. There is also some record of the creation of special bank account that was opened, a single check passed through it to Mr. Irwin, and immediately closed. These bizarre facts were apparently known only to the Deferred Compensation Committee members who actively withheld this data and other critical information from the rest of the Board of Directors. These questions are obviously relevant because once again, they have to do with dealings between the chief fiscal and chief executive officers of the organization,and the organization itself. Surely the mere fact that there is an apparent stamp of approval by this tiny basically secret Deferred Compensation Committee does not remove the questions raised of self dealing and private inurement.

Another question which apparently remains unanswered which needs to be answered adequately has to do with the transfer to Mr. Hoyt and Mr. Irwin of the ownership of certain life insurance policies, with the undertaking of the HSUS to pay future premiums. The details of this transaction, which obviously also raises questions of self dealing and private inurement, need to be set out thoroughly in order for everyone to fully understand the transaction. For example, was there a significant cash surrender value involved? What will be the annual undertaking of premium obligations on the part of the HSUS and who are the current beneficiaries of these policies?

And finally, I addition to the above, I strongly recommend that you make a careful review of the chart attached to tab #9 of the Harmon & Weiss report and proceed to assure yourself that either the questions asked were completely unrelated to anything that might be of concern or interest to the Board or the IRS or yourself in your current inquiry, or that you acquire the appropriate responses.

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022

(212) 752-1855

June 21, 1988

Mr. Jacob Stein, Esq.
Stein, Mitchell & Mezines
1800 M Street, NW
Washington, DC 20036

Dear Mr. Stein:

I am writing this letter directly to you in the hope of clarifying several matters of great importance to me and to the HSUS itself. As to the forthcoming meeting scheduled in Kansas City, I would expect to have received by now the answers in writing to the questions that I specifically raised in my letter to you of May 9, 1988 (enclosed) in addition to the still unanswered questions raised by the Harmon and Weiss report as a prerequisite to any effective meeting that might take place on July 8th.

A few words about the "Select" committee: Joe Ramsey is fully in charge of this pro-management committee. Bill Wiseman, who incidentally selected the committee by himself so that it in no way represented an impartial committee of the Board of Directors, is an "ex-officio" member. Apparently John Hoyt is also now considered a member as a result of the reasoning that the President can attend meetings, even though many of the questions being raised directly concern his past conduct. What is most inconsistent is the inclusion of Mr. Hoyt and Mr. Wiseman, who are two of the primary people at whom the Harmon report points a finger for past activities.

I gather that what really is being "staged" is to have you, the well-known and reputable Jake Stein, pour oil on these troubled waters and put these matters to rest without really having to answer the allegations contained in the Harmon report.

All of the above, Mr. Stein, makes it necessary for me to review a few facts that may not be clear to you because you were not personally present at the Board meeting of April 20, 1988, and I will take a moment to set forth how your proposed role was described and sold to the Board members in attendance. William Wiseman, using the power of the chair, after soundly criticizing the "Harmon" report as unbalanced and unfair, announced that he had a plan. He then proceeded to state that "Jake Stein (his personal attorney) has an idea that will get everyone off the hook by starting a procedure that will resolve all of these matters." You were described as the "new Independent Counsel" and Mr. Wiseman repeated that this would get the Board "off the hook" and said, "we need outside independent counsel of unchallengeable prestige." I might point out that Ms. Harmon was also an "independent counsel" but since Mr. Wiseman and others were incriminated in her report, Mr. Wiseman preferred to ignore both the Audit Committee (appointed by the Board) and the Harmon report because there were too many questions raised in the Harmon report that made him, the Deferred Compensation Committee, and some of the executive staff all look bad. So using the chair to his advantage, Chairman Wiseman appointed a "select" committee, stacked heavily with his own sympathetic directors, to try and bury the Harmon report once and for all.

The script went somewhat like this: Mr. Sonde, who was apparently present as the personal counsel for John Hoyt and Paul Irwin, said that "both Stein's advice and mine is that the Board needs some advice from someone who has credentials." (Apparently Gail Harmon has none!) Mr. Irwin, in supporting the idea, repeated the thought that this would get the Board off the hook and, following another reference to you as "distinguished independent counsel,"Mr. Sonde spoke in support of the plan of hiring Jake Stein as independent attorney for the organization (the HSUS) and "turning this all over to him." Joe Ramsey then said that he was "advised by counsel (I don't know what counsel) to proceed this way"-- to create a new Committee to supersede the Audit Committee and "turn it all over to Jake Stein."

The above reflects the atmosphere at the meeting where your retention was voted upon and this letter is simply to verify that your role will be as described, and that in essence this whole matter will be "turned over" to you and that you will exercise your "independent judgment" on all of these questions.

If, on the other hand, your role is that merely of counsel to this new "select" committee, that is an entirely different matter, and you could hardly be expected to, nor be in a position to exercise any "independent" judgment for the corporate charity itself.

As you should be well aware, the "Select" Committee was carefully designed by Chairman Wiseman to supersede, and in effect ignore the work done and report issued by the earlier Audit Committee and its attorney, Gail Harmon. (This committee incidentally was unanimously authorized by the Board of Directors in December, 1987). Is Chairman Wiseman, who is under such criticism for having aided and abetted the Hoyt-Irwin activities, really to be part of this "select" committee? Is John Hoyt to be part of it? Or are they simply included to be sure the Harmon report is effectively obliterated?

Joe Ramsey's May 28, 1988 letter to my attorney, Bardyl Tirana (copy enclosed) only acted to exacerbate these fears when he made it clear that he would decide what was "necessary" for you to see and be concerned with. This "screening" of information shows clearly that the Chairman and Vice-chairman are anxious to avoid disseminating any incriminating facts supporting the Harmon report. It is quite evident that this arrogance and insensitivity to obvious conflicts of interest and heavy handedness which contributed so much to the creation of these problems in the first place, continues on, unabated in any way.

Has this whole matter been put into your hands as independent counsel to the organization, or is your good name simply being used as "window dressing" in order to cover up the questions raised by the Harmon report?

I will appreciate hearing from you and most particularly would like to see these unanswered questions answered in writing before we are all called upon to attend any meeting of this new "committee." I am afraid that these questions must eventually be dealt with openly and above board. They will not simply disappear. Nor will the Harmon report.

John W. Mettler III
Director, HSUS

cc: Members of The Select Committee
Murdaugh Stuart Madden, Esq.
Enclosures

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022

(212) 752-1855

Mr. Jacob Stein, Esq.
Stein, Mitchell & Mezines
1800 M Street, Northwest
Washington, D.C. 20036

July 18, 1988

Dear Mr. Stein:

I am writing this letter so that some thoughts of mine will be a matter of record in connection with our forthcoming meeting, and I would appreciate it if you would express my concerns in your report.

I have reviewed the draft minutes of the meeting in Kansas City which set forth your views and recommendations and I am puzzled to see that there is no indication that you have concluded that any of the past conduct of Mr. Hoyt or Mr. Irwin was inappropriate, improper, constituted self-inurement or conflict of interest, or was censurable in any way. Mr. Stein, these gentlemen have been questioned about possible wrongdoing by an independent counsel like yourself, and you were asked to look into the matter. Your report (to date) is completely silent as to these matters. In fact, it appears that far from discussing whether this past conduct is grounds for censure, at the very least, you are apparently recommending employment "contracts" for those two employees, which can only be perceived as a reward for good conduct.

A simple example is in item 8 of your report, where, in connection with Brightwater, you say that Mr. Irwin shouldn't have been able to write himself a check. The point is, Mr. Stein, that he did, and he cashed it, and he benefited from it. Obviously this was an inexcusable conflict of interest, and gross lack of sensitivity, to say the very least. The problem I see with not answering these questions and not seeing them for what they are, is that the next person who looks at it all might not be from our Board, whose membership wants to protect the HSUS, and might well be instead one who would view some of these facts as constituting misappropriation or misuse of charitable funds.

I have not overlooked the serious allegations against Mr. Wiseman and the alleged "Deferred Compensation Committee," but can assure you that their so-called actions do not in any way excuse Mr. Hoyt and Mr. Irwin, who obviously had this committee under their control and direction.

I am looking forward to our meeting tomorrow and would hope that you would re-read my earlier letters to you. Your July 8th report gives me the impression that you found no merit whatsoever in my view of the seriousness of some of the matters facing all of us, nor in some of the allegations contained in the Harmon Report, written by another "independent counsel who had been asked to look into all these matters, with the unanimous backing of the HSUS Board of Directors.

Sincerely,

John W. Mettler III
Director, HSUS

cc: Select Committee
Murdaugh Madden, Esq.

Chronological
Document List

#	Date	Description, Explanation and Significance
1	9-9-83	MINUTES, EXECUTIVE COMMITTEE MEETING This purported to have the Board of Directors establish a deferred compensation plan to be administered by a Deferred Compensation Committee. Problems are that this was an Executive Committee action that never did come before the board until 1988 so that all of their actions in the interim are perhaps legally flawed. It was set up allegedly to administer the deferred compensation plan but it also gave it power from time to time to be constituted as a compensation committee to consult with and advise the President. It nowhere said that it could substitute for the Board in setting the President's compensation and it is this secret committee, created in secret, operating in secret, that did all of these improper, inappropriate and illegal things, and taking great pains to keep its activities from the full Board of Directors and from the Executive Committee itself. It's obvious from a reading of the activities of this committee that their meetings were called, their agenda was set and they were solely the handmaidens of Mr. Hoyt and Mr. Irwin giving themselves these various inappropriate and improper benefits. Notes: 1. This committee's sole functon was to administer the Deferred Compensation Plan plus being constituted as a Compensation Committee, nothing whatsoever about having anything to do with Hoyt's salary. 2. Only Burke, Evans, Fesmire, Lydman, Smith, Welborn and Wiseman were there, that's seven of 23, not even the one-third quorum. 3. At the close of the Executive Committee meeting of September 9, 1983, the "Board met in Executive Session" and did the above Resolution. This was an Executive Commmittee meeting and not a meeting of the Board of Directors; there was no board quorum.
1a-1g		MINUTES, DEFERRED COMPENSATION COMMMITTEE. Showing that 99% of what they did was solely for the benefit of the two insider officers, Hoyt and Irwin.
1-a		1. Meeting of the Deferred Compensation Committee, New York: the initial meeting of three members plus Hoyt and Irwin. N.B. There were never any other staff at any of these meetings and yet at <u>all</u> other meetings of the organization, the Board, Program and Policy, and Executive Committee, there were other staff members, all of which simply lends credence to the very obvious fact that Hoyt and Irwin created this committee, drafted its agenda, called its meetings, and manipulated it unmercifully. At this meeting John Hoyt, Paul Irwin and Phyllis Wright each received a $5,000 deferred compensation plan. Note: This is one of the few times (I think there were two) when these meetings did anything whatsoever for any other staff person. They were 99.9% Hoyt and Irwin benefits. These minutes were signed by Jack Lydman as secretary. The question of who drafted them and when they were signed is up in the air. I'm sure it is easily provable that Lydman did not draft them, but Hoyt drafted them. It is unknown when they were signed.

1-b 9-13-84 Burke, Wiseman, Lydman, Hoyt and Irwin basically amended the Deferred Compensation Agreement to $10,000 per year for 10 years for Hoyt and Irwin, $5,000 a year for Phyllis Wright, Forkan, Grandy and Parkes in the deferred compensation plan plus an additional $2,000 a year to Aetna for Paul Irwin. Note: This meeting was the day before the Executive Committee meeting which was held the next day, September 14, 1984, and therefore it was obviously to keep secret <u>even from the Executive Committee</u> what was going on.

1-c 1-2-85 Memo to the file from Coleman Burke. Since HSUS is providing Hoyt, Irwin and Wright automobiles "as part of their annual compensation" (there is no indication this was then or was ever correct) for both business and personal utilization, that because of IRS rules there should be a $9,000 annual travel allowance to Hoyt, $9,000 annual travel allowance to Irwin, $5,000 annual travel allowance to Wright. It was noted that it would be understood that Hoyt and Irwin be paid from funds out of the NHEC (National Humane Education Center) with Miss Wright's out of HSUS funds.
Note: This is the first time NHEC had been activated for any purpose for the better part of ten years. It had been kept alive [redacted] by filing an annual report; that was the totality of the activity.
Note 2: This minute did not say anything about the money flowing into that dormant account from the Mellon annuity accounts.
Note 3: This was not a meeting; it was a memo from Coleman Burke.

1-d 7-24-86 New York meeting. Burke, Wiseman, Lydman plus, of course, Hoyt and Irwin concerning the Evans gift of her house.
Note: This is a particularly interesting meeting because Mrs. Evans had deeded her house on January 10, 1980, 6½ years earlier, mentioning solely her desire that it become a residence for The HSUS President, but mentioning quite clearly that "was not a condition of the gift." There was no mention whatsoever of John Hoyt in this. This is the beginning of perhaps the most nefarious secret series of events because at this time obviously Hoyt thought what he would like to do would be to solve his own financial problems by selling his existing house to the organization and he superimposed upon that the concept that at some stage or other the Board had said that they would be providing him with a home and therefore this meeting was called to start creating a record on this subject. There was a discussion as to how to provide a residence for the President to enhance the work and activity of The HSUS directly and at this time this "committee" voted to purchase a property as a residence for him no later than May 1, 1987. At absolutely no time in the past had the Board or even the full Executive Committee had any input whatsoever to the whole concept of commencing to provide a house for the President. The further implications of this are that this is a classic example of what in the law is called a "bootstrap" operation; you build this whole matter without any foundation and then it becomes the conventional wisdom and it seems quite clear that all of the directors at this time would think that at some time in the past there was some kind of a vote the President should be supplied a house when in fact there was absolutely nothing of the sort except that Irene Evans said the organization could if it so chose, use her home as a residence for the President. That is quite a different thing from the Board voting that the organization should set aside hundreds of thousands of dollars for that purpose. In effect it was an absolute shameless raid on the organization, deceit to the Executive Committee, and of course the whole Board, and again a shameful manipulaton of Burke, Wiseman, and Lydman,

Note to 7-24-86: The implications of choosing May 1, 1987, are that Mrs. Evans wasn't passing away soon enough but that when she did, they might put Hoyt in this 1½ million dollar home at 3045 P Street. They arranged for Irwin to work with Hoyt in recommending a suitable residence for purchase by The HSUS and, of course, is one more of scores of blatant conflict of interest since Irwin works lock, stock and barrel for and under Hoyt. At that meeting they also approved the transfer of the ownership of personal life insurance policies currently owned by The HSUS to Hoyt and Irwin respectively but The HSUS would continue to pay premiums for both. The minutes noted the "outstanding leadership and extraordinary efforts of both men on behalf of The HSUS." One can bet their bottom dollar that these minutes, this agenda, and this actual meeting were all called by and prearranged by Messrs. Hoyt and Irwin. The net result of this was that at this particular meeting there were three benefits granted to Hoyt, two for Irwin.

The committee noted for the record that the Board empowered it to act "on its behalf" in matters pertaining to compensation and benefits for The HSUS staff personnel. The record will show that this was simply added because "benefits" were what they were giving out so irresponsibly at this secret meeting.

1-e 4-22-87 Burke, Wiseman, Lydman, Hoyt and Irwin. Irwin reported on the purchase of a property "to serve as a residence for Hoyt "in lieu of other compensation at this time." These words obviously were carefully chosen by Hoyt and Irwin so that it wouldn't hinder them at any time in the future from giving Hoyt anything else that he wanted. This meeting noted that Hoyt wanted to stay in the residence; therefore the committee authorized the $310,000 purchase of the property. It was noted that it was being undertaken "in part due to the fact that Mrs. Evans had transferred as a gift to The HSUS a note in the amount of $100,000 owed by Mr. Hoyt and the committee was of the opinion it was not desirable that this indebtedness to The HSUS should continue to exist; therefore, they purchased the house so that the note could be paid. It would be occupied rent free in lieu of other compensation.
N.B.: This is more absolute phony reasoning. The President making a $100,000 loan from one of the wealthy Directors is in and of itself outrageously improper. The fact that he wasn't going to pay it back unless the organization provided him $310,000 to pay it back with is doubly improper and the whole house question needs to be looked at with a completely jaundiced eye, going back to the original indebtedness to the Jeffery Fund, which was never going to be paid back by Hoyt and only came to a head when the bank auditors in New Jersey told the bank that they needed to do something about it. So that $100,000 was paid back by making a loan from Mrs. Evans, that loan being paid back by having the organization provide $310,000 to Mr. Hoyt to I'm sure not only take care of that $100,000 but to have $210,000 to pay off other serious financial indebtedness. The net result is that through these mechanisms of minute writing and manipulating this secret comitteee, there is now some record to indicate that the organization has obligated itself to provide Mr. Hoyt with housing henceforth.
Final note: At this meeting they also gave Messrs. Hoyt and Irwin a salary increase for 1987 in the amount of $5,000 from the NAAHE (National Association for the Advancement of Humane Education) account.

1-f 8-25-87 MEETING OF WISEMAN, LYDMAN, HOYT AND IRWIN.
It is noteworthy to see that Mr. Burke wasn't there and there was no other meeting going on--that this one was obviously called to have some emergency action in connection with the Maine property transaction where Mr. Irwin has written himself checks for $85-90,000 and someone thought that they

had better lay off some of the responsibility for some of this on some of the Board members. You will note that this so-called high level Board committee meeting is made up of two Board members and the two staff members who are there getting benefits granted in absolution to them. Irwin said that he had reviewed this with Burke and he was "for it".

1-g	9-3-87	The long memorandum of Irwin for the file of the Maine property transaction.
2	11-5-87	LETTER TO BOARD SIGNED BY BOWMAN, HUNNICUTT, METTLER, SEYLER AND SPEIDEL. This letter simply raised several questions about purchase of the house and whether or not the Michigan merger was legal and basically expressed concern about the need for the Board to do its management and oversight job properly.

32 4-88 THE PART OF THE HARMON AND WEISS REPORT HAVING TO DO WITH THE inability to complete the inquiry. This is very significant because it goes to the question of stonewalling it and the fact that this inquiry was started and bogged down and basically these questions were never answered. As of today, they still haven't been answered because as is known Gail Harmon was fired and Jake Stein took a whole different view of this whole question, and the Board was quite happy to have it all wrapped up. I suppose one of the things significant about it is that it leaves the Board members themselves in real jeopardy for charges of inattention, negligence and malfeasance--where it's been called to their attention that inquiries haven't been completed and they just followed blindly along on discharging the person that made the inquiries and subsequently restructuring and therefore obliterating the original Audit Committee that was in the course of making the inquiries. I would personally not like to be one of the Board members that sat idly by and either watched this happen or participated in this sequence of events.

I might add here parenthetically that some Board members have substantial assets--John Hoyt does not--and therefore they're being led down the primrose path by someone that couldn't meet a judgment for damages, but they surely can and might at some time in the future.

33 EXECUTIVE SUMMARY OF THE HARMON & WEISS REPORT WHICH KIND OF capsulizes this long report.

34 THE HARMON & WEISS FULL REPORT WITH ALL OF ITS SUB-SECTIONS and indices. It's a very important and valuable document that is insofar as I can determine in all respects accurate. Perhaps some of the conclusions drawn could be challenged but it is a tremendously effective fact-finding job under the most difficult and adverse and obstructive circumstances. I might add here that insofar as the obstruction goes it has all the elements of the typical conspiracy to obstruct; once again, the conspiracy being engaged in by at least three members of the Board, and perhaps some of the others, once the issue came to the attention of the full Board, participated in effectively destroying the earlier Audit Committee and replacing it and its attorney.

34a 4-88 MINUTES OF THE MID-YEAR MEETING OF THE BOARD. This is the meeting where they for the first time had an official court reporter to do the minutes; the transcript was only a record of the motions made and acted on, nothing on the discussion. The first motion was that Gail Harmon be allowed to remain in the room. It was opposed ten to four. This was the meeting where the Chairman moved to create a new committee, making Ramsey the chairman, that would "supersede" the Audit Committee. This document will be found in a separate file of minutes of meetings.

36 5-6-88 METTLER LETTER TO STEIN OUTLINING WHAT HE FELT WERE REMAINING unanswered or unresolved questions covering basically the Maine property transaction in some depth as to how illogical the explanation of it is and how it is really contrary to the evidence as to what really happened. Next, the question of the sub rosa compensation for Hoyt and Irwin flowing through NHEC, the completely dormant corporation, apparently taking money from the Mellon annuity account to keep these questionable transactions outside the financial books and records of The HSUS. The letter also mentions creation of this special bank account that was opened with a single check passing through to Irwin and immediately closed, and asks that all of these bizarre facts be looked into thoroughly. Another question raised is the transfer to Hoyt and Irwin of the ownership of life insurance policies with HSUS undertaking to pay future premiums. Again, the whole question of private inurement and self-dealing is obvious. It then asks Stein to carefully review the chart of unanswered questions in the Harmon & Weiss report to see if he might pursue them and get some answers.

37 5-6-88 LETTER DATED MAY 6, 1988 TO RAMSEY FROM BOARD MEMBER SUSAN Pepperdine raising four questions. The house was termed as an investment and pointing out that HSUS doesn't need a tax deduction and receives no interest and suggesting that it's like putting money under a mattress. It asks whether an attorney was consulted concerning Brightwater as the Deferred Compensation Committee had asked Paul to do. It asks whether the use of shell corporations to run salary checks through is considered ethical. It asks whether on the matter of compensation any guidelines had been established because The HSUS has over 100 employees. She suggests in one final thought that it's not clear why Paul has been asked to provide figures on HSUS's growth; she doesn't understand the relevance to the Select Committee's report.

39 5-9-88 LETTER METTLER TO STEIN WITH ENCLOSURES, TELLING STEIN IN detail the matters left unresolved.

40 5-11-8 LETTER FROM BARDYL TIRANA TO JOE RAMSEY IN RESPONSE TO Ramsey's letter of April 29, 1988 where he asks that the remaining concerns be set forth. He first of all complains that putting an artificial short response time on this letter is unfair; then he goes through the question of the house and describes the fact that Wiseman and Lydman operated as though The HSUS was "their private fiefdom" and mentions Director Gardiner's unjustified personal attacks on Director Speidel, the fact that the other Directors appear to be passive and believe that their proper role is simply to serve as rubber stamps; other questions about lack of accountability to the Board, gets into the question of his bill, and ends up attaching his bill.

Interestingly, on page four he says that The HSUS has been caused substantial damage and expense as a result of the conduct and omissions of certain Directors, particularly Messrs. Wiseman and Lydman and of Messrs. Hoyt and Irwin, and that Tirana believes that the Select Committee should make a recommendation as to the means for recovering from the individuals responsible all of the damages and expenses incurred by The HSUS.

43 6-21-88 LETTER OF METTLER TO STEIN DATED JUNE 21 concerning the meeting scheduled in Kansas City and saying that he had specifically raised a number of questions in his letter of May 9 which remained unanswered. He then exposes the new Select Committee for what it really is, talks about how it was chosen and the fact that Hoyt is now a member of the new committee and, in essence, that something is really being "staged," using the well known Jake Stein to pour oil on the troubled waters without really ever having to answer the questions contained in the Harmon report. The letter is very perceptive and ends up asking Stein what his role really is and suggesting very strongly that Stein was being "used." Mettler said that he would like to see some unanswered questions answered before he goes to another meeting of the new committee. He suggests that the questions must eventually be dealt with, openly and above board, that they would not simply disappear nor would the Harmon report simply disappear.

44 6-26-88 LETTER OF JUNE 26 OF DIRECTOR BROOK SPEIDEL TO JACOB STEIN saying that she continues to be very concerned about the organization and about the Deferred Compensation Committee, when the minutes were actually written and why the Board was never fully informed about the Hoyt transaction or the Brightwater transaction, and points out that the concealment of these matters was particularly remarkable as the Deferred Compensation Committee purportedly met the day prior to the April 1987 Board meeting and yet it was felt necessary to hide this information from the Board. She suggests this casts doubts on the motivation of the individuals involved and suggests that they are currently in control of both the Board and the organization, and suggests there is no reason to

expect that Hoyt, Irwin, Wiseman and Lydman would welcome any scrutiny of their actions. She refers to the fact that Hoyt on October 6, 1987 spoke to her at length about Coleman Burke's "evident senility" and suggested that Coleman had Alzheimer's and gave several examples of disorientation over the past few years. It would be of interest to determine why Burke was continued on this Deferred Compensation Committee. She asks that those responsible for the serious mistakes that have taken place should be held accountable and she ends up stating that the Deferred Compensation Committee's actions, whether they be negligence in decision making, dereliction of fiduciary duty to the corporation, or failure to exercise adequate supervision over the officers have placed both the rest of the Directors and the organization itself in jeopardy. She sums up stating that those whose judgment is in question have not voluntarily stepped down from their positions during the investigative period shows a lack of sensitivity that is unsurprising and that the Board has not called for their removal is also unsurprising. She said that those in the minority will look for a resolution of this regrettable saga.

45 7-6-88 LETTER FROM METTLER TO STEIN IN WHICH HE CALLED TO STEIN'S attention a number of matters in the Harmon report that he thought were particularly important. He again stated that he had not yet received answers to the questions he had raised. He suggested that the majority of Board members had wanted to put this to rest quickly because they were subjected to a vigorous lobbying campaign by some of the officers and Directors. If this is correct, this is tantamount to improper obstruction of justice. For officers to have that kind of direct contact with Directors is absolute impropriety and for the Directors to permit it to happen and succumb or even as I'm sure was true of Wiseman to encourage it is absolutely inappropriate, improper and perhaps very illegal.

46 7-8-88 MINUTES OF THE HSUS SELECT COMMITTEE OF THEIR MEETING IN Kansas City where Stein lists a number of things and they create a new Compensation Committee, they make Sorock chairman and they discuss various matters. This document will be in the file of Minutes.

47 7-18-88 LETTER OF METTLER TO STEIN FOLLOWING HIS REVIEW OF THE DRAFT Minutes of the Kansas City meeting and expressing puzzlement to see that there was no indication that Stein had concluded that <u>any</u> of the past conduct of Hoyt or Irwin was inappropriate, improper, constituted self-inurement or conflict of interest or was censurable in any way. It went on to state that the report was completely silent as to these matters and, in fact, it appeared from the minutes that far from discussing whether this past conduct was grounds for censure, that Stein was apparently recommending "EMPLOYMENT CONTRACTS" for those two employees, which Mettler says can only be perceived as a reward for good conduct. Mettler points out that with respect to the Brightwater matter, Stein said that Mr. Irwin shouldn't have been able to write himself a check. Mettler suggests that the point was that he did write it and he did cash it and he did benefit from it, and that obviously it was an inexcusable conflict of interest, gross lack of sensitivity to say the least. Mettler suggests that some outsider looking at this might well conclude that this constituted a misappropriation or misuse of charitable

funds. Finally, Mettler points out that the July 8 report gives him the impression that Stein found no merit whatsoever in any of Mettler's earlier views on this whole matter.

48 7-27-88 MINUTES OF HSUS SELECT COMMITTEE where the Select Committee okayed the Brightwater matter, the Hoyt house matter, and moved to ratify all remaining actions of the Deferred Compensation Committee. On all of these Ramsey voted "FOR" to break the tie, which is not exactly a resounding vote of anything except to show that they were quite willing to use crass, gross, what they perceived to be power. This will be in the file of minutes.

55 7-88 STEIN REPORT. The significance, I suppose, is that it basically says 'not to worry;' nothing criminal has happened in his opinion. This, of course, is just what everyone wanted to hear.

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 1, 1988

VIA UPS

Harold H. Gardiner
GARDINER--A MARKETING CO.
The Gardiner Plaza
56 West Fourth South
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Robert Sorock
STONE & SIMONS ADVERTISING, INC.
24245 Northwestern Highway
Southfield, MI 48075

Mr. K. William Wiseman
Skin Pond
P. O. Box 267
Patton, ME 04765

Re: HSUS Select Committee

Dear Hal, John, Susie, Bob, and Bill:

Just so you will stay currently informed, I am enclosing herewith for each of your files copies of a letter to Jake Stein from Brook Speidel, dated June 26, 1988, which was thermofaxed to me by Jake Stein yesterday. Also enclosed is a copy of John Mettler's letter to Jake Stein dated June 21, 1988.

I had hoped to be able to have a proposed draft of the Select Committee report, along with a report from Jake Stein and Nile Webb of Deloitte, Haskins & Sells for all of us to discuss, revise, etc. at our meeting scheduled for Kansas City next Friday, July 8, 1988. However, I do not yet have reports from either Jake Stein or Nile Webb.

Moreover, it would be much easier for me to create a first draft of the report for our further review and revision after first meeting with all of you and having the benefit of all of your input.

The agenda that I propose we try to cover in a general way for our Select Committee meeting in Kansas City would be as follows:

1. Consideration of the demands in Mr. Tirana's letter of May 11, 1988, on behalf of his clients;

2. Report from Jake Stein on his progress toward advising HSUS concerning the matters raised by Harmon;

3. Consideration of the Deloitte, Haskins & Sells recommendations if we have them by that time;

4. Consideration of suggestions by everyone about the overall format and design of the Select Committee report;

5. Anything else anybody else wants to talk about.

I look forward to meeting with all of you with confidence that we will have a most productive meeting.

Best personal regards,

Very truly yours,

O. J. Ramsey

OJR:jr
Enclosure
cc: John Hoyt

2531 Eye St. N.W.
Washington, D.C. 20037
June 26, 1988

Jacob Stein, Esquire
Stein, Mitchell & Mezines
1800 M St. N.W.
Washington, D.C. 20036

Dear Mr. Stein,

I am writing to you in your capacity as independent counsel to the HSUS .

As a Board member, I continue to be deeply concerned about many facets of the organization, but the actions of the Deferred Compensation Committee are particularly troubling.

We are still unclear as to who attended the Deferred Compensation meetings, when and where they were held, and when the minutes were actually written.

We have never received an adequate explanation as to why the full Board was not informed about either the reimbursement made to Paul Irwin for the Brightwater property or the purchase of John Hoyt's house. The concealment by Hoyt, Irwin, Wiseman and Lydman of the Hoyt house deal was particularly remarkable as the Deferred Compensation Committee purportedly met the day prior to the April 1987 Board meeting, yet felt it necessary to hide this information from the Board.

The secrecy under which these transactions occurred can only serve to cast doubt upon the motivations of the individuals involved, and yet these very people are currently in control of both the Board and the organization. It would take a leap of faith far greater than I am capable of to expect Messrs. Hoyt, Irwin, Lydman and Wiseman to welcome any scrutiny of their actions.

I have reserved reference to Coleman Burke, as on October 6,1987 John Hoyt spoke to me at length about our then Chairman's evident senility. President Hoyt suggested to me that Coleman Burke has Alzheimer's, and gave several examples of his disorientation over the past few years. It might be of interest to determine why Mr. Hoyt continued to keep Mr. Burke on the Deferred Compensation Committee, and in light of Mr. Hoyt's revelations to me about Mr. Burke, I find Deferred Compensation Committee Secretary Jack

Lydman's comments in the August 25,1987 minutes concerning the Brightwater property also of interest:

"It was noted that Mr. Irwin had reviewed this matter in great detail with committee chairman Coleman Burke who has indicated his support of the HSUS accepting the financial responsibility for the expenditures made by Mr. Irwin in purchasing this property and remodeling the small cabin located thereon."

There is no doubt that serious mistakes were made by the Deferred Compensation Committee, and it is my concern that those who made these mistakes should be held accountable. It is not enough to hear an admission that mistakes were made, but will be rectified.

The Deferred Compensation Committee's actions, be they negligence in decision making, dereliction of fiduciary duty to the corporation, or failure to exercise adequate supervision over the officers, have placed both the rest of the directors and the organization itself in jeopardy, and I would like to see those individuals responsible dealt with appropriately.

That those whose judgement is in question have not voluntarily stepped down from their positions at HSUS during the investigative period shows a lack of sensitivity that is unsurprising to those of us who know them. That the majority of the Board has not called for their removal is , unfortunately , also unsurprising.

Those of us in the minority will look to you for a resolution to this regrettable saga.

Sincerely,

Brook Speidel

Brook Speidel

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022
(212) 752-1855

RECEIVED
JUN 27 1988
RMK & W

June 21, 1988

Mr. Jacob Stein, Esq.
Stein, Mitchell & Mezines
1800 M Street, NW
Washington, DC 20036

Dear Mr. Stein:

I am writing this letter directly to you in the hope of clarifying several matters of great importance to me and to the HSUS itself. As to the forthcoming meeting scheduled in Kansas City, I would expect to have received by now the answers in writing to the questions that I specifically raised in my letter to you of May 9, 1988 (enclosed) in addition to the still unanswered questions raised by the Harmon and Weiss report as a prerequisite to any effective meeting that might take place on July 8th.

A few words about the "Select" committee: Joe Ramsey is fully in charge of this pro-management committee. Bill Wiseman, who incidentally selected the committee by himself so that it in no way represented an impartial committee of the Board of Directors, is an "ex-officio" member. Apparently John Hoyt is also now considered a member as a result of the reasoning that the President can attend meetings, even though many of the questions being raised directly concern his past conduct. What is most inconsistent is the inclusion of Mr. Hoyt and Mr. Wiseman, who are two of the primary people at whom the Harmon report points a finger for past activities.

I gather that what really is being "staged" is to have you, the well-known and reputable Jake Stein, pour oil on these troubled waters and put these matters to rest without really having to answer the allegations contained in the Harmon report.

All of the above, Mr. Stein, makes it necessary for me to review a few facts that may not be clear to you because you were not personally present at the Board meeting of April 20, 1988, and I will take a moment to set forth how your proposed role was described and sold to the Board members in attendance. William Wiseman, using the power of the chair, after soundly criticizing the "Harmon" report as unbalanced and unfair, announced that he had a plan. He then proceeded to state that "Jake Stein (his personal attorney) has an idea that will get everyone off the hook by starting a procedure that will resolve all of these matters." You were described as the "new Independent Counsel" and Mr. Wiseman repeated that this would get the Board "off the hook" and said, "we need outside independent counsel of unchallengeable prestige." I might point out that Ms. Harmon was also an "independent counsel" but since Mr. Wiseman and others were incriminated in her report, Mr. Wiseman preferred to ignore both the Audit Committee (appointed by the Board) and the Harmon report because there were too many questions raised in the Harmon report that made him, the Deferred Compensation Committee, and some of the executive staff all look bad. So using the chair to his advantage, Chairman Wiseman appointed a "select" committee, stacked heavily with his own sympathetic directors, to try and bury the Harmon report once and for all.

The script went somewhat like this: Mr. Sonde, who was apparently present as the personal counsel for John Hoyt and Paul Irwin, said that "both Stein's advice and mine is that the Board needs some advice from someone who has credentials." (Apparently Gail Harmon has none!) Mr. Irwin, in supporting the idea, repeated the thought that this would get the Board off the hook and, following another reference to you as "distinguished independent counsel,"Mr. Sonde spoke in support of the plan of hiring Jake Stein as independent attorney for the organization (the HSUS) and "turning this all over to him." Joe Ramsey then said that he was "advised by counsel (I don't know what counsel) to proceed this way"-- to create a new Committee to supersede the Audit Committee and "turn it all over to Jake Stein."

The above reflects the atmosphere at the meeting where your retention was voted upon and this letter is simply to verify that your role will be as described, and that in essence this whole matter will be "turned over" to you and that you will exercise your "independent judgment" on all of these questions.

If, on the other hand, your role is that merely of counsel to this new "select" committee, that is an entirely different matter, and you could hardly be expected to, nor be in a position to exercise any "independent" judgment for the corporate charity itself.

As you should be well aware, the "Select" Committee was carefully designed by Chairman Wiseman to supersede, and in effect ignore the work done and report issued by the earlier Audit Committee and its attorney, Gail Harmon. (This committee incidentally was unanimously authorized by the Board of Directors in December, 1987). Is Chairman Wiseman, who is under such criticism for having aided and abetted the Hoyt-Irwin activities, really to be part of this "select" committee? Is John Hoyt to be part of it? Or are they simply included to be sure the Harmon report is effectively obliterated?

Joe Ramsey's May 28, 1988 letter to my attorney, Bardyl Tirana (copy enclosed) only acted to exacerbate these fears when he made it clear that he would decide what was "necessary" for you to see and be concerned with. This "screening" of information shows clearly that the Chairman and Vice-chairman are anxious to avoid disseminating any incriminating facts supporting the Harmon report. It is quite evident that this arrogance and insensitivity to obvious conflicts of interest and heavy handedness which contributed so much to the creation of these problems in the first place, continues on, unabated in any way.

Has this whole matter been put into your hands as independent counsel to the organization, or is your good name simply being used as "window dressing" in order to cover up the questions raised by the Harmon report?

I will appreciate hearing from you and most particularly would like to see these unanswered questions answered in writing before we are all called upon to attend any meeting of this new "committee." I am afraid that these questions must eventually be dealt with openly and above board. They will not simply disappear. Nor will the Harmon report.

John W. Mettler III
Director, HSUS

cc: Members of The Select Committee
Murdaugh Stuart Madden, Esq.
Enclosures

HARMON & WEISS

·GAIL M. HARMON

· Speedy & Suzie,

Here are two different but similar letters and a collection of exhibits.

Please call me to discuss what we is most productive for these materials,

Best regards
Gail

July 1, 1988

Ms. Susan Pepperdine
Marketing Resources, Inc.
10551 Barkley
Overland Park, KS 66212

Mr. John W. Mettler III
Seminole Asset Management, Inc.
950 Third Avenue
New York, NY 10022

Dear Susan and Speedy,

In order for Jake Stein to do an effective job of representing the full Board of the HSUS, it is necessary that he have the benefit of all the information gathered by the Audit Committee. Only then is he likely to be able to sort out the information which he has recently received which is a misleading compendium of half-truths.

This letter is designed to set forth my understanding of these facts and interpretations of them. I would hope that you can put it to good use either in a letter to Mr. Stein or at the meeting of the Select Committee. If these materials demonstrate that John and Paul have not been candid and honest in their submissions to the Select Committee, its counsel should come to understand that he needs to pursue these matters beyond their self-serving statements. A whitewash does not fulfill his obligation to advise the full Board what is in the best interests of the HSUS and what is necessary for them to exercise their fiduciary obligations to the corporation.

The June 8th letter with appendices from Paul Irwin is replete with misleading and inaccurate information; if Jake Stein is allowed to believe that it represents the full story, then the Board will never have the truth.

Item 1 (Appendix A) -- states that the unusual checks to John and Paul (other than the bonuses) were quarterly payments. Since they were made only once, not four times a year and do not equal one quarter of the salary of either John or Paul, someone needs to probe further. Why were the checks written? Are the

other payroll checks to John and Paul paid on regular dates in regular amounts? I strongly suspect the answer is "no."

Item 3 (Appendix C) -- It is not clear if Paul means to say that all of these insurance policies are now owned by John and Paul. If so, they represent a substantial amount of money. You should find out when they were transferred. Were all transferred pursuant to the vote of the Deferred Compensation Committee? You may remember that Nile Webb, the accountant from Deloitte, Haskins and Sells indicated that if these policies were transferred to John and Paul, they would constitute compensation to them and therefore should have been shown on their W-2s and been included in the income which they reported to the state and federal government and on which they pay taxes. I believe that the W-2's provided by HSUS indicate that these transfers were not so reported; the information was certainly not on the salary schedules provided to the HSUS Board in December, 1987 and not on the salary information provided to the Audit Committee in 1988. Thomas Havey and Company maintains schedules of the insurance policies owned by HSUS (and/or those on which they pay premiums). If these were transferred, Havey perhaps should have noticed this during the course of the audit and told the HSUS about the need to count the transfers for income tax purposes. In any event, changes of this magnitude should have been reported to the accountants; a review of the form entitled Management's Representations to Auditors signed by Paul for the accountants would be in order.

Item 4 -- If this listing is designed to respond to the items listed at IX of the Preliminary Report, it fails to provide an explanation of the transfers in and out of the annuity account. Since this account was used to provide the funds for the unauthorized secret salary payments to John and Paul which were run through NHEC and NAHEE, I would request that D H and S audit this account to determine if there have been other irregularities.

Item 5 -- The Annuity Trust with the Mellon Bank provides that the HSUS shall act through any two members of its Investment Committee and then specifies those members currently serving. The Audit Committee asked Mr. Irwin for documentation of his authority to act with regard to the trust and received the enclosed material. While he states "such a resolution has been filed" with the Mellon Bank, please note that as of April 1988, the Bank could produce no documents indicating that Mr.Irvin was a member of the Investment Committee or had the authority to

withdraw principal from this trust. This is but one of many examples in which I think that John and Paul are being misleading. If you really want to find out what is happening in the management of the HSUS, you will have to go beyond this collection of misleading half-truths.

A quick review of the documents which were produced by the Mellon Bank is instructive in evaluating the credibility of the HSUS management. Contrary to the implication in Ms. Morgan's letter, the minutes of the Board meetings do not indicate that Mr. Hoyt or Ms. Morgan was elected to the Investment Committee. While under the current Bylaws he may participate in committee meetings, it is certainly not clear that he is a regular member of any committee and should have authority over the Annuity Fund.

Items 6 and 7 -- certainly do not provide complete information on the HSUS or any indication why this information was not on the organization's financial records. D H and S quickly identified this problem because it discovered that HSUS was paying real estate taxes on property which was not otherwise listed as an asset so I would ask for an explanation as to why it was not identified by the regular auditors.

Item 8 -- The Evans Note. The undisputed facts are that the receipt is dated 12/31/86 and it was not reported on the HSUS 990 tax return nor disclosed as an insider deal (now an indebtedness from an officer to HSUS).

Beyond this, it is very confused. In the March meeting of the Audit Committee both Bill Voorhees and Paul Irwin said that the note was received in April of 1987 and backdated at the request of Mrs. Evans' tax accountant. (See page 3 of minutes.) This was discussed at length in the meeting with Joe Ramsey providing the novel legal advice that there is a window of opportunity between the end of the tax year and April 15th when the return is due during which people are free to rearrange their tax affairs for the previous year. No one seemed to be terribly troubled to falsify a document to enable a person to misstate a tax deduction is a federal offense.

To preserve confidentiality and not to offend Mrs. Evans the Audit Committee was not allowed to verify this story with the tax accountant, but when a memo from Roger Kindler called this into question Mr. Irwin has suddenly produced a letter from a D.C. Bank and a receipt signed by Mrs. Evans dated 12/31/86. In his cover memo Sam Trevino state that the note shows that American

Security Bank effected this transfer but my review of the note (as contrasted with the cover letter from the Bank) does not show that ASB effected the transfer. (We should check carefully to see if something was omitted in the copying). At a minimum I would like to know why the Evans receipt was not produced until after the April Board meeting and how the principals explain the inconsistent stories. Jake Stein should interview the former bookeeper mentioned in Sam Trevino's cover note to learn why the note was not recorded on the books of the society.

Item 9 (Appendix G) -- Mr. Hoyt states in his letter of May 3 that "each year tens of thousands of dollars are transferred from the Regina Frankenberg Fund to the General Fund. The Regina Frankenburg Fund was established in 1983. The attached sheets from Thomas Havey and Company indicate the following transfers in the following years: 1983 none; 1984 $75,000 to reimburse for expenses of Pet Action Line. (Apparently not the general fund and not available to pay for Mrs. Hoyt's travel.); 1985 none; 1986 $12,000 to National Coalition to Protect Pets, $10,000 to WSPA, $25,000 to Michigan Humane Society; 1987 none.

I am not sure what points you want to make with this information. Since my work has been attacked (and unjustifiably I think I have shown) I am understandably defensive and angry. If I were on the Committee, I might point out that the President of the HSUS does not understand the organizations's books and apparently does not have access to people who do. Similar things could be said about the organization's Treasurer who forwarded this inaccurate information to the attorney; therefore one might wonder whether they should be President and Treasurer if they neither understand the books nor bother to check the accuracy of their letters. Another approach might be to question whether he was being deliberately dishonest/misleading to one of the Board members.

Item 10 -- Perhaps you want to ask Mr. Wiseman why he cited recent successful audits as evidence of adequate internal management practices.

Item 11 -- Mr. Hoyt's memo does not address the issue.

Mr. Hoyt's May 3 letter makes several points which I think merit additional attention.

p. 7 -- Why was it not advisable to discuss with the Board the reasons for the demanded repayment. Mr. Madden's belief is

that the loan was questioned by the bank examiners. The obvious question is does the HSUS want to be involved in deals that appear improper to disinterested, professional outsiders?

p. 10 -- Again this is my own personal issue, but as a woman, Suzie, you might have some ideas how to handle it. Indeed I did not seek to discuss matters with Messrs. Hoyt and Irwin after my first interviews in which Hoyt refused to answer my questions and Mr. Irwin was obscene to me and also made the inappropriate suggestion that he would tell me something very important if I would not tell the committee. After that for personal and professional reasons I thought it best to have a record of the questions asked and the responses or lack thereof.

p. 10 -- March meeting of Deferred Compensation Committee - the point is that the committee was not a formal committee but a group of friends who acted informally and improperly; since they did not take this responsibility seriously, they did not bother to keep records or minutes, both Wiseman and Lydman "forgot" this meeting as shown by their letters to Mr. Mettler. Technically, I doubt that Coleman Burke who was not in town at that time, was given notice of the meeting and therefore it is not a proper meeting.

Irwin letter May 6, p. 4 -- Irwin's explanation of the low rent is inconsistent with what Voorhees told the Audit committee and what is reflected in Paul's memo to Sam. To end on a light note, don't all tenants cut the grass? Are we seriously to believe that the low rent is justified by the Hoyts maintaining the lawn?

Sincerely,

Gail M. Harmon

enclosure

DRAFT

July 1, 1988

Jacob Stein, Esq.

Dear Mr. Stein,

Since I will not be able to attend the meeting of the Select Committee to be held July 8th in Kansas City, I am providing you with my reactions to the materials provided to the Committee at this stage of its work.

Mr. Stein, the materials I have seen thus far represent a collection of inadequate, misleading and incorrect responses which do not serve to dispel the serious allegations of improprieties raised by the report prepared by Gail Harmon for the Audit Committee. In fact the current materials raise major questions about the professional abilities and honesty of the principal officers of the HSUS. For example, while the contributions of Regina Frankenburg are certainly not central to your inquiry, the material on that matter provided by Messrs Hoyt and Irwin raises major questions about the professional abilities and/or honesty of Mr. Hoyt. Honesty and professional skill of the HSUS President must be of primary concern. If the members of the HSUS Board cannot rely on him to provide simple, honest answers to questions how can it continue to trust him to run the organization?

As you know, the Audit Committee identified several areas of major concern in the management of the HSUS. The assets of the HSUS were being misused for the private benefit of its principal officers. The financial records of the organization were grossly inadequate; for example, neither the financial statements nor the tax returns contained records of substantial income and assets represented by real estate and tangible personal property. The Audit Committee was not able to determine to what extent these failures and other financial and reporting irregularities were due to incompetence, to an attempt to mislead the public and the Board by understating the organizations assets and its fundraising and administrative expenses (as was strongly implied by both Paul Irwin and Bill Voorhees), or part of a scheme for additional

private benefit. The Board of the HSUS is relying on you to address these issues which are central to the health of the organization.

In order for you to do an effective job of representing the full Board of the HSUS, it is necessary that you have the benefit of all the information gathered by the Audit Committee and the counsel who worked on its behalf. On the basis of the information which I have received as a member of the Select Committee, I believe that this additional information is necessary to be able to sort out the misleading collection of inadequate responses and half truths which have been provided to you.

This letter is designed to set forth my understanding and interpretations of the "facts" recently presented to you. Since these materials demonstrate that John and Paul have not been candid and honest in their submissions to the Select Committee, you as its counsel should come to understand that you need to pursue these matters beyond their self-serving statements. A whitewash does not fulfill your obligation to advise the full Board what is in the best interests of the HSUS and what is necessary for them to exercise their fiduciary obligations to the corporation.

The June 8th letter with appendices from Paul Irwin is replete with misleading and inaccurate information If you are allowed to believe that it represents the full story, then the Board will never have the truth.

Item 1 (Appendix A) -- It is stated that the unusual checks to John and Paul (other than the bonuses) were quarterly payments. Since they were made only once, not four times a year and do not equal one quarter of the salary of either John or Paul, someone needs to probe further. Why were the checks written? Are the other payroll checks to John and Paul paid on regular dates in regular amounts? I strongly suspect the answer is "no."

Item 3 (Appendix C) -- It is not clear if Paul means to say that all of these insurance policies are now owned by John and Paul. If so, they represent a substantial amount of money. You should find out when they were transferred. Were all transferred pursuant to the vote of the Deferred Compensation Committee? Nile Webb, the accountant from Deloitte, Haskins and Sells, indicated that if these policies were transferred to John and Paul, they would constitute compensation to them and therefore should have been shown on their W-2s and been included in the income which they reported to the state and federal government and on which they pay taxes. I believe that the W-2s provided by HSUS indicate that these transfers were not so reported; the information was certainly not on the salary schedules provided to the HSUS Board in December, 1987 and not on the salary information provided to the Audit Committee in 1988.

Thomas Havey and Company maintains schedules of the insurance policies owned by HSUS (and/or those on which they pay

premiums). If these policies were transferred, I would think that Havey should have noticed this during the course of the audit and told the HSUS and the officers about the need to count the transfers for income tax purposes. HSUS has paid Thomas Havey substantial sums in the last few years ($22,000 in 1985 and $45,000 in 1986); for fees this large, I would have thought that they would have identified these and other issues and reported unusual transaction to the Board. Finally, the responsibility for reporting financial transactions rests in part on the HSUS Treasure, Paul Irwin. Changes of this magnitude in the insurance assets of the organization should have been reported to the accountants. Have you reviewed the document entitled Management's Representations to Auditors which Paul signs annually for the accountants? (Copies of recent Representations are attached.) Please investigate the misstatements in this form.

Item 4 -- If this listing is designed to respond to the items listed at IX of the Preliminary Report, it fails to provide an explanation of the transfers in and out of the annuity account. Since this account was used to provide the funds by which NHEC and NAHEE made improper, unauthorized and hidden salary payments to John and Paul, I request that D H and S audit this account to determine if there have been other irregularities.

Item 5 -- The Annuity Trust with the Mellon Bank provides that the HSUS shall act through any two members of its Investment Committee and then specifies those members currently serving. The Audit Committee asked Mr. Irwin for documentation of his authority to act with regard to the trust and received the enclosed material. While he states "such a resolution has been filed" with the Mellon Bank, please note that as of April 1988, the Bank could produce no documents indicating that Mr.Irvin was a member of the Investment Committee or had the authority to withdraw principal from this trust. This is but one of many examples in which I think that John and Paul are being misleading. If you really want to find out what is happening in the management of the HSUS, you will have to go beyond this collection of misleading half-truths.

A quick review of the documents which were produced by the Mellon Bank is instructive in evaluating the credibility of the HSUS management. Contrary to the implication in Ms. Morgan's letter, the minutes of the Board meetings do not indicate that Mr. Hoyt or Ms. Morgan was elected to the Investment Committee. While under the current Bylaws he may participate in committee meetings, it is certainly not clear that he is a regular member of any committee and should have authority over the Annuity Fund.

Items 6 and 7 -- certainly do not provide complete information on the HSUS assets or any indication why this information was not on the organization's financial records. D H and S quickly identified this problem because it discovered that HSUS was paying real estate taxes on property which was not otherwise

listed as an asset so I would ask for an explanation as to why it was not identified by the regular auditors. As a skillful litigator, Jake, I am sure that you could make excellent use of the document entitled Managements Representations to Auditors (which states that all assets have been disclosed to the auditors) to attack both the credibility and the professional abilities of Paul Irwin.

Item 8 The Evans Note - The undisputed facts are that the receipt is dated 12/31/86 and it was not reported on the HSUS 990 tax return nor disclosed as an insider deal (now an indebtedness from an officer to HSUS). Beyond this, it is very confused.

In the March meeting of the Audit Committee both Bill Voorhees and Paul Irwin said that the note was received in April of 1987 and the receipt was backdated at the request of Mrs. Evans' tax accountant. (See page 3 of minutes.) This was discussed at length in the Audit Committee meeting with Joe Ramsey providing the novel legal advice that there is a window of opportunity between the end of the tax year and April 15 when the return is due during which people are free to rearrange their tax affairs for the previous year. No one seemed to be terribly troubled that to falsify a document to enable a person to misstate a tax deduction is a federal offense.

To preserve confidentiality and not to offend Mrs. Evans the Audit Committee was not allowed to verify this story with the tax accountant, but when a memo from Roger Kindler called his request for back dating into question Mr. Irwin has suddenly produced a letter from a D.C. Bank and a receipt signed by Mrs. Evans dated 12/31/86. In his cover memo Sam Trevino state that the note shows that American Security Bank effected this transfer but my review of the note (as contrasted with the cover letter from the Bank) does not show that ASB effected the transfer. (We should check carefully to see if something was omitted in the copying). At a minimum I would like to know why the Evans receipt was not produced until after the April Board meeting and how the principals explain the incosisten stories. Therefore, as ~~President~~, Counsel you should interview the former bookeeper mentioned in Sam Trevino's cover note to learn why the note was not included on the books of the society.

Item 9 (Appendix G) -- Mr. Hoyt faults the calculation of the size of the Frankenburg gift contained in the Audit Committee report but neglects to say that it was based entirely on information provided by Mr. Irwin. The Committee is certainly sorry if it unwittingly transmitted inaccurate information to the Board, but it had to rely on Mr. Irwin for financial information.

Mr. Hoyt states in his letter of May 3 that "each year tens of thousands of dollars are transferred from the Regina Frankenberg Fund to the General Fund." The Regina Frankenburg Fund was established in 1983. The attached sheets from Thomas Havey and Company indicate the following transfers in the following years:

1983 none; 1984 $75,000 to reimburse for expenses of Pet Action Line. (apparently not the general fund and not available to pay for Mrs. Hoyt's travel); 1985 none; 1986 $12,000 to National Coalition to Protect Pets, $10,000 to WSPA, $25,000 to Michigan Humane Society; 1987 none.

As a skillful lawyer, I am sure that you could use this information to attack both the personal credibility and the professional abilities of Mr. Hoyt who wrote the letter and Mr. Irwin who transmitted it to you at best without verifying its accuracy, at worst knowing it was false. While we all know that this is not litigation, I think that examples such as this one raise serious problems for your presentation to the Board.

Item 10 -- Accepting this as true, perhaps you want to ask Mr. Wiseman why he cited recent successful audits as evidence of adequate internal management practices.

Item 11 -- Mr. Hoyt's memo does not address the issue.

Mr. Hoyt's May 3 letter makes several points which I think merit additional attention.

p. 7 -- Why was it not advisable to discuss with the Board the reasons for the demanded repayment. Mr. Madden's belief is that the loan was questioned by the bank examiners. The obvious question is does the HSUS want to be involved in deals that appear improper to disinterested, professional outsiders?

p. 10 -- As member of the Audit Committee, I am disgusted with the repeated personal attacks on our counsel, Gail Harmon. As demonstrated by the report and the additional information in this letter, she and the Committee assembled a tremendous amount of valuable information. Although you may feel the tone of the Repot was unwise, I think you will find that the facts presented will survive scrutiny, in contrast to those presented by Hoyt and Irwin.

Indeed, Mr. Hoyt is correct that Mrs. Harmon did not seek to discuss matters with Messrs Hoyt and Irwin after her first interviews in which Hoyt refused to answer her questions and Mr. Irwin made an inappropriate, obscene comment to her and also made the professionally inappropriate suggestion that he would tell her something very important if she would not tell her client, the committee. After those performances, and in light of our experience with John and Paul providing meandering and misleading answers to questions, the Audit Committee concurred with her judgment that it was best to have a written record of the questions asked and the responses or lack thereof.

p. 10 -- March meeting of Deferred Compensation Committee- the point is that the committee was not a formal committee but a group of friends who acted informally and improperly; since they did not take this responsibility seriously, they did not bother

to keep records or minutes, both Wiseman and Lydman "forgot" this meeting as shown by their letters to me. Technically, I doubt that Coleman Burke who was not in town at that time, was given notice of the meeting and therefore it is not a proper meeting.

Irwin letter May 6 --

p.4 -- Irwin's explanation of the low rent is inconsistent with what Voorhees told the Audit committee and what is reflected in Paul's memo to Sam. Don't all tenants cut the grass?

In closing, Mr. Stein, my strong view is that you have not received answers to the central questions which motivated this inquiry and the few answers received on ancillary points do not withstand scrutiny and cast serious doubts on the character and abilities of the people who have provided the information. While some Board members have indicated that they want to set these matters to rest in as quick and painless a manner as possible, I believe that they arrived at this goal because they were subjected to a vigorous lobbying campaign conducted by the officers of HSUS. I fear that my fellow Board members have been treated to the a combination of half truths and misleading statements similar to that discussed above. As the lawyer for the Board of the HSUS, you have an obligation to evaluate the information presented to you and to advise the Board on the best way to exercise their fiduciary duties.

I look forward to discussing this matter with you.

Sincerely,

John W. Mettler

cc:

Item 3

MANAGEMENT'S REPRESENTATION LETTER TO AUDITORS

April 10, 1986
(Date)

Thomas Havey & Co.
Certified Public Accountants
4301 Connecticut Avenue, N. W.
Washington, D. C. 20008

Dear Sirs:

We confirm, to the best of our knowledge and belief, the following representations made to you during your examination of the financial statements of The Humane Society of the U.S. (the Organization) for the period ended 12-31-85. (Applicable paragraphs are marked with an X - Paragraphs which are not applicable are marked N/A).

X 1. We acknowledge management's responsibility for the fair presentation in the financial statements of financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles.

X 2. We have made available to you all financial and accounting records and related data. We are not aware of any accounts, transactions or material agreements not fairly described and properly recorded in the financial and accounting records underlying the financial statements.

X 3. We have made available to you all minutes of the meetings of stockholders, directors, members' trustees, and executive committee, as applicable, or summaries of actions taken at recent meetings for which minutes have not yet been prepared.

4. We are not aware of any:

X a. Irregularities involving management or employees who have significant roles in the system of internal accounting control or any irregularities involving other employees which could have a material effect on the financial statements.

X b. Any violations or possible violations of laws or regulations whose effect should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

X c. Default by the Organization in the fulfillment of any of the terms, covenants, or provisions of any bond, trust indenture or debt obligations outstanding.

X d. Actions by the Organization or its officers and directors which would jeopardize the Organization's tax exempt status.

N/A 5. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices that could have a material effect on the financial statements.

6. There are no:

X a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees.

X b. Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions, or other requirements.

X c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

X d. Agreements to repurchase assets previously sold.

X e. Other agreements not in the ordinary course of business.

X f. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.

7. The following have been properly recorded and/or disclosed in the financial statements:

N/A a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.

N/A b. Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions, or other requirements.

N/A c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

N/A d. Agreements to repurchase assets previously sold.

N/A e. Other agreements not in the ordinary course of business.

N/A f. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.

N/A 8. The Organization does not use an outside legal counsel.

X 9. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.

X 10. All cash and bank accounts and all other properties and assets of the Organization of which we are aware are included in the financial statements. The Organization has satisfactory title to all owned assets and

N/A a. All liens, encumbrances or security interests of any important consequence on any asset of the company are disclosed in the financial statements or notes thereto, or

X b. There are no liens or encumbrances on such assets nor has any asset been pledged.

X 11. All material liabilities of the Organization of which we are aware are included in the financial statements.

N/A 12. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

N/A 13. Provision has been made for any material loss to be sustained in the fulfillment of, or from inability to fulfill, any sales commitments.

N/A 14. Provision has been made for any material loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

X 15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

X 16. All gifts or grants received during the year of your examination which were designated by the donor for specific purposes have been properly recorded in the appropriate restricted account, and all expenditures charged to restricted funds during the year have been for the purposes specified when the funds were received.

X 17. No matters or occurrences have come to our attention up to the present time which would materially affect the financial statements and related disclosures for the year or, although not affecting such financial statements or disclosures, have caused or are likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Organization. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

N/A 18. Additional special purpose representations numbered ____ through ____ are attached.

Paul B. Irwin
(Signature of Chief Executive Officer)

(Signature of Chief Financial or Accounting Officer)

E.V.P. / Treasurer
(Title)

(Title)

MANAGEMENT'S REPRESENTATION LETTER TO AUDITORS

April 15, 1987
(Date)

Thomas Havey & Co.
Certified Public Accountants
4301 Connecticut Avenue, N. W.
Washington, D. C. 20008

Dear Sirs:

We confirm, to the best of our knowledge and belief, the following representations made to you during your examination of the financial statements of Humane Society of the U.S. (the Organization) for the period ended 12-31-86. (Applicable paragraphs are marked with an X - Paragraphs which are not applicable are marked N/A).

X 1. We acknowledge management's responsibility for the fair presentation in the financial statements of financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles.

X 2. We have made available to you all financial and accounting records and related data. We are not aware of any accounts, transactions or material agreements not fairly described and properly recorded in the financial and accounting records underlying the financial statements.

X 3. We have made available to you all minutes of the meetings of stockholders, directors, members' trustees, and executive committee, as applicable, or summaries of actions taken at recent meetings for which minutes have not yet been prepared.

X 4. We are not aware of any:

- X a. Irregularities involving management or employees who have significant roles in the system of internal accounting control or any irregularities involving other employees which could have a material effect on the financial statements.
- X b. Any violations or possible violations of laws or regulations whose effect should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- X c. Default by the Organization in the fulfillment of any of the terms, covenants, or provisions of any bond, trust indenture or debt obligations outstanding.
- X d. Actions by the Organization or its officers and directors which would jeopardize the Organization's tax exempt status.

N/A 5. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices that could have a material effect on the financial statements.

X 6. There are no:

- X a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees.
- X b. Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions, or other requirements.
- X c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
- X d. Agreements to repurchase assets previously sold.
- X e. Other agreements not in the ordinary course of business.
- X f. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.

7. The following have been properly recorded and/or disclosed in the financial statements:

- N/A a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.
- N/A b. Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions, or other requirements.
- N/A c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
- N/A d. Agreements to repurchase assets previously sold.
- N/A e. Other agreements not in the ordinary course of business.
- N/A f. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.

N/A 8. The Organization does not use an outside legal counsel.

x 9. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.

X 10. All cash and bank accounts and all other properties and assets of the Organization of which we are aware are included in the financial statements. The Organization has satisfactory title to all owned assets and

N/A a. All liens, encumbrances or security interests of any important consequence on any asset of the company are disclosed in the financial statements or notes thereto, or

X b. There are no liens or encumbrances on such assets nor has any asset been pledged.

X 11. All material liabilities of the Organization of which we are aware are included in the financial statements.

N/A 12. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

N/A 13. Provision has been made for any material loss to be sustained in the fulfillment of, or from inability to fulfill, any sales commitments.

N/A 14. Provision has been made for any material loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

x 15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

X 16. All gifts or grants received during the year of your examination which were designated by the donor for specific purposes have been properly recorded in the appropriate restricted account, and all expenditures charged to restricted funds during the year have been for the purposes specified when the funds were received.

X 17. No matters or occurrences have come to our attention up to the present time which would materially affect the financial statements and related disclosures for the year or, although not affecting such financial statements or disclosures, have caused or are likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Organization. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

N/A 18. Additional special purpose representations numbered ____ through ____ are attached.

Paul G. Irwin
(Signature of Chief Executive Officer)

Samuel A. Treomb
(Signature of Chief Financial or Accounting Officer)

Exec. V.P.
(Title)

Asst. TREASURER.
(Title)

item 5 rec'd 4/6

Mellon Bank

Mellon Bank N.A.
One Mellon Bank Center
40th Floor
Pittsburgh, PA 15258-0001
412 234 5784

Barbara K. Robinson
Vice President

March 30, 1988

Mr. Paul G. Irwin
Executive Vice President & Treasurer
The Humane Society of the United States
2100 "L" Street, Northwest
Washington, DC 20037

Dear Paul:

Re: Humane Society of the United States
Account No. [redacted]246

As requested in your letter of March 17, 1988, I am enclosing the written records concerning which individuals have authority to direct distributions of income and principal and to approve investments for this trust. They include:

1. A copy of the trust instrument dated April 9, 1962 wherein distributions of income and principal and approval of investments were obtained with the signatures of any two members of the Investment Committee of The Humane Society Board of Directors (Section Three).

2. A letter dated March 4, 1971 providing members of the Finance Committee.

3. Letters dated June 2, 1972, June 23, 1972 and July 5, 1972 giving Mellon Bank sole investment control with restrictions.

4. Resolution dated July 21, 1980 which provides names of individuals authorized to sign receipts and releases for gifts and bequests and to execute various documents.

I hope this information is of help.

Sincerely,

Barbara K Robinson

Barbara K. Robinson
Vice President

Enclosures
BKR/vlr
0683L

ORIGINAL

DEED OF TRUST

MADE this 9th day of April, 1962, by and between THE HUMANE SOCIETY OF THE UNITED STATES, its successors or assigns, a Delaware corporation having its principal office in the City of Washington, District of Columbia, (hereinafter called the "Settlor") and MELLON NATIONAL BANK AND TRUST COMPANY, a national banking association authorized to engage in trust business in the Commonwealth of Pennsylvania, (hereinafter called the "Trustee"):

WHEREAS, the Settlor has received, and will receive from time to time in the future, funds to be used primarily in the payment of annuities; and

WHEREAS, the Settlor, desiring to create an irrevocable trust of such funds, hereby transfers and delivers the property listed in Schedule "A" attached hereto to the Trustee, together with all the Settlor's estate, right, title and interest in and to the same; and

WHEREAS, the Trustee is willing to accept the trust and to hold said property, together with any additions thereto, (hereinafter called the "Trust Estate") in trust for the uses and purposes set forth below;

NOW, THEREFORE, the Settlor and the Trustee agree as follows:

ONE: The Trustee shall hold, manage, invest and reinvest the Trust Estate and shall distribute the net income and principal as follows:

(A) Quarter-annually, as of February 1, May 1, August 1 and November 1 of each year, the Trustee shall make such payments

to such persons as the Settlor shall direct in writing.

(B) Semi-annually, on the six-months and yearly anniversary of the execution of this Deed of Trust, an actuary selected by the Settlor will calculate the reserve needed to make the payments then guaranteed by the Settlor and shall notify the Trustee in writing of the amount of such reserve. If the then market value of the Trust Estate exceeds one hundred twenty-five (125%) per cent of such reserve, the Trustee shall notify the Settlor in writing of the excess and shall pay any part or all of such excess to the Settlor upon the latter's written request.

(C) Upon the death of the survivor of all the annuitants of whom the Trustee has been notified, the trust shall terminate, and the then principal and any accrued or undistributed income shall be transferred and delivered to the Settlor or its successor or, if the Settlor is no longer in existence and no organization has succeeded to its rights and obligations hereunder, to such charitable organization or organizations as, in the opinion of the Trustee, are carrying on the same work as the Settlor.

TWO: In the administration of this trust, the Trustee shall have, in addition to and not in limitation of any authority granted to it by law and without the necessity of obtaining the consent of any court, the following powers: to accept and retain in kind any securities or other property delivered to it by the Settlor; to invest and reinvest the principal of the Trust Estate in any kind of property, real or personal, or part interest therein, without being restricted to investments which are legal for trust funds; to give options for sales, leases and exchanges; to borrow money; to sell, pledge, exchange or mortgage any real or personal property; to compromise claims; to lease real or

personal property for terms exceeding five (5) years, to join in or oppose the merger, consolidation, reorganization or readjustment of the financial structures of any firm or corporation in which the Trust Estate may have an interest, to carry securities in the name of a nominee, and to distribute the Trust Estate either in cash or in kind, PROVIDED, however, that the Trustee shall make no sales or purchases without the prior approval of the Settlor.

THREE. In directing distributions of income and principal and in approving investments, the Settlor shall act through any two members of the Investments Committee of its Board of Directors. The present members of said Committee are H. COLLIS WAGER, EDWARD M. BOSTICK, ROBERT F. CHENOWETH, OLIVER EVANS and JACQUES V. SICHEL, the Trustee shall be entitled to rely upon such listing until notified of any change in writing by the Settlor acting through its proper officers.

FOUR. The Trustee shall furnish to the Settlor quarter-annual statements of income and semi-annual statements of principal and investments.

FIVE. The Settlor may make additions from time to time hereunder, in cash or in kind, PROVIDED, however, that any securities added shall be acceptable to the Trustee.

SIX. The Settlor declares this trust to be irrevocable and reserves no rights of amendment or revocation except as hereinabove specifically set forth.

SEVEN. The Trustee may resign at any time upon sixty (60) days written notice to the Settlor, and shall resign if so requested by the Settlor as soon as the Settlor shall designate

a successor trustee.

EIGHT. The Settlor agrees to pay the Trustee annually compensation for its services hereunder in accordance with the Trustee's schedules of compensation currently in effect when the services are performed.

NINE. This Deed of Trust has been delivered to and accepted by the Trustee in the Commonwealth of Pennsylvania, and its interpretation shall be governed in all respects by the laws of said Commonwealth.

WITNESS the due execution hereof the day and year aforesaid.

THE HUMANE SOCIETY OF THE UNITED STATES

By _____
President

ATTEST:

_____
Assistant Secretary

MELLON NATIONAL BANK AND TRUST COMPANY

By _____
Vice President

ATTEST:

_____
Assistant Secretary

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

On this, the 4th day of April, 1962, before me, a Notary Public, personally appeared Robert L. Clemmons, who acknowledged himself to be the President of The Humane Society of the United States, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Society by himself as President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

Notary Public

My Commission Expires April 5, 1965

COMMONWEALTH OF PENNSYLVANIA)
) ss.
COUNTY OF ALLEGHENY)

On this, the 11th day of June, 1962, before me, a Notary Public, personally appeared [illegible], who acknowledged himself to be a Vice President of Mellon National Bank and Trust Company, and that he as such Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Bank by himself as Vice President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

Notary Public

SCHEDULE "A"

Cash in the amount of $10,801.00

******

I, Marcia Glaser, being Assistant Secretary of The Humane Society of the United States, a corporation organized and existing under the laws of the State of Delaware, do hereby certify that at a meeting of the Executive Committee of the Board of Directors of this corporation, duly called and held on the third day of February, 1962, at which a quorum for the transaction of business was present and acting throughout, the following resolution was adopted, and is still in full force and effect, and appears as follows in the minutes of the meeting:

> RESOLVED: That the Committee approves execution of the trust agreement with Mellon National Bank and Trust Company proposed in a letter from the Bank dated January 31, 1962, and agrees that future contracts with buyers of HSUS annuity and life income plans should require the HSUS to place the principal of each donated fund with the Mellon Bank, or a successor Trustee, and to maintain the principal in trust until the death of the donor or any beneficiary named therein. It is understood that it is the intent of this resolution that both income and principal of the trust funds may be used to make annuity and life income payments to donors or beneficiaries.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of this Corporation this fourteenth day of May, 1962.

Marcia Glaser

Assistant Secretary

THE HUMANE SOCIETY
of the United States

1145 - 19TH STREET, N.W. WASHINGTON, D. C. 20036 TELEPHONE (202) 338-6216



Officers and Directors

COLEMAN BURKE.
Chairman of the Board
ROBERT J. CHENOWETH.
(Chairman Emeritus)
EVERETT SMITH, JR.
Vice Chairman
JOHN A. HOYT.
President
MEL L. MORSE.
Vice President
WILLIAM KERBER.
Treasurer
MRS. ALICE M. WAGNER.
Secretary
ROGER CARAS
GRACE CONAHAN
OLIVER M. EVANS
MRS. ROBERT W. GILMORE
MRS. G. MARTEL HALL
LEONARD HALL
PERC KELTY
DR. AMY FREEMAN LEE
SEN. GAYLORD NELSON
REV. DAVID POLING
MRS. CHESTER SHAWLEY
JACQUES V. SICHEL
O. COLLIS WAGER

HONORARY DIRECTORS

Dr. Myra Babcock
C. Edward Boggs
Mildred Fitz-Hugh
Mrs. Aida Flemming
Hugh John Flemming
Frederic D. Kerr
Carl O. Marty, Jr.
Dr. James T. Mehorter
Mrs. George F. Milliken
Arthur P. Redman
Mrs. Edward S. Voss
Brigadier Michael Wardell
Alice Morgan Wright

March 4, 1971

Mr. P. Knox Motheral, Jr.
Trust Officer
Mellon National Bank & Trust Company
Mellon Square
Pittsburgh, Pa. 15230

Dear Mr. Motheral:

This letter is to inform you that the following persons now constitute the members of the Finance and Investment Committee of The Humane Society of the United States, pursuant to action of the Board of Directors:

Oliver Evans
John A. Hoyt
William Kerber
Moneta P. Morgan

Specimen signatures for each of the above are furnished on the attached sheet.

Cordially yours,

Marcia Glaser

Marcia Glaser
Assistant Secretary

MG:s
Encl.

THE HUMANE SOCIETY OF THE UNITED STATES
FINANCE AND INVESTMENT COMMITTEE

Oliver Evans (Chairman)

John A. Hoyt

William Kerber

Moneta P. Morgan

Mellon National Bank and Trust Company
Trustee under Deed of Trust of the Humane
Society of the U. S. dated April 9, 1962
Account No. 329-246
Mellon Square
Pittsburgh, Pennsylvania 15230

Gentlemen:

The above Deed of Trust provides that you as trustee shall make no sales or purchases without the approval of the settlor acting through any two members of the Investments Committee of its Board of Directors.

As such Investments Committee, we hereby authorize you, until such time as we shall direct otherwise in writing, to make such sales and purchases as you consider to be in the best interest of the Society; provided, however, that you shall not purchase stock of any corporation which manufactures or sells drugs or firearms or which is in the meat-packing industry.

William Kaufer

July 5, 1972

Mellon National Bank and Trust Company
Trustee under Deed of Trust of the Humane
Society of the U. S. dated April 9, 1962
Account No. [redacted]246
Mellon Square
Pittsburgh, Pennsylvania 15230

Gentlemen:

The above Deed of Trust provides that you as trustee shall make no sales or purchases without the approval of the settlor acting through any two members of the Investments Committee of its Board of Directors.

As such Investments Committee, we hereby authorize you, until such time as we shall direct otherwise in writing, to make such sales and purchases as you consider to be in the best interest of the Society; provided, however, that you shall not purchase stock of any corporation which manufactures or sells drugs or firearms or which is in the meat-packing industry.

June 26, 1972

The Humane Society
of the United States
1604 K Street, N.W.
Washington, D.C. 20006
(202) 638-7330

OFFICERS AND DIRECTORS
COLEMAN BURKE
Chairman of the Board
ROBERT J CHENOWETH
Chairman Emeritus
EVERETT SMITH JR
Vice Chairman
ROGER CARAS
Vice Chairman
JOHN A HOYT
President
PATRICK B PARKES
Executive Vice President
MEL L MORSE
Vice President
WILLIAM KERBER
Treasurer
MRS ALICE M WAGNER
Secretary
THE HON RAUL CASTRO
GRACE CONAHAN
OLIVER M EVANS
HAROLD H GARDINER
MRS ROBERT W GILMORE
MRS G MARTEL HALL
LEONARD HALL
DR AMY FREEMAN LEE
SEN GAYLORD NELSON
REV DAVID POLING
MRS CHESTER SHAWLEY
JACQUES V SICHEL
D COLLIS WAGER
DR STUART R WESTERLUND

HONORARY DIRECTORS
Dr Myra Babcock
C Edward Boggs
Mildred Fitz-Hugh
Mrs Aida Flemming
Hugh John Flemming
Frederic D Kerr
Carl O Marty, Jr
Dr James T Meherter
Mrs George F Milliken
Arthur P Redman
Mrs Edward S Voss
Brigadier Michael Wardell
Alice Morgan Wright
Andrew Wyeth

Murdaugh Stuart Madden
General Counsel

June 23, 1972

Mr. Thomas M. Dittman
Trust Assistant
Mellon National Bank and Trust Company
Mellon Square
Pittsburgh, Pa. 15230

Dear Mr. Dittman:

In reply to your letter of June 14, 1972, we are returning the proposed letter which is being signed by the members of the Finance Committee. However, it was our understanding with Mr. John Wall that sales or purchases were not to exceed 5% of The HSUS Annuity Reserve Fund for any single transaction.

In the event that transactions exceed this amount, you could either write or phone the members of the Committee.

Thank you for your attention to this matter.

Sincerely yours,

Moneta P. Morgan

Moneta P. Morgan (Mrs.)
Assistant Treasurer

pl
Enclosures

P. S. Mr. Kerber is out of the City this week, I will forward his signed copy as soon as possible.

The Humane Society
of the United States
1604 K Street, N.W.
Washington, D.C. 20006
(202) 638-7330

OFFICERS AND DIRECTOR
COLEMAN BURKE
Chairman of the Board
ROBERT J CHENOWETH
Chairman Emeritus
EVERETT SMITH JR.
Vice Chairman
ROGER CARAS
Vice Chairman
JOHN A HOYT
President
PATRICK B PARKES
Executive Vice President
MEL L MORSE
Vice President
WILLIAM KERBER
Treasurer
MRS ALICE M WAGNER
Secretary
THE HON RAUL CASTRO
GRACE CONAHAN
OLIVER M EVANS
HAROLD H GARDINER
MRS ROBERT W GILMORE
MRS G MARTEL HALL
LEONARD HALL
DR AMY FREEMAN LEE
SEN GAYLORD NELSON
REV DAVID POLING
MRS CHESTER SHAWLEY
JACQUES V SICHEL
D COLLIS WAGER
DR STUART R WESTERLUND

HONORARY DIRECTORS

Dr Myra Babcock
C Edward Boggs
Mildred Fitz-Hugh
Mrs Ada Flemming
Hugh John Flemming
Frederic D Kerr
Carl O Marty, Jr
Dr James T Meherter
Mrs George F Milliken
Arthur P Redman
Mrs Edward S Voss
Brigadier Michael Wardell
Alice Morgan Wright
Andrew Wyeth

Murdaugh Stuart Madden
General Counsel

June 2, 1972

Mr. Gordon Gordon, Trust Officer
Mellon National Bank & Trust Company
26th Floor
Mellon Square
Pittsburgh, Pa. 15230

Dear Mr. Gordon:

Pursuant to our telephone conversation of May 26, 1972, the following official action was taken at the April 22, 1972 meeting of the Board of Directors of The Humane Society of the United States:

> ". . . IT WAS MOVED, SECONDED, AND PASSED THAT THE MELLON BANK BE GIVEN DISCRETIONARY POWERS TO MAKE SALES AND PURCHASES OF SECURITIES IN AMOUNTS NOT TO EXCEED 5% OF THE ASSETS OF THE HSUS ANNUITY RESERVE FUND."

We want to emphasize again that this Society is committed not to purchase any securities relating to pharmaceutical houses or firearms manufacturers since these industries utilize animals for purposes we sometimes regard as inappropriate. This policy, therefore, should be adhered to at all times in purchasing securities.

For your records, Murdaugh Stuart Madden, Esquire, is our Society's legal counsel and his address is 910 Seventeenth Street, Northwest, Washington, D.C. 20006.

If we can be of any further assistance, please do not hesitate to let us know.

Sincerely yours,

Moneta P. Morgan

Moneta P. Morgan (Mrs.)
Assistant Treasurer

pl

RESOLUTION OF THE BOARD OF DIRECTORS

THE HUMANE SOCIETY OF THE UNITED STATES

It is hereby resolved that Coleman Burke, Chairman of the Board of Directors; John A. Hoyt, President; Patrick B. Parkes, Executive Vice President; Murdaugh Stuart Madden, Vice President/ General Counsel; Paul G. Irwin, Vice President/Treasurer, and Moneta P. Morgan, Assistant Treasurer, or any one of them is authorized to sign the necessary receipts and releases for gifts and bequests;

And it is further resolved that Coleman Burke, Chairman of the Board of Directors; John A. Hoyt, President; Patrick B. Parkes, Executive Vice President; Murdaugh Stuart Madden, Vice President/General Counsel, and Paul G. Irwin, Vice President/ Treasurer, or any one of them is authorized to execute, on behalf of The Humane Society of the United States, any and all deeds, quit claims or other instrument or document which might be required in connection with the acquisition or transfer of real or personal property which is to be or has been received by The Humane Society of the United States by way of gift, bequest, or other interest in an estate or trust, PROVIDED, HOWEVER, that in the event said transaction involves the assumption of any obligation or indebtedness on the part of The Humane Society of the United States (other than standard, routine covenants and/or warranties), the signatures of two of them shall be required.

I hereby certify that the above Resolution is in full force and effect, having been duly promulgated at the meeting of the Board of Directors of The Humane Society of the United States in San Diego, California, on October 14, 1977.

Date: July 21 1980

Marcia Glaser

Marcia Glaser
Assistant Secretary

Item 8

RECEIVED MAR 2 3 1988

MINUTES

HSUS AUDIT COMMITTEE

Washington, D.C.

March 10, 1988

8 a.m.

Present: John Mettler III, Robert B. Sorock, Susan Pepperdine, Joe Ramsey (representing William Wiseman), Gail Harmon

Also Appearing: Murdaugh Madden, Bill Voorhees, John Hoyt, Paul Irwin

Ms. Harmon gave an overview of the materials and said their weight shows serious problems of mismanagement and private inurement. A legal concern is that inurement was worked out in private. Another concern is that board members become legally liable once they know about these issues.

Mr. Ramsey asked whether there are standards for inurement. Ms. Harmon responded that there are comparisons to other large charities. Also, she pointed out that it's important whether "disinterested parties" established salaries, and the fact that the Compensation Committee was not appointed to the board and did not report back to it.

1. Ms. Harmon reviewed compensation involving Mr. Hoyt's house. She said her understanding was that Coleman Burke is trustee for the Jeffrey Trust, which made loans to Mr. Hoyt. Mr. Mettler pointed out that the Jeffrey Trust received interest, but a later loan was interest-free. He stressed that it was important not to question the intent of certain donors, but to look into the role of the board and its committees.

   It was discussed that the board did not know about the house deal until the December 12 meeting. Mr. Mettler noted that the Deferred Compensation Committee met on April 22, 1987 and approved the purchases of Mr. Hoyt's house, but it was not reported to the board the next day.

   In an August 26, 1987 memo from Mr. Irwin to Mr. Trevino, the rent amount for the house was set at $600 a month, the "absolute minimum" defensible to the IRS. It involves the HSUS because of under-reporting to the IRS, and because the organization could possibly get more from its investment. Ms. Harmon said the house should be independently evaluated and the appropriate rent set. Mr. Ramsey agreed. Ms. Harmon pointed out that these issues raise questions because officers are supposed to look out for the interests of the organization, not their personal tax interests. Mr. Ramsey said after an appraisal is done, an amended return should be filed.

   Mr. Sorock said the issues are:

   a. the Compensation Committee was improperly formed, acted improperly, and didn't report to the board;

   b. the amount of compensation on the house was not properly determined or reported; and

   c. the whole house transaction in general.

Mr. Mettler asked if there's a certain amount for transactions that has to be approved by the board. The understanding was that it was $250,000, but Ms. Harmon said her search indicated that applied only to loans, not other transactions.

The issue is whether the house deal should have been made and the inside connection. There was discussion of whether our committee should make recommendations or simply point out what needs to be corrected. It was decided that Mr. Hoyt, Mr. Irwin, Mr. Burke and Mr. Madden will be asked about the Jeffrey Trust. Mr. Hoyt will also be asked about the $30,000 loan in 1980.

2. Ms. Harmon outlined questions about the Brightwater property. Mr. Irwin was "reimbursed" for $85,000 but has paid out approximately $56,000. Mr. Sorock said we should ask Mr. Irwin about the discrepancy. Mr. Mettler said his understanding was that Mr. Irwin had paid $85,000 of his own money, but did not know until now about the $40,000 loan from Mr. Butler.

   Ms. Harmon pointed out that another problem is that there is no documentation of what amount should be reimbursed.

   The issue of Mr. Irwin serving as an executor was discussed. Mr. Madden will be asked about the policy on this issue.

3. The issues of the gold in a safe deposit box and the $100,000 note donated by Mrs. Evans were discussed. Mr. Voorhees has reported that the gold was not included on the tax returns.

   The fact that the $100,000 was reported by Mrs. Evans in 1986, but was not reported by HSUS until the 1987 return is a matter of concern. Mr. Voorhees said he did not know about the loan.

4. Ms. Harmon pointed out credibility problems involving the Compensation Committee and Miss Frankenberg's donations. Mr. Ramsey said he remembered a Compensation Committee meeting last spring in which the $5,000 payment to Mr. Irwin was voted upon. Our committee agreed there should be documentation of that meeting.

5. It was decided that the Deferred Compensation Committee issue had been adequately discussed.

6. The NHEC appears to be a shell organization. No NHEC board meeting was held, yet a payment to "annuitants" was made. The Mellon Trust agreement says the Investment Committee is to make the distributions, yet there is no record that the committee did this.

   There was discussion of bringing in Mr. Hoyt, Mr. Irwin, Mr. Madden and Mr. Voorhees. There was also discussion of whether Mr. Hoyt and Mr. Irwin should appear before the committee together.

7. On the Wright-Goode Fund, the board was not consulted about gifts from the fund.

8. The 1986 tax return does not show the loan to Mr. Hoyt and does not list any NHEC payment.

9. The 1985 tax return also does not show any NHEC payment. Allocation of time to separate functions is another issue raised. Time sheets were not kept. The intent was to show low fundraising expenses.

10-11. These sections refer to fundraising standards, Mrs. Hoyt's travel, and difficulties in obtaining complete information.

Mr. Madden joined the meeting. He was asked about the $30,000 loan in 1980, and he said he had a vague recollection about it. Ms. Harmon showed a document indicating it was from the Jeffrey Fund. Mr. Madden said he thought there was pressure on Mr. Burke from his co-trustee to pay the loan, but he doesn't have documents concerning this. He said the Jeffrey Trust was set up by an animal lover and it had given substantial amounts to HSUS.

Mr. Madden said whenever the question has come up about officers serving as executor, he has discouraged it. He said donors think they'll save money, but it doesn't work out that way. He said he only knew of one that Mr. Irwin was executor for.

Mr. Madden said no one asked him about the rental value of Mr. Hoyt's house.

Mr. Mettler asked about the policy on non-monetary donations. Mr. Madden discussed the donation of the coin collection that was shown to the board. He says he receives these donations and turns them over to Mr. Irwin or, previously, Mrs. Morgan. The coins were from the Nye bequest, were valued at over $100,000 and deposited.

He said when people leave HSUS a house, he would usually try to have it sold and converted to cash or securities.

Mr. Madden said he thought Mrs. Evans donated her house, but she still lives there.

He recalled one other case of Mr. Irwin receiving a coin collection from a living donor. He said such donations are accounted for.

He said he thought the $100,000 loan was paid about 1985-1987, but that Mr. Hoyt or Mr. Irwin would know for sure.

He was asked about NAAHE and NHEC, and said these were kept alive in order to receive bequests. He didn't know about payments to Mr. Hoyt or Mr. Irwin.

He said he wasn't aware of funding of NAAHE.

On Wright's will, Mr. Madden said the board is supposed to determine disbursements. A board member, Donald Dawson, used to be involved. Now Mr. Madden, Mr. Hoyt and Mr. Irwin make the determination, using certain guidelines. He said he didn't think about involving the board in these decisions. He said that could raise questions, and he regretted that they had not involved the board. He recommended that a board committee be involved.

Mr. Madden left and Mr. Voorhees joined the meeting. He said the $100,000 note was not reported to the IRS. It was not shown as income in 1986 but Mrs. Evans' tax accountant asked that it be dated for 1986. It was not received until April 1987.

He explained income reporting. Sam Trevino records contributions. Non-cash items, such as stocks, appear as journal entries.

He said the intent was to show the $100,000 house transaction as a complete transaction. He said an amended return could be filed, and should not raise legal problems.

On the issue of Mr. Hoyt's rent, Mr. Voorhees said if the amount is too low, we would have exposure for not reporting a fair amount. There's a question of willfulness or negligence. He agreed that an appraisal could be made and then an adjustment filed.

He reviewed his knowledge of the Brightwater property. He said he didn't know about Mr. Irwin receiving a $40,000 loan. He said there was a partnership agreement.

He just learned about two safe deposit boxes with gold, one as a gift and one as a bequest. He said they weren't receipted on the books. A "management representation letter" asks for an accounting of assets. He knew of securities, but not gold, in one safe deposit box, but he didn't know until this week about the second box.

The committee requested completed forms for the last two years, and he said he would provide them.

He said a computer run was made of checks from the general fund of $5,000 or more. Others will be obtained manually regarding other accounts, such as the Wright Fund.

Mellon statements show payments to annuitants, but Havey Co. erred and should have shown these as gifts to other organizations. He didn't believe the financial statement needed to be revised.

The annuity fund is over-funded. Some money could be allocated to other purposes, but Mr. Voorhees said he sees no harm in the way it is now.

He said the tax consultants saw no problem in funnelling payments through two shell organizations (NHEC and NAAHE). This involves three tax years. Ms. Harmon said Mr. Madden as general counsel should have been involved, but was not.

He said the gold and $100,000 were not recorded and an adjustment could be made on the 1986 return.

He said insurance policy payments should be shown as employee benefits on tax returns. This can be corrected.

Ms. Harmon brought up time accounting. Mr. Voorhees said part of Mr. Hoyt's and Mr. Irwin's salaries are charged to programs. He said the fundraising figure could be higher, but he thought it could be justified as is.

HSUS sent stamps but this was incorrectly checked "no" on the tax return.

On the New York return, two questions were checked "no" that should have been checked "yes." Fundraising should have been reported higher. Mr. Voorhees said he'd discuss this later with Ms. Harmon.

Mr. Voorhees said he would report further on Mrs. Hoyt's travel. He said currency needs to be translated to U.S. currency, and airfare for one trip hasn't been found. The WSPA travel expense to the Far East will also be provided.

Mr. Voorhees left.

On the annuities, Ms. Harmon said she had trouble getting reports and had to ask several times.

The committee reviewed the computer runs of $5,000 checks. The question was raised about why the $85,000 check to Mr. Irwin did not show up. Mr. Voorhees will be asked about this.

Mr. Hoyt and Mr. Irwin arrived. Mr. Ramsey stated that Mr. Voorhees said there were reporting problems but that they could be corrected.

Mr. Irwin said he received $85,000 but still owes $40,000 loan and has paid out $56,000 so far.

He said that payments not in the budget of over $250,000 should be approved by the board. This is in an enabling resolution passed each year.

He said Mr. Voorhees and he went to an attorney on the Brightwater matter. He said the partnership agreement was not signed. He said it was a good faith arrangement and thought the construction would proceed faster. When he got the $85,000, his intent was to pay the $40,000. He wanted to settle it in mid-December, but decided not to after December 10.

Mr. Mettler asked about Deferred Compensation Committee meetings, and whether there was a March 3 meeting. Mr. Hoyt said he would have to refer to his calendar.

Mr. Irwin discussed the Mellon fund. He said HSUS doesn't retain endowment funds. In 1986 Mellon was under-funded and was a high risk. Mr. Hoyt said it was maintained at 125 percent but funds above that would be used out of necessity for HSUS. It was changed to generate more income, and the fund got "healthier." About 1985 Mr. Voorhees said he thought the fund was getting too large. When the compensation issue arose in 1985, they chose to distribute it to NHEC.

Mr. Hoyt said that income was reported in such a way as to minimize criticism by Richard Morgan and others.

On the advice of auditors, Mr. Irwin said the letter of the law was complied with. Mr. Madden wasn't consulted.

Mr. Irwin said he picked up gold coins in 1980 and assumed the Nye donation had been reported through Mr. Madden's office as part of the estate. He said it was inventoried.

He said there was gold from Tucson, rings and other items are in the vault and these are recorded. The gold was worth $50,000 or more and was put in the safe deposit box. He said they were put on HSUS records as $1, but later Mr. Voorhees told him Mrs. Morgan didn't put it on the records. Because of that, it then was not reported to the auditors.

He said many charities over-report assets. HSUS's intention was to under-report assets in order not to have to explain, for example, why the value might decline. He said these were not liquidated because they were considered an asset that should be held onto.

He said HSUS would prefer to receive money rather than property, but in some cases, such as the one he noted in Ohio, it is to the HSUS's advantage to accept the property. It is then rented or sold.

Mr. Hoyt discussed the Gilmore gift. She was giving $20,000 a year but raised it to $100,000. Her will provided $50,000 a year through a trust. He tried to get it raised to $75,000. He said a couple years ago, Mrs. Mertz (Mrs. Gilmore's mother) said the trust was less inclined to make further donations. There was discussion of a $1 million one-time gift for use as a memorial. In 1986 a two-thirds distribution was made, and the other third in 1987. Mr. Voorhees had said it was in the building fund "at the request of the client" but Mr. Irwin said it shouldn't be because it is a restricted fund. The Gilmore Trust placed no restrictions on the money.

Mr. Irwin said there are several safe deposit boxes. The Nye gold is in one of them. He said Mr. Madden and Mr. Irwin can get into the Arlington box. He said he hadn't been in the ones downtown. Ben Hayes and Mrs. Morgan had access to them. He said the system needs to be tightened up. Because the membership records are the most valuable assets HSUS has, a copy is kept in a safe deposit box.

Mr. Hoyt said regarding the Wright-Goode Fund, a meeting is held each year. HSUS has discretion on distributing some earnings, not principal, to worthy organizations not specifically named. It is a board-designated fund now worth about $313,000.

There are two funds. Mr. Madden deals with the trust. Information about the trust is printed in the magazine.

Mr. Hoyt said the $30,000 loan in 1980 was from Mr. Burke. There was a perpetual mortgage and another mortgage. He said they were about $36,000 each. The price was $120,000. The house in Ohio was used as collateral to Mr. Burke. Mr. Hoyt had bought the house, which belonged to his parents, in the late 1970s.

He said Mrs. Evans wanted to tear up the note. Nevertheless, he paid back $10,000 to her. She gave the money before it was due. She has intended for him to someday live in her house, though he says he now would not be willing to.

He said the committee didn't report to the board because they believed they had the power to make the decision.

He said he had wanted to expand the authority beyond Mr. Burke. So, in effect, he was trying to expand the board's authority, not diminish it. He also said he thought there were leaks on the board and that disclosures would endanger donations from Mrs. Evans.

(NOTE: The remainder of the minutes was taken from notes provided by Mr. Mettler.)

Mr. Mettler said the Deferred Compensation Committee was supposed to keep the board informed about its actions. Mr. Hoyt said it was a "judgment call" which was done to keep Mrs. Evans' loan out of the public eye. Mr. Mettler pointed out, however, that a report should have been made, especially since the board met the next day.

Mr. Mettler also said the Finance Committee was not informed of the purchase, even though it is supposed to be aware of all investments. He and Mr. Hoyt disagreed over whether the house was compensation or an investment, but Mr. Mettler said the board should have been informed of the purchase in either case. Mr. Hoyt again said it was a judgment call and that it may have shown bad judgment.

Ms. Harmon asked about the Executive Committee. Mr. Hoyt said its minutes are always mailed to the board. Mr. Mettler agreed.

A discussion centered on the loan from Mrs. Evans, exactly when it was given to HSUS and when it was forgiven. Mr. Irwin said the gift was actually received in April 1987, but that he dated the receipt December 1986. He and Ms. Harmon debated the legality of this action.

Mrs. Harmon asked about the Wright-Good Trust, who made decisions, who trustees were, proof of their appointments, etc. Mr. Hoyt referred her to Mr. Madden.

The committee reviewed Havey computer runs of checks over $5,000. Since two checks to Mr. Irwin were not listed, the information was obviously incomplete. Ms. Harmon again brought up the suggestion of using an outside auditor because of the difficulty in

obtaining complete information despite numerous requests. Mr. Ramsey said he would write Havey to request a complete run, including any salary checks over $5,000.

Ms. Harmon will ask Mr. Irwin for all papers concerning the Mellon Bank Trust and his authority to run it.

The committee decided to meet again April 7 to make a final package of material to be sent to the board about April 11. Mr. Sorock said the report might be all the board needed and that Ms. Harmon need not necessarily address the board. Mr. Mettler disagreed, saying the board unanimously agreed to hire independent counsel to report to the board in April. Mr. Sorock said contents of Ms. Harmon's book should be kept confidential.

A conference call was scheduled for March 14, and the meeting was adjourned at 6 p.m.

Respectfully submitted,

Susan Pepperdine

Susan Pepperdine

SP:cp

Item 9

The Humane Society of the United States
Meeting of the Executive Committee
Washington, D.C.
September 9, 1983

A regular meeting of the Executive Committee of the Board of Directors of The Humane Society of the United States was held on Friday, September 9, 1983, at the Society's headquarters offices in Washington, D.C.

Members Present — Coleman Burke (presiding), Mrs. Oliver Evans, Anna Fesmire, Jack Lydman, Everett Smith, Jr., Robert F. Welborn, K. William Wiseman

Members Absent — Jack Conlon, Donald S. Dawson, Amy Freeman Lee, John Mettler

Others Present — John A. Hoyt, Paul Irwin, Patricia Forkan, John Grandy, Murdaugh S. Madden, Patrick Parkes, Kathy Savesky

The meeting was called to order at 10:00 a.m. Minutes of the meeting of the Board of Directors held on April 28-29, 1983, were approved as distributed.

Mr. Hoyt reported that Ms. Phyllis Wright, Vice President/Companion Animals, would be undergoing surgery on the following Monday. He was requested by the committee to convey their best wishes to Ms. Wright for a complete recovery.

Treasurer's Report — Financial statements for the eight months ending August 31 and a proposed budget for 1984 were distributed. Mr. Irwin reviewed the financial statements and noted the establishment of the Regina B. Frankenberg Fund and an addition to the Sussman Trust Fund, from which the Society receives the income. Income for the eight-month period is ahead of projections and expenses are expected to come close to the annual projection.

It was the consensus consideration be given to review of the percentages transferred from the bequest reserve fund.

1984 Budget — The proposed budget for 1984 was discussed. Mr. Irwin reported that if the financial position after audit shows an excess of income over expense, it is proposed that funding of additional programs such as production of public service announcements and a staff philosopher/educator may be recommended during the year.

August 23, 1983

Miss Regina Bauer Frankenberg
Apt. 9-B
31 East 72nd Street
New York, New York 10021

Dear REgina,

I have finally returned from my extended trip through New England, making several calls on HSUS members and attedding a couple of meetings along the way. Again, I cannot begin to tell you how absolutely overwhelmed I am with your extremely generous "celebration gift" in the amount of $50,000. I have already proceeded to inaugurate the Regina Bauer Frankenberg Fund which will appear separately and distinctly on the HSUS balance sheet which is given to each board member quarterly.

I have personally informed both ColemankBurke and Patti Forkan of your gift. I trust Coleman was able to reach you by phone as he indicated he would do.

I sincerely hope you will be able to attend our annual conference in Fort Worth, Texas. I share your concern that Missy be appropriately cared for in your absence and hope your cousin will be available to stay with her.

Hope to see you sonn.

Much love,

APPROVED BY

-545

Bond Designation

12/31/82

LINE NO		Ref.	Preservation 02	Amwells Inv. Income 26	Grama Fund 21	Granberry Fund 30		Total
1	Cash -		TB1					
2	Checking		22557497.	TB2 42331355.		TB 1780000		80888852
3	savings		102 27984.	3967 97.				10624781
4	C.D's		225 92547.	226 14453.				45207400
5								
6								
7								
8	Accrued Interest Receivable		+	164307.				164307
9	Dividends ✓		+	135000.				135000
10								
11								
12								
13	Securities		2657244771	42337721	TB 9941500			2838596 98
14								
15								
16	Due to/from Stockbroker	(1)	<3719201>					<3719201>
17								
18								
19	Total		2879108854	27875633	9941500	3500000		33372802
20								
21								
22								
23	Beginning Fund Balance		2420568 99	28153167	9941500	3500000		28365206
24								
25	Income -							
26	Interest			TB3 1461966				1461966
27	Dividends			540000	445886			985886
28	Discount income/premium exp.							
29	Gain (loss) on sale of securities							
30	Contributions					(1) 450000		450000
31								
32	Transfers (in) out	(1)	458539 85		(1) <445886>			4640809
33								
34								
35	Expenses		(2)	<228000>				<228000>
36								
37	Ending Fund Balance		2879108 54	27875633	9941500	6000000		33372802

FORM P-507 (GREEN) P-507-B (BUFF) (6-82)

LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

HUMANE SOCIETY OF THE U.S.
FRANKENBURG, RESERVE & EVANS FUND - ADDITIONAL SUPPORT
1985

LINE No.	(1) DESCRIPTION	(2)	(3) PER SCHEDULE	(4) BREAKOUT	(5)	(6)	(7) other descriptions
2	RESERVE:						
4	Due to/from stockbroker		$ 37192011	Due from stockbroker		37192011	
9	Transfers IN<OUT>		45853995	Transfer from reserve		91804164	
10				Bequest inc. 70/30		<137658169>	
11	All 1985 transfers [illegible] to general fund					45853995	
20	EVANS:						
23	Transfers IN<OUT>		445886	Transfer 1985 income		445886	
29	FRANKENBURG:						
31	Contribution income		45000-	Income received from Regina Frankenburg.			

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

HUMANE SOCIETY OF THE U.S
AMW/E.G Educ. Endow Fund
1985

LINE No.	(1) DESCRIPTION	(2)	(3) PER SCHEDULE	(4) BREAKOUT date	(5) payee	(6) amount	(7) Check #	LINE No.
1								1
2	Expenses		$ 22800.00 (A)					2
3			Ref: 2A	3/85	NAAHE	$ 14000.	18301	3
4			2B	9/85	✓	6000.	20030	4
5			2C	12/85	✓	2800	21086	5
6						(A) # 22800		6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43

HUMANE SOCIETY OF THE U.S
BOARD DESIGNATED
CONSOLIDATED
1983

	Ref:	Reserve Fund 02	AMW/SG Cove Endow Fund 04	Evans Fund 21	Frankenbush Fund 30		TOTAL
CASH							
- Checking		488.88	38,993.78	10,177.40	50,000.00		64,559.06
- Savings		316,962.58	3,548.72	—	—		320,511.30
- CD's		225,929.47	219,586.38	—	—		445,816.05
Accounts Receivable		215,000.00	—	—	—		215,000.00
Accrued Interest Receivable		—	1,582.51	—	—		1,582.51
Accrued Dividends Receivable		—	1,250.00	—	—		1,250.00
Securities		1,717,220.14	42,337.81	99,415.00	—		1,858,972.95
Due To/From	(2)	1,112,299.61	—	(10,177.40)	—		1,102,122.21
	2	5,817,910.68	277,499.80	99,415.00	50,000.00	3	6,244,825.48
Beginning Fund Balance		2,260,123.39	269,604.81	105,815.00	—		2,635,543.20
Income:							
Interest			20,852.99		—		20,852.99
Dividends			500.00	377.40	—		877.40
Discount Tax / Premium Exp					—		
Gain (Loss) on Sale of Securities					—		
Contributions					(3) 50,000.00		50,000.00
Transfers (In) Out	(2)	321,787.29		(3) (10,177.40)	—		311,609.89
Expenses			(1) 23,000.00		—		(23,000.00)
Ending Fund Balance		2,581,910.68	277,499.80	99,415.00	50,000.00		3,008,825.48

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

Humane Society of the U.S.
AMW/EG. EDUC. ENDW FUND
1983

LINE No.	(1) Description	(2)	(3) per Schedule	(4) Breakout date	(5) Breakout payee	(6) Breakout amount	(7) Breakout CK #	LINE No.
4	Expenses		$ 23000.00	6/83	NAAHE	1A 8000-	12238	4
5				9/83	NAAHE	1B 15000-	13147	5
6						23000-		6

MEMORANDUM

Approved by CD Jr FT

TO: Dixie Morgan/Walt Tenschert

FROM: John A. Hoyt

Charge to

DATE: June 13, 1983

Paid 6/13/83 #12235

Please issue a check in the amount of $8,000.00, payable to NAAHE, for the payment due June 1, 1983, under their contract with Wasatch Institute for Research and Evaluation.

Approved
Jeff

JAH/mg 6/13/83

1A

REQUISITION ORDER

The Humane Society of the United States
National Headquarters

No.

DATE: August 31, 1983

DATE WANTED: September 15, 1983

REQUISITIONED BY:

HSUS - NAAHE
NTHEC
P.O. Box 362
East Haddam, CT 06423

SHIP TO

QUANTITY	DESCRIPTION	PRICE	AMOUNT
	Wasatch Institute September Payment for Evaluation Project		$15,000.0

Source of Price Quotation: Wasatch Institute for Research & Evaluation
175 Quarter Circle Drive
Logan, RFD, Utah 84321

Kathy Sawesky
AUTHORIZED SIGNATURE

1C

THE HUMANE SOCIETY OF THE UNITED STATES

SEP 6 1983

TO: Marcia Glaser

FROM: Kathy Savesky

DATE: August 31, 1983

Entered

Charge to

Marcia:

According to my calendar, the next payment on the evaluation project is due September 15. I've attached a purchase requisition for John. This is the largest of the payments--$15,000. We will probably need to finally transfer some of the funds from the Wright/Goode Fund into NAAHE's account to cover the check.

The project appears to be going well. One of the WIRE staff is coming out on the 14th to train Vanessa's volunteers for administering the tests. I give introductory workshops for the participating teachers the last week in September in California and the first week in October here in Connecticut, and testing starts immediately after that. Here's hoping that the farmer's don't find us!

Talk to you Thursday.

Kathy

FORM P-507 (GREEN) P-507-B (BUFF) (6-82)

LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY	AFL	1182	
CHECKED BY			
APPROVED BY			

HUMANE SOCIETY OF THE U.S.

RESERVE FUND - ADDITIONAL SUPPORT

1983

LINE No.	(1) DESCRIPTION	(2)	(3) PER SHEDULE	(4)	(5) BREAKOUT:	(6)	(7) other descrip.	LINE No.
1								1
2								2
3					SPECIAL MAILING ← ①	150000 -	From GEN FD	3
4								4
5	DUE TO / From		11229961 ① →		Balance beg. 1/1/83	< 1195932 >		5
6					80/20 splits - bequests	9704587		6
7					Redeemed cert. of dep	10000000	(loaned to GF)	7
8					T.Frs. of securities	< 10929036 >		8
9					TFr unamortized discount	69923		9
10					Excess Y/E income over Tfr.	< 1022281 >		10
11					← ①	< 3770039 >		11
12								12
13								13
14								14
15								15
16	TRANSFERS IN (OUT)		32178729					16
17					Tfr. from G.F rescive	< 12946995 >		17
18					1983 Bequest income	105125724		18
19						32178729		19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43

LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY	AKL	1/88?	
CHECKED BY			
APPROVED BY			

HUMANE SOCIETY OF THE U.S.

1) EVANS FUND - ADDITIONAL SUPPORT

2) FRANKENBURG FUND - ✓ ✓

LINE No.	(1) Description	(2)	(3) Per Schedule	(4) Other Info:	(5)	(6)	(7)	LINE No.
1								1
2	EVANS							2
3	(1)							3
4	Transfers In (Out)		$ (101740)	To transfer Evans income to				4
5				date to the general fund.				5
6	Due to / from							6
7								7
8								8
9								9
10	FRANKENBURG							10
11	(2)							11
12	Contributions income		$ 50000-	Contribution received from Regina				12
13				Frankenburg, a member of the				13
14				board of directors.				14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43

APPROVED BY

HSUS

Board Designated

Consolidated

12/31/00

LINE NO		Ref:	Reserve Fund 02	Annuity Endowment Fund 08	Event Fund 21	Foundation Fund 30		Total
1								
2	Cash							
3	- Checking		TB 20 147.80	TB 21 151,238.29	—	TB 23 350,000.00		501,386.09
4								
5	- Savings		154,019,139	375,278				157,194,417
6								
7	- CDs		225,929,947	217,229,942				443,159,889
8								
9	Accounts Receivable			—				
10								
11	Accrued Interest Receivable			1,497.64				1,497.64
12								
13	Accrued Dividends Receivable			1,281.25				1,281.25
14								
15	Securities		2,350,307,193	142,333,731	TB 23 919,415,500			3,412,056,424
16								
17	Due To/From	(1)	(100,916,452)	—				(100,916,452)
18	Accounts Payable		(2,074,408)					(2,074,408)
19								(203,413,860)
20			4,201,856,899	251,536,467	919,415,500	350,000,00		5,834,520,000
21								
22	Beginning Fund Balance		3,587,910,048	272,497,850	TB 22 919,415,500	TB 23 50,000,00		3,009,823,398
23								
24	Income:							
25								
26	Interest			2,319,387				23,913,387
27	Dividends			5,125,00	TB 23 4,814,100			9,939,100
28	Discount Income/Premium Expense							
29	Gain (Loss) on Sale of Securities							
30	Commissions					TB 28 (1) 60,000,00		60,000,00
31								
32	Transfers (In) Out	(1)	(1,617,314,164)		TB 27 (1) (40,414,100)	TB 28 (1) (7,500,000)		(246,385,264)
33		(2)		(200,000,00)				(200,000,00)
34	Expenses							
35								
36	Ending Fund Balances		4,201,856,899	251,536,467	919,415,500	350,000,00		5,834,520,000
37								
38								

FORM / (GREEN) P-507-B (BUFF) (6-82) — LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY	AKn	1/88	
CHECKED BY			
APPROVED BY			

HUMANE SOCIETY OF THE U.S
RESERVE, EVANS, & FRANK. FUNDS - ADDITIONAL SCHED
1984

LINE No.	(1) DESCRIPTION	(2)	(3) PER SCHEDULE	(4) (5) BREAKOUT:	(6)	(7) other descrip.	LINE No
1	RESERVE						1
2							2
3	Due to/from		(10696453)	Beg. unbal. due/to	(3770039)		3
4				Return of allocation	150000-		4
5				80/20 Split of bequests	6403623		5
6				Tfr of securities	(8077092)		6
7				Stock dividend	(25030)		7
8				Tfr remaining inc.	(494014)		8
9							9
10					(10696452)		10
11							11
12							12
13							13
14	Transfers IN (OUT)		16734169				14
15				Tfr from reserve	8077092		15
16				Bequest income	(6403623)		16
17					16734169		17
18							18
19							19
20							20
21	EVANS						21
22							22
23	Transfers IN (OUT)		404400	Transfer of 1984 income	404400		23
24							24
25							25
26							26
27							27
28							28
29							29
30							30
31	FRANKENBURG						31
32							32
33	Transfers (IN OUT)		7500000	Transfer of reimbursed			33
34				expenses from the			34
35				PET ACTION LINE	7500000		35
36							36
37							37
38							38
39							39
40	undistrib. income		60000-	Income received from			40
41				Beg. in Frankenburg			41
42							42
43							43

AMERICAN SECURITY BANK, N.A.
WASHINGTON, D.C.

THE HUMANE SOCIETY OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

№ 14561

Feb 23, 19 84

15-55
540

PAY HUMANE SOCIETY OF THE U.S. 20000 $20,000.00

TO THE ORDER OF

National Association Advancement
Humane Education

VOID AFTER 90 DAYS

Paul G. Irwin

Monetta P. Morgan

⑈014561⑈ ⑆054000551⑆ 43⑈[redacted]20⑈ ⑈0002000000⑈

2A

The Humane Society of the United States
National Headquarters

REQUISITION ORDER

FEB 13 1984

Nº

DATE: February 10, 1984

DATE WANTED: asap

REQUISITIONED BY

HSUS - NAAHE
NTHEC
P.O. Box 362
East Haddam, CT 06423

Approved by CD Feb 84
Entered
68-1600
Charge
Ltr Orig
Paid
AM W/E Fund to Naahe
2/23/84
14561

SHIP TO

QUANTITY	DESCRIPTION	PRICE	AMOUNT
	Fourth Payment for Humane Education Evaluation Project (Due March 1, 1984)		$20,000.00
	Wasatch Institute for Research and Evaluation 175 Quarter Cirdle Drive Logan, RFD, Utah 84321	Approved JAH 2/13/84	
	Source of Price Quotation:		

C of D dec 4-22 68,356.04
C of D dec 5-29- 151,530.50

Kathy Sawesky
AUTHORIZED SIGNATURE

2

THE HUMANE SOCIETY OF THE UNITED STATES

TO: _____

FROM: _____

DATE: 3/26/85

White Check to

Naahe-

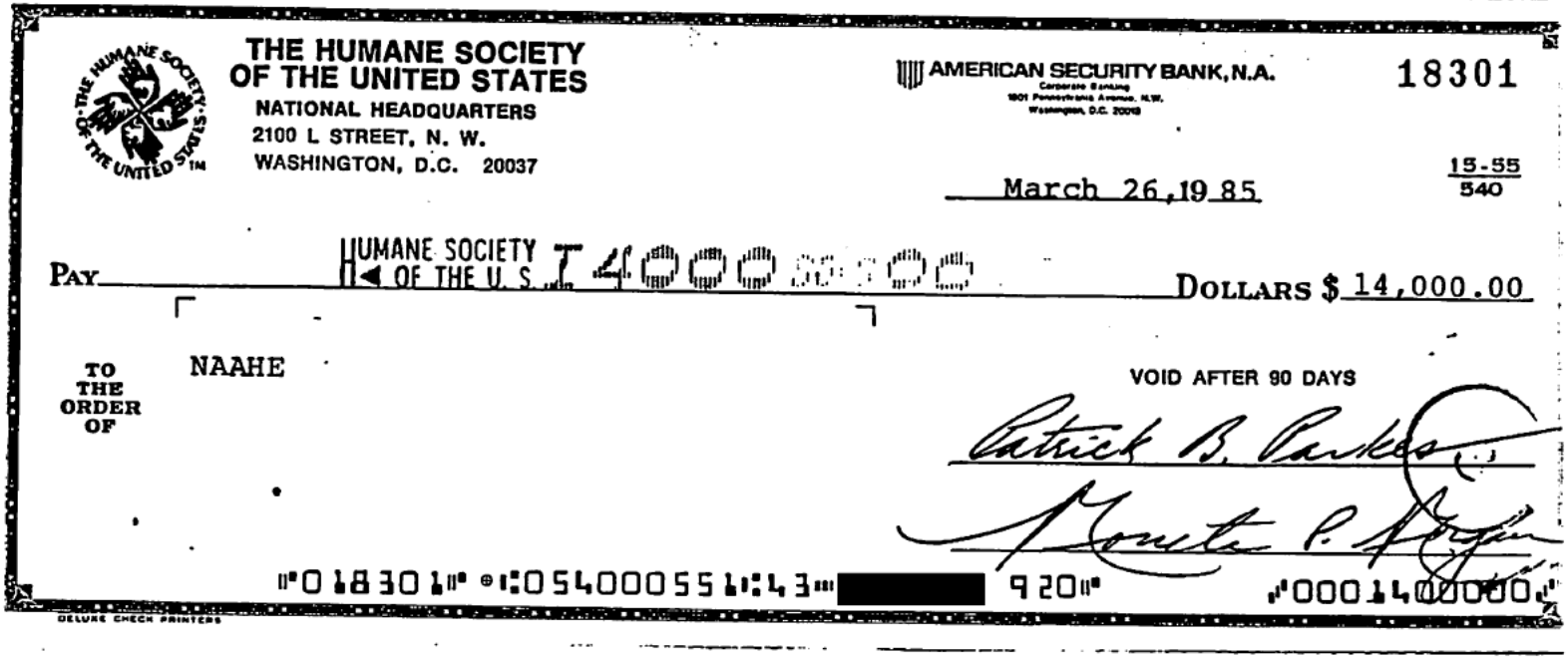
from AMWEG.

Checking a/c 08-1000.

14.000 00

3/26/85

18301



THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.
Corporate Banking
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

18301

March 26, 1985

15-55
540

PAY HUMANE SOCIETY OF THE U.S. [illegible] DOLLARS $ 14,000.00

TO THE ORDER OF NAAHE

VOID AFTER 90 DAYS

Patrick B. Parkes

Monte P. Morgan

⑈018301⑈ ⑆054000551⑆43 [redacted] 920⑈ ⑈0001400000⑈

DELUXE CHECK PRINTERS

M E M O R A N D U M

Cal Sept 85
8
Charge Am 0/06 Dister
9/27/85
Paid
20000

TO: Mr. Hoyt, President

FROM: Walt Tenschert, NAAHE Bookkeeper

SUBJECT: Request for Transfer of Funds to NAAHE

DATE: September 25, 1985

Request a transfer of $6,000.00 to NAAHE to pay expenses due for end of September over funds currently available in account.

THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.
Corporate Banking
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

20030

15-55/540

Sept 27, 19 85

PAY HUMANE SOCIETY OF THE U. S. 6000.00 DOLLARS $ 6,000.00

TO THE ORDER OF National Association for Advancement of Humane Education

VOID AFTER 90 DAYS

Paul G. Irwin

Monica P. Morgan

3

⑈020030⑈ ⑆054000551⑆43 [redacted] 20⑈ ⑈0006000000⑈

DELUXE CHECK PRINTERS

Approved by CD Dec 86

Entered

Charge to AMU-Fund-

12/31/86

Paid

21086

TO: Paul Irwin

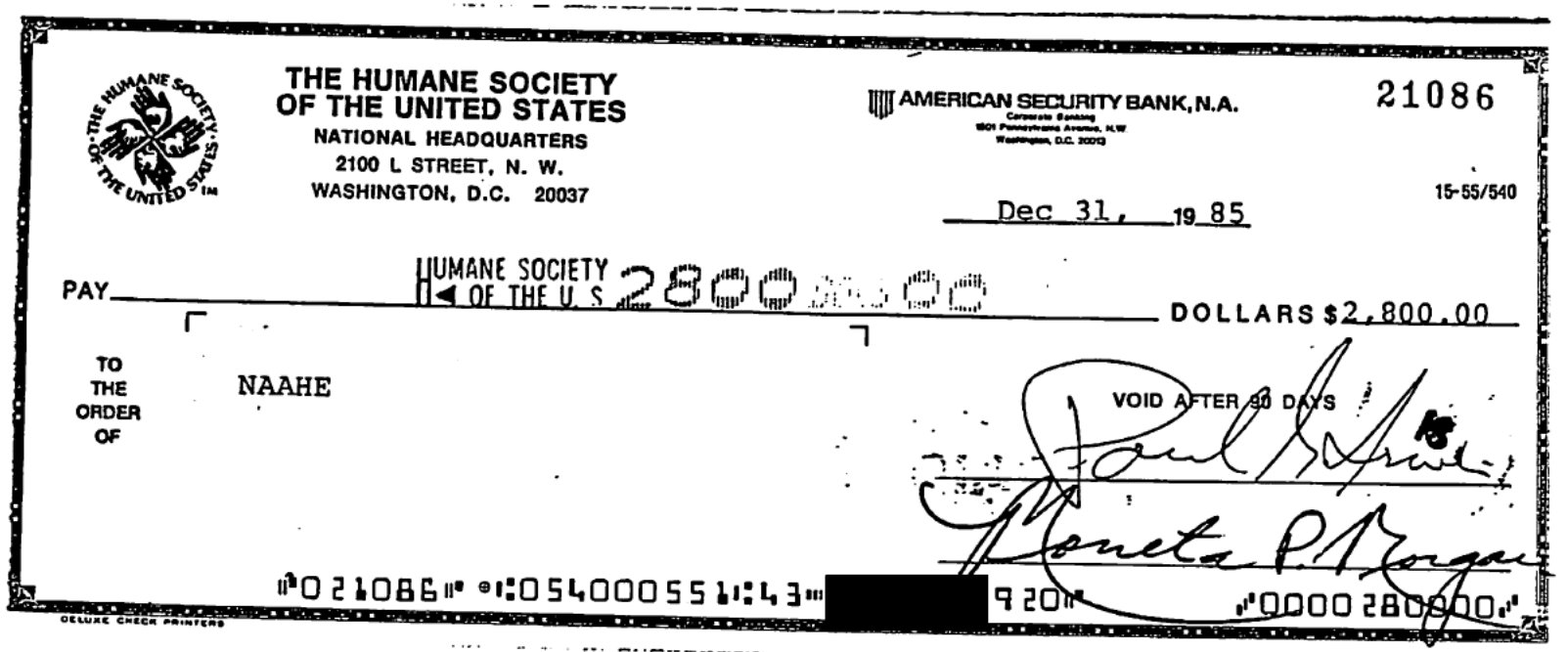
FROM: Walt Tenschert

SUBJECT: Contribution to NAAHE for 1985 expenses

DATE: January 8, 1986

Per our previous discussion, request a contribution to the NAAHE account of $2,800.00 to pay the invoices remaining for fiscal year 1985.

Pay Dec



THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.
Corporate Banking
1501 Pennsylvania Avenue, N.W.
Washington, D.C. 20013

21086

15-55/540

Dec 31, 1985

PAY HUMANE SOCIETY OF THE U S 2800[illegible] DOLLARS $2,800.00

TO THE ORDER OF NAAHE

VOID AFTER 90 DAYS

Paul G. Irwin

Lonetta P. Morgan

⑈021086⑈ ⑆054000551⑆43[redacted]920⑈ ⑈0002800⑆00⑈

DELUXE CHECK PRINTERS

H. S. U. S.
Board Designated
12131136

	Ref.	Reserve Fund 02	AMW/EG Educ. Endow Ft. 08	Evans Fund 21	Frankenberg Fund 30		TOTAL
Cash -							
Checking	TB-1	6072525	TB2 13005.16		TB5 65000 -		138730 4
Savings			4195.51				4195 5
C D's		225929 47	243856.71				469786 -
Accrued Interest Receivable			9007 -				9007 -
✓ Dividends ✓			1400 -				1400 -
Securities		26934342 2	42337.21	TB5 994.15 -			28351864
Due to/from = Stockbroker	(1)	434841 0					434841
Total		30235130 4	313801 59	994.15 -	65000 -		3501789 6
Beginning Fund Balance		2879.10894	278756.33	TB5 994.15 -	TB5 80000 -		3337280 2
Income -							
Interest			29445 26				29445 2
Dividends			5600 -				5600 -
Discount Income / Premium Exp.							
Gain (Loss) on Sale of Securities							
Contributions					(2) 30000 -		30000 -
Transfers <in> out	(1)	< 956426.29 > 1100890 34					< 956426 2 1100890 3
Expenses	(2)				(2) < 45000 - >		< 45000 -
Ending Fund Balance		30235130 4	313801 59	994.15 -	65000 -		3501789 6

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

Humane Society of the U.S.
Reserve, Frankenburg fund - additional support
1986

LINE No.	(1) Description	(2)	(3) per schedule	(4) Breakout	(5)	(6)	(7) Other	LINE No.
1	Reserve							1
2								2
3	Due to from Stockbrokers		434841.10	Securities bought - cash due on transaction		434841.10		3
4								4
5								5
6								6
7								7
8	Transfers IN <OUT>		<1444641.10>	Tfr from Reserve		95642624		8
9				1986 Bequest income		<1100890.34>		9
10						<1444641.10>		10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43
	1	2	3	4	5	6	7	

FORM P-5B (GREEN) P-5B-B (BUFF) (6-82)

LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

HUMANE SOCIETY OF THE U.S.
Frankenburg Fund
1986

LINE No.	(1) DESCRIPTION	(2)	(3) PER SCHEDULE	(4) BREAKOUT date	(5) payee	(6) amount	(7) CK #	LINE No.
1								1
2	Expenses		450000 Ⓐy					2
3			Reference					3
4			2A	1/2/86	Nat'l Coalition to protect Pets	100000	21116	4
5								5
6				7/30/86	World Society for Protection of Animals			6
7								7
8			2B			100000		8
9								9
10				12/23/86	Michigan Humane			10
11			2C		Society	250000		11
12								12
13						Ⓐ 450001 —		13
14								14
15								15
16								16
17								17
18								18
19	Contribution Income		30000 —	Income recd from Regin. Frankenburg.				19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43

Propets $ 10,000.00

Approved by

Fund 30

Reg Frohenberg Fund

Paid 1/24/86

#21116

Jan '86

2 A

THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.
Corporate Banking
1501 Pennsylvania Avenue, N.W.
Washington, D.C. 20013

21116

15-55/540

Jan 2, 19 86

PAY HUMANE SOCIETY OF THE U.S. 10000 DOLLARS $ 10,000.00

TO THE ORDER OF National Coalition to Protect our Pets, Inc.

VOID AFTER 90 DAYS

Paul G. Irwin

Moneta P. Morgan

⑈021116⑈ ⑆054000551⑆43⑈ [redacted] 920⑈ ⑈0001000000⑈

DELUXE CHECK PRINTERS

27

Wait!

Make Check to

World Society for Protection

of Animals 10,000.00

Charge against

Frankenberg Fund #30.

Approved by Cal July 86

Entered

Charge Frankenberg Distr.

30- Paid 7/30/86

$ 23332

7 B

THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.
Corporate Banking
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20013

23332

15-55/540

July 30, 19 86

PAY HUMANE SOCIETY OF THE U.S. 10000.00 DOLLARS $ 10,000.00

TO THE ORDER OF World Society for Protection of Animals

VOID AFTER 90 DAYS

Paul L. Irwin

Moneta P. Morgan

Coutts & Co., Strand, London
A/c WORLD SOCIETY FOR THE PROTECTION OF ANIMALS

⑈023332⑈ ⑆054000551⑆43⑈ [redacted] 920⑈ ⑈0001000000⑈

DELUXE CHECK PRINTERS

2B

...oved by ----------

...ntered Col Dec 86

Fund #30 Charge to SP Proj Frankenberg Fund

...aid 12/23/86

$25058

Memo to: Dixie Morgan

From: John A. Hoyt

Date: December 23, 1986

Please draw check payable to Michigan Humane Society in the amount of $25,000.00 for National Encyclopedia of Animal Cruelty publications project.

Charge to Special Projects. - Frankenberg Fund.

John A. Hoyt

John A. Hoyt

Paul G. Irwin

Paul G. Irwin

7c

THE HUMANE SOCIETY OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.
Corporate Banking
1501 Pennsylvania Avenue, N.W.
Washington, D.C. 20005

25058

15-55
540

Dec 23, 19 86

HUMANE SOCIETY OF THE U.S. 25058 12-29-86 11 704200273

PAY ~~~

Wilmer Service Inc. LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY	[illegible]	3/5/87	
CHECKED BY			
APPROVED BY			



Ct 5

#15

HSUS

TRANSFERS - Board Restricted

1987

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
			General Fund		Reserve Fund	Alice Morgan Wright Fund	EVANS Fund	FRANKENBERG	[illegible]		
Request TRANSFERS	Prior YRS		104227239		(104227239)	-	0	0			
Request TRANSFERS	Current YR		(12683725)		12683725	0	0	0			
INCOME (NET)											

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brock Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 12, 1988

VIA UPS

Harold H. Gardiner
GARDINER--A MARKETING COMPANY
The Gardiner Plaza
56 West Fourth South
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
MARKETING RESOURCES
10551 Barkley
Overland Park, KS 66212

Robert Sorock
STONE & SIMONS ADVERTISING, INC.
24245 Northwestern Highway
Southfield, Mich. 48075

K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

Re: HSUS Select Committee

Dear Hal, John, Susie, Bob, and Bill:

Enclosed are copies of letters we are sending to the Committee on Committees members and to Mr. Webb of Deloitte, Haskins & Sells. Note that we have asked him to be prepared to send copies of their report directly to each of us as committee members, rather than first to me for subsequent dissemination to the other committee members. I hope we will be able to do at least that but fear we may end up just having Webb come to the meeting with a stack of reports to distribute at that time.

Also enclosed please find a copy of Jake Stein's letter of June 29, 1988, to John and Paul, and John's

response thereto of July 6, 1988, with enclosures. John brought this to the July 8, 1988, meeting but had been unable to get copies for all of you.

Very truly yours,

Joe Ramsey (by jr.)

Joe Ramsey

OJR:jr
Enclosures
cc: John Hoyt
Jake Stein
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

June 20, 1988

Harold Gardiner
GARDINER--A MARKETING CO.
56 West Fourth South
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Robert Sorock
STONE & SIMONS ADVERTISING, INC.
24245 Northwestern Highway
Southfield, MI 48075

Mr. K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

Re: HSUS--Select Committee

Dear Hal, John, Susan, Bob, and Bill:

To keep you current, we enclose copies of the following:

1. A letter from John Hoyt to Jake Stein, dated June 13, 1988;

2. A letter from Regina Frankenberg to me, dated June 1, 1988;

3. John Hoyt's resume/curriculum vitae;

4. A letter from Paul Irwin to Jake Stein, dated June 18, 1988, including enclosures; and

5. A letter from me to Jack Lydman, dated June 20, 1988, which was originally erroneously sent to Bill Kerber on May 27, 1988.

As always, please contact me if you have any questions or concerns.

Very truly yours,

O. J. Ramsey

OJR:jr
Enclosures
cc: John Hoyt
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

April 29, 1988

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Harold H. Gardiner
GARDINER--A MARKETING COMPANY
P. O. Box 30
Salt Lake City, UT 84110

UPS Next-Day Air

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Robert Sorock
5544 Lakeview Drive
Bloomfield Hills, MI 48013

Re: HSUS Select Committee

Dear Hal, John, Susan, and Bob:

Enclosed herewith are copies of self-explanatory letters to Bardyl Tirana, a separate letter to Susan Pepperdine and Gisela Hunnicutt, and to the remainder of the Board (excepting Irene Evans, Regina Frankenberg, Jane Goodall, and the honorary directors) asking that anyone with any particular concerns about this whole matter communicate them to me in writing as soon as reasonably convenient and hopefully by no later than May 11, 1988. You will recall we talked about doing this at our brief organizational meeting on Thursday, April 21, 1988.

After that meeting with you, I met with Jake Stein and told him of our plans to obtain legal analysis from him, a review of internal accounting procedures from Deloitte, et al., and to report fully to the Board with our recommendations. He agreed that this was a sensible approach and, with respect to our effort to get input from essentially the entire Board, he suggested that we urge them to get back to us as soon as possible. He says he believes he should be able to complete his work by no later than the end of June. We are hoping that Mr. Webb of the Deloitte firm can complete his assignments soon after that.

Once we get back questions from the Board, I will have copies forwarded to each of you. Jake Stein has written Bill Wiseman a letter confirming his retention, and I will forward a copy of that to you once I obtain one myself. We will engage Mr. Webb and will forward each of you a copy of his letter confirming the scope of his work, his time estimate for completion, and his estimate of expenses.

Also enclosed are self-explanatory letters to John and Paul asking for their statements to be sent directly to Jake.

If any of you has any questions, please do not hesitate to call. Otherwise, with the exception of forwarding information to you as we get it, I do not see that we have any particular work to do until we receive reports back from Webb and Jake Stein, at which time I will begin a draft of a report of our committee and distribute copies to you as soon as possible.

I agree with Bob Sorock's suggestion that at that time, although we can certainly confer any time by conference call, it will probably be necessary that we meet to create a final draft.

I look forward to working with all of you and trust that we will be able to fairly consider all questions that have been raised and to make appropriate and prudent recommendations to the Board concerning what should be done.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
cc: John Hoyt, Bill Wiseman, Jake Stein, Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS
K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Patricia Forkan
Senior Vice President
Murdaugh Stuart Madden, Esq.
Vice President/General Counsel
Patrick B. Parkes
Vice President/Field Services
Dr. John W. Grandy
Vice President/Wildlife & Environment
Phyllis Wright
Vice President/Companion Animals
Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS
Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Mr. K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

UPS Next-Day Air

Re: HSUS Select Committee

Dear Bill:

Enclosed herewith are copies of the following presumably self-explanatory letters:

1. to Paul Irwin;

2. to John Hoyt;

3. to Bardyl Tirana;

4. to the directors, excepting Bowman, Mettler, Speidel, Evans, Frankenberg, Goodall, Hunnicutt, Pepperdine, and the honorary directors;

5. to Gisela Hunnicutt and Susan Pepperdine;

6. to the members of the Select Committee;

7. to Mr. Webb of Deloitte, Haskins & Sells; and

8. to Jake Stein.

Bill, it seems to me we should include a recommendation about Tirana's claim for attorney's fees unless that matter is somehow otherwise taken care of through some other means and with Jake Stein's guidance. What do you think?

I also think that the recommendations of the "Committee on Committees" fit very well into the recommendations of this Select Committee. Frankly, it seems to me they dovetail perfectly, and I am wondering why we should not simply plan to incorporate the "Committees" report into the report of the Select Committee and as part of its recommendations. What do you think?

As usual, I look forward to working with you in what I am now cautiously optimistic may be a successful and final effort to properly deal with all these matters and put them to rest so we can get back to work on what we are here for.

Best personal regards,

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
Enclosures

cc: John Hoyt
Jake Stein,
Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Mr. K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

UPS Next-Day Air

Re: HSUS Select Committee

Dear Bill:

I am writing you as chairman of the Select Committee created by the Board on April 20, 1988, during its regular spring meeting. For those of you who were not present, the purpose of the Select Committee is to consider and make recommendations to the full Board concerning all questions raised as a result of the November 5, 1987, request by some of the Board for a special meeting of the Board of Directors and by the activities of the Audit Committee created at the December 12, 1987, special meeting of the Board of Directors to consider the financial management of HSUS.

If you have any special concerns about any of the questions considered by the Audit Committee as reflected by the report of its attorney, Gail Harmon, I would very much appreciate your sending me a letter listing such concerns so that the Select Committee can make a special effort to consider any such concerns. I would appreciate receiving your letter listing any such concerns as soon as reasonably possible and by no later than May 11, 1988, if at all possible. Our attorney hopes to complete his analysis of any legal questions by the end of June and has requested that we try to have any information back from the Board by May 11, 1988.

Thank you in advance for your prompt cooperation.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
cc: John Hoyt, Jake Stein, Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Mr. Paul Irwin — UPS Next-Day Air
The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037

Re: HSUS Select Committee

Dear Paul:

As you know, the HSUS has retained outside counsel Jake Stein to help the Select Committee conclude the investigation into matters raised by the Audit Committee and to make recommendations to the full Board of Directors.

Jake has indicated to me that it would be extremely helpful to him if you would make the time to prepare a statement in narrative form covering what you know about the matters treated in the Harmon report. He said he would appreciate as much detail and documentation as you can reasonably provide.

Jake will try to complete his legal analysis and recommendations by some time near the end of June and has indicated it would be very helpful to get your statement as soon as possible and hopefully by no later than say Wednesday, May 11, 1988.

It may well be that Jake will have additional questions, and I am assuming he will contact you directly or Mr. Sonde concerning any such questions.

Paul, in addition to the matters raised by the Audit Committee report, it will be relevant to the report of the Select Committee to consider the growth of the HSUS, measured both in terms of constituency and financial success.

Would you therefore also include in your statement for Mr. Stein a summary showing the number of constituents and the amount of money generated by the HSUS, where you have such records, from 1970 through the first quarter of 1988?

Please send all this material directly to Jake with a copy to me.

Thank you in advance for your prompt attention to this matter, and best personal regards.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr

cc: John Hoyt
Jake Stein
Bill Wiseman
Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Mr. John Hoyt
The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037

UPS Next-Day Air

Re: HSUS Select Committee

Dear John:

Before I left Washington Friday, April 22, 1988, I mentioned to you, among other things, the idea that you and Paul might expedite the work of the Select Committee by providing to Jake Stein your narrative report of your knowledge of all matters raised by the Audit Committee and the Harmon report.

Having discussed this matter with you, I then discussed it with Jake Stein, who thought it was an excellent idea that would greatly facilitate his work.

Since he is planning on completing his report by no later than the end of June, he wanted all additional factual input as soon as reasonably possible, and I am asking you and others from whom we are seeking input to do their best to provide it by no later than May 11, 1988.

I have also asked Paul to provide such a narrative report and have asked him to include data on the growth of the HSUS from 1970 forward, measured both in terms of constituency and financially.

Will you take special note, working with Paul, to be sure that Jake Stein is provided with all the information which Ms. Harmon claimed was withheld? In our first meeting of the Select Committee, Mr. Mettler said that the only information he knew of which had been allegedly withheld was the information reflected by Table VIII in the Harmon report. Between you and Paul, will you be sure that your narratives respond directly to the claims made in Table VIII of the Harmon report?

Will you send your narrative statement and any supporting documentation directly to Jake Stein, and send me a copy?

John, I also think it would also be helpful for the Select Committee and for Jake Stein if you would have copied and sent to Jake (copy to me) all of the correspondence among you, Paul, and Ms. Harmon during the Audit Committee's work.

Finally, I am enclosing herewith for you as a member of the Select Committee and for your continuing information copies of all correspondence I have initiated as committee chairman to the Board, to the Select Committee members, to Jake Stein, to Bill and Paul, etc.

We shall keep you advised, and in the meantime I would appreciate the benefit of any input you may have based on the action I have taken to start things off as reflected by the enclosed correspondence.

Best personal regards,

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
Enclosures
cc: Jake Stein
Bill Wiseman
Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Neil Webb
Deloitte, Haskins & Sells
1101 Pennsylvania Avenue, N.W.
Washington, D.C. 20003

UPS Next-Day Air

Re: HSUS Select Committee

Dear Mr. Webb:

You will recall after reporting to the Board of Directors of The Humane Society of the United States you spoke briefly with me and with Bill Wiseman, our Board chairman, concerning the willingness of your firm to review and critique and make recommendations for any changes you feel advisable in the internal financial management procedures of The HSUS.

Based on your knowledge of our purpose and operations, would you please write me as soon as reasonably convenient with your recommendation of the scope of your critical review, your estimate of cost, and your estimate of how soon your review and recommendations could be completed.

If you need to confer further with anyone in order to prepare this proposal, please feel free to contact Paul Irwin of The HSUS directly at (202)452-1100. By copy of this letter, I am advising Paul that you may be calling for that or any related purpose.

Thank you in advance for your prompt attention to this matter.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
cc: Jake Stein, Bill Wiseman, John Hoyt, Select Committee

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

May 19, 1988

VIA UPS

Harold Gardiner
GARDINER--A MARKETING CO.
P. O. Box 30
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Robert Sorock
5544 Lakeview Drive
Bloomfield Hills, MI 48013

K. William Wiseman
P. O. Box 120
Woolwish, ME 04579

Re: HSUS Select Committee

Dear Hal, John, Susan, Bob and Bill:

Enclosed are copies of the following:

1. John Hoyt's narrative statement with copies of material he selected attached;

2. Paul Irwin's narrative statement with copies of material he selected attached;

3. Letter from Bardyl Tirana, dated May 11, 1988; and

4. In response to my request that the board members let us know what particular matters of concern they want us to be sure to cover, copies of such correspondence from board members Alice Garey, Jack Lydman, John Mettler, Susan Pepperdine, Viola Weber, Robert Welborn, and Bill Wiseman.

As John Hoyt has correctly pointed out in his letter, all of the enclosed material is obviously sensitive and privileged, and we must treat it confidentially and guard it carefully and affirmatively against some inadvertent disclosure to anyone other than our own fellow board members and Jake Stein.

As you know, at the last minute I tried to arrange a conference call for Friday, May 13, 1988, but since I had given no warning, most of you were busy. The purpose of that call was to simply touch bases with everyone, and actually I think we can more productively confer by telephone conference call after you receive and have a chance to consider the enclosed material.

I would like to suggest that we plan on a brief conference call just to exchange thoughts at 6:30 a.m. California time on Friday, May 27, 1988. I realize that is the Friday before a major holiday, but I am essentially unavailable Monday through Thursday for the next several weeks. I also realize that this is early for Hal and me, but I am anticipating that some committee members might want to get away for an elongated Memorial Day weekend and thus think the early-morning call would be most possible.

Please contact Jenny at my office and let her know whether you will be available for the conference call on the 27th of May.

Best personal regards,

Very truly yours,

Joe Ramsey

OJR:jr
Enclosures
cc: Jake Stein
John Hoyt
Paul Irwin
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 1, 1988

VIA UPS

Harold H. Gardiner
GARDINER--A MARKETING CO.
The Gardiner Plaza
56 West Fourth South
Salt Lake City, UT 84110

John W. Mettler
SEMINOLE ASSET MANAGEMENT, INC.
950 Third Avenue
New York, NY 10022

Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Robert Sorock
STONE & SIMONS ADVERTISING, INC.
24245 Northwestern Highway
Southfield, MI 48075

Mr. K. William Wiseman
Skin Pond
P. O. Box 267
Patton, ME 04765

Re: HSUS Select Committee

Dear Hal, John, Susie, Bob, and Bill:

Just so you will stay currently informed, I am enclosing herewith for each of your files copies of a letter to Jake Stein from Brook Speidel, dated June 26, 1988, which was thermofaxed to me by Jake Stein yesterday. Also enclosed is a copy of John Mettler's letter to Jake Stein dated June 21, 1988.

I had hoped to be able to have a proposed draft of the Select Committee report, along with a report from Jake Stein and Nile Webb of Deloitte, Haskins & Sells for all of us to discuss, revise, etc. at our meeting scheduled for Kansas City next Friday, July 8, 1988. However, I do not yet have reports from either Jake Stein or Nile Webb.

Moreover, it would be much easier for me to create a first draft of the report for our further review and revision after first meeting with all of you and having the benefit of all of your input.

The agenda that I propose we try to cover in a general way for our Select Committee meeting in Kansas City would be as follows:

1. Consideration of the demands in Mr. Tirana's letter of May 11, 1988, on behalf of his clients;

2. Report from Jake Stein on his progress toward advising HSUS concerning the matters raised by Harmon;

3. Consideration of the Deloitte, Haskins & Sells recommendations if we have them by that time;

4. Consideration of suggestions by everyone about the overall format and design of the Select Committee report;

5. Anything else anybody else wants to talk about.

I look forward to meeting with all of you with confidence that we will have a most productive meeting.

Best personal regards,

Very truly yours,

O. J. Ramsey

OJR:jr
Enclosure
cc: John Hoyt

2531 Eye St. N.W.
Washington, D.C. 20037
June 26, 1988

Jacob Stein, Esquire
Stein, Mitchell & Mezines
1800 M St. N.W.
Washington, D.C. 20036

Dear Mr. Stein,

I am writing to you in your capacity as independent counsel to the HSUS.

As a Board member, I continue to be deeply concerned about many facets of the organization, but the actions of the Deferred Compensation Committee are particularly troubling.

We are still unclear as to who attended the Deferred Compensation meetings, when and where they were held, and when the minutes were actually written.

We have never received an adequate explanation as to why the full Board was not informed about either the reimbursement made to Paul Irwin for the Brightwater property or the purchase of John Hoyt's house. The concealment by Hoyt, Irwin, Wiseman and Lydman of the Hoyt house deal was particularly remarkable as the Deferred Compensation Committee purportedly met the day prior to the April 1987 Board meeting, yet felt it necessary to hide this information from the Board.

The secrecy under which these transactions occurred can only serve to cast doubt upon the motivations of the individuals involved, and yet these very people are currently in control of both the Board and the organization. It would take a leap of faith far greater than I am capable of to expect Messrs. Hoyt, Irwin, Lydman and Wiseman to welcome any scrutiny of their actions.

I have reserved reference to Coleman Burke, as on October 6,1987 John Hoyt spoke to me at length about our then Chairman's evident senility. President Hoyt suggested to me that Coleman Burke has Alzheimer's, and gave several examples of his disorientation over the past few years. It might be of interest to determine why Mr. Hoyt continued to keep Mr. Burke on the Deferred Compensation Committee, and in light of Mr. Hoyt's revelations to me about Mr. Burke, I find Deferred Compensation Committee Secretary Jack

Lydman's comments in the August 25,1987 minutes concerning the Brightwater property also of interest:

"It wes noted that Mr. Irwin had reviewed this matter in great detail with committee chairman Coleman Burke who has indicated his support of the HSUS accepting the financial responsibility for the expenditures made by Mr. Irwin in purchasing this property and remodeling the small cabin located thereon."

There is no doubt that serious mistakes were made by the Deferred Compensation Committee, and it is my concern that those who made these mistakes should be held accountable. It is not enough to hear an admission that mistakes were made, but will be rectified.

The Deferred Compensation Committee's actions, be they negligence in decision making, dereliction of fiduciary duty to the corporation, or failure to exercise adequate supervision over the officers, have placed both the rest of the directors and the organization itself in jeopardy, and I would like to see those individuals responsible dealt with appropriately.

That those whose judgement is in question have not voluntarily stepped down from their positions at HSUS during the investigative period shows a lack of sensitivity that is unsurprising to those of us who know them. That the majority of the Board has not called for their removal is , unfortunately , also unsurprising.

Those of us in the minority will look to you for a resolution to this regrettable saga.

Sincerely,

Brook Speidel

Brook Speidel

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022
(212) 752-1855

RECEIVED
JUN 27 1988
RMK & W

June 21, 1988

Mr. Jacob Stein, Esq.
Stein, Mitchell & Mezines
1800 M Street, NW
Washington, DC 20036

Dear Mr. Stein:

I am writing this letter directly to you in the hope of clarifying several matters of great importance to me and to the HSUS itself. As to the forthcoming meeting scheduled in Kansas City, I would expect to have received by now the answers in writing to the questions that I specifically raised in my letter to you of May 9, 1988 (enclosed) in addition to the still unanswered questions raised by the Harmon and Weiss report as a prerequisite to any effective meeting that might take place on July 8th.

A few words about the "Select" committee: Joe Ramsey is fully in charge of this pro-management committee. Bill Wiseman, who incidentally selected the committee by himself so that it in no way represented an impartial committee of the Board of Directors, is an "ex-officio" member. Apparently John Hoyt is also now considered a member as a result of the reasoning that the President can attend meetings, even though many of the questions being raised directly concern his past conduct. What is most inconsistent is the inclusion of Mr. Hoyt and Mr. Wiseman, who are two of the primary people at whom the Harmon report points a finger for past activities.

I gather that what really is being "staged" is to have you, the well-known and reputable Jake Stein, pour oil on these troubled waters and put these matters to rest without really having to answer the allegations contained in the Harmon report.

All of the above, Mr. Stein, makes it necessary for me to review a few facts that may not be clear to you because you were not personally present at the Board meeting of April 20, 1988, and I will take a moment to set forth how your proposed role was described and sold to the Board members in attendance. William Wiseman, using the power of the chair, after soundly criticizing the "Harmon" report as unbalanced and unfair, announced that he had a plan. He then proceeded to state that "Jake Stein (his personal attorney) has an idea that will get everyone off the hook by starting a procedure that will resolve all of these matters." You were described as the "new Independent Counsel" and Mr. Wiseman repeated that this would get the Board "off the hook" and said, "we need outside independent counsel of unchallengeable prestige." I might point out that Ms. Harmon was also an "independent counsel" but since Mr. Wiseman and others were incriminated in her report, Mr. Wiseman preferred to ignore both the Audit Committee (appointed by the Board) and the Harmon report because there were too many questions raised in the Harmon report that made him, the Deferred Compensation Committee, and some of the executive staff all look bad. So using the chair to his advantage, Chairman Wiseman appointed a "select" committee, stacked heavily with his own sympathetic directors, to try and bury the Harmon report once and for all.

The script went somewhat like this: Mr. Sonde, who was apparently present as the personal counsel for John Hoyt and Paul Irwin, said that "both Stein's advice and mine is that the Board needs some advice from someone who has credentials." (Apparently Gail Harmon has none!) Mr. Irwin, in supporting the idea, repeated the thought that this would get the Board off the hook and, following another reference to you as "distinguished independent counsel,"Mr. Sonde spoke in support of the plan of hiring Jake Stein as independent attorney for the organization (the HSUS) and "turning this all over to him." Joe Ramsey then said that he was "advised by counsel (I don't know what counsel) to proceed this way"-- to create a new Committee to supersede the Audit Committee and "turn it all over to Jake Stein."

The above reflects the atmosphere at the meeting where your retention was voted upon and this letter is simply to verify that your role will be as described, and that in essence this whole matter will be "turned over" to you and that you will exercise your "independent judgment" on all of these questions.

If, on the other hand, your role is that merely of counsel to this new "select" committee, that is an entirely different matter, and you could hardly be expected to, nor be in a position to exercise any "independent" judgment for the corporate charity itself.

As you should be well aware, the "Select" Committee was carefully designed by Chairman Wiseman to supersede, and in effect ignore the work done and report issued by the earlier Audit Committee and its attorney, Gail Harmon. (This committee incidentally was unanimously authorized by the Board of Directors in December, 1987). Is Chairman Wiseman, who is under such criticism for having aided and abetted the Hoyt-Irwin activities, really to be part of this "select" committee? Is John Hoyt to be part of it? Or are they simply included to be sure the Harmon report is effectively obliterated?

Joe Ramsey's May 28, 1988 letter to my attorney, Bardyl Tirana (copy enclosed) only acted to exacerbate these fears when he made it clear that he would decide what was "necessary" for you to see and be concerned with. This "screening" of information shows clearly that the Chairman and Vice-chairman are anxious to avoid disseminating any incriminating facts supporting the Harmon report. It is quite evident that this arrogance and insensitivity to obvious conflicts of interest and heavy handedness which contributed so much to the creation of these problems in the first place, continues on, unabated in any way.

Has this whole matter been put into your hands as independent counsel to the organization, or is your good name simply being used as "window dressing" in order to cover up the questions raised by the Harmon report?

I will appreciate hearing from you and most particularly would like to see these unanswered questions answered in writing before we are all called upon to attend any meeting of this new "committee." I am afraid that these questions must eventually be dealt with openly and above board. They will not simply disappear. Nor will the Harmon report.

John W. Mettler III
Director, HSUS

cc: Members of The Select Committee
Murdaugh Stuart Madden, Esq.
Enclosures

HARMON & WEISS

·GAIL M. HARMON

· Speedy a Suzie,

Here are two different but similar letters and a collection of exhibits.

Please call me to discuss what we is most productive for these materials,

· Best regards
Gail

July 1, 1988

Ms. Susan Pepperdine
Marketing Resources, Inc.
10551 Barkley
Overland Park, KS 66212

Mr. John W. Mettler III
Seminole Asset Management, Inc.
950 Third Avenue
New York, NY 10022

Dear Susan and Speedy,

In order for Jake Stein to do an effective job of representing the full Board of the HSUS, it is necessary that he have the benefit of all the information gathered by the Audit Committee. Only then is he likely to be able to sort out the information which he has recently received which is a misleading compendium of half-truths.

This letter is designed to set forth my understanding of these facts and interpretations of them. I would hope that you can put it to good use either in a letter to Mr. Stein or at the meeting of the Select Committee. If these materials demonstrate that John and Paul have not been candid and honest in their submissions to the Select Committee, its counsel should come to understand that he needs to pursue these matters beyond their self-serving statements. A whitewash does not fulfill his obligation to advise the full Board what is in the best interests of the HSUS and what is necessary for them to exercise their fiduciary obligations to the corporation.

The June 8th letter with appendices from Paul Irwin is replete with misleading and inaccurate information; if Jake Stein is allowed to believe that it represents the full story, then the Board will never have the truth.

Item 1 (Appendix A) -- states that the unusual checks to John and Paul (other than the bonuses) were quarterly payments. Since they were made only once, not four times a year and do not equal one quarter of the salary of either John or Paul, someone needs to probe further. Why were the checks written? Are the

other payroll checks to John and Paul paid on regular dates in regular amounts? I strongly suspect the answer is "no."

Item 3 (Appendix C) -- It is not clear if Paul means to say that all of these insurance policies are now owned by John and Paul. If so, they represent a substantial amount of money. You should find out when they were transferred. Were all transferred pursuant to the vote of the Deferred Compensation Committee? You may remember that Nile Webb, the accountant from Deloitte, Haskins and Sells indicated that if these policies were transferred to John and Paul, they would constitute compensation to them and therefore should have been shown on their W-2s and been included in the income which they reported to the state and federal government and on which they pay taxes. I believe that the W-2's provided by HSUS indicate that these transfers were not so reported; the information was certainly not on the salary schedules provided to the HSUS Board in December, 1987 and not on the salary information provided to the Audit Committee in 1988. Thomas Havey and Company maintains schedules of the insurance policies owned by HSUS (and/or those on which they pay premiums). If these were transferred, Havey perhaps should have noticed this during the course of the audit and told the HSUS about the need to count the transfers for income tax purposes. In any event, changes of this magnitude should have been reported to the accountants; a review of the form entitled Management's Representations to Auditors signed by Paul for the accountants would be in order.

Item 4 -- If this listing is designed to respond to the items listed at IX of the Preliminary Report, it fails to provide an explanation of the transfers in and out of the annuity account. Since this account was used to provide the funds for the unauthorized secret salary payments to John and Paul which were run through NHEC and NAHEE, I would request that D H and S audit this account to determine if there have been other irregularities.

Item 5 -- The Annuity Trust with the Mellon Bank provides that the HSUS shall act through any two members of its Investment Committee and then specifies those members currently serving. The Audit Committee asked Mr. Irwin for documentation of his authority to act with regard to the trust and received the enclosed material. While he states "such a resolution has been filed" with the Mellon Bank, please note that as of April 1988, the Bank could produce no documents indicating that Mr.Irvin was a member of the Investment Committee or had the authority to

withdraw principal from this trust. This is but one of many examples in which I think that John and Paul are being misleading. If you really want to find out what is happening in the management of the HSUS, you will have to go beyond this collection of misleading half-truths.

A quick review of the documents which were produced by the Mellon Bank is instructive in evaluating the credibility of the HSUS management. Contrary to the implication in Ms. Morgan's letter, the minutes of the Board meetings do not indicate that Mr. Hoyt or Ms. Morgan was elected to the Investment Committee. While under the current Bylaws he may participate in committee meetings, it is certainly not clear that he is a regular member of any committee and should have authority over the Annuity Fund.

Items 6 and 7 -- certainly do not provide complete information on the HSUS or any indication why this information was not on the organization's financial records. D H and S quickly identified this problem because it discovered that HSUS was paying real estate taxes on property which was not otherwise listed as an asset so I would ask for an explanation as to why it was not identified by the regular auditors.

Item 8 -- The Evans Note. The undisputed facts are that the receipt is dated 12/31/86 and it was not reported on the HSUS 990 tax return nor disclosed as an insider deal (now an indebtedness from an officer to HSUS).

Beyond this, it is very confused. In the March meeting of the Audit Committee both Bill Voorhees and Paul Irwin said that the note was received in April of 1987 and backdated at the request of Mrs. Evans' tax accountant. (See page 3 of minutes.) This was discussed at length in the meeting with Joe Ramsey providing the novel legal advice that there is a window of opportunity between the end of the tax year and April 15th when the return is due during which people are free to rearrange their tax affairs for the previous year. No one seemed to be terribly troubled to falsify a document to enable a person to misstate a tax deduction is a federal offense.

To preserve confidentiality and not to offend Mrs. Evans the Audit Committee was not allowed to verify this story with the tax accountant, but when a memo from Roger Kindler called this into question Mr. Irwin has suddenly produced a letter from a D.C. Bank and a receipt signed by Mrs. Evans dated 12/31/86. In his cover memo Sam Trevino state that the note shows that American

Security Bank effected this transfer but my review of the note (as contrasted with the cover letter from the Bank) does not show that ASB effected the transfer. (We should check carefully to see if something was omitted in the copying). At a minimum I would like to know why the Evans receipt was not produced until after the April Board meeting and how the principals explain the inconsistent stories. Jake Stein should interview the former bookeeper mentioned in Sam Trevino's cover note to learn why the note was not recorded on the books of the society.

Item 9 (Appendix G) -- Mr. Hoyt states in his letter of May 3 that "each year tens of thousands of dollars are transferred from the Regina Frankenberg Fund to the General Fund. The Regina Frankenburg Fund was established in 1983. The attached sheets from Thomas Havey and Company indicate the following transfers in the following years: 1983 none; 1984 $75,000 to reimburse for expenses of Pet Action Line. (Apparently not the general fund and not available to pay for Mrs. Hoyt's travel.); 1985 none; 1986 $12,000 to National Coalition to Protect Pets, $10,000 to WSPA, $25,000 to Michigan Humane Society; 1987 none.

I am not sure what points you want to make with this information. Since my work has been attacked (and unjustifiably I think I have shown) I am understandably defensive and angry. If I were on the Committee, I might point out that the President of the HSUS does not understand the organizations's books and apparently does not have access to people who do. Similar things could be said about the organization's Treasurer who forwarded this inaccurate information to the attorney; therefore one might wonder whether they should be President and Treasurer if they neither understand the books nor bother to check the accuracy of their letters. Another approach might be to question whether he was being deliberately dishonest/misleading to one of the Board members.

Item 10 -- Perhaps you want to ask Mr. Wiseman why he cited recent successful audits as evidence of adequate internal management practices.

Item 11 -- Mr. Hoyt's memo does not address the issue.

Mr. Hoyt's May 3 letter makes several points which I think merit additional attention.

p. 7 -- Why was it not advisable to discuss with the Board the reasons for the demanded repayment. Mr. Madden's belief is

that the loan was questioned by the bank examiners. The obvious question is does the HSUS want to be involved in deals that appear improper to disinterested, professional outsiders?

p. 10 -- Again this is my own personal issue, but as a woman, Suzie, you might have some ideas how to handle it. Indeed I did not seek to discuss matters with Messrs. Hoyt and Irwin after my first interviews in which Hoyt refused to answer my questions and Mr. Irwin was obscene to me and also made the inappropriate suggestion that he would tell me something very important if I would not tell the committee. After that for personal and professional reasons I thought it best to have a record of the questions asked and the responses or lack thereof.

p. 10 -- March meeting of Deferred Compensation Committee - the point is that the committee was not a formal committee but a group of friends who acted informally and improperly; since they did not take this responsibility seriously, they did not bother to keep records or minutes, both Wiseman and Lydman "forgot" this meeting as shown by their letters to Mr. Mettler. Technically, I doubt that Coleman Burke who was not in town at that time, was given notice of the meeting and therefore it is not a proper meeting.

Irwin letter May 6, p. 4 -- Irwin's explanation of the low rent is inconsistent with what Voorhees told the Audit committee and what is reflected in Paul's memo to Sam. To end on a light note, don't all tenants cut the grass? Are we seriously to believe that the low rent is justified by the Hoyts maintaining the lawn?

Sincerely,

Gail M. Harmon

enclosure

DRAFT

July 1, 1988

Jacob Stein, Esq.

Dear Mr. Stein,

Since I will not be able to attend the meeting of the Select Committee to be held July 8th in Kansas City, I am providing you with my reactions to the materials provided to the Committee at this stage of its work.

Mr. Stein, the materials I have seen thus far represent a collection of inadequate, misleading and incorrect responses which do not serve to dispel the serious allegations of improprieties raised by the report prepared by Gail Harmon for the Audit Committee. In fact the current materials raise major questions about the professional abilities and honesty of the principal officers of the HSUS. For example, while the contributions of Regina Frankenburg are certainly not central to your inquiry, the material on that matter provided by Messrs Hoyt and Irwin raises major questions about the professional abilities and/or honesty of Mr. Hoyt. Honesty and professional skill of the HSUS President must be of primary concern. If the members of the HSUS Board cannot rely on him to provide simple, honest answers to questions how can it continue to trust him to run the organization?

As you know, the Audit Committee identified several areas of major concern in the management of the HSUS. The assets of the HSUS were being misused for the private benefit of its principal officers. The financial records of the organization were grossly inadequate; for example, neither the financial statements nor the tax returns contained records of substantial income and assets represented by real estate and tangible personal property. The Audit Committee was not able to determine to what extent these failures and other financial and reporting irregularities were due to incompetence, to an attempt to mislead the public and the Board by understating the organizations assets and its fundraising and administrative expenses (as was strongly implied by both Paul Irwin and Bill Voorhees), or part of a scheme for additional

private benefit. The Board of the HSUS is relying on you to address these issues which are central to the health of the organization.

In order for you to do an effective job of representing the full Board of the HSUS, it is necessary that you have the benefit of all the information gathered by the Audit Committee and the counsel who worked on its behalf. On the basis of the information which I have received as a member of the Select Committee, I believe that this additional information is necessary to be able to sort out the misleading collection of inadequate responses and half truths which have been provided to you.

This letter is designed to set forth my understanding and interpretations of the "facts" recently presented to you. Since these materials demonstrate that John and Paul have not been candid and honest in their submissions to the Select Committee, you as its counsel should come to understand that you need to pursue these matters beyond their self-serving statements. A whitewash does not fulfill your obligation to advise the full Board what is in the best interests of the HSUS and what is necessary for them to exercise their fiduciary obligations to the corporation.

The June 8th letter with appendices from Paul Irwin is replete with misleading and inaccurate information If you are allowed to believe that it represents the full story, then the Board will never have the truth.

Item 1 (Appendix A) -- It is stated that the unusual checks to John and Paul (other than the bonuses) were quarterly payments. Since they were made only once, not four times a year and do not equal one quarter of the salary of either John or Paul, someone needs to probe further. Why were the checks written? Are the other payroll checks to John and Paul paid on regular dates in regular amounts? I strongly suspect the answer is "no."

Item 3 (Appendix C) -- It is not clear if Paul means to say that all of these insurance policies are now owned by John and Paul. If so, they represent a substantial amount of money. You should find out when they were transferred. Were all transferred pursuant to the vote of the Deferred Compensation Committee? Nile Webb, the accountant from Deloitte, Haskins and Sells, indicated that if these policies were transferred to John and Paul, they would constitute compensation to them and therefore should have been shown on their W-2s and been included in the income which they reported to the state and federal government and on which they pay taxes. I believe that the W-2s provided by HSUS indicate that these transfers were not so reported; the information was certainly not on the salary schedules provided to the HSUS Board in December, 1987 and not on the salary information provided to the Audit Committee in 1988.

Thomas Havey and Company maintains schedules of the insurance policies owned by HSUS (and/or those on which they pay

premiums). If these policies were transferred, I would think that Havey should have noticed this during the course of the audit and told the HSUS and the officers about the need to count the transfers for income tax purposes. HSUS has paid Thomas Havey substantial sums in the last few years ($22,000 in 1985 and $45,000 in 1986); for fees this large, I would have thought that they would have identified these and other issues and reported unusual transaction to the Board. Finally, the responsibility for reporting financial transactions rests in part on the HSUS Treasure, Paul Irwin. Changes of this magnitude in the insurance assets of the organization should have been reported to the accountants. Have you reviewed the document entitled Management's Representations to Auditors which Paul signs annually for the accountants? (Copies of recent Representations are attached.) Please investigate the misstatements in this form.

Item 4 -- If this listing is designed to respond to the items listed at IX of the Preliminary Report, it fails to provide an explanation of the transfers in and out of the annuity account. Since this account was used to provide the funds by which NHEC and NAHEE made improper, unauthorized and hidden salary payments to John and Paul, I request that D H and S audit this account to determine if there have been other irregularities.

Item 5 -- The Annuity Trust with the Mellon Bank provides that the HSUS shall act through any two members of its Investment Committee and then specifies those members currently serving. The Audit Committee asked Mr. Irwin for documentation of his authority to act with regard to the trust and received the enclosed material. While he states "such a resolution has been filed" with the Mellon Bank, please note that as of April 1988, the Bank could produce no documents indicating that Mr. Irvin was a member of the Investment Committee or had the authority to withdraw principal from this trust. This is but one of many examples in which I think that John and Paul are being misleading. If you really want to find out what is happening in the management of the HSUS, you will have to go beyond this collection of misleading half-truths.

A quick review of the documents which were produced by the Mellon Bank is instructive in evaluating the credibility of the HSUS management. Contrary to the implication in Ms. Morgan's letter, the minutes of the Board meetings do not indicate that Mr. Hoyt or Ms. Morgan was elected to the Investment Committee. While under the current Bylaws he may participate in committee meetings, it is certainly not clear that he is a regular member of any committee and should have authority over the Annuity Fund.

Items 6 and 7 -- certainly do not provide complete information on the HSUS assets or any indication why this information was not on the organization's financial records. D H and S quickly identified this problem because it discovered that HSUS was paying real estate taxes on property which was not otherwise

listed as an asset so I would ask for an explanation as to why it was not identified by the regular auditors. As a skillful litigator, Jake, I am sure that you could make excellent use of the document entitled Managements Representations to Auditors (which states that all assets have been disclosed to the auditors) to attack both the credibility and the professional abilities of Paul Irwin.

Item 8 The Evans Note -- The undisputed facts are that the receipt is dated 12/31/86 and it was not reported on the HSUS 990 tax return nor disclosed as an insider deal (now an indebtedness from an officer to HSUS). Beyond this, it is very confused.

In the March meeting of the Audit Committee both Bill Voorhees and Paul Irwin said that the note was received in April of 1987 and the receipt was backdated at the request of Mrs. Evans' tax accountant. (See page 3 of minutes.) This was discussed at length in the Audit Committee meeting with Joe Ramsey providing the novel legal advice that there is a window of opportunity between the end of the tax year and April 15 when the return is due during which people are free to rearrange their tax affairs for the previous year. No one seemed to be terribly troubled that to falsify a document to enable a person to misstate a tax deduction is a federal offense.

To preserve confidentiality and not to offend Mrs. Evans the Audit Committee was not allowed to verify this story with the tax accountant, but when a memo from Roger Kindler called his request for back dating into question Mr. Irwin has suddenly produced a letter from a D.C. Bank and a receipt signed by Mrs. Evans dated 12/31/86. In his cover memo Sam Trevino state that the note shows that American Security Bank effected this transfer but my review of the note (as contrasted with the cover letter from the Bank) does not show that ASB effected the transfer. (We should check carefully to see if something was omitted in the copying). At a minimum I would like to know why the Evans receipt was not produced until after the April Board meeting and how the principals explain the incosisten stories. Therefore, as ~~President~~, Counsel you should interview the former bookeeper mentioned in Sam Trevino's cover note to learn why the note was not included on the books of the society.

Item 9 (Appendix G) -- Mr. Hoyt faults the calculation of the size of the Frankenburg gift contained in the Audit Committee report but neglects to say that it was based entirely on information provided by Mr. Irwin. The Committee is certainly sorry if it unwittingly transmitted inaccurate information to the Board, but it had to rely on Mr. Irwin for financial information.

Mr. Hoyt states in his letter of May 3 that "each year tens of thousands of dollars are transferred from the Regina Frankenberg Fund to the General Fund." The Regina Frankenburg Fund was established in 1983. The attached sheets from Thomas Havey and Company indicate the following transfers in the following years:

1983 none; 1984 $75,000 to reimburse for expenses of Pet Action Line. (apparently not the general fund and not available to pay for Mrs. Hoyt's travel); 1985 none; 1986 $12,000 to National Coalition to Protect Pets, $10,000 to WSPA, $25,000 to Michigan Humane Society; 1987 none.

As a skillful lawyer, I am sure that you could use this information to attack both the personal credibility and the professional abilities of Mr. Hoyt who wrote the letter and Mr. Irwin who transmitted it to you at best without verifying its accuracy, at worst knowing it was false. While we all know that this is not litigation, I think that examples such as this one raise serious problems for your presentation to the Board.

Item 10 -- Accepting this as true, perhaps you want to ask Mr. Wiseman why he cited recent successful audits as evidence of adequate internal management practices.

Item 11 -- Mr. Hoyt's memo does not address the issue.

Mr. Hoyt's May 3 letter makes several points which I think merit additional attention.

p. 7 -- Why was it not advisable to discuss with the Board the reasons for the demanded repayment. Mr. Madden's belief is that the loan was questioned by the bank examiners. The obvious question is does the HSUS want to be involved in deals that appear improper to disinterested, professional outsiders?

p. 10 -- As member of the Audit Committee, I am disgusted with the repeated personal attacks on our counsel, Gail Harmon. As demonstrated by the report and the additional information in this letter, she and the Committee assembled a tremendous amount of valuable information. Although you may feel the tone of the Repot was unwise, I think you will find that the facts presented will survive scrutiny, in contrast to those presented by Hoyt and Irwin.

Indeed, Mr. Hoyt is correct that Mrs. Harmon did not seek to discuss matters with Messrs Hoyt and Irwin after her first interviews in which Hoyt refused to answer her questions and Mr. Irwin made an inappropriate, obscene comment to her and also made the professionally inappropriate suggestion that he would tell her something very important if she would not tell her client, the committee. After those performances, and in light of our experience with John and Paul providing meandering and misleading answers to questions, the Audit Committee concurred with her judgment that it was best to have a written record of the questions asked and the responses or lack thereof.

p. 10 -- March meeting of Deferred Compensation Committee- the point is that the committee was not a formal committee but a group of friends who acted informally and improperly; since they did not take this responsibility seriously, they did not bother

to keep records or minutes, both Wiseman and Lydman "forgot" this meeting as shown by their letters to me. Technically, I doubt that Coleman Burke who was not in town at that time, was given notice of the meeting and therefore it is not a proper meeting.

Irwin letter May 6 --

p.4 -- Irwin's explanation of the low rent is inconsistent with what Voorhees told the Audit committee and what is reflected in Paul's memo to Sam. Don't all tenants cut the grass?

In closing, Mr. Stein, my strong view is that you have not received answers to the central questions which motivated this inquiry and the few answers received on ancillary points do not withstand scrutiny and cast serious doubts on the character and abilities of the people who have provided the information. While some Board members have indicated that they want to set these matters to rest in as quick and painless a manner as possible, I believe that they arrived at this goal because they were subjected to a vigorous lobbying campaign conducted by the officers of HSUS. I fear that my fellow Board members have been treated to the a combination of half truths and misleading statements similar to that discussed above. As the lawyer for the Board of the HSUS, you have an obligation to evaluate the information presented to you and to advise the Board on the best way to exercise their fiduciary duties.

I look forward to discussing this matter with you.

Sincerely,

John W. Mettler

cc:

MANAGEMENT'S REPRESENTATION LETTER TO AUDITORS

April 10, 1986
(Date)

Thomas Havey & Co.
Certified Public Accountants
4301 Connecticut Avenue, N. W.
Washington, D. C. 20008

Dear Sirs:

We confirm, to the best of our knowledge and belief, the following representations made to you during your examination of the financial statements of The Humane Society of the U.S. (the Organization) for the period ended 12-31-85. (Applicable paragraphs are marked with an X - Paragraphs which are not applicable are marked N/A).

X 1. We acknowledge management's responsibility for the fair presentation in the financial statements of financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles.

X 2. We have made available to you all financial and accounting records and related data. We are not aware of any accounts, transactions or material agreements not fairly described and properly recorded in the financial and accounting records underlying the financial statements.

X 3. We have made available to you all minutes of the meetings of stockholders, directors, members' trustees, and executive committee, as applicable, or summaries of actions taken at recent meetings for which minutes have not yet been prepared.

4. We are not aware of any:

X a. Irregularities involving management or employees who have significant roles in the system of internal accounting control or any irregularities involving other employees which could have a material effect on the financial statements.

X b. Any violations or possible violations of laws or regulations whose effect should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

X c. Default by the Organization in the fulfillment of any of the terms, covenants, or provisions of any bond, trust indenture or debt obligations outstanding.

X d. Actions by the Organization or its officers and directors which would jeopardize the Organization's tax exempt status.

N/A 5. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices that could have a material effect on the financial statements.

6. There are no:

X a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees.

X b. Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions, or other requirements.

X c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

X d. Agreements to repurchase assets previously sold.

X e. Other agreements not in the ordinary course of business.

X f. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.

7. The following have been properly recorded and/or disclosed in the financial statements:

N/A a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.

N/A b. Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions, or other requirements.

N/A c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

N/A d. Agreements to repurchase assets previously sold.

N/A e. Other agreements not in the ordinary course of business.

N/A f. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.

N/A 8. The Organization does not use an outside legal counsel.

X 9. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.

X 10. All cash and bank accounts and all other properties and assets of the Organization of which we are aware are included in the financial statements. The Organization has satisfactory title to all owned assets and

N/A a. All liens, encumbrances or security interests of any important consequence on any asset of the company are disclosed in the financial statements or notes thereto, or

X b. There are no liens or encumbrances on such assets nor has any asset been pledged.

X 11. All material liabilities of the Organization of which we are aware are included in the financial statements.

N/A 12. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

N/A 13. Provision has been made for any material loss to be sustained in the fulfillment of, or from inability to fulfill, any sales commitments.

N/A 14. Provision has been made for any material loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

X 15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

X 16. All gifts or grants received during the year of your examination which were designated by the donor for specific purposes have been properly recorded in the appropriate restricted account, and all expenditures charged to restricted funds during the year have been for the purposes specified when the funds were received.

X 17. No matters or occurrences have come to our attention up to the present time which would materially affect the financial statements and related disclosures for the year or, although not affecting such financial statements or disclosures, have caused or are likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Organization. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

N/A 18. Additional special purpose representations numbered ____ through ____ are attached.

Paul S. Irwin
(Signature of Chief Executive Officer)

E.V.P. / Treasurer
(Title)

(Signature of Chief Financial or Accounting Officer)

(Title)

MANAGEMENT'S REPRESENTATION LETTER TO AUDITORS

April 15, 1987
(Date)

Thomas Havey & Co.
Certified Public Accountants
4301 Connecticut Avenue, N. W.
Washington, D. C. 20008

Dear Sirs:

We confirm, to the best of our knowledge and belief, the following representations made to you during your examination of the financial statements of Humane Society of the U.S. (the Organization) for the period ended 12-31-86. (Applicable paragraphs are marked with an X - Paragraphs which are not applicable are marked N/A).

X 1. We acknowledge management's responsibility for the fair presentation in the financial statements of financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles.

X 2. We have made available to you all financial and accounting records and related data. We are not aware of any accounts, transactions or material agreements not fairly described and properly recorded in the financial and accounting records underlying the financial statements.

X 3. We have made available to you all minutes of the meetings of stockholders, directors, members' trustees, and executive committee, as applicable, or summaries of actions taken at recent meetings for which minutes have not yet been prepared.

X 4. We are not aware of any:

a. Irregularities involving management or employees who have significant roles in the system of internal accounting control or any irregularities involving other employees which could have a material effect on the financial statements.

X b. Any violations or possible violations of laws or regulations whose effect should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

X c. Default by the Organization in the fulfillment of any of the terms, covenants, or provisions of any bond, trust indenture or debt obligations outstanding.

X d. Actions by the Organization or its officers and directors which would jeopardize the Organization's tax exempt status.

N/A 5. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices that could have a material effect on the financial statements.

X 6. There are no:

a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees.

X b. Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions, or other requirements.

X c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

X d. Agreements to repurchase assets previously sold.

X e. Other agreements not in the ordinary course of business.

X f. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.

7. The following have been properly recorded and/or disclosed in the financial statements:

N/A a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.

N/A b. Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions, or other requirements.

N/A c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

N/A d. Agreements to repurchase assets previously sold.

N/A e. Other agreements not in the ordinary course of business.

N/A f. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.

N/A 8. The Organization does not use an outside legal counsel.

X 9. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.

X 10. All cash and bank accounts and all other properties and assets of the Organization of which we are aware are included in the financial statements. The Organization has satisfactory title to all owned assets and

N/A a. All liens, encumbrances or security interests of any important consequence on any asset of the company are disclosed in the financial statements or notes thereto, or

X b. There are no liens or encumbrances on such assets nor has any asset been pledged.

X 11. All material liabilities of the Organization of which we are aware are included in the financial statements.

N/A 12. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

N/A 13. Provision has been made for any material loss to be sustained in the fulfillment of, or from inability to fulfill, any sales commitments.

N/A 14. Provision has been made for any material loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

X 15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

X 16. All gifts or grants received during the year of your examination which were designated by the donor for specific purposes have been properly recorded in the appropriate restricted account, and all expenditures charged to restricted funds during the year have been for the purposes specified when the funds were received.

X 17. No matters or occurrences have come to our attention up to the present time which would materially affect the financial statements and related disclosures for the year or, although not affecting such financial statements or disclosures, have caused or are likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Organization. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

N/A 18. Additional special purpose representations numbered ____ through ____ are attached.

Paul G. Irwin
(Signature of Chief Executive Officer)

Exec. V.P.
(Title)

Samuel A. Trieman
(Signature of Chief Financial or Accounting Officer)

Asst. Treasurer.
(Title)

Rec'd 4/6

Mellon Bank

Mellon Bank N.A.
One Mellon Bank Center
40th Floor
Pittsburgh, PA 15258-0001
412 234 5784

Barbara K. Robinson
Vice President

March 30, 1988

Mr. Paul G. Irwin
Executive Vice President & Treasurer
The Humane Society of the United States
2100 "L" Street, Northwest
Washington, DC 20037

Dear Paul:

Re: Humane Society of the United States
Account No. [redacted]

As requested in your letter of March 17, 1988, I am enclosing the written records concerning which individuals have authority to direct distributions of income and principal and to approve investments for this trust. They include:

1. A copy of the trust instrument dated April 9, 1962 wherein distributions of income and principal and approval of investments were obtained with the signatures of any two members of the Investment Committee of The Humane Society Board of Directors (Section Three).

2. A letter dated March 4, 1971 providing members of the Finance Committee.

3. Letters dated June 2, 1972, June 23, 1972 and July 5, 1972 giving Mellon Bank sole investment control with restrictions.

4. Resolution dated July 21, 1980 which provides names of individuals authorized to sign receipts and releases for gifts and bequests and to execute various documents.

I hope this information is of help.

Sincerely,

Barbara K Robinson

Barbara K. Robinson
Vice President

Enclosures
BKR/vlr
0683L

HUMANE SOCIETY OF THE U.S
BOARD DESIGNATED
CONSOLIDATED
1983

	Ref:	Reserve Fund 02	AMW/EG Edue Endow Fund 04	Evans Fund 21	Frankenbuel Fund 30			Total
Cash								
- Checking		488.88	3893.78	10177.40	50000.00			64559.00
- Savings		31696.58	3548.72	—	—			32051.12
- CD's		225929.47	219836.58	—	—			445816.03
Accounts Receivable		21500.00	—	—	—			21500.00
Accrued Interest Receivable		—	1582.51	—	—			1582.5
Accrued Dividend Receivable		—	1250.00	—	—			1250.00
Securities		171723.14	42337.21	99415.00	—			1858982.35
Due To/From	(2)	1122.99.61	—	(3) (10177.40)	—			1021222.21
		2587910.68	272497.80	99415.00	50000.00			3009823.48
Beginning Fund Balance		2266123.39	269644.81	105318.00	—			2641586.20
Income:								
Interest			20852.99		—			20852.99
Dividends			5000.00	3774.40	—			8774.40
Discount Inc / Premium Exp					—			
Gain (loss) on Sale of Securities					—			
Contributions					(3) 50000.00			50000.00
Transfers (in) out	(2)	321787.29		(3) (10177.40)	—			311609.19
Expenses			(1) (23000.00)		—			(23000.00)
Ending Fund Balance		2587910.68	272497.80	99415.00	50000.00			3009823.48

LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

Humane Society of the U.S.
AMW/EG. EDUC. ENDW FUND
1983

LINE No.	(1) Description	(2)	(3) per Schedule	(4) Breakout date	(5) Breakout payee	(6) Breakout amount	(7) Breakout CK #	LINE No.
1								1
2								2
3								3
4	Expenses		$ 23000.00	6/83	NAAHE	IA 8000-	12238	4
5				9/83	NAAHE	IB 15000-	13147	5
6						23000-		6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43

MEMORANDUM

Approved by CD Jr F

TO: Dixie Morgan/Walt Tenschert

FROM: John A. Hoyt

DATE: June 13, 1983

Charge to

Paid 6/17/83 #12237

Please issue a check in the amount of $8,000.00, payable to NAAHE, for the payment due June 1, 1983, under their contract with Wasatch Institute for Research and Evaluation.

Approved
Jay

JAH/mg 6/13/83

1A

THE HUMANE SOCIETY OF THE UNITED STATES

SEP 6 1983

TO: Marcia Glaser

FROM: Kathy Savesky

DATE: August 31, 1983

Entered
Charge to

Marcia:

According to my calendar, the next payment on the evaluation project is due September 15. I've attached a purchase requisition for John. This is the largest of the payments--$15,000. We will probably need to finally transfer some of the funds from the Wright/Goode Fund into NAAHE's account to cover the check.

The project appears to be going well. One of the WIRE staff is coming out on the 14th to train Vanessa's volunteers for administering the tests. I give introductory workshops for the participating teachers the last week in September in California and the first week in October here in Connecticut, and testing starts immediately after that. Here's hoping that the farmer's don't find us!

Talk to you Thursday.

Kathy

1C

FORM P-507 (GREEN) P-507-B (BUFF) (6-82)

LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY	AFR	1182	
CHECKED BY			
APPROVED BY			

HUMANE SOCIETY OF THE U.S.
RESERVE FUND - ADDITIONAL SUPPORT
1983

LINE No.	(1) DESCRIPTION	(2)	(3) PER SHEDULE	(4)	(5) BREAKOUT:	(6)	(7) other descrip	LINE No.
1								1
2								2
3					SPECIAL MAILING ← ①	150000 -	From GEN FD	3
4								4
5	DUE TO /FROM		1122996 ① →		Balance beg. 1/1/83	< 1195932 >		5
6					80/20 splits - bequests	9704587		6
7					Redeemed cert. of dep	10000000	(loaned to GF)	7
8					T.frs. of securities	< 10929036 >		8
9					TF unamortized discnt	699323		9
10					Excess Y/E income over tfr	< 1022281 >		10
11					← ①	< 3770039 >		11
12								12
13								13
14								14
15								15
16	TRANSFERS IN < OUT >		3217872 9					16
17					Tfr. from G.F. reserve	< 12946995 >		17
18					1983 Bequest income	10512572 4		18
19						3217872 9		19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43

FORM P-507 (GREEN) P-507-B (BUFF) (6-82)

LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY	AKL	1/82	
CHECKED BY			
APPROVED BY			

HUMANE SOCIETY OF THE U.S.

1) EVANS FUND - ADDITIONAL SUPPORT

2) FRANKENBURG FUND - ✓ ✓

LINE No.	(1) Description	(2)	(3) Per Schedule	(4) Other Info:	(5)	(6)	(7)	LINE No.
1								1
2	EVANS							2
3	1)							3
4	Transfers In (Out)		($ 101774)	To transfer Evans income to				4
5				date to the general fund.				5
6	Due to / From							6
7								7
8								8
9								9
10	FRANKENBURG							10
11	2)							11
12	Contributions income		$ 50000-	Contribution received from Regina				12
13				Frankenburg, a member of the				13
14				board of directors.				14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43

APPROVED BY

HSUS

Board Designated

Consolidated

12/31/84

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Ref:	Reserve Fund 02	AMW/86 Educ. Endow Fund 08	Evans Fund 21	Frankenburg Fund 30		Total
1									
2	Cash								
3	- Checking			TB 20 147 80	TB 21 1,523,827	—	TB 23 350 00 00		50 38 6
4									
5	- Savings			1,540,191 39	3,752 78				1,57 8 44
6									
7	- CD's			2,259,29 47	2,172,29 42				4,43 1 58
8									
9	Accounts Receivable				—				
10									
11	Accrued Interest Receivable				1,697 64				1,69 7
12									
13	Accrued Dividends Receivable				1,281 25				1,28 1
14									
15	Securities			2,550,307 93	4,233,721	TB 23 994,15 00			2,492,06 0
16									
17	Due To/From		1	(1,069,64 52)	—				(1,069,64
18	Accounts Payable			(202,941 30)					2,089,40 3
19									(202,941 30
20				2,420,568 99	2,815,366 67	994,15 00	3,500 00 00		2,836,520
21									
22	Beginning Fund Balance			2,587,910 68	2,724,97 80	TB 23 994,15 00	TB 23 5,000 00 00		3,009,823
23									
24	Income:								
25	Interest				23,913 87				23,913
26	Dividends				5,125 00	TB 23 4,044 00			9,169
27	Discount Income/Premium Expense								
28	Gain (Loss) on Sale of Securities								
29	Contributions						TB 23 1 60,000 00		60,000
30									
31	Transfers (In) out		1	(1,673,414 69)		TB 23 1 (4,044 00)	TB 23 1 (7,500,000)		(2,463,85
32									
33	Expenses		2		(200,000 00)				(200,000
34									
35	Ending Fund Balance			2,420,568 99	2,815,366 67	994,15 00	3,500 00 00		2,836,520
36									
37									
38									

FORM / (GREEN) P-507-B (BUFF) (8-82) — LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY	AKA	1/88	
CHECKED BY			
APPROVED BY			

HUMANE SOCIETY OF THE U.S
RESERVE, EVANS, & FRANK. FUNDS - ADDITIONAL SCHED
1984

LINE No.	(1) DESCRIPTION	(2)	(3) PER SCHEDULE	(4)	(5) BREAKOUT:	(6)	(7) other descrip.	LINE No.
1	RESERVE							1
2								2
3	Due to/from		<10696453>		Beg. net bal due/to	<3770039>		3
4					Return of allocation	150000-		4
5					80/20 Split of bequests	6403623		5
6					Tfr. of securities	<8077092>		6
7					Stock dividend	<25023>		7
8					Tfr. remaining inc.	<499214>		8
9								9
10						<10696452>		10
11								11
12								12
13								13
14	Transfers IN<OUT>		16734169					14
15					Tfr from reserve	8077092		15
16					Bequest income	<6403623>		16
17						16734169		17
18								18
19								19
20								20
21	EVANS							21
22								22
23	Transfers IN<OUT>		40440		Transfer of 1984 income	40440		23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31	FRANKENBURG							31
32								32
33	Transfers IN<OUT>		750000		Transfer of reimbursed			33
34					expenses from the			34
35					PET ACTION LINE	750000		35
36								36
37								37
38								38
39								39
40	Contributions income		60000-		Income received from			40
41					Regina Frankenburg.			41
42								42
43								43

AMERICAN SECURITY BANK, N.A.
WASHINGTON, D. C.

THE HUMANE SOCIETY OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

No 14561

Feb 23, 19 84

15-55
540

PAY TO THE ORDER OF HUMANE SOCIETY OF THE U.S. 20000 $20,000.00

National Association Advancement
Humane Education

VOID AFTER 90 DAYS

Paul G. Irwin

Monita P. Morgan

⑆014561⑆ ⑆054000551⑆ 43 [redacted] 920⑈ ⑈000020000⑈

The Humane Society of the United States
National Headquarters

REQUISITION ORDER

FEB 13 1984

№

DATE: February 10, 1984

DATE WANTED: asap

REQUISITIONED BY

HSUS - NAAHE
NTHEC
P.O. Box 362
East Haddam, CT 06423

Approved by CD Feb 84
Entered
Charge
08-1000
08 Feb 84
Paid
Am w/ G Fund to Naahe
2/23/84
14561

SHIP TO

QUANTITY	DESCRIPTION	PRICE	AMOUNT
	Fourth Payment for Humane Education Evaluation Project (Due March 1, 1984)		$20,000.00
	Wasatch Institute for Research and Evaluation 175 Quarter Cirdle Drive Logan, RFD, Utah 84321	Approved JH 2/13/84	
	Source of Price Quotation:		

C 7 D dw 4-22 68,356.04
C 7 D dw 5-29- 151,520.54

Kathy Sweeney
AUTHORIZED SIGNATURE

THE HUMANE SOCIETY OF THE UNITED STATES

TO:

FROM:

DATE: 3/26/85

Write Check to

Naahe-

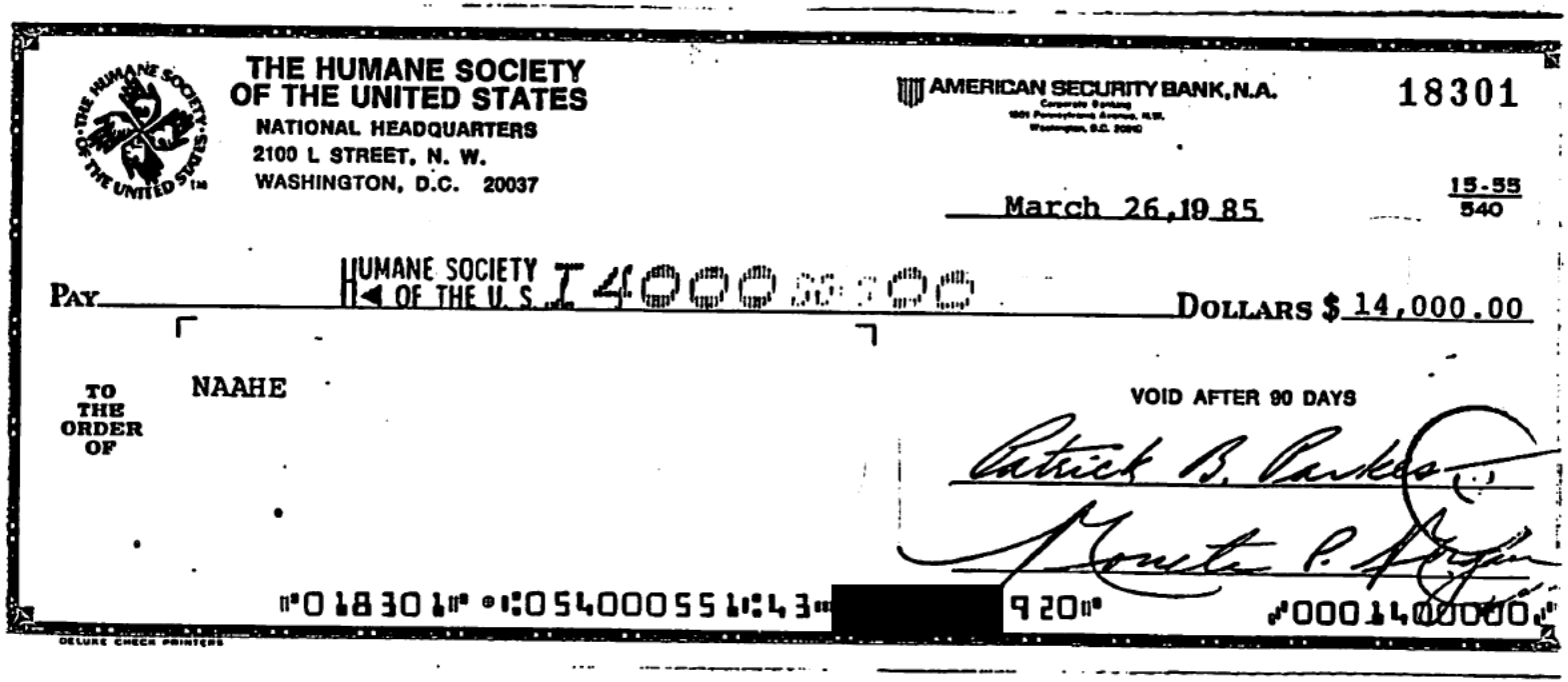
from AMWEG.

Checking a/c 08-1000.

14.000 00

3/26/85

18301



THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.
Corporate Banking
1501 Pennsylvania Avenue, N.W.
Washington, D.C. 20042

18301

15-55
540

March 26, 1985

PAY HUMANE SOCIETY OF THE U.S. ******14,000.00 DOLLARS $14,000.00

TO THE ORDER OF NAAHE

VOID AFTER 90 DAYS

Patrick B. Parker

Monte P. Morgan

⑈018301⑈ ⑆054000551⑆43 [redacted] 920⑈ ⑈0001400000⑈

DELUXE CHECK PRINTERS

M E M O R A N D U M

Cal Sept 85
8
Charge: Am w/06 Dister
9/27/85
Paid
20000

TO: Mr. Hoyt, President

FROM: Walt Tenschert, NAAHE Bookkeeper

SUBJECT: Request for Transfer of Funds to NAAHE

DATE: September 25, 1985

Request a transfer of $6,000.00 to NAAHE to pay expenses due for end of September over funds currently available in account.

THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.
Corporate Banking
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

20030

15-55/540

Sept 27, 19 85

PAY HUMANE SOCIETY OF THE U. S. 6000 00 00 DOLLARS $ 6,000.00

TO THE ORDER OF National Association for Advancement of Humane Education

VOID AFTER 90 DAYS

Paul S. Irwin

Monita C. Morgan

3

⑈020030⑈ ⑆054000551⑆43⑈ [redacted] 920⑈ ⑈0000600000⑈

DELUXE CHECK PRINTERS

Approved by CD Dec 86

Entered

Charge to AMU - Fiat -

Paid 12/31/86

21086

TO: Paul Irwin

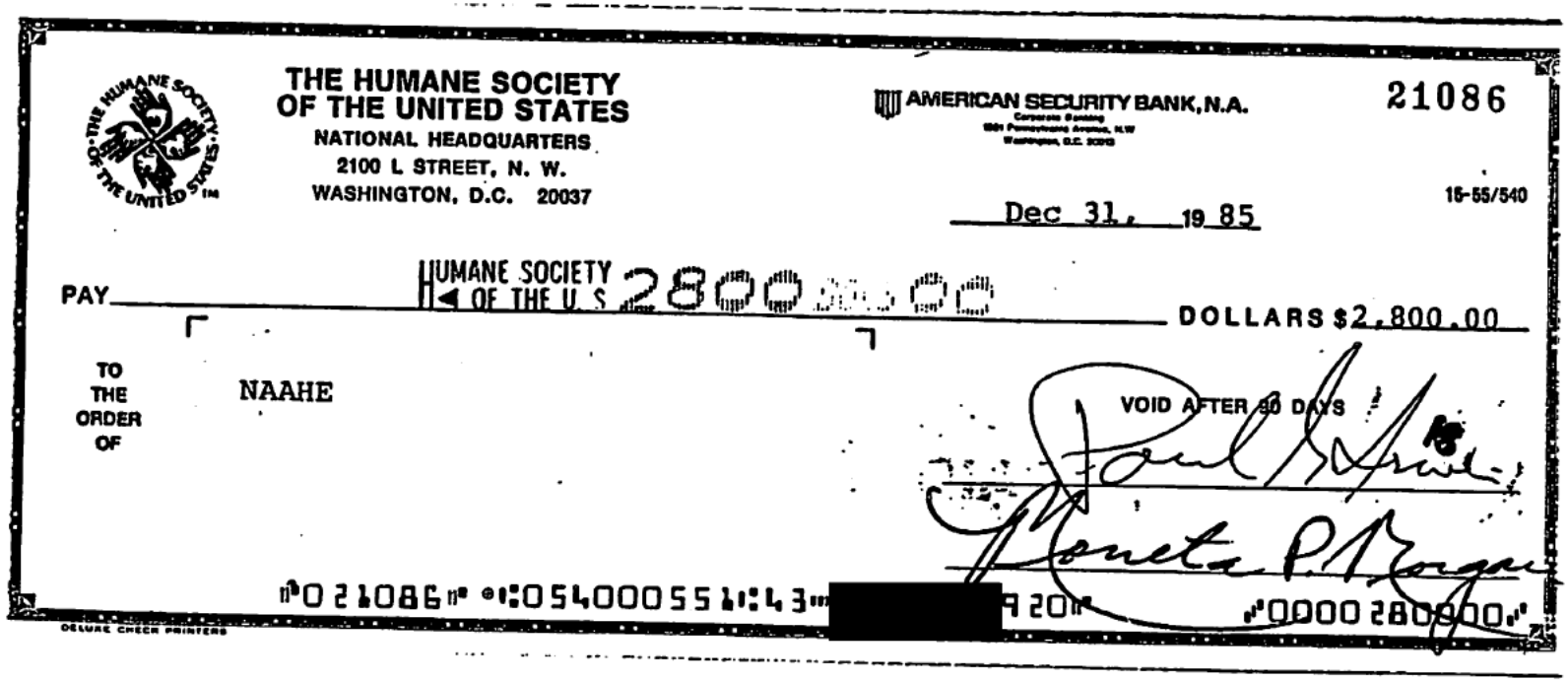
FROM: Walt Tenschert

SUBJECT: Contribution to NAAHE for 1985 expenses

DATE: January 8, 1986

Per our previous discussion, request a contribution to the NAAHE account of $2,800.00 to pay the invoices remaining for fiscal year 1985.

Pay Dec



THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.

21086

15-55/540

Dec 31, 1985

PAY HUMANE SOCIETY OF THE U S 2800.00

DOLLARS $2,800.00

TO THE ORDER OF NAAHE

VOID AFTER 90 DAYS

Paul G. Irwin

Monetta P. Morgan

⑈021086⑈ ⑆054000551⑆43[redacted]20⑈ ⑈0000280000⑈

DELUXE CHECK PRINTERS

H. S. U. S.
Board Designated
12131136

	Ref.	Reserve Fund 02	Amw/ EG Educ. Endow Fd. 08	Evans Fund 21	Frankenberg Fund 30	TOTAL
Cash -						
Checking	TIB-1	60 72525	TIB2 1300516		TIB5 65000 -	138730
Savings			419551			4195
C D's		225929 47	243856.71			469786
Accrued Interest Receivable			9007 -			9007
✓ Dividends ✓			1400 -			1400
Securities		26934322	42337721	TIB5 99415 -		28351865
Due to/from * Stockbroker (1)		4348410				43484
Total		30235 7304	313801 59	99415 -	65000 -	35017896
Beginning Fund Balance		2879.10894	278756.33	TIB5 99415 -	TIB5 80000 -	33372807
Income -						
Interest			29445 26			29445
Dividends			5600 -			5600
Distrib. Income / Premium Exp.						
Gain/(Loss) on Sale of Securities						
Contributions					(2) 30000 -	30000
Transfers <in> out	(1)	< 956426.24 >				< 956426 >
		1100890134				1100890
Expenses	(2)				(2) < 45000 - >	< 45000
Ending Fund Balance		30235 7304	313801 59	99415 -	65000 -	35017896

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

Humane Society of the U.S.
Reserve, Frankenburg fund - additional support
1986

LINE No.	(1) Description	(2)	(3) per Schedule	(4) Break out	(5)	(6)	(7) Other	LINE No.
1	Reserve							1
2								2
3	Due to/from - Stockbrokers		4348410	Securities bought - cash due on transaction		4348410		3
4								4
5								5
6								6
7								7
8	Transfers In (Out)		(1444640)	T/F from Reserve		9564624		8
9				1986 Bequest income		(10089034)		9
10						(1444640)		10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43

FORM P-507 (GREEN) P-507-B (BUFF) (6-82)

LITHO IN U.S.A.

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

HUMANE SOCIETY OF THE U.S.
Frankenburg fund
1986

LINE No.	(1) DESCRIPTION	(2)	(3) PER SCHEDULE	(4) BREAKOUT date	(5) BREAKOUT Payee	(6) BREAKOUT amount	(7) BREAKOUT CK #	LINE No.
1								1
2	Expenses		45000.00	Ⓐ y				2
3			Reference					3
4			2A	1/2/86	Nat'l Coalition to protect Pets	100000.00	21116	4
5								5
6				7/30/86	World Society for Protection of Animals			6
7								7
8			2B			100000.00		8
9								9
10				12/23/86	Michigan Humane			10
11			2C		Society	250000.00		11
12								12
13						Ⓐ 45000 —		13
14								14
15								15
16								16
17								17
18								18
19	Contribution Income		30000-	Income recd from Regin Frankenburg				19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40
41								41
42								42
43								43

Propets $ 10.000 00

Approved by

Fund 30

Reg Hohenberg Fund

Paid 1/2/86

#21116

Jan '86

2 A

THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.
Corporate Banking
1501 Pennsylvania Avenue, N.W.
Washington, D.C. 20013

21116

15-55/540

Jan 2, 19 86

PAY HUMANE SOCIETY OF THE U.S. [illegible] DOLLARS $10,000.00

TO THE ORDER OF National Coalition to Protect our Pets, Inc.

VOID AFTER 90 DAYS

Paul G. Irwin

Monte R. Morgan

⑈021116⑈ ⑆054000551⑆43⑈ [redacted] 920⑈ ⑈000010000000⑈

DELUXE CHECK PRINTERS

24

Wait!

Make Check to

World Society for Protection

of Animals 10,000.00

Charge against

Frankenberg Fund #30

Approved by Carl July 86

Entered

Charge Frankenberg Distr.

30 - Paid 7/30/86

23332

7 B

THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.

23332

15-55/540

July 30, 19 86

PAY HUMANE SOCIETY OF THE U.S. 10000 DOLLARS $ 10,000.00

TO THE ORDER OF World Society for Protection Animals

Coutts & Co., Strand, London
A/c WORLD SOCIETY FOR THE PROTECTION OF ANIMALS

VOID AFTER 90 DAYS

Paul G. Irwin

Monette P. Morgan

⑈023332⑈ ⑆054000551⑆43 [redacted] 920⑈ ⑈0001000000⑈

DELUXE CHECK PRINTERS

2B

...oved by _____

...ntered Cal Dec 86

Fund #30 Charge to SP Proj Frankenberg

...aid 12/23/86 Fund

$25058

Memo to: Dixie Morgan

From: John A. Hoyt

Date: December 23, 1986

Please draw check payable to Michigan Humane Society in the amount of $25,000.00 for National Encyclopedia of Animal Cruelty publications project.

Charge to Special Projects. - Frankenberg Fund.

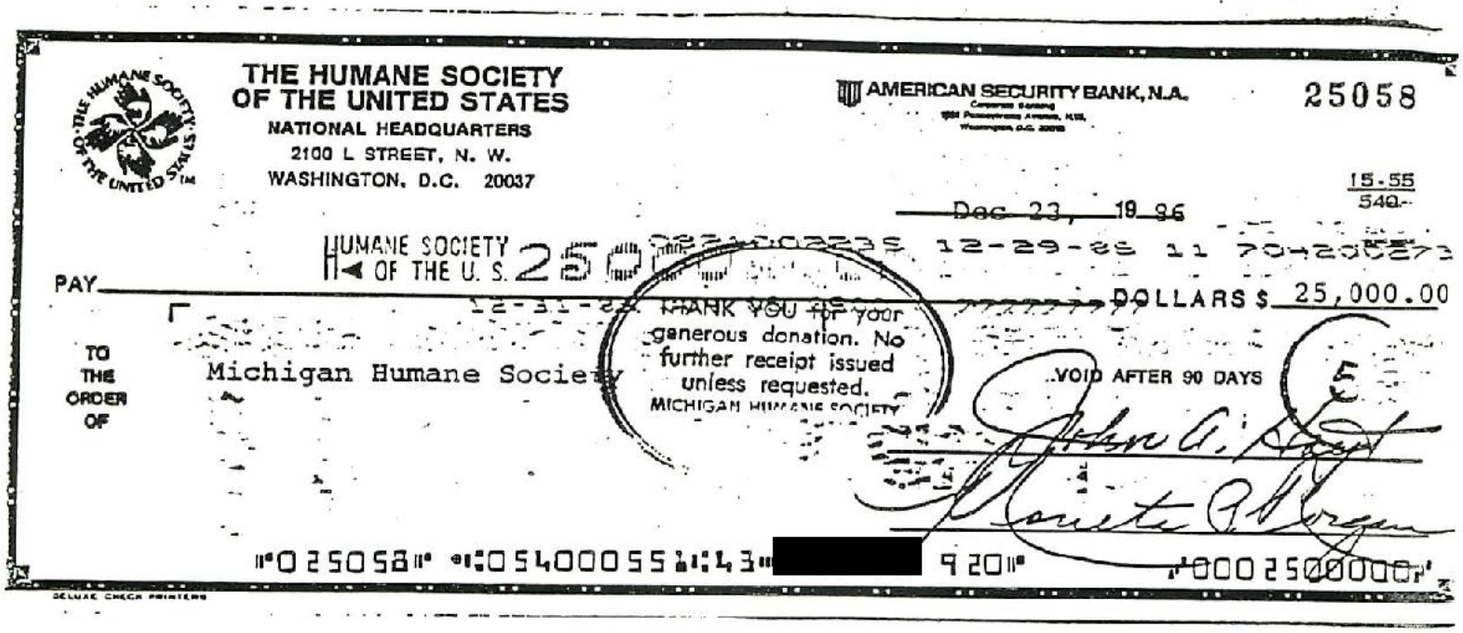
John A. Hoyt

John A. Hoyt

Paul G. Irwin

Paul G. Irwin

7c



THE HUMANE SOCIETY
OF THE UNITED STATES
NATIONAL HEADQUARTERS
2100 L STREET, N. W.
WASHINGTON, D.C. 20037

AMERICAN SECURITY BANK, N.A.

25058

15-55
540

Dec 23, 19 86

HUMANE SOCIETY OF THE U. S. 25000

PAY 12-31-86 DOLLARS $ 25,000.00

THANK YOU for your generous donation. No further receipt issued unless requested.
MICHIGAN HUMANE SOCIETY

TO THE ORDER OF Michigan Humane Society

VOID AFTER 90 DAYS

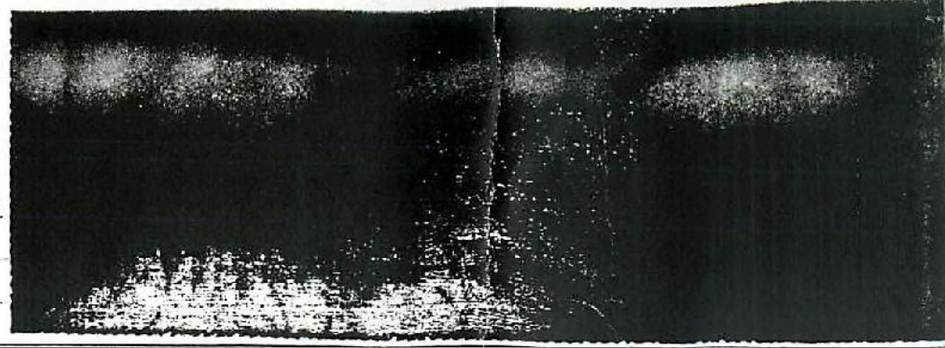
John A. Hoyt

Monete P. Morgan

⑈025058⑈ ⑆054000551⑆43⑈ [redacted] 920⑈ ⑈0002500000⑈

DELUXE CHECK PRINTERS

	INITIALS	DATE	REFERENCE
PREPARED BY	JHH	3/5/87	
CHECKED BY			
APPROVED BY			



ct 5

#15

HSUS

TRANSFERS - Board Restricted

1987

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			General Fund		Reserve Fund	Alice Hoffman Wright Fund	EVANS Fund	FRANKENBERG	[illegible]	
Bequest	TRANSFERS	Prior YR	104227239		(104227239)		0	0		
Bequest	TRANSFERS	Current YR	(126837285)		126837285		0	0		
INCOME	(NET)									

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

May 27, 1988

Mrs. Amy Freeman Lee
127 Canterbury Hill
San Antonio, TX 78209

UPS Next-Day

Re: HSUS Select Committee

Dear Amy:

Thank you for your recent letter concerning the work of the Select Committee.

The Select Committee received a letter from Bardyl Tirana dated May 11, 1988, on behalf of his clients which makes certain comments about the "majority of the Board" in general and you and others specifically.

The Select Committee felt it should send a copy of this letter to you because you were mentioned in it, and that the Select Committee should respond to Mr. Tirana's letter. We are therefore enclosing for your information copies of the Tirana letter and the response of the Select Committee. For your further information, we are enclosing a copy of my letter to Mr. Tirana to which he was responding in his May 11, 1988, letter to the Select Committee.

As you can see, we felt we had no choice but to turn the matter over to Jake Stein. The Select Committee would very much appreciate it if you would direct any response you may want to make to the Tirana letter to me as chairman of the Select Committee, rather than directly to Mr. Tirana. I am confident that the Select Committee, with Jake Stein's valued advice, can deal properly with Mr. Tirana's demands and comments.

Best personal regards,

Very truly yours,

Joe Ramsey

OJR:jr
Enclosures
cc: Select Committee
John Hoyt
Bill Wiseman
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS
K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Patricia Forkan
Senior Vice President
Murdaugh Stuart Madden, Esq.
Vice President/General Counsel
Patrick B. Parkes
Vice President/Field Services
Dr. John W. Grandy
Vice President/Wildlife & Environment
Phyllis Wright
Vice President/Companion Animals
Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS
Aida Flemming
Virginia Milliken
Andrew Wyeth

May 27, 1988

Mr. William Kerber
4000 Cathedral Avenue, N.W.
Washington, D.C. 20016

UPS Next-Day

Re: HSUS Select Committee

Dear Bill:

Thank you for your recent letter concerning the work of the Select Committee.

The Select Committee received a letter from Bardyl Tirana dated May 11, 1988, on behalf of his clients which makes certain comments about the "majority of the Board" in general and you and others specifically.

The Select Committee felt it should send a copy of this letter to you because you were mentioned in it, and that the Select Committee should respond to Mr. Tirana's letter. We are therefore enclosing for your information copies of the Tirana letter and the response of the Select Committee. For your further information, we are enclosing a copy of my letter to Mr. Tirana to which he was responding in his May 11, 1988, letter to the Select Committee.

As you can see, we felt we had no choice but to turn the matter over to Jake Stein. The Select Committee would very much appreciate it if you would direct any response you may want to make to the Tirana letter to me as chairman of the Select Committee, rather than directly to Mr. Tirana. I am confident that the Select Committee, with Jake Stein's valued advice, can deal properly with Mr. Tirana's demands and comments.

Best personal regards,

Very truly yours,

Joe Ramsey

OJR:jr
Enclosures
cc: Select Committee
John Hoyt
Bill Wiseman
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS
K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Patricia Forkan
Senior Vice President
Murdaugh Stuart Madden, Esq.
Vice President/General Counsel
Patrick B. Parkes
Vice President/Field Services
Dr. John W. Grandy
Vice President/Wildlife & Environment
Phyllis Wright
Vice President/Companion Animals
Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS
Aida Flemming
Virginia Milliken
Andrew Wyeth

May 27, 1988

Mr. Paul Irwin
The HSUS
2100 L Street, N.W.
Washington, D.C. 20037

UPS Next-Day

Re: HSUS Select Committee

Dear Paul:

Thank you for your recent letter concerning the work of the Select Committee.

The Select Committee received a letter from Bardyl Tirana dated May 11, 1988, on behalf of his clients which makes certain comments about the "majority of the Board" in general and you and others specifically.

The Select Committee felt it should send a copy of this letter to you because you were mentioned in it, and that the Select Committee should respond to Mr. Tirana's letter. We are therefore enclosing for your information copies of the Tirana letter and the response of the Select Committee. For your further information, we are enclosing a copy of my letter to Mr. Tirana to which he was responding in his May 11, 1988, letter to the Select Committee.

As you can see, we felt we had no choice but to turn the matter over to Jake Stein. The Select Committee would very much appreciate it if you would direct any response you may want to make to the Tirana letter to me as chairman of the Select Committee, rather than directly to Mr. Tirana. I am confident that the Select Committee, with Jake Stein's valued advice, can deal properly with Mr. Tirana's demands and comments.

Best personal regards,

Very truly yours,

Joe Ramsey

OJR:jr
Enclosures
cc: Select Committee
John Hoyt
Bill Wiseman & Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

May 27, 1988

Nile J. Webb
DELOITTE, HASKINS & SELLS
Suite 350
1001 Pennsylvania Avenue, N.W.
Washington, D. C. 20004-2505

UPS Next-Day

Re: HSUS Select Committee

Dear Mr. Webb:

Thank you for your letter of May 20, 1988, in response to my letter to you of April 29, 1988.

We look forward to receiving your assessment as soon as possible, as we plan to incorporate that material into the report the Select Committee will be preparing on the matter, which is due shortly. If at all possible, we would greatly appreciate receiving your report and recommendations by no later than June 30, 1988, in order to meet our deadline.

Again, thank you for your anticipated efforts in this regard. Please feel free to contact me if you have any questions.

Very truly yours,

Joe Ramsey

OJR:jr
cc: Select Committee
John Hoyt
Bill Wiseman
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

May 27, 1988

Mrs. Oliver M. Evans
3045 P Street, N.W.
Washington, D. C. 20007

Re: HSUS Select Committee

Dear Mrs. Evans:

At the April Board meeting of The Humane Society of the United States which you were unable to attend, a Select Committee was created to deal with the remaining problems raised as a result of the special meeting called by several directors last fall. The Select Committee consists of Harold H. Gardiner, John W. Mettler, Susan Pepperdine, Robert Sorock, and me as chairman.

I am writing you as chairman of the Select Committee to request that, as soon as reasonably convenient, you drop us a note listing any special concerns you might have about any of the questions considered by the Audit Committee as reflected by the report of its attorney, Gail Harmon.

Very truly yours,

Joe Ramsey

OJR:jr

cc: Select Committee
John Hoyt
Bill Wiseman
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

May 27, 1988

Jane Goodall
THE JANE GOODALL INSTITUTE
P. O. Box 16846
Tucson, AZ 85726

Re: HSUS Select Committee

Dear Ms. Goodall:

At the April Board meeting of The Humane Society of the United States which you were unable to attend, a Select Committee was created to deal with the remaining problems raised as a result of the special meeting called by several directors last fall. The Select Committee consists of Harold H. Gardiner, John W. Mettler, Susan Pepperdine, Robert Sorock, and me as chairman.

I am writing you as chairman of the Select Committee to request that, as soon as reasonably convenient, you drop us a note listing any special concerns you might have about any of the questions considered by the Audit Committee as reflected by the report of its attorney, Gail Harmon.

Very truly yours,

Joe Ramsey

Joe Ramsey

OJR:jr

cc: Select Committee
John Hoyt
Bill Wiseman
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

May 27, 1988

Ms. Regina Frankenberg
31 East 72nd Street, Apt. 9B
New York, NY 10021

Re: HSUS Select Committee

Dear Ms Frankenberg:

At the April Board meeting of The Humane Society of the United States which you were unable to attend, a Select Committee was created to deal with the remaining problems raised as a result of the special meeting called by several directors last fall. The Select Committee consists of Harold H. Gardiner, John W. Mettler, Susan Pepperdine, Robert Sorock, and me as chairman.

I am writing you as chairman of the Select Committee to request that, as soon as reasonably convenient, you drop us a note listing any special concerns you might have about any of the questions considered by the Audit Committee as reflected by the report of its attorney, Gail Harmon.

Very truly yours,

Joe Ramsey

OJR:jr

cc: Select Committee
John Hoyt
Bill Wiseman
Murdaugh Madden

Ramsey, Morrison, Keddy & Wallis

GENERAL LITIGATION

O.J. RAMSEY
THEODORE H. MORRISON
MICHAEL F. KEDDY
DAVID A. WALLIS
MARC E. ABRAMSON
JODI CLARY
BRIAN J. STONE

PROFESSIONAL CORPORATION • ATTORNEYS AT LAW
10399 OLD PLACERVILLE ROAD
SACRAMENTO, CALIFORNIA 95827

P.O. BOX 26124
SACRAMENTO, CALIFORNIA 95826-0214
TELEPHONE (916) 362-8800

WORKER'S COMPENSATION
THEODORE H. MORRISON

May 28, 1988

Bardyl R. Tirana
SILVERSTEIN AND MULLENS
1776 K Street, N.W.
Washington, D.C. 20006

Re: Your May 11, 1988, Response to Select Committee

Dear Bardyl:

This will acknowledge receipt on May 16, 1988, of your letter of May 11, 1988, in response to my request of April 29, 1988, that you write on behalf of your clients, listing any special concerns they might still have and want the Select Committee to be sure to consider.

Thank you for listing those concerns. The committee did intend carefully to consider all of the questions you raise, but it is helpful to have your letter confirming such matters of special interest to your clients.

You are, of course, correct that your letter does not limit your clients to any additional concerns which may occur to them in the future. It is self-evident that no such limitation is possible, and I did not intend to indicate to the contrary in my April 29, 1988, letter to you. However, I am sure you understand the need to establish a reasonable time table for the Select Committee to complete its work. Will you please advise how much more time your clients may need to give us as comprehensive a list of concerns as reasonably possible.

In your May 11, 1988, letter, you mention, among other things, the possibility that Brook Speidel and/or Sam Bowman may contact Jake Stein directly concerning matters that may still trouble them. I am puzzled about why they would not want to share those concerns with the Select Committee which was created by the Board for the very purpose of dealing with such concerns and keeping a record of them in minutes and correspondence. If the Select Committee is not included in the informational circuit, they will be unable to perform the function for which they were appointed. If your clients continue to have concerns which they have not yet voiced, I would urge that they be directed to me as chairman of the Select Committee. I can and do assure you that I will communicate any such concerns to the full Select Committee and, as necessary, to Jake Stein as outside counsel for the HSUS.

I found it surprising, disappointing, and, frankly, inappropriate that you chose to use my good-faith invitation to specially treat your clients' concerns as a basis for volunteering their unsolicited views that "a majority of the Board" (including certain named individual directors) and the president and treasurer of HSUS have been derelict in their duties and to threaten the HSUS and certain of those directors and officers with a lawsuit.

I do not intend to dignify these accusations and threats with any detailed response in this letter; however, I feel that some comment is necessary and appropriate.

Regarding your clients' criticisms of their fellow Board members, it is sufficient to state here "for the record" only that such accusations are considered by the Select Committee to be denied by those named. I do feel that, since you have threatened a lawsuit against such directors and officers, I must notify them of such threat and will do so by copy of your letter to me of May 11, 1988, and this response to you. However, I intend to encourage those you accuse to restrain themselves from responding directly to you or your clients, at least at this time. Otherwise, I am concerned that the function of the Select Committee to fully and fairly consider and hopefully resolve all problems which have been raised since last fall might be jeopardized.

Regarding your demand for immediate payment of attorney's fees and your threat to sue if you are not paid, I feel I have no choice but to ask Jake Stein to deal with that matter.

Finally, since I felt I should use HSUS letterhead for committee work, you properly responded with your May 11, 1988, letter to the HSUS headquarters in Washington, D.C. This resulted in delay in my getting your letter. In the future I

would appreciate it if you would send material having to do with the Select Committee to me directly to my office address, even though I will be using HSUS letter head. My office address is as follows:

Ramsey, Morrison, Keddy & Wallis
10399 Old Placerville Road
Sacramento, CA 95827

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr

RECEIVED
MAY 26 1988
RMK & W

CONFIDENTIAL MEMORANDUM

TO: John Hoyt

FROM: Murdaugh Madden

DATE: May 6, 1988

RE: NAAHE and NHEC

You have asked me to give a description of those corporations and their relationship to the HSUS and their respective purposes and functions.

The National Humane Education Center (NHEC) was created in 1968 as a Virginia corporation, and the center there was active until the early 1970's. The last Form 990 was filed in 1974, and that clearly set forth that the operation there had been curtailed and that its activities and everything connected to it were transferred to the HSUS. We decided to keep it alive legally as a mere shell corporation, in the anticipation of the possibility of some bequests that might arise at any time in the future, and this of course in most cases would simplify the opportunity to receive the bequest. Since the early 1970's, to my knowledge, the corporation has been completely dormant and inactive exept for the Annual Reports which have been filed with the Virginia State Corporation Commission. These reports have been filed by the General Counsel's office for the past 20 years. I, as General

Counsel of the HSUS and as the named Vice President of the NHEC, was unaware, until this matter came up in connection with the current investigation, that a bank account had been opened by this corporation in 1984 and that payments were sent to that account from the Mellon annuity account and disbursed from that account to Messrs Hoyt and Irwin.

The legal status of this corporation is that it is in fact a wholly controlled corporate entity that has been kept alive for the sole purpose mentioned above.

The situation as to the National Association for the Advancement of Humane Education (NAAHE) is quite different in that sense that while NAAHE, the separate corporation, has been relatively dormant, NAAHE as a division of the HSUS has been and continues to be very active.

As to the financial affairs of NAAHE, I am aware that 20% of the income from the HSUS share of the Sussman Trust is to be used for the uses and purposes of the Norma Terris Humane Education and Nature Center in East Haddam, but I am unaware of how this has in fact been administered internally within the HSUS. It is also my understanding that all of the NAAHE employees have been on the HSUS payroll for many years, and I am unaware of how NAAHE dues and material purchase funds have been handled, nor am I aware of the existence or activities in so far as any separate NAAHE bank accounts are concerned. The General Counsel's office does file an annual report with the

District of Columbia government, again keeping the corporate existence of NAAHE intact for the purpose of having legal existence in the event of any bequest in the future, but there are no other separate corporate activities being conducted as far as I am aware.

John, you will note that I have not touched upon or evaluated the appropriateness or legality of using either NAAHE or NHEC or both as channels for compensation for HSUS staff. It seems to me that this is the function of the Counsel for the Audit Committee and I am sure that it will be part of Jake Stein's undertaking.

CONFIDENTIAL MEMORANDUM

TO: Murdaugh S. Madden

FROM: John A. Hoyt

DATE: May 3, 1988

RE: NAAHE and NHEC

In order to assist The HSUS Board of Directors' "Select Committee" and Jake Stein in evaluating the appropriateness and legality of using either NAAHE or NHEC, or both, as "channels" for compensation for HSUS staff, I have indicated to Joe Ramsey that I would request from you "a description of those corporations, their relationship to The HSUS, and their respective purposes and functions." Further, any commentary you wish to offer on the matter would likewise be appropriate.

Your early attention to this request would be greatly appreciated. Please forward copies to those indicated below as well as myself.

cc: Joe Ramsey
Bill Wiseman
Paul Irwin

PAUL G. IRWIN
13109 Chestnut Oak Drive
Gaithersburg, MD 20760
(301) 977-3017 Home
(202) 452-1100 Office - Washington, DC
(301) 571-8989 Office - Bethesda, MD

PERSONAL:

Birthdate:	April 3, 1937	
Married:	Jean Rose Hathaway, September 5, 1960	
Children:	Christopher Garfield Irwin	Age - 11/15/68
	Jonathan Francis Irwin	Age - 5/26/70
	Craig Wesley Irwin	Age - 5/26/70

EDUCATION:

Received B.A. degree from Roberts Wesleyan College, Rochester, New York in 1960.

Received Masters degree from Colgate Rochester Divinity School in 1964.

Received Masters degree from Boston University, Boston, Massachusetts in 1967.

Received Doctorate from Rio Grande College Rio Grande, Ohio in 1982.

Non Degree Work - University of Rochester, Andover Newton Theological School and Harvard University.

Clinical training at Boston State Hospital and the Massachusetts Mental Health Center (Harvard University).

Ordained Elder in the United Methodist Church (1964).

HEALTH:

Excellent

EMPLOYMENT RECORD:

From March 1, 1976, to the present, I have been employed by The Humane Society of the United States.

Selected from a field of fifty candidates by the Oram Goldstein Associates of New York City to fill present position.

I presently hold the titles of Executive Vice President and Treasurer.

Overall responsibility to work with the President in all areas of the Society's programming and serve as organizational officer in charge during the President's absence (40% of time).

Directly responsible for financial management, computer services, fund raising and development, and membership services and records as well as serving as chief operating officer of the Society.

SPECIFIC ACCOMPLISHMENTS:

The constituency of this Society has grown from 30,000 to 850,000. Growth was accomplished through enlistment of local humane societies' support, coordination of out-reach through regional office facilities, through direct mail and various media exposure.

All income categories of the Society have shown significant growth.

- Dues income has increased from $171,000 to $3,519,721.
- Contributions have increased from $395,000 to $2,424,518.
- Investment income has increased from $22,000 to an excess of $714,877.
- Contributions have been received during the most recent fiscal year from 71 foundations.
- The Society has received a grant to establish a new division. This division is funded with a grant in excess of one and one-half million dollars.
- The Society has a deferred giving program which has been aggressively promoted during my tenure. We have assisted in the establishment of a unitrust, charitable remainder trusts, maintained an ongoing charitable gift annuity program and have established a pooled income fund. The

largest deferred gift generated during my tenure was $850,000.

The staff of the Society has grown from 39 employees to 110 employees and 4 additional regional offices have been established. This growth has not produced a budget deficit.

The publications of the Society have been upgraded. At the present time, we produce six periodicals and other public information materials. Direct responsibility for their publication was mine at the beginning of my tenure and has now been delegated to a newly established communications department.

An in-house computer capability has been established for membership record keeping, subscription lists, direct-mail analyses and financial management.

The Society has produced a series of public service announcements for radio and television; has experimented with print advertising, and has established a productive relationship with the Ad Council for gratuitous advertising. One such advertisement appeared in Money Magazine.

During my tenure, the Society has met the standards of The National Charities Information Bureau and the Philanthropic Advisory Service, a division of the Council of the Better Business Bureaus.

The Society has established a legislative wing and maintains contact and influences legislation in all the states and also at the federal level.

I have been involved in radio and television interviews and have spoken to widely varying audiences regarding the Society's programs.

Much productive time has been spent with many of the local societies across the country in assisting them in organizational management, fund development and public relations.

EXPERIENCE PRIOR TO PRESENT EMPLOYMENT: (1961 - 1976)

As a minister of the United Mwethodist Church, I have served local churches in Massachusetts and New York.

In addition to the predictablle responsibilities of a clergyman, I served as an adjunct faculty member of Boston University and

was instrumental in the establishment of a professional training program for seminarians.

A five-day week training program was established for mentally retarded persons.

A half-way house for individuals moving from mental health facilities to the open community was established.

I served as a sponsor for five organized Alcoholics Anonymous groups and provided meeting facilities and resources for same.

Established Senior Citizens Civic program for 80 people.

Served as President of the Southern New England Methodist Federal Credit Union.

Served as Vice President of the Conference Board of Trustees of the United Methodist Church. In that capacity, I held the responsibility for a stock portfolio in excess of six million dollars. I was also chief real estate officer and continue to hold a Massachusetts Real Estate Brokers license.

I have served on citizen advisory committees by appointment of mayors and other politicians, served on boards of family counseling and community health organizations, and as a volunteer on the hospital ship, The S.S. Hope, in the northeast of Brazil.

BOARD AFFILIATIONS:

American Bible Society, New York, New York
The Wilhelm Schole, Houston, Texas
The Asia Society, Washington, DC
The World Society for the Protection of Animals, London, England
The Southern New England Conference of the United Methodist Church, Boston, Massachusetts
The Theodore Roosevelt National Bank, Washington, DC

William Kerber
4000 Cathedral Avenue N.W.
Washington, D.C. 20016

May 10, 1988

O. J. Ramsey
Chairman, Select Committee
The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Mr. Ramsey:

In regard to your letter of April 29, 1988 requesting information that might pertain to your position as chairman of the Select Committee, I am enclosing copies of my two letters to John Hoyt and Paul Irwin which were written before I had spoken to anyone about the MHS merger.

You may not realize that I was a very early director, probably a total of 22 years if I am not mistaken. And I was treasurer for 7 years on very low funds when a similar venture like MHS nearly put us out of business for want of funds. I still am very mystified by the first mimeographed report we received - very wordy about our great purpose which was the result of John, Paul, Bill Wiseman and Jack Lydman's six month period of negotiations without authority from the Board. I have kept in very close touch with this group and with Coleman Burke who lives nearby me at my Florida home. I also had lunch with John and Paul in Florida where we discussed this over and over. I had a strange feeling that our great success in fund raising in '86 where the budget estimate was four million and we actually raised nine million may have given the idea that we could accomplish anything such as rebuild MHS.

My whole purpose now is to avoid news of this problem destroying us and I now think that your committee is the best way to avoid any confrontation and reestablish the good spirit of the Board which I think from now on will get adequate information.

Yours truly,

Bill Kerber

K/jbc

WK letter #1 copy

September 30, 1987

John A. Hoyt, President
Paul G. Irwin, Executive Vice President
The Committee on MHS Union
The Humane Society of the United States
2100 L Street, Northwest
Washington, D.C. 20037

Dear John, Paul and the Committee:

On August 26, 1987 I received a multi-paged letter about the Michigan Humane Society and their "radical metamorphosis from a traditional and sheltering humane organization to an innovative and progressive society that addresses the problems and needs of all animals today, while working politically to insure a better future for animals tomorrow." And a great deal about the theory of animal welfare and its needs including the broad reasons for humane societies to function in these matters. Isn't this exactly what we stand for although we don't do the actual physical functions thereof?

The next day I received a binder notebook of information about the MHS, the first page of which was a long complicated exercise. As it seems to me, the whole report is about why humane societies exist and the theory behind them. The entire report doesn't have a thing about how the MHS works. It doesn't tell how the clinic operates and the financial report on it is not very clear. The report is written with an advocacy point of view. In other words, the committee seems to have made up its mind in advance to take over MHS like " T. Boone Pickens ". The idea of merging, it seems to me, is so strange that the committee had to dig up a new word "union". There is no writing about what our HSUS has been from its original days of formation. We were not in favor of actually operating a shelter down to the point of cleaning out the stables. The advantage of having a clinic is shown as better if merged with us, rather than on an individual basis. To me, the idea is so contrary to our present national and worldwide organization founded for the purpose of advising humane societies, publicizing humane education and proposing federal laws which the individual societies cannot do. In our beginning we were given an evolving shelter with a large area of land which was a tremendous burden and almost busted us had it not been for one founder who gave us relatively large funds (for those days) to complete it and it was practically saved by the physical work of Phyllis Wright. When you came, John, as President and discovered the difficulties, you couldn't get rid of it fast enough and sold it to two counties. I do not understand why you would want to risk even your own reputation with the absorption of a shelter. I don't see why we should repeat a mistake. It is said that the HSUS will get substance. I think it will give us many headaches with our people running back and forth and interfering with the operations which it surely will do.

I think the committee is overly impressed with the wonderful, huge sums we are receiving through our fund raising. We are going to start out by assuming a million dollar note they owe and talk about another million dollar clinic building, the latter of which was not even mentioned. Detroit is a crippled city and is not noted for its great civic pride, and I think raising funds will be difficult because people will think they are sending

funds to Washington. People do not like Washington and they scoff at our government bureaucracy.

The report should have explained what our present organization is. John, it has grown marvelously under your leadership and you have come up constantly with new and broader functions. You have been as successful as Chairman and Chief Executive Officer of one of the Fortune 500's. And, Paul, you have done great things in fund raising. It is simply remarkable what the Society has achieved. We are, as I have said, not an operating unit but something far above that, namely, spreading our high level of aid in humane matters. Rather than indulge in a fanciful project, it may be well for us to take a satellite review of the many things we are now doing. Remember the Sue's Zoo affair at the time of our reunion in Detroit where we got bad publicity in a critical article by Sue when we criticized the Detroit zoo? One of my most prominent friends, a civic leader, was on the Board of the Detroit zoo and he was incensed because they had, with their limited available funds, done wonders with the improvement of their zoo.

John, Paul and my fellow Board Members, I really cannot see why you want to get involved in this obviously troublesome situation. I know of a small well organized humane society who right now would just love to be unionized and there must be many others who would flock to us to be taken over.

I realize that this proposal probably, under present circumstances, will be approved by the present Board as an ordinary step, but I wish you all would please give it more thought. And let's not have anymore long reports about the theory of wanting to do something new. As a longtime Board Member, I have really been for everything we have proposed but I simply cannot see this or the way in which it has been handled.

I hope I have not offended anyone.

Sincerely,

William Kerber

William Kerber

K #2

cc: Coleman Burke
Phyllis Wright
Everett Smith, Jr.
Murdaugh Stuart Madden

WK/jbc

William Kerber
4000 Cathedral Avenue N.W.
Washington, D.C. 20016

copy

October 12, 1987

John A. Hoyt, President
The Humane Society of the United States
2100 L Street, Northwest
Washington, D.C. 20037

Dear John:

I am sorry to say that doctor's orders will not allow me to travel to the meeting. Having a pancreatic attack and on a liquid diet.

In my life I have been a director of several important companies and never have I been so deeply distressed as I am in opposing your desire for this takeover. As a member of a board I must carry out my fiduciary responsibilities as I was elected to do and I have done so in expressing my best judgement about the plan.

You have been a great leader and a very hard worker - traveling day and night working on important fund raising and it is with deeply mixed feelings that I oppose something you so urgently want. I have read your six points in the program and policy meeting report which are substantial if we have the feeling that we have reached our peak. Have you in mind a Massachusetts SPCA type? If that is the case, it should be done, at least at arm's length. However, I do not think it will aid the educational program because other humane society visitors will not hire veterinaries for an animal hospital as their interest is in shelters.

I think it is important that there should be a revision whereby the MHS keeps their board and not stack ours with six of theirs so that local people handle local affairs which they will know more about than our staff in Washington. And they should handle their own executive director and not add him to our staff for more pay which he desires. Also, the strike force appears foolish to me and sounds like a kind of covert action similar to Greenpeace which is a very liberal outfit and in some present trouble, I believe.

Again, I say, what are the real needs of HSUS at this particular time?

Sincerely,

Bill K

WK/jbc

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 19, 1988

VIA UPS

Mrs. Susan Pepperdine
MARKETING RESOURCES
10551 Barkley
Overland Park, KS 66212

Re: HSUS--Progress Report by Select Committee

Dear Mrs. Pepperdine:

This is a progress report on the activities of the Select Committee, and it includes some of the major recommendations the Select Committee will make to the full Board at the meeting scheduled for July 30-31, 1988, in Washington, D.C.

We are enclosing documents for your specific reference and review, as follows:

1. Minutes of the Select Committee meeting of July 8, 1988, in Kansas City, Missouri, which include recommendations that the Board adopt eleven motions (we will be making additional recommendations at or before the July 30, 1988, meeting);

2. Letter from Bardyl Tirana of May 11, 1988, to the Select Committee on behalf of his clients (Directors Bowman, Mettler, and Speidel);

3. Letter from me to Mr. Tirana of May 28, 1988, in response thereto; and

4. Letters from John Mettler of May 9, 1988; June 21, 1988; and July 6, 1988, to Jake Stein, outside independent counsel for HSUS.

The Select Committee has considered and continues to consider the material gathered by Gail Harmon, as counsel for the Audit Committee; the questions raised by those of you who wrote us with specific concerns; and all related matters which have occurred to us. In so doing, we have conferred twice by conference phone calls and twice in person. We have also consulted with Jake Stein and have

asked for an independent review of the internal management of accounting practices and procedures of The HSUS from Nile Webb of Deloitte, Haskins & Sells (DHS), who was initially consulted by the former Audit Committee.

We have asked for comprehensive written reports from Jake Stein as independent counsel for HSUS on all legal matters and from DHS on all accounting questions. We expect to receive a final report from Jake Stein in time to get it to you before the July 30-31, 1988, meeting. We hope but are not sure whether DHS will be able to complete its report before the July 30, 1988, meeting. Depending upon what we receive from Mr. Stein and possibly from DHS and upon when we receive it, we may or may not be able to report again to you in writing with additional recommendations before the July 30th meeting. But even if we cannot do so, we will at least send you a written status report. We hope and intend that we will make additional recommendations to the Board on July 30, 1988, concerning what actions we feel should be considered and taken by the Board concerning those issues not considered at our July 8, 1988, meeting, principally the issues raised by the Hoyt residence and the Brightwater transactions.

In the meantime, at our July 8, 1988, meeting, we were able to agree upon quite a number of significant recommendations to make to the Board. We felt that you would want to have time to reflect upon them before we meet on July 30, 1988, and therefore enclose for your thoughtful consideration and analysis the minutes of our July 8, 1988, Kansas City meeting, which set forth those recommendations.

We believe each recommendation speaks for itself and therefore will not comment upon their substance. However, we feel you should know that Jake Stein was present and advised us concerning all of the recommendations (this is not to say he specifically recommended all of them, though he agreed all should be adopted) except the last three, in which we recommend a travel policy for spouses of senior staff; the formation of a new compensation committee to replace the "Deferred Compensation Committee," and its composition until the annual organizational meeting of the board in October of 1989; and the creation and defined responsibilities for a new and permanent Audit Committee. Having made these recommendations after Mr. Stein left, we have since checked with him and can report that he agrees these measures are good ideas.

We also point out that each of the recommendations set forth in the July 8, 1988, minutes was passed unanimously by those voting members present (Hal Gardiner, Susie Pepperdine, Bob Sorock, Bill Wiseman, and myself) except that Bill Wiseman was excused and did not participate in the discussion or vote concerning the reimbursement of attorneys fees to Tirana (for Bowman, Mettler, and Speidel) or Sonde (for Hoyt and Irwin) or the recommendations that HSUS not seek reimbursement for those fees from any individuals. Mr. Mettler did not attend (see his enclosed letters of June 21 and July 6, 1988).

Although Mr. Hoyt has consistently maintained he cannot participate in matters involving any possible conflict of interest, the Committee acknowledged his right to attend all committee meetings and specifically invited him to the meeting to be available to advise and inform the Committee as necessary. However, Mr. Hoyt was excused during a preliminary oral report by Mr. Stein (which will be formalized in his written report) and the consideration of and voting upon all but the last three of the Select Committee recommendations set forth in the minutes of July 8, 1988.

Finally, we have invited Mr. Stein and Mr. Webb to attend our July 30-31, 1988, meeting to help us consider everything. In the meantime, we hope you will find this progress report helpful and look forward to a productive and positive meeting with you on July 30, 1988.

Very truly yours,

Joe Ramsey, Jr.

Joe Ramsey
Chairman of the Select Committee

OJR:jr
Enclosures
cc: John Hoyt
Jake Stein

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 29, 1988

Ms. Gisela Hunnicutt
6 Pepper Road
Towaco, NJ 07082

UPS Next-Day Air

Mrs. Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Re: HSUS Select Committee

Dear Gisela and Susie:

As chairman of the Select Committee, I have written a letter to most of the remainder of the Board (I have excepted Regina Frankenberg, Irene Evans, and Jane Goodall, and I have written Bardyl Tirana as counsel for Sam Bowman, John Mettler, and Brook Speidel) asking that they let the Select Committee know in writing as soon as reasonably convenient and hopefully by no later than May 11, 1988, of any special concerns they may have as a result of the work of the Audit Committee, the Harmon report, etc.

For your information, I am enclosing herewith a copy of that letter that went to the rest of the Board with the exceptions noted.

I wanted to write each of you separately asking that you write me with your special concerns. I know that both of you have been concerned about matters and that you are perhaps better informed about matters than many Board members. For those reasons, I especially want to be sure that the Select Committee fairly considers any special concerns that either or both of you may have.

Thank you in advance for your courtesy and cooperation.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
Enclosure
cc: John Hoyt, Jake Stein, Bill Wiseman, Select Committee

to Joe

Since writing the attached it occurred to me that since your "Select Committee" is performing a clean up act you might want to consider including the matter of board liability insurance — are we covered, should we be covered, how etc? This was very much on board members minds in the wake of the Harman Report.

K. W. Wiseman

Bill

Post Office Box 120
Woolwich, Maine 04579

RECEIVED
MAY 10 1988
RMK & W

May 4, 1988

O. J. Ramsey, Esq.
10399 Old Placerville Road
Sacramento, CA 95827

Dear Joe,

Many thanks for your letter of April 29 and the many enclosures. The activities of your Committee are clearly off to a highly organized start.

In reviewing the material you sent, a few thoughts occurred to me as follows:

. . . In your letter to John Hoyt you refer to him as a "member" of the Select Committee which I think is technically inaccurate. According to our By-Laws (Article VIII, Section 5) "The President may participate in any meeting . . . of any committee of the Board, but without vote." This would seem to entitle him to receive all the relevant material to enable him to participate meaningfully, but clearly he is not a "member".

. . . I notice your signature embraces, no doubt inadvertently, the names of the other members of your law firm. I don't think we could stand yet another bill for legal fees!

. . . I agree with your thought that there is considerable overlap between the work of the Select Committee and that of the "Committee on Committees", but not to the extent you contemplate. It seems to me specific recommendations relating to various financial oversight committees and the Compensation Committee could well be an important element of the Select Committee's work. However, I do not believe the "Committee on Committees" should be disenfranchised from its responsibility fo develop recommentations relative to other aspects of the Board's committee structure.

. . . Relative to attorney's fees, my present thinking is that it would be helpful for this to be part of your Committee's overall recommendation, but obviously only after careful consideration and the benefit of Jake Stein's counsel.

Finally, Joe, again many thanks for all the time and effort you and your Committee are putting into this most important task.

With best personal regards.

Most sincerely,

Bill

KWW:MW

K. William Wiseman

cc: Jacob A. Stein, Esq.
John A. Hoyt
Members of the Select Committee

RECEIVED
MAY 1 1 1988
RMK & W

May 4, 1988

Dear Joe,

Many thanks for your letter of April 29.

I think it good that any and all concerns of the Audit Committee have been brought to light and that they have been or will be further discussed by the Select Committee and Jake Klein.

I have no concerns other than those mentioned at the April meeting and go on record by saying that I have the highest regard for

John and Paul and their involvement with HSUS. We've grown so fast and become so big there are certainly changes to be made and I would expect those to be done so that we no longer have a "cookie jar" operation insofar as some of the finances are concerned.

Goodluck as Chairman of the Select Committee (I don't think we could have a better one!) and I look forward to seeing you in August.

Sincerely,

Alice Garey

Alice Garey

ROBERT F. WELBORN
P.O. BOX 208
FRANKTOWN, COLORADO 80116

RECEIVED
MAY 11 1988
RMK & W

May 5, 1988

O.J. Ramsey, Esq.
Ramsey, Morrison, Keddy & Wallis
10399 Old Placerville Road
Sacramento, CA 95827

Dear Joe:

Thank you for your letter of April 29.

My concern is the stultifying effect of this whole situation on The Humane Society of the United States. We have let it cause us to debilitate the performance of our fiduciary duties to our members and our fiduciary duties to the animals. There are so many basic things crying for our attention and I will list some in this letter. To the dollars wasted in this matter we must add the greater value of the time and effort lost.

As I said in my letter in February, lets get this matter behind us and not by further debate and controversy, the enervating controversy over who did what and why, but by focus on goals, on structure and on specific areas of involvement. Lets have this situation be an impetus not a depressant.

There are just two basic things to do to get this matter behind us. Lets have the president prepare and implement specific corrections of such deficiencies as exist in H.S.U.S. corporate affairs. Lets review the salaries of H.S.U.S. officers, taking in to account all aspects of contribution and compensation.

As to goals - lets be sure H.S.U.S. is on the cutting edge of the ever more urgent calling - the welfare of animals - the protection and enhancement of the life and beauty of this earth. When I went on the H.S.U.S. board in the early 1970's John Hoyt was leading an attack on rodeo, certainly a cutting edge. You now are attacking inhumane attitudes in education and championing a basic principle with the lawsuit you are handling. The Center for the Respect of Life and Environment is on the cutting edge having just been responsible for a remarkable conference of religious and lay leaders on the specific subject of genetic

engineering, a conference which would not have taken place but for the Center and H.S.U.S., for the support of John Hoyt and the contacts and influence of Michael Fox. I remember the discussion you and I had last fall regarding the active role H.S.U.S. must play and your expression of enthusiasm for the Center concept.

We must know the criteria for evaluating success. The growth of H.S.U.S. is remarkable but bigger is not automatically better. It must be made so. We must be the leader - again the cutting edge - be it action or education. Every year more and more animals are used and abused; every year the environment, the very life, animate and inanimate, of this earth is increasingly threatened.

As to structure - let us strengthen the relationship between board and staff, the structure for which exists in the program and policy committee concept, board and staff working together. This controversy has enervated and stifled constructive communication. Free and open communication is the best means of board involvement and it will assist rather than constrict the president in the performance of his responsibilities. When communication becomes restrictive and secretive it is destructive; when encouraged and open it is constructive. The board may work and communicate through committees but they should report at each meeting of the board.

Also in regard to structure we must not forget the status of corporate members. What is our responsibility to them in this matter?

Among the specific concerns that urgently need our attention is that for laboratory animals. Serving on the Animal Care Committee of the University of Colorado Health Sciences Center I know of the horrible deficiences in the control of laboratory animal usage. Even if you assume the propriety of the usage of animals in research, which I do not, there is tremendous waste of taxpayers money, and more importantly massive suffering of animals, in lack of concern for duplication and for real value in the experiment. The public should be receptive to a requirement in the law that information from experiments be made available and that a person seeking approval for an experimental procedure must show that what he is proposing has not been done before. The people who call themselves medical researchers would like to keep their field sacrosanct and secret - look at the Act - but they are vulnerable. Research types sit in their

offices devising ways to use animals and obtain public money for this.

There is so much to be done, I could go on for pages. To feel the urgency one has only to think of things such as: psychological testing of primates with forced separation of mother and child or forced alcohol or drug addiction, the proliferation of factory farming with lifelong misery for farm animals, genetic engineering which is a perversion of God's marvelous evolutionary creation, steers and calves used hour after hour and day after day in roping arenas, the brutal handling and slaughter of livestock, the life destroying chemicals that are spread over the fields and in the soils, the rapid disappearance of the life sustaining forests, the drastic change in the life protecting ozone, the acid rain, the lonely dog in a cage craving love.

The Center for the Respect of Life and Environment, as an affiliate of H.S.U.S., is, I believe, a great vehicle for the expression and implementation of concerns that affect all life. In so doing it will espouse the mutuality of all concerns be they religious, animal welfare, artistic, environmental, ecological because this is our hope for the life and beauty of this world.

What we must work for in H.S.U.S. in my view is not a change in people or policy but an expansion of purview and an intensification of effort. Let us immediately convert the debilitating controversy into an impetus for a renewed focus on our leadership obligation for the welfare of animals and for all that will make that welfare true and secure.

I am reminded of an article which John Hoyt sent me, an article in the Christian Science Monitor reporting an interview with Richard von Weizsacker, the President of West Germany. He said that the most important thing for the next century is the preservation of nature and then he went on to make his statement even more profound by saying this: "We have to preserve nature for nature's own sake and not simply for the sake of mankind".

I am sending a copy of this letter to John Hoyt and Bill Wiseman. I would appreciate your having further distribution made.

Sincerely,

Bo Wellborn

CC: John Hoyt, Bill Wiseman

6251 Old Dominion Dr. 120
Mc Lean, Va. 22101

May 4, 1988.

Wm. O.J. Ramsey
10399 Old Placerville Rd
Sacramento, Ca. 95827

RECEIVED
MAY 9 1988
RMK & W

Dear Wm. Ramsey:

In reply to your letter of April 29th regarding the Select Committee report.

I believe that the questions which were raised at the Dec. 12 '87 Board meeting were very satisfactorily explained at the Board meeting on April 20, 1988.

The official financial statements of the H.S.U.S. indicate the excellent condition of the organization financially. Those responsible for the growth and strength of the HSUS are to be commended for their efforts.

Sincerely

Viola Weber

The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037
(202) 452-1100

John A. Hoyt
President

Hoyt

May 3, 1988

O.J. Ramsey, Esq.
Ramsey, Morrison, Keddy & Wallis
10399 Old Placerville Road
Sacramento, CA 95827

salary — justified — public views bd. reviews

DC Comm broadened salary review

House purchase justified board didn't be trusted

"Truthful" answers

Dear Joe:

In writing this letter to you as chairman of the newly appointed HSUS Board of Directors' "Select Committee," I am also seeking to provide information, insights, and possible solutions which shall hopefully assist the efforts of the committee as well as Mr. Jacob Stein, the attorney engaged by the Board of Directors to help resolve the several concerns and problematic issues identified by the former Audit Committee.

I shall, to the best of my knowledge, present what I regard to be an accurate and complete record of what has transpired; the rationale for the decisions made and the actions taken; and the possible consequences of alternative actions that might have been taken in the past or might yet be proposed as solutions for the future. For obvious reasons, I regard this letter to be confidential to the Select Committee, including Chairman of the Board K. William Wiseman, Mr. Stein and his associates; the attorneys engaged by Paul Irwin and myself after consultation with Bill Wiseman and yourself; Paul G. Irwin; and my secretary, Marcia Glaser.

I shall, of course, be pleased to meet with you or the committee at any time to clarify or elaborate upon any of the items discussed as well as those I might have overlooked or

not discussed to the committee's satisfaction. I shall also be pleased to help develop solutions that shall serve the interest of The HSUS and, hopefully, the animal protection movement in general.

I. Officers Compensation

It would appear that one of the most problematic issues raised by the former Audit Committee is the compensation received by Paul Irwin and myself, both in terms of the procedures and sources employed in providing that compensation. And though the former Audit Committee did not raise the issue of the compensation and benefits of other HSUS senior staff, this matter is not without relevance to this committee.

As regards the entire HSUS senior staff, we are clearly well compensated. However, in comparison with others within the animal protection/welfare movement, we are not overly compensated. Except for our loyalty and devotion to The HSUS, almost any one of us could find employment elsewhere in this movement with equal or greater monetary benefits. I personally was contacted three years ago as a candidate for the position of president of the Massachusetts SPCA but immediately declined being considered although the compensation would have been superior to that which I now receive had I been offered and had I accepted the position.

When one considers the extraordinary growth of The HSUS over the past several years, the longevity of service of myself, Paul Irwin, and others, and the rate of inflation during that period of time, I do not regard our compensation and benefits to be excessive. However, I believe the Board of Directors must now evaluate that compensation and make its own judgment regarding the matter. To what extent the Select

Committee plans to address this issue I am not sure. However, if the committee chooses to evaluate the compensation of officers and other senior staff, I am prepared to speak to that issue in some depth.

Quite apart from the appropriateness of the amounts of the compensation for myself, Paul Irwin, and other senior staff, the fact remains that public disclosure of that compensation could create problems for The HSUS. Indeed, we were the target of widespread publicity and criticism when the Mobilization for Animals' Animal Welfare Organizations - A First Annual Financial Report was circulated in 1985. Since that time, numerous other groups, including "enemies" both within and outside this movement, continue to "feature" The HSUS for public criticism and censure because of the salaries paid to me and others of our staff (cf. attachments).

It was largely due to this fact that a deferred compensation program for senior staff was instituted in 1983. Such compensation is not reported on The HSUS Form 990 and, therefore, not subject to public scrutiny. Likewise, it was this same rationale that motivated the channeling of increased salary benefits for Paul Irwin and myself through NAAHE (National Association for the Advancement of Humane Education) and NHEC (National Humane Education Society) respectively.

It is obvious that a careful analysis has to be made regarding the appropriateness of using these two divisions of The HSUS as sources for salary reimbursement, especially from a legal point of view. To assist the committee and Mr. Stein in that analysis, I have asked Murdaugh S. Madden to prepare a description of those corporations, their relationship to The HSUS, and their respective purposes and functions (memo attached).

Depending on the outcome of that analysis, it may or may not be necessary to file amended Forms 990 for The HSUS. That matter, I assume, will be reviewed in depth by Mr. Stein and his associates.

The procedure for determining compensation for me especially and, to some extent, Paul Irwin is clearly a matter of major concern and needs to be resolved. As you are aware, I am empowered by the HSUS Bylaws to "determine the duties and, within the limits of a budget approved by the Board, the compensation of all such staff members" (Art. VIII, Sec. 5). In actual practice, however, I broadened the determination of Paul Irwin's and Murdaugh Madden's compensation to include the former Chairman of the Board, Coleman Burke, and, more recently, the Deferred Compensation Committee. As regards the compensation of all other staff, Paul Irwin, acting in his capacity as treasurer and executive vice president, has shared fully in making those determinations. Also, the Deferred Compensation Committee has been advised as to the salaries of other senior staff.

As regards determining my own compensation, the Chairman of the Board has since my employment in 1970 been responsible for that decision. To what extent he consulted with or advised the Board of his decision in the early years of my employment is not entirely clear. However, to the best of my knowledge, Mr. Burke did not formally discuss this matter with the Board except at the time of my initial employment. I am sure that on occasion he had conversations with various Board members regarding my compensation. However, I have no recollection of his presenting and asking for approval of any compensatory increases or that I be excused from the meeting in order that such a discussion might take place. There may

be one or two exceptions to the latter, though I cannot be at all precise regarding dates or details.

The fact remains, however, that even though the president's salary "shall be determined by the Board" (Art. VIII, Sec. 5), my compensation has in fact for at least the past 15 years been determined and approved by the Chairman of the Board and more recently the Deferred Compensation Committee. It was a procedure accepted by the Board without protest until quite recently and one presumed by myself to be quite acceptable to the Board. Obviously, there is now considerable concern regarding this procedure and it must certainly be changed. However, I find it a bit interesting that those now objecting to this procedure acquiesced in it for years without protest or objection.

II. Deferred Compensation Committee

There is also considerable dispute regarding the role and function of the Deferred Compensation Committee, a committee created by the Executive Committee of the Board at its meeting of September 9, 1983. This committee was created primarily for the purpose of establishing and administering a Deferred Compensation Plan, but it was also "from time to time be constituted a Compensation Committee to consult with and advise the President regarding staff compensation as the need may arise."

As to whether or not this committee was properly created by the Board, there can be no serious objections. While the "letter" of the Bylaws might not have been precisely fulfilled in that the Deferred Compensation Committee was a creation of the Executive Committee and not the Board itself, the Board did in fact, and without exception until the matter was surfaced this past few months, regard the Executive Committee

to have the power and authority to act on behalf of the Board. Further, it has been our practice in recent years to regard all members of the Board as voting members of the Executive Committee and to encourage their attendance and participation even though specific Board members were appointed an Executive Committee.

As to whether or not the Deferred Compensation Committee acted beyond its powers is another matter. As regards the determination and approval of the President's compensation, the Deferred Compensation Committee was acting on a matter heretofore performed by the Chairman of the Board. Indeed, it was my own personal desire and request that this committee accept this function in order to broaden the participation of the Board in determining my compensation. To the extent that the practice of my compensation being determined by the Chairman of the Board was acceptable, this current practice must be regarded as being equally acceptable and, certainly, more desirable.

III. Purchase of Hoyt Residence by HSUS

As regards the Deferred Compensation Committee acting to approve the purchase of the home formerly owned by Mrs. Hoyt and myself, located at 14670 Seneca Road, Germantown, Maryland, the matter needs considerable clarification. While I prefer to discuss this matter in person with the committee rather than commit such to writing, I shall touch on a few reasons for this action being taken by this committee rather than the Board as a whole.

But first let me affirm unequivocally that the reasons for the Deferred Compensation Committee taking this action and its motivation for doing so are not without justification. I do not question that in retrospect it may have been preferable

to have sought Board approval of this action. And, if it should be the recommendation of the Select Committee that the action should now be "reversed," and if such a recommendation is approved by the Board, I shall, of course, cooperate fully in seeking the best possible resolution of that decision as quickly as possible. If, on the other hand, the Board acknowledges and accepts the rationale for this action having been taken, and approves such retroactively, including the appropriateness of The HSUS providing a residence for its president, Mrs. Hoyt and I shall be pleased to give this arrangement careful consideration.

But now to the reasons why this action was taken by the Deferred Compensation Committee and not referred to the Board as a whole:

1. A personal loan made to me by Irene Evans to satisfy the demand by Coleman Burke for payment of previous notes held by the Jeffrey Trust was a highly sensitive and very personal matter. It was extremely important to Mrs. Evans that this matter remain personal and private, a concern given no consideration or respect by the attorney for the former Audit Committee. And let me say parenthetically that her action could well cost The HSUS hundreds of thousands of dollars in future gifts and bequests from Mrs. Evans. However, it appears to be of little concern that this matter has long since ceased being "personal and private" and is, indeed, now known to several members of The HSUS staff and in some cases, I suspect, their friends, not to mention HSUS Board members and their friends.

2. It was not advisable to discuss within the Board the reasons for Coleman Burke demanding repayment of notes which necessitated my personal loan from Irene Evans.

3. It is clear that certain members of the Board cannot be trusted to maintain confidences regarding matters discussed

by the Board. It was primarily for that reason that this action by the Deferred Compensation Committee was not reported to the Board. Again, in retrospect, it was a risk that perhaps should have been accepted, though the motivation of the Deferred Compensation Committee in not doing so was to protect the confidences it had received as well as to act in what it perceived to be the best interest of The HSUS.

4. Finally, let me make it quite clear that Irene Evans made this loan to me as a friend and not by reason of my being the president of The HSUS, as alleged by the former Audit Committee's attorney. Few persons know, or will ever know, the depth of that friendship which began with the death of her husband Oliver M. Evans and continues even to this day.

I also object in the strongest possible terms to the attorney for the former Audit Committee having imputed as HSUS compensation to me the $11,000 in annual interest Mrs. Evans chose not to charge me and Mrs. Hoyt. It is the most blatantly perverse of her many pronouncements and condemnations.

IV. The Brightwater Property

I shall not seek to discuss the details of the Brightwater, Maine property as they are a matter of record. Any further details needed will be provided by Paul Irwin. I do, however, wish to make two important observations relating to this acquisition and Mr. Irwin's role in having agreed to purchase this property from Mr. and Mrs. George Butler.

First, the sensitivity of the personalities central to this negotiation and the great potential for disenchantment with The HSUS, resulting in substantial monetary loss to The HSUS, were significant factors in confining this decision to the Deferred Compensation Committee. Indeed, it was I who recommended that it be confined to their consideration and

response. Obviously, this committee agreed with that recommendation and not without good cause. Again, there was no motive to preempt or deceive the Board; rather, the decision was motivated by what seemed to be in the best interest of The HSUS.

Secondly, Mr. and Mrs. Irwin purchased the Brightwater property only after prolonged and extensive pressure from Mr. Butler. Indeed, they did so at considerable personal sacrifice though they did not do so without careful reflection and consideration of what was potentially at stake for The HSUS in terms of goodwill and future monetary benefits. It was only after their decision to acceed to Mr. Butler's insistence to purchase this property was consummated that it occurred to me that there might be a way for The HSUS to relieve them of this personal burden. It was at that point I sought the counsel of the Deferred Compensation Committee and the arrangement for The HSUS to enter into a partnership with Mr. Irwin was explored and approved. I am confident Mr. Irwin would be more than happy to become entirely disassociated from this venture if such would not jeopardize gifts and bequests to The HSUS of considerable significance.

V. Response To Requests From Former Audit Committee For Information and "Truthful Answers"

It has been alleged by the attorney for the former Audit Committee that Paul Irwin and I did not cooperate in providing timely responses to requests for various items of information and that we were guilty of not providing "truthful answers" in other cases.

Few, if any, persons could begin to imagine the scope of the information requested by the attorney for the former Audit Committee and the unrealistic time frame in which that infor-

mation was to be provided, especially that requested of Paul Irwin. And let me again parenthetically say that there was little or no effort on the part of this attorney or the committee itself to discuss the information requested and why it was being sought. From the very beginning of what turned out to be an "inquisition," neither Paul Irwin nor I was invited to sit with the committee in an effort to help expedite its efforts. Rather, we were immediately made to feel like "criminals;" viewed as adversaries to the work of the committee; and totally ignored when our personal insights and understandings of much of the information being sought by the committee could have been provided in depth.

Likewise, it has been alleged that The HSUS auditors, Thomas Havey and Company, were not cooperative. Again, the scope of what was being requested and the time frame in which it was expected to be produced was totally unrealistic, especially in light of the fact that this firm was performing services for many other clients at the height of tax season.

The attorney for the committee evidenced no consideration for the other responsibilities required of both Paul Irwin and myself during this time. Nor did she evidence any sensitivity to the fact that Mr. Irwin was carrying major additional responsibilities due to my hospitalization.

As regards the truthfulness of our responses, I will only address those matters applicable to myself, though I have no doubt that Mr. Irwin has attempted to be as fully truthful as I.

1. Deferred Compensation Committee Meeting of March 3, 1987.

Obviously, there is confusion regarding this

meeting of the committee. However, I did not deliberately falsify the date of the committee's having taken the action referred to in the memo. On reflection, it appears that a very brief meeting was held on that date following another meeting unrelated to the Deferred Compensation Committee and that, unfortunately, no minutes of the meeting were recorded. Whatever the reasons for the uncertainty, no one, including myself, deliberately attempted to falsify anything.

2. Letter of John A. Hoyt to K. William Wiseman regarding Regina Frankenberg's gifts of $330,000 over the last five-year period.

Much was made of the fact that I overstated the amount of Miss Frankenberg's gifts by $65,000. However, on re-examination, it was verified that my figure was correct and that which was produced by the attorney for the former Audit Committee was incorrect.

Further, it was pointed out that it was not from the Regina Frankenberg Fund that Mrs. Hoyt's travel expenses were paid but from the "General Fund." However, no mention was made of the fact that each year tens of thousands of dollars are transferred from the Regina Frankenberg Fund to the "General Fund."

Nor was it anywhere pointed out that Mrs. Hoyt's travel expenses were minimal (less than $5,000) when compared to the $330,000 given by Miss Frankenberg. Likewise, no effort was made to explain the value and benefits deriving from Mrs. Hoyt accompanying me on certain trips to meet with benefactors or to various meetings of significance to The HSUS.

3. Failure of Mr. Hoyt to state that he is a trustee of a 1983 trust established by Mrs. Irene Evans.

Again, it is I who is correct in my assertion that I was not "an executor or trustee for HSUS donors," "to the best of my knowledge." Because Mr. Madden, General Counsel for The HSUS, produced a document showing I had been a trustee of said trust but neglected to produce the document showing that the trust was revoked in 1985, I was judged to be "untruthful." This points up that desire of the attorney for the former Audit Committee to indict us rather than to obtain useful and accurate information.

4. Hoyt Children Working For The HSUS.

Again, I am made to appear dishonest when I did not indicate that my children had been employed by The HSUS in response to the question "List all payments and gifts if any received by you or by any member of your family in the last ten years from HSUS, or from any other corporation or fund associated with HSUS. Exclude your compensation which is reported on the HSUS Form 990, (normally your regular HSUS paycheck) and reimbursement to you as an employe for travel within the U.S. on HSUS business). List the source and amount of such gift, or payment and the date it was made or received by you."

When one talks about "gifts and payments" to individuals, such language suggests something other than compensation for work performed. Indeed, why would I for one minute deny my children were employed by The HSUS when it is clearly a matter of record that:

a) They worked for other members of The HSUS staff, never for myself;
b) They were paid by check except for short-term work such as at Christmas, when they were paid by Dixie Morgan from petty cash, based on hours worked, which were attested to by their supervisors, never by myself;
c) They were issued W-2 forms for tax purposes, and
d) They did their work well and performed tasks that were among the least desirable within the organization.
If I were attempting to be "untruthful" on this matter, I surely chose a poor category about which to seek to deceive anyone. Again, the perversity of the attorney for the former Audit Committee is blatantly apparent in her commentary on my response.

If there are any further categories about which my submissions and candor are unclear, I wish these to be clarified as soon as possible for I have in all instances attempted to be as forthright and truthful as possible. I do not, however, suggest that I might not be in error on some matters or that my judgment on others is beyond challenge. Even so, I am prepared to explain and defend that judgment in all cases and feel that those who contest that judgment should do so in open dialogue and debate before the Select Committee or the Board as a whole.

I sincerely hope this long and laborious letter will prove helpful. Again, however, I wish to state that I am prepared to meet with the Select Committee, Mr. Stein, or any other appropriate individuals or committees to seek to resolve

the concerns and problematic situations being addressed by the Select Committee.

I remain fearful that The HSUS could suffer greatly as a result of what has transpired the past few months unless a speedy and equitable resolution of these concerns is found. We have already paid a great price internally; let us hope we shall not have to do so beyond our own walls.

Sincerely,

John

John A. Hoyt

cc: Jacob Stein, Esq.
K. William Wiseman
Paul G. Irwin

Richard Morgan's group

MOBILIZATION FOR ANIMALS

P.O. BOX 1679, COLUMBUS, OH 43216 614/267-6993

ANIMAL WELFARE ORGANIZATIONS
A FIRST ANNUAL FINANCIAL REPORT

The greatest threat to the advancement of the cause of the animals at this point may not be from those involved in the abuse of animals, but from those organizations within the animal rights and welfare movement who are charged with the responsibility of preventing the abuse and ending the suffering.

Much progress has been made, particularly in the last five to ten years, in reaching the public, making the treatment of animals a political issue, informing legislators, and bringing animal issues to the attention of the media. But this has been accomplished almost entirely by the new, active animal rights groups which have arisen in the past ten years, and not by large, wealthy, conservative animal organizations which have been in existence for decades or even centuries.

Most of the large, established organizations have become businesses which happen to be involved with animals, rather than functioning as what is needed: active, risk-taking, campaigning working groups for animals. Though many of these groups were founded as radical, active, caring entities, meaning to do everything possible for animals at every moment, they have undergone a tragic transformation which betrays the intentions of their founders, the desires of their members, and the needs of the animals.

Hundreds of millions of dollars have been built up as assets by these animal welfare corporations, with all the accompaniments of such business structures. Money is spent to purchase large office buildings, to pay high executive salaries, and to engage in endless misleading fundraising efforts. Many large organizations do not even function as non-profit organizations in the strictest sense, routinely taking in far more money than they use each year to help animals. What funds are spent are often used to maintain bloated, inactive, managerial structures, to pay ever-increasing salaries and benefits, and to continue to promote and enrich the organization. What funds are not spent for these purposes are often invested in companies which abuse animals.

A further tragedy is that over the past few years, many of the newer animal rights groups are losing their will and their ability to be different, becoming like the larger organizations either in an effort to gain favor with the animal welfare corporations, or in hopes that they may receive small grants from them. By encouraging this, the main business entities of the animal welfare world ensure that no one will seriously disturb the system, and they will be able to continue to function as they have without interference or questions.

So while the large animal welfare corporations, seeking grants from foundations and commercial businesses, avoid activities which might impede funding from such sources, newer animal rights groups, seeking support from the animal welfare corporations, avoid activities which might annoy those large groups. The animals continue to suffer.

We are not suggesting that all animal rights and welfare organizations have fallen into this pattern of tragedy and deception; many have, but some have not. The important thing at this stage is for activists, and the public at large, to be able to determine what an organization's status is, and if it is on the wrong path, to take action to change it.

QUESTIONS, INFORMATION AND ACTION

This report is intended as the first overview of financial status among major animal rights and welfare organizations. We hope to issue a report of this nature each year. This first report is by necessity preliminary, covering only a few of the major areas of importance, and only the wealthiest and most visible of animal groups. Subsequent reports will be broader in scope, and wider in coverage.

Last year we presented a Five-Point Plan of Unity, Accountability and Action for the Animals, which is reproduced later in this report. The Five-Point Plan covers methods of achieving cooperation and unity, means of intensifying action to end animal suffering, and suggestions for openness and honesty among groups, as well as dealing with financial matters. We are centering these annual reports on finances, as we feel that an organization's financial structure reveals its general propensity for action, its willingness to make public details of its operations, and its orientation either toward the welfare of animals or toward the accumulation of corporate wealth.

The report covers the following areas: 1. Compensation, both by heads of organizations, and general among organizations; 2. Fund Balances, a representation of the total assets of a corporation once liabilities have been deducted; 3. Excess of Income Over Expenditures, in other words, the "profit" a company makes in a given year; and 4. Selected Stock and Bond Holdings.

Information relating to the first three categories was assembled from official Form 990's and other documents filed by organizations with the Internal Revenue Service, and with state offices in New York, California, Illinois, Massachusetts, Pennsylvania and several other states. Information on stock holdings came from the same sources, with information on the companies in which stocks were held coming from individual company annual reports, directories of animal laboratories and testing institutions, business reference books and subsidiary and product listings and descriptions.

We reviewed financial information on approximately one hundred animal organizations, and this report contains the information on each which is relevant to the categories established. Obviously, it is not a comprehensive report on all organizations involved in animal welfare work, but those which have achieved a certain degree of wealth, visibility, or both. **The statistics and information in this report represent, unless otherwise indicated, the reporting year 1983.** Since there is a lapse of time between the end of the fiscal year, filing, and availability, this lapse of time will always be present in these reports, though we hope to shorten time between availability and disclosure in subsequent reports.

We were able to get at least some financial data on all organizations for this reporting period, with one exception, People for the Ethical Treatment of Animals (PETA), on which there is no recent financial data available from any source (see note on this organization in the section on individual organizations later in the report).

We have included in this report only those organizations specifically involved with animal rights, welfare, or protection work, and have not included data on organizations which are environmental in nature, or on wildlife organizations which are concerned primarily with species of animals rather than the suffering of individual animals.

For reference, and to fulfill the commitment of Mobilization for Animals to the Five-Point Plan, we have included statistics from the Mobilization in each category examined. A copy of Mobilization for Animals' last financial report is filed with the New York State Department of State, and may be obtained by writing to New York State, Department of State, Office of Charities Registration, Albany, NY 12231.

We have done our best with limited resources and volunteer staff members to assure that every detail of this report is absolutely correct. If you find any errors, or have any suggestions, please let us know. In case there has been an error of any kind, we recommend that you contact the IRS or the head of the animal organization in question to confirm data before taking action on anything from this report.

FUND BALANCES

The Fifteen Wealthiest Animal Organizations (from available records)

Massachusetts Society for the Prevention of Cruelty to Animals	$43,769,227
North Shore Animal League (New York)	15,130,772
Animal Rescue League (Boston) (1982)	12,906,693
Humane Society of the United States (D.C.)	11,406,544
Bide-a-Wee Home Association (New York)	11,003,265
Connecticut Humane Society	8,477,529
San Francisco Society for the Prevention of Cruelty to Animals	7,778,632
Anti-Cruelty Society (Chicago)	6,553,285
American Society for the Prevention of Cruelty to Animals (New York)	6,089,178
Los Angeles Society for the Prevention of Cruelty to Animals	4,442,562
American Anti-Vivisection Society (Pennsylvania)	2,899,974
New England Anti-Vivisection Society (Boston)	2,835,643
Peninsula Humane Society (California)	2,734,770
National Anti-Vivisection Society (Chicago)	2,394,408
American Humane Association (Denver)	2,275,286

NOTES: Information was not available for People for the Ethical Treatment of Animals (PETA).

Mobilization for Animals' Fund Balance for this reporting period (1983) was $5,039.

Remember that this is information for the 1983 reporting year, and that current figures may be different. For example, the Animal Protection Institute will reportedly be receiving a bequest of anywhere from $7,000,000 - $20,000,000 in the near future, but this will not be reflected on official returns for at least two years, if this information is correct.

EXCESS OF INCOME OVER EXPENDITURES

Organizations which had an income of over one million dollars more than they spent during the one-year reporting period (from available records)

	Revenue	Expenditures	Excess ("Profit")
North Shore Animal League	16,280,217	10,770,064	5,510,153
New England Anti-Vivisection Society	2,538,013	460,035	2,077,978
Humane Society of the United States	5,985,061	4,165,615	1,819,446
Bide-a-Wee Home Association	4,911,269	3,198,503	1,712,766
National Anti-Vivisection Society	2,675,071	1,521,222	1,153,849

NOTES: No information on revenues or expenditures was available for People for the Ethical Treatment of Animals.

Mobilization for Animals' Revenue for this reporting period was $326,221; Expenditures were $334,552. There was no excess; the deficit was $8,331.

This is information for one year alone. It is important to remember that many organizations have a record of excess income like this year after year, perpetually adding to their assets at the expense of urgently needed expenditures for animals. And organizations which are not on this list may have a total in excess income of $1,000,000 over two or three years. In next year's report, we will cover excess income of smaller amounts, and will report on cumulative excess income over a period of years.

ANNUAL COMPENSATION

Heads of Organizations earning over $40,000 per year (from available records)

Humane Society of the United States (John Hoyt) $100,965
Animal Protection Institute (Belton Mouras) 100,035
Massachusetts SPCA (David Claflin) . . . 77,120
National Anti-Vivisection Society (George Trapp) 66,444
American Society for the Prevention of Cruelty to Animals (John Kullberg) 64,849
San Francisco SPCA (Richard Avenzino) 60,200
American Humane Association (Martin Passaglia) 56,404
Animal Rescue League (Arthur Slade) . . 45,200
Friends of Animals (Alice Herrington) . . 44,000

NOTES: Compensation figures include base salary, contribution to employee benefit plan, and expense account, where such information was available.

Compensation figures were not available from the Anti-Cruelty Society, Bide-a-Wee Home Association or People for the Ethical Treatment of Animals. Total compensation could not be determined from material filed by the International Fund for Animal Welfare.

The largest single payment (other than annual) during this reporting period was $126,145.00 paid by United Action for Animals to its President, Eleanor Seiling, in addition to her regular salary.

Mobilization for Animals had no salaries during this reporting period.

$40,000 was chosen as a cut-off as most of the salaries examined were in the $30,000-$39,000 range, with little difference between them. With information largely unavailable on differences in some non-salary benefits, presentation of information about salaries at that level might have been misleading in terms of the reality of compensation.

ANNUAL COMPENSATION

Employees of Organizations earning over $40,000 per year (from available records)

John Hoyt (President, Humane Society of the United States) $100,965
Belton Mouras (President, Animal Protection Institute) 100,035
David Claflin (Executive Director, Massachusetts SPCA) 77,120
Paul Irwin (Treasurer, Humane Society of the United States) 72,417
Murdaugh Madden (Vice President, Humane Society of the United States) 69,219
George Trapp (Managing Director, National Anti-Vivisection Society) 66,444
John Kullberg (Executive Director, American Society for the Prevention of Cruelty to Animals) 64,849
Richard Avanzino (President, San Francisco SPCA) 60,200
Martin Passaglia (Executive Director, American Humane Association) 56,404
John Grandy (Vice President, Humane Society of the United States) 53,740
Patrick Parkes (Vice President, Humane Society of the United States) 50,335
Michael Fox (Scientific Director, Humane Society of the United States) (1982) 46,692
Patricia Forkan (Vice President, Humane Society of the United States) 46,659
Arthur Slade (President, Animal Rescue League) 45,200
Alice Herrington (President, Friends of Animals) . . 44,000

NOTES: See notes under Annual Compensation, Heads of Organization.

Compensation for medical (i.e. veterinary) and related direct care personnel at animal hospitals and similar facilities has not been included.

ORGANIZATIONS WITH INVESTMENTS IN COMPANIES WHICH DO TOXICOLOGY TESTING AND/OR EXPERIMENTS ON ANIMALS (from available records)

(in alphabetical order)

American Anti-Vivisection Society
Animal Rescue League
Humane Society of the United States
Los Angeles SPCA
National Anti-Vivisection Society
North Shore Animal League
New England Anti-Vivisection Society

NOTES: No listings of specific stock and bond holdings were available for the American Humane Association, Animal Protection Institute, ASPCA, Anti-Cruelty Society, Bide-a-Wee Home Association, Friends of Animals, International Fund for Animal Welfare, Massachusetts SPCA, Peninsula Humane Society, People for the Ethical Treatment of Animals or San Francisco SPCA.

Mobilization for Animals has no stock or bond holdings.

The Second Annual Financial Report will also include stock and bond holdings in companies which abuse wildlife or farm animals.

COMMENTS AND OBSERVATIONS

The major respect in which the movement to end animal suffering is different from all other efforts to achieve significant social change is that we have numerous organizations holding endless millions of dollars in their vaults (figuratively speaking), rather than the funds being used to aggressively deal with the issues and help animals.

Animals suffer and die while organizations continue to build up their bank accounts, and spend time dealing with investments and raising funds for which they have no need, rather than doing everything possible at every moment to end the agony and horror in which animals are immersed.

The wealthiest organizations are also the most highly-visible to the public, since most of them spend large amounts of money sending out direct-mail pieces to make even more money for themselves. As a result, people who want to help animals contribute to and support these organizations rather than others. Since there is only a certain amount of money available in our society from people who want to help animals, that means that the money contributed to such organizations, if not used by them, will not be used to help animals at all. In this way, some organizations are actually preventing an end to the suffering, by hoarding funds which might otherwise be given to groups which actually want to use it to help end the suffering now. In fact, it might be said that the surest way such organizations can make certain they continue to receive money is to make certain that the suffering continues.

Each year, many important bills come to congress and to state legislatures which can either help or hurt animals. Each year, endless millions of stray animals need to be fed, or housed, or have services established to find them homes. There is a desperate need for low-cost spay-neuter clinics in communities throughout the nation which do not have them. Millions upon millions of animals suffer and die in laboratories and on factory farms each year. In laboratories alone, three animals die every second, because the public has not been informed sufficiently, because there has not been enough pressure to stop the horrors. Wild animals are being slaughtered at an increasinging rate. What little protection for animals exists is almost meaningless because of a lack of enforcement.

In light of all this, it is a betrayal of the animals to continue business as usual. In many ways, the protection of animals is now going backwards, because those who abuse animals are using vast energies and vast amounts of money to combat our efforts, while many of the major animal organizations tend to their investments, and enlarge their direct-mail campaigns, while not even using what funds they already have to help animals.

Certainly, all animal organization do "something". It is necessary for them to do something, even if it is merely sending out brochures and mailings with horrifying photographs, in order to retain their tax-exempt status and be able to collect funds. The question is not whether they do anything, as it would be hard to have millions of dollars donated for this purpose and do nothing at all, but whether they do enough to justify the vast amounts of money they have, and the additional money they claim to need.

It is generally true that organizations become more conservative and less active with time. As organizations grow, as time passes, as the founders die, or leave, or retire, the interests of the organization as an entity become as important, perhaps more important, than the principles on which the organization was founded. Many older organizations have now reached a point where the survival of the organization as a profitable business is more important to the people working within it than is the suffering of the animals which should be at the heart of every action the organization takes.

It is this development into profitable corporate entities which results in organizations taking in more money each year than they can even spend, or want to spend, while they continue to work at raising even more. So the raising of money becomes an end in itself, not connected in any way to helping animals. In a given year, if an organization takes in a million dollars more than it uses (or a half million, or less), money clearly given to help animals, not to invest or put in a bank account, or if the organization uses it to increase already-high corporate salaries, or raise additional funds it does not need, either the organization is failing in its responsibilities, is not doing what it should, or is taking money that another organization could use more productively, to actually help animals.

Because such organizations function now as businesses rather than activist efforts for animals, salaries for those who run them are now equal to the salary paid to the Vice President of the United States ($100,000) in some cases, and slightly lower but still high in others. Many of those who head animal organizations apparently are no longer primarily involved because of their concern for animals, but are managers running a business, who expect to be paid their "market value" as they would in any corporation.

There now appears to be a complete division between the love for animals that brought such organizations into existence and their present state, which allows them to raise money with the stated intention of preventing animals from suffering, and then investing that money in companies which profit from torturing animals to death. This dimension to the problem

makes it even clearer that some organizations involved in animal welfare activities may be as great a contributing factor to the suffering as those who cause it directly. Not only is money contributed to them not used to actively work to help animals, it is invested in ways which directly hurt animals.

In this regard, it is unimportant whether organizations which have such investments know that the companies involved are doing these things to animals or not. They **should** know. With the vast amounts of money they take in, and the large number of staff members they employ, if they care about animals enough, they would use the funds they received instead of adding to their assets, and if they care at all, they should clearly make certain they are not investing in companies which inflict agony on animals. It should not be up to a research effort like this to uncover things of their nature. We, and the animals, have a right to expect that any organization concerned with animals finds out about companies in which it intends to invest, before spending funds contributed to help animals to enrich businesses which hurt them. But this is a logical result of the business orientation of giant animal welfare corporations. What has been of concern is simply whether the investments will make even more money, to be hoarded with the rest, not whether the investments are made in such a way that they do not further increase animal suffering.

And what is now happening is that such large amounts of money have become seductive tools to distract the energies of newer animal rights organizations. Large animal welfare corporations give small grants to impoverished animal groups or publications, which, eager for such funds, refrain from criticizing the large groups, or even slavishly congratulate and support whatever the animal corporations do, to gain greater favor with them. Small groups and large increase their jealousy of one another, and secrecy becomes the rule. And those small goups which get large enough to, try to emulate the fund-raising success of the large ones, using the same methods, with the eventual results predestined.

In order to chart progress and changes, enlarge the scope of our inquiry, and make additional realities clear, we will cover a wider range of organizations in the Second Annual Financial Report, and will include transfers of money between animals organizations, financial data on smaller as well as larger groups, and responses (or refusals to respond) to questions on related matters.

NOTES AND COMMENTS ON INDIVIDUAL ORGANIZATIONS

American Anti-Vivisection Society — The wealthiest of the Anti-Vivisection Societies in the U.S., AAVS has substantial stock and bond holding in the following companies which do toxicology testing and/or experiments on animals: DuPont, Exxon, General Motors, Mobil and PPG.

The American Anti-Vivisection Society works closely with People for the Ethical Treatment of Animals (PETA) on a variety of projects, and with the National and New England Anti-Vivisection Societies.

Animal Rescue League — The third-wealthiest animal group in America, the Animal Rescue League has significant stock holdings in the following companies which do pharmaceutical or toxicology testing on animals: Exxon, Mobil, Monsanto, Squibb and Warner Lambert.

Humane Society of the United States — Perhaps the most currently successful business among all animal organizations, HSUS owns a multi-story office building in a prime location in downtown Washington, D.C., has rapidly increasing assets ($3 million in 1976 as opposed to $11 million in 1983, an average increase in assets of $1 million per year), the highest executive salaries (among animal groups) at every level, and the largest portfolio of securities in animal-abusing companies of any organization for which details were available.

The Humane Society of the United States has substantial holdings in the following companies which do toxicology testing and/or experiments on animals: DuPont, Eastman Kodak, Exxon, General Motors, IBM, Mobil, Occidental Petroleum, Proctor & Gamble, Standard Oil of California, Standard Oil of Indiana and Union Carbide.

HSUS has an aggressive fund-raising program and is currently seeking to further increase its already large income from bequests by entering into a collaborative arrangement with several other large animal welfare organizations.

HSUS provides money to Animal Rights Network to publish *Agenda* magazine. In the current (March/April) issue of *Agenda*, there are no less than six separate articles about HSUS and its activities, with the address of the organization given in four separate places in this issue alone. *Agenda* refused to print the Five-Point Plan, even as an advertisement paid for by Mobilization for Animals (in fact, *Agenda* now refuses to accept any advertisement from the Mobilization, regardless of content).

Los Angeles SPCA — The Los Angeles SPCA has stock holdings in IBM and Standard Oil of California, which do toxicology testing and/or experiments on animals.

National Anti-Vivisection Society — The National Anti-Vivisection Society has substantial investments in the following companies which do toxicology testing and/or experiments on animals: American Cyanimid, General Foods, General Motors, Standard Oil of California and Union Carbide.

George Trapp, Managing Director of NAVS, is the highest-paid (twice as much as any other) of the heads of anti-vivisection groups in America. The head of the Washington NAVS office, Donald Barnes, who conducted or supervised painful experiments on animals for sixteen years, is employed at an undisclosed salary.

NAVS provides money for Animal Rights Network to publish *Agenda* magazine. *Agenda* prints full-page material on NAVS, in which funds are solicited for that organizations. *Agenda* refuses to print material from Mobilization for Animals' national office.

Agenda and its development provides a case history of the influence of business and money on animal rights activities. In its current (March/April) issue, there are numerous articles on the activities of such animal welfare corporations as the Humane Society of the United States and the National Anti-Vivisection Society, which provide *Agenda* with money, as well as reports on the activities of other large, wealthy organizations, but virtually no material on the activities of local humane societies or SPCAs which do not give *Agenda* money. In the same issue, aside from one vague, three-line note, *Agenda* completely ignored the many World Week for Laboratory Animals actions planned for cities throughout the U.S. by various animal rights groups for April 20-27, providing no information which would enable people to participate. The same issue begins with an editorial ironically entitled "Money Changes Everything," in which editor Jim Mason declares *Agenda's* intention of seeking further grants and donations from wealthy organizations, and an editorial by editor Doug Moss congratulating the large organizations on what they are doing. Though *Agenda* once was at least an independent voice in animal work, many feel it is now simply a public relations tool of the large animal welfare corporations, and a narrow, partisan device for the expression of its editors' personal likes and dislikes.

New England Anti-Vivisection Society — NEAVS had the largest percentage excess of income over expenditures of any group examined, spending less than 20% of the funds it received in the reporting year. Its head, Robert Ford, receives a part-time salary of $18,333 per year (he is employed full-time as a judge) for work "as required". Lisa Roberts of NEAVS receives a part-time salary for work "as required" of $20,000.

Along with both the American and National Anti-Vivisection Societies, NEAVS has substantial investments in companies which do toxicology testing and/or experiments on animals. NEAVS' holding are in Occidental Petroleum, Mobil and Halliburton.

North Shore Animal League — The North Shore Animal League, second wealthiest animal organization in America, has holding in the following companies which do toxicology testing and/or experiments on animals: General Motors, RJ Reynolds and Shell.

People for the Ethical Treatment of Animals — There is no recent financial information whatsoever available on People for the Ethical Treatment of Animals (PETA), the only tax-exempt organization we know of in animal work for which this is the case.

Though PETA became tax-exempt in March 1982, it has filed no financial data for any period since July of that year. It did not file the Form 990 with the Internal Revenue Service for either 1983 or 1984. Though it incorporated in Delaware in 1980, a state chosen by many companies since it has few filing requirements, no documents were available there beyond its initial incorporation papers. It is also impossible to determine if the annual membership meetings to elect directors, specified in the by-laws, have been held. No PETA members with whom we have had contact have been notified of any such meetings.

People for the Ethical Treatment of Animals maintains an address in Washington, D.C. and one in Maryland, but it is not registered with the Department of Consumer and Regulatory Affairs in Washington, D.C., and has no reports on file with the State of Maryland. Though all organizations which do considerable fund-raising in New York State, which PETA does, are required to have financial materials in file in that state, it has never filed a financial report with the state of New York.

PETA does very high-volume direct-mail fund-raising, for which they employ a professional fund-raiser, Richard Parker & Associates. Parker also owns the PETA mailing list, and is paid 15% of all money which is contributed to PETA in these mailings. Mailings are currently being done to 500,000 to 1,000,000 persons at a time, generating substantial amounts of money. In addition to the 15% paid to Parker & Associates, copywriters, designers, computer, mailing and processing services are paid from the contributions. What the rest is spent for cannot be determined in the absence of any financial data.

Ingrid Newkirk, director of PETA, ignored repeated requests for information.

WHAT YOU CAN DO

1. Encourage all organizations with which you have contact to endorse and support the Five-Point Plan for the Animals. The Plan is the clearest indication of whether an organization is oriented more toward helping animals or succeeding as a business.
2. Write to as many organizations as you can, and insist on being sent a complete and specific list of all their investments. Demand that those with investments in animal-abusing companies sell them immediately.
3. Whever you get a letter or request from a group asking for money, ask first for a statement of assets, income and expenditures. Do not contribute to or support organizations which do not have financial data on file, or will not send it to you. If it is from one of the larger organizations, make certain you know what investments they hold. If it is from one of the smaller groups, make certain you know which of the larger groups may have provided them with funds recently, and the nature of their current relationship with such groups.
4. Send us any financial data, related information, and responses (or notice of refusal to respond) to requests for information or other correspondence from organizations on financial matters. If you have access to financial information within an organization which you feel should be made known, please send it to us. We will maintain your confidentiality fervently if you request it. Perhaps the main problem we face is secrecy; we depend on you to help us solve that problem.
5. Give us your reactions to this report, and your suggestions for future reports.
6. Help Mobilization for Animals help the animals. We are the only mass direct action coordinating body in America, the only organization doing serious continuing grassroots organizing for the animals on a national basis, and the only structure intent on internal reform through providing information such as this report. We need your support and encouragement to be able to continue.

If you would like the address of any organization mentioned in this report, or any other organization, or would like specific information on any animal organization, contact Mobilization for Animals.

A FIVE-POINT PLAN OF UNITY, ACCOUNTABILITY AND ACTION FOR THE ANIMALS

We call upon all organizations to do the following:

1. To agree to and set as immediate policy the practices of sending to their mailing lists the literature and mailing pieces of other organizations, at cost.
2. To disclose, freely and upon request to anyone who asks for it, the following information:
   A. The precise salaries of the ten highest-paid persons employed by the organization.
   B. A specific listing of all assets, investments, stock and bond holdings, cash accounts, and properties, with the value of each.
   C. A specific listing of all legacies, bequests, and grants received each year (with the exception of cases where anonymity has been requested by the donor).
3. To provide, at cost, photographs, documents, reports, and information relating to animals when requested by other organizations and individuals.
4. To, in each issue of every regular publication printed by any organization, devote a substantial portion of the available space to the activities of other animal organizations.
5. Each organization to agree to make definite and productive use, to benefit animals, within a period of twelve months, of all liquid assets in excess of what is necessary to meet the operating expenses of the organization for one year, on the basis of its current budget.

The only relevant questions which relate to the Five-Point Plan are:
How will it hurt the animals to agree to do these things?
How will it help the animals **not** to agree to do these things.

A list of those organizations endorsing the Five-Point Plan will be printed in the Second Annual Financial Report.

'I do not like the seal hunt, nor do I like sealers. However, I would rather shake the bloody but honest hand of a Newfoundland sealer than grasp the greedy and dishonest hands of those who pretend to be something they are not."

Paul F. Watson
Sea Shepherd Conservation Society

November, 1986

Dear friend of animals,

The holiday season is almost here, and the chances are you will soon be receiving a flood of requests for financial assistance from numerous organizations billing themselves as defenders of animals. How will you decide who to support?

If you are an active participant in the animals rights movement, then you probably already know the "inside story" on who is doing what for animals, and are in a position to make an intelligent and informed choice as to which groups are worthy of our support.

Unfortunately, there are many people sincerely concerned about animals who do not have the time for personal involvement in the movement, but who, nonetheless, offer essential support in the form of generous financial contributions. For them there is usually no means of judging the value of an organization's work except through the mailings which they receive.

In the case of the large animal welfare groups, however, these mailings are rarely written by the organization's own staff members, but by professional fund-raising and marketing companies, which are adept at using every trick in the book, within the limits of legal risk, to convince you that they are doing marvelous things for animals, and that your contribution to them is money well spent. *But is it?*

Five years ago when I first became involved in the animal rights movement, I naively believed that all groups billing themselves as animal protectionist had the best interests of the animals at heart.

Today, I know better. Many of the large animal welfare groups are run more like businesses than charities, and their slick promotional mailings do not accurately reflect their use of public donations or their campaigns. Many have vast stores of accumulated wealth and investments in corporations which exploit animals. Extravagant salaries and lavish expenditures on plush offices and other frivolous amenities are commonplace. Worst of all, such organizations typically misrepresent to the public and to their members their role in campaigns, and routinely fail to give credit to the smaller, grass-roots groups which are often responsible for the most significant victories for animals.

The sad truth is, there is a deep gulf within the animal protection movement. Far from wanting the same thing, the animal welfarists and the *animal rightists* represent fundamentally and unalterably opposed stances on animal protection, both in terms of goals and in terms of methods employed. Today, the strangle-hold which large, wealthy animal welfare organizations have on public funding is the *primary obstacle*, next to the power of the animal exploitation industries themselves, to the achievement of animals' rights. Grass-roots activists are thus forced to wage the war against animal exploitation on *two* fronts: against the animal exploiters and against the *animal welfarists who exploit animal exploitation for their own benefit*. Until the general public is as well-educated about *animal welfare fraud* as they are about animal welfare issues, the liberation of animals will remain a vain hope. Here are some specific examples of what I am talking about:

— the "senior staff" members of large animal welfare organizations typically earn salaries which rival or even exceed those of the highest paid, publicly-elected officials in the country. John Hoyt and Belton Mouras, for example, who head the Humane Society of the U.S. and the Animal Protection Institute, each earn over *$100,000* a year. In such groups' annual financial reports, these outrageous expenditures are cleverly concealed under misleading categories such as "Program Expenses."

Meanwhile, experienced grass-roots activists, who would be only too happy to work for subsistence wages in order to devote themselves full-time to the animal rights movement, are forced to toil at part and full-time jobs in order to support their activism.

— While activists seek to acquaint the public with the horrors of laboratory product testing and to promote the use of cruelty-free products, large organizations such as the Massachusetts SPCA and the American Humane Association retain their investments in corporations involved in the exploitation of animals.

— Although they are fully aware of the massive abuse and suffering involved in modern, intensive-confinement, factory farm practices, virtually all of the large animal welfare groups continue to condone and support this abuse by refusing to endorse or promote vegetarianism. At the recent annual conference of the World Wildlife Fund, the main dish served was veal, the worst of all factory farm products. Some of the guests even arrived at the dinner dressed in fur coats. The organization, Farm Animals Concerns Trust (F.A.C.T.), which took in $300,000 last year, purportedly for the protection of farm animals, has even made a *business* of promoting veal consumption. While the animal rights movement is beginning to have some success in persuading large segments of the general public to *at least* abstain from eating veal, F.A.C.T. is expending much of its resources in developing *markets* for "humanely raised" veal calves, thereby undermining the efforts of the national veal boycott.

— While the opponents of animal rights expend millions of dollars in massive promotional and advertising efforts, large animal welfare groups continue to hoard vast monetary resources which lie idle while animals continue to suffer. The MSPCA, for example, currently has assets (i.e., money *not* used to help animals) of $67,000,000. Meanwhile virtually all grass-roots groups face a continual financial crisis in their efforts to meet the most immediately pressing needs of their campaigns.

The most serious way in which large animal welfare organizaions undermine the animal rights movement, however, is through their unethical treatment of less wealthy, more progressive groups. As the public becomes increasingly impatient with the cautious and conservative tactics of the animal welfare organizations, these groups have begun to realize that they must try to be perceived by the public as involved in direct action, or they will start losing support and funding. Since the large groups have virtually no experience in outreach or mobilizing people for action, the easiest way of achieving this is by cashing in on the grass-roots groups' efforts. As TSU has grown more competent and effective in its campaign for animals, we have learned about these unethical practices the hard way — *by being the victim of them.* Here are a few examples:

In December, 1985, TSU organized and coordinated the first national civil disobedience protest against the fur industry ever to take place in the U.S. The Fund for Animals volunteered its office in New York to receive incoming calls. The following day a national wire service story appeared, crediting the Fund with the entire 21-city event, with no mention of TSU. The UPI reporter informed us that a Fund employee gave him the "unmistakable impression" that the Fund was responsible for the protest. Cleveland Amory, President of the Fund, later admitted the story was "unfair," but then proceeded to reprint it in the Fund's newsletter. The Animal Protection Institute also published a news story on the protest and campaign with no mention of TSU.

The Pennsylvania SPCA sent out a fund-raising mailing several weeks before the vote was scheduled to be taken on our bill to ban the leghold trap in Pennsylvania, urging its members to contribute to the SPCA in order to end the cruelty of the leghold trap. No mention was made of the bill, the upcoming vote, or of TSU's legislative campaign to ban the trap.

In 1984, TSU wrote, found a sponsor, and successfully campaigned for a bill to ban the decompression chamber in Pennsylvania. The Humane Society of the U.S., in its reportage of the victory, made no mention of TSU or of our leadership role in the effort. Ditto for the recent joint effort by a coalition of Pennsylvania groups headed by TSU to oppose dog racing, and our bill and campaign to ban the leghold trap.

Recently, the Animal Protection Institute contacted TSU for information about our campaign to halt the world's largest pigeon shoot in Hegins, Pennsylvania, in order to "help" in our effort. After receiving our information, API promptly sent out an action alert with no mention of TSU or of the upcoming protest which we were organizing against the shoot. Although an API representative travelled from California to the shoot, he declined to participate in the protest, observing the confrontation instead from the sidelines.

Although the International Society for Animal Rights played no role whatsoever in organizing TSU's successful bird shoot protest and campaign, ISAR President Helen Jones subsequently wrote letters published in Pennsylvania newspapers urging the public to join the campaign against live bird shoots by contacting ISAR. No mention was made of TSU.

These are just a few examples of what we in the *animal rights movement* continually have to face. I could go on and on, *but here's the point:* in the real world, an organization which is funded through public contributions cannot continue to function, or even *exist,* if it doesn't get credit for its work. People naturally want to know that their donations are being put to good use and that we are accomplishing something for animals. If we continually pour money into our campaigns and (apparently) have nothing to show for our efforts because someone else has unfairly cashed in in them, we cannot survive for long.

Competition for funding among animal groups is, of course, unavoidable, but there are *ethical* and *unethical* ways of competing. Until and unless animal groups make the commitment to treat one another with the same respect and consideration that they profess for animals, the animal movement will remain crippled and ineffective.

If you are concerned, as I'm sure you are, that your money gets put to the best possible use to relieve animal suffering, then I *urge* you to critically examine the financial records, achievements, and policies of the organizations which you are considering supporting. Obviously, TSU wants, and *needs* your support. Equally obviously, ours is not the only organization worthy of such support. But I think that you will find, it you assess our record in terms of the resources, personnel and income which we have had available, that we stack up well against the animal welfare groups, whose vast resources contrast with a pitiful record of achievement, in terms of those resources.

Our total organizational income for this year will amount to less than HSUS President John Hoyt's salary. Yet on this modest budget, through austerity and careful planning, we succeeded in:

— Paying two full time employees who work an average of 70 hours per week at a wage of $500 a month (gross).

— providing expanded office facilities and staff housing for three people in a building purchased by our two hired employees, *at no cost to the organization.*

— purchasing a sophisticated computer system and our own typesetting equipment at considerable savings from sympathetic sources, which will completely pay for themselves within a few years.

— expanding the scope and range of Humans Against Rabbit Exploitation (H.A.R.E.)'s international campaign to include over 100 coalition member groups throughout the U.S., Canada, England, Germany, Australia, and India. During the past year, H.A.R.E. organized rallies and protests in Pennsylvania, New York, Texas, North Carolina and Ohio, many of which received major media coverage, acquainting thousands of people with the factory farming issue and recruiting scores of activists into the H.A.R.E. network. *Feedstuffs*, the leading voice of Agribusiness, acknowledged H.A.R.E.'s effort as the most successful factory farm campaign, other than the veal boycott, undertaken by the animal rights movement.

– organizing a radically new, sweeping, and innovative anti-fur campaign, the *Campaign for a Fur-Free America* (recently being expanded into a Campaign for a Fur-Free World), which focuses on getting furs out of the mainstream marketplace and creating *Fur-Free Zones.* This campaign is being implemented by our network of activists throughout the country and has included the *Sitdown for Wildlife,* the first nationally-coordinated civil disobedience protest ever to take place in the U.S., involving 21 cities and major national media coverage, and the historic *Great Macy's Shutdown,* in which over 70 activists blockaded the world's largest department store for over two hours. This event was covered by every TV station in New York City, a first-ever occurrence in the animal rights movement.

– undertaking legislative campaigns to ban the leghold trap in Pennsylvania, the nation's second biggest trapping state and source of 90% of the leghold traps used throughout the country; to successfully oppose the introduction of dog racing; and to institute mandatory spay/neutering of shelter animals and provide necessary funding support.

– launching a major campaign to end all live bird shoots in Pennsylvania, one of only five states where such events are still being conducted. Focusing on the world's largest pigeon shoot in Hegins, PA, TSU's protest of the Labor Day event was perhaps the

most dangerous and dramatic confrontation with animal exploiters which has ever taken place in the animal rights movement in the U.S., and received massive national TV and newspaper coverage throughout the country. The campaign, if successful, will save the lives of tens of thousands of animals every year.

— distributing thousands of well-researched, well-documented leaflets on animal rights issues.

— participating in numerous talk shows, radio interviews, symposia and conferences on animal rights issues.

— organizing and preparing several annual community vegetarian meals to promote vegetarianism and acquaint the public with farm animal issues. TSU also participated in World Vegetarian Day and World Farm Animals Day celebratons with proclamations by the mayor of Williamsport, where TSU is currently based, recognizing theses events, and with an extensive educational exhibit.

— initiating and coordinating a state coalition of animal rights groups — the Pennsylvania Animal Network (PAN) —which has been instrumental in fostering unified action and cooperation among animal groups on the state level.

— opening branch offices in Sacramento and New York City, headed by Crescenzo Vellucci and Sean O'Gara, two of the movement's most experienced and dedicated activists.

These are just some of the important efforts we have been involved in this year. Without the help of our loyal supporters, none of it would have been possible.

But we are anxious to constantly expand the scope of our efforts, and in order to do that, we must be able to count on continued, generous support. Equally important, we must vastly increase the base of our support. That goal depends in large part upon our capability of reaching the public with the truth about *animal welfare fraud.* If you agree that the hypocrisy, corruption and unethical practices described above have no place in a movement for social justice and ought to be exposed and condemned, won't you help us by using the information above to acquaint the public with the truth and provide them with the basis for an informed choice as to who *is* and *is not* worthy of their support? Unlike some of the large groups, we have nothing to hide, for we are not profiting from animal exploitation, *and are not in business at the animals' expense.*

Needless to say, TSU is *not* the kind of organization which asks for money and discourages activism. Enclosed is a new leaflet, providing a concise overview of all the principal area of animal exploitation and abuse and what you can do about it. This is intended as an outreach and organizing tool to enable you to acquaint others with animal issues. Use it to make new converts to the cause!

With your help, we at TSU can look forward to another great year of continued growth and development — and more victories for animals. **PLEASE GIVE AS GENEROUSLY AS YOU CAN. WE DO SO MUCH WITH SO LITTLE — IMAGINE WHAT WE COULD DO WITH JUST A LITTLE MORE!**

With best wishes for a joyous holiday,

George P. Cave

Dr. George P. Cave, President

P.S. All contributors of $50 or more will receive a free copy of our new 1987 Movement Memories Calendar, a photographic review of major events in the animal rights movement, with room for recording upcoming events. At $7 each, the calendar also makes a great holiday gift! Please also note our new mailing address in Williamsport, PA.

TRANS-SPECIES UNLIMITED
P.O. Box 1553, Williamsport, PA 17703

PF
JG

FUR AGE WEEKLY
NEW YORK, N.Y.
W. 4,300
DEC 7 1987

WLFA Reports Anti-Fur Heads Draw $100,000

Columbus, Ohio. — The presidents of the Humane Society of the United States and of the Animal Protection Institute, each earn about $100,000 a year, according to the Wildlife Legislative Fund of America.

That figure came to light from one of their own. Trans Species Unlimited, a leader in the anti-fur/anti-trapping movement, recently published a pamphlet entitled, "What You Should Know About Animal Welfare Fraud."

The pamphlet also revealed that the Massachusetts Society for the Protection of Animals has assets of $67 million!

Much of what The Wildlife Legislative Fund of America (WLFA) has been saying about animal rights organizations for years is admitted to in the pamphlet. Following are some excerpts.

"The single greatest challenge which the animal rights movement currently faces is accordingly to document, expose, and denounce Animal Welfare Fraud, to dry up the source of funding of the large national organizations, and to rechannel those resources into the grass-roots movement where they will have maximum impact for the animals."

"Many animal welfare groups are themselves directly or indirectly involved in promoting animal suffering and slaughter."

The article accuses large national animal rights groups of jumping on the bandwagon in local animal rights issues.

The pamphlet encourages animal rights supporters to give selectivity to animal rights groups.

"This is the kind of thing we love to see," said WLFA vice-pres. for programs & public relations Rick Story. "Anytime there is apparent dissension in the ranks of the animal rights movement, it can only be beneficial to the sportsmen of America."

CONFIDENTIAL MEMORANDUM

TO: Murdaugh S. Madden

FROM: John A. Hoyt

DATE: May 3, 1988

RE: NAAHE and NHEC

In order to assist The HSUS Board of Directors' "Select Committee" and Jake Stein in evaluating the appropriateness and legality of using either NAAHE or NHEC, or both, as "channels" for compensation for HSUS staff, I have indicated to Joe Ramsey that I would request from you "a description of those corporations, their relationship to The HSUS, and their respective purposes and functions." Further, any commentary you wish to offer on the matter would likewise be appropriate.

Your early attention to this request would be greatly appreciated. Please forward copies to those indicated below as well as myself.

cc: Joe Ramsey
Bill Wiseman
Paul Irwin

MEMORANDUM

TO: J. HOYT

FROM: CAROL TAYLOR *CAT*

DATE: JANUARY 22, 1988

RE: COST OF LIVING STATISTICS

We contacted FIND and the Consumer Price Index division at the U.S. Bureau of Labor Statistics to obtain the information you requested on cost of living for the Washington Metropolitan area and the United States.

Cost of living is measured by the Consumer Price Index (which is the cost for a basket of goods). This figure increases annually. The percent change from year to year (or another period of time) is the inflation rate. This is the percent increase in cost of living. If salaries are reviewed and changed based on these figures the U.S. Bureau of Labor Statistics recommends using the CPI and inflation rate average for the entire United States rather than simply the Washington Metropolitan area statistics. This is because numbers for a smaller geographic area are derived from a smaller sample size resulting in more errors and less reliability.

The following are statistics on the CPI and inflation rates for the Washington, D.C. area:

U.S.	CPI(Annual Avg.)	Inflation Rate	
1970	116.3	70-75	38.6%
1975	161.2	75-80	53.1%
1980	246.8	80-85	30.6%
1985	322.2	1970-1987	192.7%
1986	328.4	1975-1987	111.2%
1987	340.4		

Washington D.C.	CPI	Inflation Rate	
1970	117.6	70-75	37.4%
1975	161.6	75-80	51.4%
1980	244.7	80-85	31.7%
1985	321.9	1970-1986	181.5%
1986	331.1	1975-1986	104.9%

The 1987 annual average CPI for Washington, D.C. will not be available until the middle of February.

HARMON & WEISS
2001 S STREET, N.W.
SUITE 430
WASHINGTON, D.C. 20009-1125

GAIL McGREEVY HARMON
ELLYN R. WEISS
DIANE CURRAN
DEAN R. TOUSLEY
ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

February 23, 1988

John A. Hoyt, President
Paul G. Irwin, Treasurer
Patricia Forkan, Senior Vice President
Murdaugh S. Madden, Esq. General Counsel
Patrick P. Parkes, Exec. Vice President
Dr. John W. Grandy, Vice President/Wildlife & Environment
Phyllis Wright, Vice President/Companion Animals
Dr. Michael W. Fox, Vice President/Farm Animals & Bioethics
The Humane Society of the
United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Messrs and Mesdame,

As you know, the Board of Directors of the HSUS at a special meeting held on December 12, 1987, established an audit committee composed of Susan Pepperdine, Robert B. Sorock and John W. Mettler to make a full report to the Board of Directors on the "management of the financial affairs" of the HSUS in advance of the April, 1988 Board meeting. The committee has hired our law firm to assist it with its work.

To enable the Board of Directors to exercise its fiduciary obligations for corporate oversight it must have certain information. Accordingly, I have prepared the enclosed questionnaire. Because there has been some resistance to providing such information I have explained below in detail why it is critically important to maintaining the financial and legal health of HSUS.

HSUS is classified as a charity under section 501(c)(3) of the Internal Revenue Code. Maintenance of this status is vitally important to the fundraising success of HSUS because only section 501(c)(3) charities can offer their donors the incentive of a tax deduction for their charitable contributions.[1]

---

1 Legislation recently enacted requires that organizations which are not section 501(c)(3) charities disclose on their fundraising solicitations that gifts to them do not qualify for deductions as charitable contributions. This disclosure is likely to reduce the substantially receipts of non-charitable organizations.

One of the requirements of section 501(c)(3) status is that no part of the net earnings inure to the benefit of any private shareholder or individual.[2] Private inurement includes the receipt of unreasonable compensation, or the receipt of funds or property for non-business purposes.

Moreover, sensitivity to the problems potential or perceived conflicts of interest is critically important for any multi-million dollar organization.[3] More importantly the federal tax laws and Delaware corporate law prohibit self-dealing between charities and their insiders such as officers, directors, and senior staff.[4]

One significant problem of conflict of interest arises when an employee of HSUS (who owes a duty of loyalty to HSUS) assumes simultaneous fiduciary obligations to donors to HSUS or to their estates. Most charities prohibit employees from acting as executors, trustees or under powers of attorney for their donors, although this rule may be waived if the executor, trustee or attorney has no discretionary powers.

A few examples may help to demonstrate potential problems for HSUS. An executor is normally charged with making investment decisions during the period of administration of an estate. For large and complicated estates, such as those of HSUS major donors, the period of administration can be many years. If a will provides that $100,000 will be given to A, B, C, and D and the residue to HSUS, then during the period of administration, A, B, C, and D are entitled to the income earned by their $100,000 legacy. The conflict arises because any funds invested for maximum capital appreciation, (not income) will increase the residue going to HSUS and decrease the amount going to the individuals. Accordingly, the power to set investment goals runs the risk of angering individual beneficiaries who might sue the HSUS executor for violation of fiduciary duty and fraud.

---

2 26 U.S.C. 501(c)(3).

3 NCIB, the most influential of the watchdog groups which rate charities, require a conflict of interest policy for Board and Staff members.

4 See Phelan Non-Profit Enterprises § 4.05 and Johnson v. Greene, 35 Del. Ch. 479, 121A 2d 919 (1956) cited therein.

To present a more dramatic human conflict, assume a HSUS employee with a power of attorney for a frail, elderly person who needs to be admitted to a nursing home and who has bequeathed all of his/her assets to HSUS. Should the employee put her in a luxury nursing home and decrease the funds to HSUS or should he maximize the donation by cutting a few corners? On a personal level, none of the directors would want to be faced with these problems; on an organizational level, it is legal and political suicide to be aware that these problems exist but to fail to inquire as to their magnitude. To set intelligent policies and give useful directions to its staff, the Board of Directors must know in how many cases its employees have undertaken and will be asked to undertake fiduciary obligations for donors, exactly how much discretion they have been asked to assume and what peculiar problems may arise because of unusual assets, disinherited relations, etc.

To enable the Board to exercise its fiduciary duties, it must be able to evaluate on the basis of complete and accurate information whether or not current problems of private inurement and/or conflicts of interest exist. Such information will also help the Board to set policies for the future. Therefore, please complete the enclosed questionnaire and return it to me by March 1, 1988.

If you have questions about how to answer the various questions, please contact me.

Sincerely,

Gail Harmon

Gail M. Harmon

cc: William Voorhees
audit committee
including Wiseman

GH/als

John A. Hoyt, President

QUESTIONNAIRE

1. List all payments and gifts if any received by you or by any member of your family in the last ten years from HSUS, or from any other corporation or fund associated with HSUS. Exclude your compensation which is reported on the HSUS Form 990, (normally your regular HSUS paycheck) and reimbursement to you as an employee for travel within the U.S. on HSUS business). List the source and amount of such gift, or payment and the date it was made or received by you.

In addition to compensation paid directly by The HSUS and reported on its Form 990, I have also received compensation for my HSUS duties drawn from the National Humane Education Center account. These payments began in 1985 in the amount of $4,000 (no additional compensation from HSUS in 1985) and

- continued on reverse -

2. List all loans if any received by you or by any member of your family in the last ten years from HSUS, or from any other corporation or fund associated with HSUS. List the amount, source, interest rate, complete information as to whether or not interest has been paid and the date the loan was made or received by you.

None

1 - continued

have continued annually since then in the amount of $5,000 annually.

In 1985 a travel allowance in the amount of 9,000 annually in lieu of providing an automobile was instituted, to be paid from the National Humane Education Center account and approved by Coleman Burke, Chairman, HSUS Board of Directors. (See attachment)

I have also received reimbursement for travel expenses outside the United States for international meetings, as have most other HSUS senior staff. Each such occasion has been directly related to HSUS business and has been filed regularly and promptly with the assistant treasurer, said expense accounts already having been made available.

3. List all payments and gifts if any to you or to a member of your family since 1980 from grantees of HSUS and of its associated trusts and organizations. Include source, amount and date.

None

4. List all loans if any to you or to a member of your family since 1980 from grantees of HSUS and of its associated trusts and organizations. Include source, amount, date, interest rate and complete information as to whether or not interest has been paid.

None

5. List all payments if any made by HSUS, or any of its related organizations, or any of its grantees on your behalf, or on behalf of a member of your family. This includes but is not limited to payments of travel expenses, educational expenses and tuition.

The HSUS has paid numerous travel expenses for me over the past 18 years related to my work as its president and chief executive officer. It has also on occasion paid for travel expenses for my wife Trudy who has accompanied me on said business trips and participated in activities associated with such trips when appropriate. On such occasions, I have regarded her role and

(see reverse)

6. Enumerate and describe fully all financial transactions in the last 10 years between you and any people who have been donors, directors or officers of HSUS within the last 10 years. This includes loans, gifts, of a value exceeding $100 payments of fees, investments, investment opportunities, receipt of honoraria and all other payments.

Two separate financial transactions have taken place between myself and two persons currently serving as members of The HSUS Board of Directors, Coleman Burke and Mrs. Oliver Evans. It is my understanding that the audit committee is already in possession of the information pertaining to these transactions

(see reverse for continuation)

7. List all payments, gifts and loans made to or on behalf of you or a member of your family by all companies, partnerships, firms, and individuals who contract with HSUS or any of its related organizations for goods or services or in any manner engage in business with them. Include payments which may be for services rendered, such as bona fide compensation, fees for consulting services, or directors' fees.

5 - continued

participation as a significant asset to the activity in question. Testimonials to that effect could be readily obtained. These expense accounts are on file and readily available from the assistant treasurer.

6 - continued

and the reasons for their having occurred. I shall not, therefore, detail such transactions further here but am prepared to discuss these with the audit committee if such seems necessary and advisable.

In conjunction with The HSUS-sponsored African Photographic Safaris, Mrs. Hoyt and I have been provided trips to and from Africa by Park East Tours, Inc., on three separate occasions. On one such occasion, we were accompanied by one of our daughters and my mother, who was a last-minute stand-in for a second

(see reverse for continuation)

8. Please list or describe any business or financial relationship (including but not limited to acting as an officer, director, trustee, shareholder or partner within the last 10 years) that you have with any business, organization, or other entity with which HSUS or its related organizations has had a business relationship in the last 10 years.

None

9. List all cases in which you have been named or have reason to think you may have been named to act in a fiduciary relationship with regard to an current or potential HSUS donor, officer or Director. This includes but is not limited to appointment as an Executor, Trustee, or being given a power of attorney. List the name of the donor, director, officer, the position to which you may have been named, the authority and discretion which you may be called upon to exercise.

7 - continued

daughter who was unable to travel at that time.

Mrs. Hoyt and I were also hosts of the HSUS-sponsored James Herriot Country Tour, our trips being provided by Corporate Travel of Knoxville, Tennessee.

The only other gift item is one of nominal value given by my personal insurance agent at Christmas who is also the insurance agent for The HSUS. I receive no compensation, consulting fees or director's fee from any corporations other than The HSUS and NHEC as indicated above.

None to my knowledge.

10. Please identify any other situations or information that the committee might be interested in or related to this inquiry.

None

I certify that the above information is current, correct, complete and true to the best of my knowledge

Date: 3/1/88

John A. Knight

HARMON & WEISS
2001 S STREET, N.W.
SUITE 430
WASHINGTON, D.C. 20009-1125

GAIL McGREEVY HARMON
ELLYN R. WEISS
DIANE CURRAN
DEAN R. TOUSLEY
ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

February 25, 1988

John Hoyt, President
Paul Irwin, Treasurer
The Humane Society of the
United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Mr. Hoyt and Mr. Irwin,

As you know, members of the HSUS Board have serious concerns about the payment by HSUS to Mr. Irwin of $85,000 in connection with residential recreational real estate in Maine.

While you might prefer to regard this as a private, confidential matter, it has become HSUS business. The "deferred compensation committee" in its discussion of the matter referred to you as "serving as an agent for the HSUS"; HSUS has transferred to you a substantial amount of money in connection with this transaction even though it seems to be conceded that the property which produces no income and cannot be sold at a profit is not an appropriate investment; finally, in the words of your memo the episode has been the subject of litigation, an "acrimonious twenty months", "legion" problems, and "enormous hassles with the town authorities." All of this could possibly reflect badly on HSUS if it were publicized that you were acting as its agent.

Accordingly, it is critically important that HSUS have a complete picture of the economic, legal, and public relations aspects of the transaction. Please provide the documents requested and written answers to the questions listed below by March 3, 1988.

(1) Precisely where is this property located. Give town and county and any other identifying information.

(2) Please supply copies of the acquisition papers, including contracts, appraisals, deeds, etc. related to the Irwin purchase of the property.

(3) Please supply copies of any correspondence you have concerning the property and its attempted purchase.

(4) Please supply copies of any court documents which you have, including the information on the suit itself, the name of attorney, if any, representing Mr. Irwin, the name of the attorney representing the person who then owned the property and copies of all correspondence related to or mentioning the litigation.

(5) Please supply copies of the back up material presented to HSUS in connection with establishing the amount of the reimbursement of your personal financial investment.

(6) Please provide copies of any agreement entered into with HSUS under which you are to act as its partner or agent for this property.

Sincerely,

Gail M. Harmon

Gail M. Harmon

cc: Audit Committee
Mr. Wiseman
Murdaugh S. Madden

John Hoyt did not respond to this letter as Mr. Irwin was much more familiar with the details

HARMON & WEISS
2001 S STREET, N.W.
SUITE 430
WASHINGTON, D.C. 20009-1125

GAIL McGREEVY HARMON
ELLYN R. WEISS
DIANE CURRAN
DEAN R. TOUSLEY
ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

March 3, 1988

John Hoyt, President
The Humane Society of
the United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Mr. Hoyt,

I have received your signed questionnaire but since some questions were not answered fully, I need to repeat some questions.

Question 1. With regard to travel expenses paid by HSUS for trips outside of the United States, please provide a list of the trips and the amounts reimbursed during the last ten years.

Question 2. We have been told that HSUS held a note from you for $100,000; while there is little clarity about it, I gather that Mrs. Evans, the original holder of the note, donated it to HSUS. Please provide the date the note was given to HSUS (if at all) and whether or not interest was paid to HSUS.

Question 5. It was my impression that WPSA, a grantee of HSUS, has paid for travel for yourself and your wife. List all amounts paid by WPSA, and by any other HSUS grantees, to you or on your behalf or travel or other purposes

Question 6. While the audit Committee has some information on loans made to you by a trust of which Mr. Burke was a trustee and by Mrs. Evans, it does not have complete information on these or on any other transactions which may come within the terms of this question. For example, when I met with you on January 26, 1988, you declined to tell me whether or not you had paid interest to Mrs. Evans during the life of the loan. As originally requested, please enumerate and describe fully the financial transactions referred to in question 6.

Please provide the information necessary to complete the questionnaire by March 7, 1988. Complete your response with a certification that the information provided is current, correct, complete and true to the best of your knowledge.

Sincerely

Gail M. Harmon

cc: John Mettler, III
Susan Pepperdine
Robert Sorock
K. William Wiseman
O.J. Ramsey, Esq.
Murdaugh S. Madden

The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037
(202) 452-1100

John A. Hoyt
President

March 8, 1988

The HSUS Audit Committee
c/o Gail M. Harmon
Harmon & Weiss
2001 S Street, N.W.
Washington, DC 20009-1125

Dear Members of The HSUS Audit Committee:

I am writing to you in response to the letter addressed to me by Gail M. Harmon dated March 3, 1988.

Question 1. During the last ten years I have made several trips outside the United States in my capacity as President of The Humane Society of the United States, representing this organization at various international meetings and conferences affecting the welfare and protection of animals. So also have several of my staff associates, a fact well known to both this committee and the Board of Directors as a whole.

It is not I, however, who is in a position to provide a list of the trips taken and the amounts expended. As previously indicated, these records are on file with the assistant treasurer and have been filed on a prompt and regular basis following each trip. Except I request the assistant treasurer to prepare such a list, it is beyond my ability to do so. If, however, this committee wishes Mr. Trevino to prepare such a list, I shall request that he do so as early as is feasible and possible.

Question 2. I am not certain on what precise date Mrs. Oliver Evans did indeed graciously and generously give The HSUS the $100,000.00 note owed by Mrs. Hoyt and myself to her. That transaction was handled by Mr. Paul Irwin and Mrs. Evans' tax accountant.

I did not pay The HSUS any interest after the note was received by the HSUS inasmuch as the note was not due until November 2, 1987 and was amended to have a 0% interest effective November 1, 1982 forward.

It was, however, partly by reason of this note having been given to The HSUS before becoming due that the Deferred

Compensation Committee saw fit to purchase the home owned by Mrs. Hoyt and myself in order that the note might be paid in full at the earliest possible date, a transaction which was completed on May 4, 1987.

Question 5. The World Society for the Protection of Animals (WSPA) paid for one trip for Mrs. Hoyt and myself, a trip taken on behalf of the WSPA to Japan, Hong Kong, Singapore, Australia, New Zealand, and Fiji.

This trip was for the purpose of meeting with animal protection personnel in these various countries as well as with government and industrial officials whose activities and actions carried major implications for the welfare of animals.

Reimbursement of expenses for a recent trip to London (February 1-5, 1988) to meet with the Search Committee seeking a new Director-General for the WSPA have been made to The HSUS by WSPA. I have attached the expense account for that trip.

No other HSUS grantees have paid for any of my travels or for any other purpose to the best of my recollection.

Question 6 (and Question 2). I have already indicated to Ms. Harmon my great reluctance to divulge the information herein requested for a number of reasons.

First, I regard both these transactions to be personal and private matters between my wife, myself and personal friends and associates. In no way whatsoever do they have any bearing on The HSUS, except that The HSUS has over the years benefited greatly from the goodwill and generosity of both parties to the extent of hundreds of thousands of dollars.

This is a further reason why I am reluctant to divulge the information now demanded. To the extent that either of these persons regards my divulging this information a breach of confidence and/or an invasion of their privacy as well as my own, it may well be possible that The HSUS stands to lose, over time, several millions of dollars.

To the extent that I now divulge the information demanded, I do so against my will and better judgment, and with the assertion that I accept no responsibility for any subsequent decisions and actions taken by either party adversely affecting The HSUS by reason of this information being divulged.

And to the extent that my divulging such information may result in legal action against either The HSUS or myself personally, I wish it to be understood that I am acting under the direction of a duly constituted committee of The HSUS and in my capacity as its president, and not in a personal and private manner.

The information demanded is attached and, to the best of my knowledge is complete and accurate, as is the other information provided.

Sincerely,

John A. Hoyt

cc: John Mettler, III
Susan Pepperdine
Robert Sorock
K. William Wiseman
O.J. Ramsey, Esq.
Murdaugh S. Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 27, 1988

Mrs. Susan Pepperdine
MARKETING RESOURCES
10551 Barkley
Overland Park, KS 66212

Re: HSUS Select Committee

Dear Mrs. Pepperdine:

At about the time you receive this letter, you should be receiving under separate cover direct from our independent counsel, Jake Stein, a copy of his final report covering all matters which have been of concern to us in these recent months. We trust and hope his treatment of the subject matter will help all of us consider the motions that will be before us at our meeting starting July 30, 1988, in Washington, D.C. We will have additional copies of Jake's report at the meeting in case it does not get to you before you have to come to Washington, D.C.

Concerning the report of the accounting firm of Deloitte, Haskins & Sells, we have gotten another draft from them since our progress report to you of last week. We have also gotten a commentary from the HSUS staff concerned with accounting management and procedures. We understand Deloitte, Haskins & Sells has completed its final report and that it will be available for you at the meeting this Saturday. In the meantime, we also understand that any differences between their recent draft and their final report are minor. Therefore, we enclose herewith the draft we have and the staff's comments on the draft.

We will not be able to report to you further in writing as a committee before the July 30, 1988, meeting, but we will make final recommendations to you at that time on the matters not covered at our July 8, 1988, meeting, principally the matters concerning the Hoyt residence transaction and the Brightwater transaction.

Obviously, both the Stein and the Deloitte, Haskins & Sells reports are highly sensitive and confidential. Copies are being made available outside the Board only to John Hoyt, Paul Irwin, and Murdaugh Madden. The Select Committee and Jake Stein believe it is clearly in the best interests of HSUS that no one else--not even other staff members--be given a copy of either of these reports or any of the information contained therein.

We look forward to seeing you in Washington this coming weekend for the meeting of July 30-31, 1988.

Very truly yours,

O. J. Ramsey, Jr.

O. J. Ramsey

OJR:jr
Enclosures
cc: John Hoyt
Paul Irwin
Murdaugh Madden
Jake Stein

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

RECEIVED

MAY 10 1988

RMK & W

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

May 6, 1988 Irwin response

O. J. Ramsey, Esq.
Ramsey, Scott, Morrison & Keddy
10399 Old Placerville Road
Sacramento, CA 95827

Jacob A. Stein, Esq.
Stein, Mitchell and Mendzines
1800 M Street, NW
Washington, DC 20036

Dear Joe and Jake:

I am most pleased to have the opportunity to respond to your request for information, as chairman of the Select Committee, and to state that I am most willing to have full and disclosing dialogue with the Committee regarding all the material provided since November of 1987. I welcome the scrutiny of John's and my efforts over the years in the constructive environment that now prevails. We have always sought to place the Society's best interest first. In retrospect, we may discover areas where a different course of action should have been pursued. If such is the case, we will consider the present process instructive and helpful. I would also say that we are already aware of the urgent need to improve the accounting for tangible gifts. Every effort is being made to have the 1987 audit reflect our internal systems improvement in this area. However, the fact remains that our efforts were conscientious and were directed toward building an efficient and strong organization dedicated to the goal of providing protection for this nation's and the world's animal population.

Individuals of good faith will agree that the HSUS has had substantial growth during the tenure of John Hoyt and myself. The fact remains that no animal protection organization in this country or in the world can match our track record. The American Humane Association, our parent, struggles through financial deficits and raises less than one tenth of the financial resources raised by the HSUS. The Massachusetts Society for the Protection of Animals, although holding assets far in excess of ours, raises current funds at the rate of one-tenth of the HSUS and has a constituency of only a fraction of that of the HSUS. All of this is to say, John and I have functioned with success in an area where success is certainly not documented by like organizations.

I am appending to this letter a summary of general operating revenues for the period of 1976 to 1986 (Unrestricted Funds), a comparison of Restricted Funds for the years 1976 and 1986, and a Membership Growth Summary, 1976 through 1987. A review of these documents will show that the HSUS has had systematic and sustained growth. We are now a ten million dollar annual operating corporation and have a constituency of 789,000 as of April 1988. The audit for 1987 is in process. We anticipate an excess of income over expense beyond three quarters of a million dollars.

Persons reviewing these documents need to be cognizant of the fact that internalizing the growth of the HSUS does not involve simple adjustments to ordinary business procedures. New and sophisticated business practices are required. Computerization of our membership records has been accomplished and literally hundreds of thousands of transactions per year flow through the system with efficiency. Computerization of the accounting department is under development and will be completed in timely fashion. Obviously, completion of the system will allow greatly improved management of the Society's resources.

Regarding the period 1970 through 1975, we can retrace the financial information. However, I cannot comply with the May 11th deadline since the material must be manually retrieved from archives. If you wish us to do so, please let me know. Also, the Society's Membership Records 1970 through 1975 cannot be accurately retrieved. I am providing data for those years when the responsibility was mine.

I will now proceed to the issues raised in the Harmon report. I assume that Jake has been provided with all the materials that were made available to the former Audit Committee. As you may know, I have never been made fully aware of the scope of that material. Nevertheless, I will be more than pleased to provide Mr. Stein with any additional information in the area of my responsibility for his review.

First, I wish to address the issues relating to the use of the NHEC and NAAHE corporations for compensation purposes. Mr. Hoyt has provided a narrative relating to the rationale. As you know this practice was subjected to iontensive review by Thomas Havey and Company. They continue to support the practice. They do this in light of the fact that these two corporations have been kept alive for the purpose of fund raising. It has been our contention that the corporations represent avenues for gifting that may not be available otherwise to the HSUS. Further, we have been made aware of the fact that bequests may designate distributions to these corporations at some time in the future. As you may know, both of these corporations were active corporations relating to operations. Since the operations were deemed to be a part of general HSUS operations, it was decided that the operating budgets of these corporations should be consolidated with the HSUS budget. The reason for arriving at this conclusion was that a consolidated HSUS budget would present an accurate view of our activities, and would provide the Board with greater disclosure of the total picture. I continue to hold the opinion that there is nothing unusual, nothing inappropriate, and certainly nothing illegal in regard to the present usage that has been established relating to NHEC and NAAHE. Obviously, Jake's review is most important. It continues to be a possibility that the operating budgets of the Educational program and the Companion Animals program of the Society could again be separated out to these two corporations. Such a process would certainly remove the cloud that has been cast over the procedure as it presently exists. Of course, the Board also has the alternative of simply declaring the corporations nonactive and transferring all activity into the HSUS budgeting process.

The Hoyt residence issue has been made clear by many persons and is further reflected upon by John in his recent letter to the Select Committee. I have provided all the paper work that is available regarding this transaction and believe there is no

criticism of the material that has been provided. The issue of providing housing to the president as a compensation vehicle is really not mine to address. However, I would like to observe that this is certainly not a novel practice. In fact, it is very generally used in the ecclesiastical and academic communities as well as by many 501(c)(3) charities.

The Harmon report ridicules the assessment of a $600 per month rental factor. As you know, John Hoyt has been given a W-2 which reflects this number and has reported this income on his tax return. I can assure you this $600 amount was not arrived at casually. Mr. Hoyt cannot be equated with an ordinary tenant who may rent the property as if it were offered for rental on the open market. In the first instance, Mr. Hoyt carries responsibility for all general maintenance of the property including the care of almost four acres of land.

Second, the Hoyts have lived in this house for a long period of time. Although the house is structurally sound, a tenant in the open market would demand that extensive decorating and refurbishing be done. We have done none.

Third, the Society has limited its responsibility of property maintenance to only major capital expenditures. Considering all of the above, the fact remains that John's continued occupancy provides a means of protecting an investment. In light of these considerations, the rental factor was set at the number already stated after review by our auditors.

Regarding the Brightwater situation, I believe that complete documentation has been made available. Further, the rationale for HSUS involvement in this transaction has had extensive discussion and has received further reflection on the part of Mr. Hoyt in his recent letter. I do not think that it is productive for me to add further comment at this time. I will simply await the results of Mr. Stein's review and the action of the Board. Obviously, if Mr. Stein should wish to have further dialogue in regard to the issue, I would be more than happy to discuss the matter. I do state, for your information Joe, I have already discussed this at great length with Mr. Stein.

In the Executive Summary Ms. Harmon refers, on page 6, to a $700,000 gift of real property which was not recorded on the

HSUS books. This property involves a unitrust which was established in 1982 and is now funded with approximately $800,000 of cash. The unitrust was drawn by our legal department and is a restricted fund. It will not become a part of the HSUS general assets until the death of three individuals. Although I cannot speak from a technical accounting perspective, this property has been fully reflected in the internal files of the Society and does not represent an asset in the general funds.

Ms. Harmon has chosen to criticize the management of the receipt of ~~tangible gifts~~. I will accept her criticism regarding the fact that the recording of these tangible gifts, in some instances, may not have flowed to the financial statements of the Society. I had been under the assumption that these assets in fact were reflected. It is not the case that such assets were not carefully inventoried and a full and disclosing record maintained within the files of the HSUS. I am enclosing a copy of a letter which I sent to Bill Voorhees of Thomas Havey & Co., informing him that I want the situation fully investigated and have requested that these assets be accurately reflected on financial statements. The 1987 audit will accomplish this goal.

I have already discussed the fact that the Society is now a significant organization, both in terms of its finances and its program. John Hoyt and I have focused our action aggressively on the building of a viable organization which can withstand the vicissitudes of economic cycles and still prevail. I think we have done commendable work in seeking such a goal. However, it is my opinion that the Society needs to establish a much more sophisticated management system now that it has become a corporation of significance. The fact remains that we have been moving towards full computerization of our financial systems. Perhaps we should have been moving more aggressively but the demands of ordinary, everyday business and the problems of moving our financial management system to another center have impeded the progress. Nevertheless, I wish to recommend that the Select Committee give careful thought and will see fit to recommend that the position of comptroller be established. The comptroller would have senior management responsibility and would carry significant professional credentials as well as having experience in financial management. Quite frankly, we had hired a young CPA and our hope had been that he could have been groomed and would grow into the position I am describing. Because of the vicissitudes

of the last few months, the burden of trying to do every day work and also provide information to various sources requesting it, and because of lack of experience in dealing with an organization which enjoys the scope that the HSUS has, I think that the present staff position needs to be secondary. The comptroller position will be an expensive one to fill. The salary range will have to be at the $50,000 - $60,000 per annum level. Nevertheless, I am convinced that there is an important and pressing need and that the filling of this proposed position should be effected as soon as possible.

I would like to state, that the Harmon report has chosen to criticize a miniscule part of the financial management of the Society. The report focuses exclusively on areas of our responsibility that represent less than one percent of our assets and much less than one percent of our transactions. I do not wish to denigrate the importance of the transactions that have been subjected to such scrutiny and I certainly agree that changes are mandated. Nevertheless, I believe that the overall financial management of the Society has been faithfully administered. Mr. Webb of Deloitte Haskins and Sells said that he feels that the Society's management is in good shape "generally". We look forward to a further review of our systems by said firm and welcome their recommendations.

The former audit committee through Ms. Harmon, requested a report regarding the cash values of life insurance and deferred compensation agreements benefitting Mr. Hoyt and myself. I am providing information relating to these values with this letter.

As I stated before, I will be most happy to meet with Jake at any time and provide him with any information he does not have or to have dialogue with him regarding issues which have been raised or may be raised.

Joe, I sincerely appreciate your accepting the chairmanship of the Select Committee. Your time commitment and your dedication to seeking an effective resolution of our problems is gratefully acknowledged. You know you have my full cooperation.

Sincerely,

Paul G. Irwin
Executive Vice President
and Treasurer

PGI:jps
Enclosures
cc: Messrs. K. William Wiseman
and John A. Hoyt

PARTICIPANT ACCOUNT ACTIVITY
OCTOBER 1, 1987 THROUGH DECEMBER 31, 1987

HUMANE SOCIETY OF THE US
ATTN: JOHN A HOYT PRES.

BEGINNING BALANCE	CONTRIBUTIONS	WITHDRAWALS	MISCELLANEOUS TRANSACTIONS	FEES	CHANGE IN INVST. VALUE	ENDING BALANCE
RKAN P A						
NTRACT NUMBER: 00167367598						
$17,775.15	0.00	0.00	0.00	0.00	276.31+	$18,051.46
NDY JOHN W						
NTRACT NUMBER: 00225584701						
$17,775.15	0.00	0.00	0.00	0.00	276.31+	$18,051.46
T JOHN A						
NTRACT NUMBER: 00287261381						
$28,167.15	0.00	0.00	0.00	0.00	5,105.15-	$23,062.00
IN PAUL G						
NTRACT NUMBER: 00077325725						
$35,800.87	0.00	0.00	0.00	0.00	6,488.73-	$29,312.14
RKES PATRICK B						
NTRACT NUMBER: 00579403761						
$17,775.15	0.00	0.00	0.00	0.00	276.31+	$18,051.46
IGHT PHYLLIS E						
NTRACT NUMBER: 00212243887						
$26,718.77	0.00	0.00	0.00	0.00	415.35+	$27,134.12
TALS:						
$144,012.24	0.00	0.00	0.00	0.00	10,349.60-	$133,662.64

BILLING GROUP: [redacted]





FRED S. JAMES & CO., INC. OF VIRGINIA 1600 Wilson Blvd., Suite 1100, Arlington, Virginia 22209-2582 (703) 528-0100 Telex 899-473

INDIVIDUAL LIFE POLICIES

FLEXIBLE PREMIUM ADJUSTABLE LIFE INSURANCE

Insured:	John A. Hoyt	Paul G. Irwin
Owner:	John A. Hoyt	Paul G. Irwin
Ins.Co.:	Manhattan Life	Manhattan Life
Policy #:	[redacted]	[redacted]
Beneficiary :	Trudy Hoyt - Spouse	Jean H. Irwin - Spouse
Annual Premium:	$4,000.00	$2,700.00
Face Amount :	$237,810	$50,000
Cash Value :	$432.00 (9-30-87)	$311.00 (9-30-87)

Connecticut Mutual Life Insurance Company

Policies:

John A. Hoyt Policy [redacted]
Cash value: $63,330.07
(4-8-88)

Paul G. Irwin Policy [redacted]
Cash value: $26,228.25
(4-8-88)

(HOYT)

CASH VALUE QUOTATION

ILICY NUMBER [redacted] CURRENT AGENCY 125 INSURED HOYT

OSS POLICY FACE AMOUNT 100000 AGENT CODE 34670

RRENT PREMIUM PAID-TO-DATE 89/01/01 GROSS PREMIUM (ANN) 4196.00

FACE AMOUNT OF ADDITIONS 39446.98

VALUES QUOTED AS OF 88/04/08 BASED ON PREMIUM PAYMENTS TO 89/01/01

		PLUS	
OSS CASH VALUE	39579.00	APPLIED DIVIDEND	.00
US CASH LUE ADDITIONS	23540.77	DIVD ACCUMULATIONS	.00
NUS LOAN	.00	FINAL DIVIDEND (MODIFIED MATURITY POLICIES)	.00
NUS INTEREST	.00	INTEREST ON ACCUMULATIONS	.00
		COST 1 YEAR TERM INS	210.30
T CASH VALUE	$63,119.77	TOTAL CASH VALUE AND DIVIDENDS	$63,330.07

L QUOTES ARE BASED ON POLICY STATUS AS OF 88/04/08 01/01 TMAD REG

PRIMARY OWNER: THE HUMANE SOCIETY OF THE UNITED STATES

IMARY BENEFICIARY: THE HUMANE SOCIETY OF THE UNITED STATES

(IRWIN)

CASH VALUE QUOTATION

POLICY NUMBER [redacted] CURRENT AGENCY 125 INSURED IRWIN

GROSS POLICY FACE AMOUNT 100000 AGENT CODE 34670

CURRENT PREMIUM PAID-TO-DATE 88/10/03 GROSS PREMIUM (ANN) 2877.00

FACE AMOUNT OF ADDITIONS 12377.22

1. VALUES QUOTED AS OF 88/04/08 BASED ON PREMIUM PAYMENTS TO 88/10/03

		PLUS	
GROSS CASH VALUE	20281.00	APPLIED DIVIDEND	.00
PLUS CASH VALUE ADDITIONS	5947.25	DIVD ACCUMULATIONS	.00
MINUS LOAN	.00	FINAL DIVIDEND (MODIFIED MATURITY POLICIES)	.00
MINUS INTEREST	.00	INTEREST ON ACCUMULATIONS	.00
		COST 1 YEAR TERM INS	.00
NET CASH VALUE	$26,228.25	TOTAL CASH VALUE AND DIVIDENDS	$26,228.25

ALL QUOTES ARE BASED ON POLICY STATUS AS OF 88/04/08 10/03 ADDN REG

PRIMARY OWNER: THE HUMANE SOCIETY OF THE UNITED STATES

PRIMARY BENEFICIARY: THE HUMANE SOCIETY OF THE UNITED STATES

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

April 8, 1988

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Peppercine
O.J. Ramsey, Esq.
Marilyn G. Sevier
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Mr. William Voorhees
Thomas Havey & Co.
4301 Connecticut Avenue, N.W.
Washington, DC 20008

Dear Bill:

As you know, we have been intensely looking at the record-keeping system of the Society. I have appreciated your help and assistance over the years as we have together sought to accurately reflect the business of this organization. No one knows better than we that the Society has experienced phenomenal growth over the past several years. I am convinced, and I am sure you will agree, that we need to review our procedures and to seek improvement.

First, and most urgent, as we are preparing the audit for 1987, it has come to my attention that we need to handle receipt of tangible property in an improved manner. The Society has prepared inventories of various tangible property and is continuing the preparation and review of real estate holdings and transactions in which we have been involved over a lengthy period of time. Quite frankly, I have been under the impression that gifts of this nature have been reflected on our financial statements. At this stage of development, I am no longer confident of the efficiency of our procedures. I cite two instances to highlight my concern.

In 1980 the Society received and we inventoried a gift of gold and silver numismatic coins. There are memos on file which relate to the transaction and, of course, will be made available to you. There is also an inventory that was prepared at the time of receipt. However, I now believe that we have not accounted for this transaction.

The second instance relates to a note of $100,000 which represented money owed to Mrs. Evans by Mr. Hoyt. ~~Mrs.~~ Evans gave this note to the Society. The time frame of the transaction extended from late 1986 through the early part of 1987. I am uncertain as to how this transaction was handled in our records. I am asking that you, in concert with Sam Trevino, myself and Mr. Madden carefully review the details of this event and that we take great care in seeing that our records accurately reflect the circumstances.

With these two instances before us, I am anxious that we carefully and diligently bring our financial accounting of these kinds of gifts up to date and that our financial statements fully reflect these assets. Obviously, I will welcome and will expect your recommendations for the implementation of proper procedures in accordance with accepted accounting practices.

As you know, Thomas Havey & Co. prepares our 990s and various other tax reporting forms. In the review that is currently before us, several questions have been raised regarding information that has been submitted on these forms. I am asking that a careful review of these forms be made and if amendments are needed to comply with proper reporting, I will look forward to your response.

As you know and we have discussed at great length on many occasions, our intention has been to move as forthrightly as possible to establish a complete computerization of the Society's bookkeeping system. I am well aware of the fact that our staff certified public accountant, Sam Trevino, has spent a great deal of diligent effort in becoming fully cognizant of our manual bookkeeping system in this organization. It was my contention and still is that computeration of our system could only be effectively accomplished as Mr. Trevino became fully educated regarding what was presently in existence.

Intermediate steps along the way have been implemented to begin placing parts of our records on computer. We are at the time when due diligence needs to be exercised in accomplishing our ultimate goal. Sam Trevino and your consultants are hereby requested to prepare recommendations

for the implementation of the system we both know will greatly enhance our internal operating procedures.

I have appreciated the helpfulness and the advice and practical assistance which your firm has extended to this organization over a long period of time.

Sincerely,

Paul G. Irwin
Executive Vice President
and Treasurer

cc: K. William Wiseman
Murdaugh S. Madden
Sam Trevino

THE HUMANE SOCIETY OF THE UNITED STATES
10 YEAR SUMARY
UNRESTRICTED FUNDS

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	TOTAL
GIFTS & BEQUESTS	1,246,609	1,384,959	318,040	1,874,915	1,564,955	2,359,166	3,075,093	2,817,315	2,979,393	4,593,935	4,802,026	27,016,406
DUES INCOME	227,224	288,589	1,731,288	410,524	478,177	573,157	721,570	826,386	1,325,450	2,117,806	3,369,787	12,069,958
TRUST INCOME	56,117	51,503	81,505	94,757	104,737	114,593	353,320	341,019	390,130	458,540	315,907	2,362,128
INVESTMENT INCOME	6,932	219,845	132,982	121,367	207,102	239,934	324,368	358,388	371,287	506,918	626,386	3,115,509
OTHER INCOME	76,158	68,470	77,587	93,335	107,148	77,770	169,594	147,864	166,925	229,209	240,000	1,454,060
TOTAL REVENUES	1,613,040	2,013,366	2,341,402	2,594,898	2,462,119	3,364,620	4,643,945	4,490,972	5,233,185	7,906,408	9,354,106	46,018,061
TOTAL EXPENDITURES	1,475,965	1,521,966	1,869,965	2,359,973	2,598,483	2,783,233	3,488,723	3,901,860	4,866,193	6,898,427	7,786,785	39,551,573
EXCESS REVENUES OF EXPENDITURES	137,075	491,400	471,437	234,925	(136,364)	581,387	1,155,222	589,112	366,992	1,007,981	1,567,321	6,466,488
TRANSFERS (NET)	15,000	444,934	204,553	57,697	76,178	144,018	102,295	143,915	135,038	249,591	49,259	1,622,478
NET INCREASE	152,075	936,334	675,990	292,622	(60,186)	725,405	1,257,517	733,027	502,030	1,257,572	1,616,580	8,088,966
TOTAL ASSETS	1,962,510	2,290,627	2,939,974	3,186,829	3,113,166	3,771,165	5,090,320	5,766,204	6,412,486	7,936,652	9,190,340	
LIABILITIES	921,159	312,942	286,299	240,532	227,055	159,649	221,287	164,144	308,396	574,990	212,098	
FUND BALANCES	1,041,351	1,977,685	2,653,675	2,946,297	2,886,111	3,611,516	4,869,033	5,602,060	6,104,090	7,361,662	8,978,242	
TOTAL LIABILITIES & FUND BALANCES	1,962,510	2,290,627	2,939,974	3,186,829	3,113,166	3,771,165	5,090,320	5,766,204	6,412,486	7,936,652	9,190,340	

THE HUMANE SOCIETY OF THE UNITED STATES
10 YEAR SUMMARY
RESTRICTED FUNDS

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	TOTAL
BEGINNING FUND BALANCES	301,608	321,586	320,665	1,539,205	1,550,892	1,499,660	1,487,601	2,694,958	3,839,549	4,130,295	4,124,809	
BEQUESTS	0	0	1,151,022	0	0	0	1,200,000	1,125,000	269,780	0	0	3,745,802
INVESTMENT INCOME	35,479	19,790	96,514	115,008	125,484	147,540	260,185	394,688	477,218	434,473	355,003	2,461,382
LESS:												
ADMINISTRATIVE FEES	0	0	(5,000)	(5,000)	(5,000)	(15,000)	(10,000)	(10,000)	(13,985)	(15,838)	(7,935)	(87,758)
DISTRIBUTION TO BENEFICIARIES	(15,501)	(3,610)	(5,216)	(77,687)	(88,073)	(118,194)	(108,985)	(119,751)	(146,638)	(137,062)	(127,565)	(948,282)
OTHER CHARITIES	0	(17,101)	(18,780)	(20,634)	(83,643)	(26,405)	(133,843)	(245,346)	(295,629)	(287,059)	(215,800)	(1,344,240)
NET INCREASE/(DECREASE)	19,978	(921)	1,218,540	11,687	(51,232)	(12,059)	1,207,357	1,144,591	290,746	(5,486)	3,703	3,826,904
ENDING FUND BALANCES	321,586	320,665	1,539,205	1,550,892	1,499,660	1,487,601	2,694,958	3,839,549	4,130,295	4,124,809	4,128,512	

THE HUMANE SOCIETY OF THE UNITED STATES

1976 - 1987 Membership Summary

Type	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Members	15,421	17,708	20,921	28,776	29,046	36,622	41,552	52,929	56,703	87,337	148,631	178,969
Family	--	--	2,465	2,327	2,433	3,330	4,040	4,418	7,067	9,379	8,981	11,965
Sub Total - Membership	15,421	17,708	23,386	31,103	31,479	39,952	45,592	57,347	63,770	96,716	157,612	190,934
Contributors	17,976	9,029	15,870	14,648	12,839	15,622	15,534	19,562	19,944	55,917	119,110	233,789
Societies	1,941	1,788	1,774	1,776	1,834	2,055	2,275	2,309	2,470	2,477	2,882	2,833
Foundations	54	61	59	71	74	90	99	100	70	144	130	145
Others	--	1,272	337	1,946	1,932	2,130	2,130	2,730	2,170	2,330	2,529	1,762
Sub Total - Donors/Misc.	19,971	12,150	18,040	18,441	16,679	19,897	20,038	24,701	24,654	60,838	124,651	238,529
Prospects	--	--	--	--	--	85,054	118,700	121,217	128,759	202,885	218,178	224,992
Total Constituency	**35,392**	**29,858**	**41,426**	**49,544**	**48,158**	**144,903**	**184,330**	**203,265**	**217,183**	**360,439**	**500,441**	**654,455**

Joe —

for your

eyes only!

Bill

Wilmer Letts

Post Office Box 120
Woolwich, Maine 04579

May 5, 1988

STEIN, MITCHELL & MEZINES
1800 M Street, Northwest
Washington, D.C. 20036

Attention: Jacob A. Stein, Esq.

Dear Jake,

I hope the comments enclosed herewith will be of some help to you evaluating the Harmon report and the various issues which it raises. As promised in our phone conversation yesterday, I am also enclosing some additional background material which you may find relevant. You will notice, however, I have not addressed the basic issue of why the Deferred Compensation Committee acted upon two significant matters (Hoyt's house and Irwin's Brightwater) which were arguably not within its mandate. Perhaps some background on the formation of the Committee may shed a little light.

For many years Colman personally set John's salary (and, as a matter of fact, also Paul's even though John had the authority to do this) and was never challenged. I have been a member of the Board since 1976 and the issue was not raised at any meeting I attended (which was most of them). However, when the need for a deferred compensation plan became obvious in 1983, John was able to persuade Colman that a committee was needed to handle it—and at the same time tacked onto its mandate the responsibility for advising the President regarding all staff compensation. (Under our By-Laws the President has the sole authority to set the compensation of all staff members except himself—Article VIII, Section 5.) Since, from that time on, deferred compensation became a significant part of the salary increases received by most of the senior officers, the committee rather rapidly became involved in salary administration in general—and John was getting advice from three Board members rather than one. Thus, it was in this vein the committee considered the house purchase proposal, of which, I believe, the chief architect was Paul, since it involved a variation on the theme of a standard current salary increase for Hoyt.

It is more difficult to make a case of why it handled the Brightwater matter because by no stretch of argument can this be labelled "compensation". However, by this time the Committee had become a forum which John had become accoustomed to rely upon

to help him with difficult staff related financial matters. In retrospect, both of these issues were sufficiently unusual that they should have been taken to the full Board, but this was not Colman's style. To be sure, I could have said no at the meetings of the Deferred Compensation Committee and voted against on that basis; however, it simply never occurred to me to do so for two reasons:: Firstly, I was satisfied with the merits of the decisions, and, secondly, the procedure was in keeping with the then accepted procedural norms.

I can blame no one but myself for not having acted more wisely; however, it seems to me equally valid to postulate that each and every Board member has only himself to blame for not having asked sooner (and formally) who was setting John's salary and what were the actions of the DCC the existence of which they were well aware.

Finally, I am going to go out on a limb and give you my perception of what the Board hopes the outcome of this whole process will be—and in this sense I am trying to read the minds of the great majority.

. . . I think they are fed up with the whole mess and want it resolved quickly and well.

. . . They are most concerned at not having been aware of the house and Brightwater deals; however, now that they are aware they are sympathetic to the objectives, but, on the other hand, they are not sure what the best and most appropriate disposition of them may be.

. . . They would like the conduct of Board affairs to be more open and participatory. This will be taken care of by the reforms which will be coming from the "Committee on Comittees".

. . . They want to be sure our financial systems and controls are in good shape and that we properly conform to all regulatory requirements including tax reporting.

. . . They appreciate the leadership qualities of John and Paul which have brought the organization from where it was to where it is and do not want to dilute their enthusiasm by tying their hands too tightly. But, on the other hand, they want our "modus operandi" to become more formalized and in keeping with our much expanded scale of activities.

Most of the above insights were picked up in the course of polling the Board in response to the overature from Bardyl Tirana which you passed on to me. I hope it will be helpful. If there is a single word which could describe what I hope the outcome of

the Special Committee's work will be I would say "salutary". The remedies may well involve some measure of "astringency", but whether this will reach a truly painful threshold will depend upon the solutions which are determined to be appropriate. Above all, however, the most important objective is to ensure all the issues are resolved as well as possible so as to make sure we avoid these same problems in the future.

Once again, Jake, I want to thank you very much for having volunteered to help us get our house in order. If you have any questions please do not hesitate to call. I shall, however, be away from May 10 through 19. I will be in Toronto May 12 to 17 staying at the Westbury Hotel (Phone 416 924-0611) where I shall be attending a meeting of W.S.P.A.—the World Society for the Protection of Animals.

With best personal regards.

Sincerely,

Bill

KWW:MW K. William Wiseman

cc: O. J. Ramsey, Esq. ✓

HUMANE SOCIETY OF THE UNITED STATES
PRESIDENT'S SALARY AND BENEFITS
FIVE YEARS

	1987	1986	1985	1984	1983
HSUS Compensation	$95,000	$95,000	$90,000	$85,000	$85,000
Travel Allowance	4,000	4,000	5,000	4,000	4,000
Insurance 1/	9,109	8,434	5,109	5,109	5,109
NHEC 2/	14,000	14,000	13,000	9,000*	9,000*
Deferred Comp. 3/	5,000	5,000	5,000	5,000	0
TOTALS	$127,109#	$126,434	$118,109	$108,109	$103,109

*Imputed value of HSUS Provided Automobile 1983 & 1984

#Exclusive of value of housing May-December 1987

1/ Insurance					
Manhattan Life	4,000	333	0	0	0
Mass. Casualty Disb	913	913	913	913	913
Conn. Mutual Life	4,196	4,196	4,196	4,196	4,196
Aetna Life Ins	0	2,992	0	0	0
	9,109	8,434	5,109	5,109	5,109
2/ NHEC					
Auto/Travel	9,000	9,000	9,000	0	0
Add'l Comp.	5,000	5,000	4,000	0	0
	14,000	14,000	13,000	0	0
3/ Deferred Comp.					
Aetna Plan	5,000	5,000	5,000	5,000	0

HUMANE SOCIETY OF THE UNITED STATES
SALARY OF THE EXCUTIVE VICE PRESIDENT/TREASURER
FOR THE YEAR 1987

	1987
HSUS Compensation	$65,000
Bonus	15,000
Insurance 1/	5,922
Auto/Travel Allow. & Add'l Comp.	10,000
NAAHE 2/	5,000
Deferred Compensation 3/	7,000
Total	$107,922

1/ Insurance

Manhattan Life Insurance	2,700
Connecticut Mutual	2,877
Connecticut Mutual Disb.	345
	5,922

2/ NAAHE

Add'l Compensation	5,000

3/ Deferred Compensation

Aetna Plan	7,000

THE PURCHASE OF JOHN HOYT'S HOUSE

The background to this transaction which was first contemplated in 1986 is as follows;

. . . Mrs. Irene Evans, a major H.S.U.S. benefactor (her husband was an early Chairman and at the time of his death she paid off the outstanding mortgage on our building at 2100 L Street, N.W. in his honor--hence it bears his name) several years ago deeded her Georgetown house to the H.S.U.S. She retained a life occupancy right but expressed in writing the hope it would eventually be used as a residence for the H.S.U.S. President.

. . . Mrs. Evans had also several years previously made available to the Hoyts an interest free $100,000 loan, replacing an earlier one provided by Colman Burke.

. . . I understand Mrs. Evans always intended to donate this note (or the proceeds thereof) to the H.S.U.S., but in 1986 a federal income tax revision was enacted which would significantly reduce the maximum tax rate in future years, thus reducing the tax benefit of any donation. This caused Mrs. Evans' tax advisor to recommend immediate donation of the note to the H.S.U.S.

. . . This would have had the undesirable effect (as then perceived) of the H.S.U.S. having a large loan outstanding to its CEO. With the benefit of hindsight, I am not sure that perception was justified.

. . . At the same time, we were searching for ways to increase Hoyt's effective compensation without escalating the reported figures.

All of the above factors seemed to point toward a policy of providing ~~essentially~~ free housing to the President. This principle was approved by the Deferred Compensation Committee at its meeting on July 24, 1986. It was left undecided whether the residence would be John's existing home or another residence to be acquired. This would provide "bridging" residence until Mrs. Evans' Georgetown home became available. Subsequently, John elected to remain in his own house and the arrangement was consummated on that basis. (Again, in retrospect, not a good decision. We should have insisted he move to avoid H.S.U.S. having put in the position of buying his house.)

Throughout this discussion there was a clear understanding that the provision of housing would be a significant benefit to Hoyt and would be in lieu of salary increases for a "number" of

years. In fact, John has several times told me he anticipated he might never get another salary increase during his tenure. On this basis the investment by H.S.U.S., which required commitment of only $210,000 of new funds, was perceived to be well justified. The attached worksheet shows that even on the conservative basis of $310,000 to the project, the H.S.U.S. "breaks even" during the fifth year while effectively earning 7½% on its investment.

Another much debated aspect of this transaction is the value of the imputed rent on which Hoyt must pay tax. Ms. Harmon seems to think this was set low exclusively to minimize Hoyt's liability. However, there is also a benefit to the H.S.U.S. The The lower Hoyt's tax payments, the greater the value to him of the housing benefit—and thus the greater the number of years salary increase to which it equates.

I must say I was surprised to find it was set as low as $600 per month and that Mr. Voorhees of Thomas Havey felt this could be rationalized. On the other hand, I have recently been told the relevant form W-2 does not specifically itemize this rental figure, but rather reports a "global" figure for all Hoyt's compensation. Thus it would seem difficult for the IRS to perceive what part of this is attributable to rent. Again, this appears to be a situation where the advice of tax counsel is needed.

Ms. Harmon also makes much of the fact the Hoyt's netted a before tax profit of $210,000 when they sold their house. I fail to see the relevance of this. They owned the property for 17 years during a period of significant inflation. Most homeowners during this period were fortunate in realizing similar increases in value. I simply cannot accept the argument that major benefactors would have contributed to H.S.U.S. the amounts that were loaned to the Hoyt's. The very fact they were willing to make the loans to him was due to their belief in his leadership. Without him it is highly questionable whether their financial support of the H.S.U.S. would have been on the same scale as it has been over the years.

Finally, a thought of a more general nature. At our recent Board meeting my perception was that a concensus view was groping for guidance as to whether it is "appropriate" for a non-profit organization such as the H.S.U.S. to provide housing for its President. It was recognized this is common in academia and religion--but extending it to our case seemed by some to be sailing into uncharted waters. I am not sure how we go about providing the needed assurance on this point, but it would be interesting to know how in those other areas they grapple with the W-2 problem.

HOUSE PURCHASE ECONOMICS

ANNUAL COSTS

Loss of interest on $310,000 @ 7½% . . .	$ 23,250
Taxes.	3,000
Major Maintenance.	2,500
Sub-total. . . .	$ 28,750
Offset by 4% per year appreciation . . .	12,400
Net annual cost. . .	$ 16,350

ANNUAL SAVINGS (Salary increases not paid.)

	Annual	Cumulative
Year 1	$6,000	$ 6,000
Year 2	6,000	12,000
Year 3	6,000	18,000
Year 4	6,000	24,000
Year 5	6,000	30,000

CUMULATIVE BALANCE

	Cost	Savings	Net
Year 1	$16,350	$ 6,000	$(10,350)
Year 2	32,700	18,000	(14,700)
Year 3	49,050	36,000	(13,050)
Year 4	65,400	60,000	(5,400)
Year 5	81,750	90,000	8,250

PAYMENTS RELATING TO THE BRIGHTWATER PROPERTY

My thoughts relative to this unusual situation are as follows:

1. Paul Irwin took on a significant financial burden in order to ensure considerable benefits would inure to the H.S.U.S.

2. There is, in my opinion, ample justification for providing Paul with financial relief. However, it would have been preferable for this decision to have been made before, rather than after, he made the commitment.

3. At the time the Deferred Compensation Committee considered this, we discussed two possible methods:

a. An interest free loan.

b. A partnership arrangement.

We decided against a. because it would have required reporting a loan to a senior officer of the organization. However, in practice b. has become unexpectedly complicated to implement. Upon reflection, I wish we had decided on a. in spite of its drawback.

4. The payments made to Mr. Irwin prior to finalization of the partnership agreement should have been categorized as an "advance to be accounted for" pending execution of the agreement. The claim that this payment should be reported as "compensation" is, in my opinion, preposterous.

5. It was not anticipated that part of the funds provided to Paul would be used to pre-pay the mortgage he has from the Butlers because its terms are so advantageous. Paragraph 5 (the text of which was omitted from the copy of the Mortgage Agreement included with Ms. Harmon's Report) provides that if the Butlers become deceased prior to December 15, 1996, repayment of any remaining principle amount will be forgiven. The thought was that Paul would use interest earned on part of the funds provided by the H.S.U.S. to make interest payments to the Butlers.

LEGAL STANDING OF THE DEFERRED COMPENSATION COMMITTEE

Ms. Harmon attempts to throw considerable doubt on the validity of the procedure by which this Committee was created. My comments are as follows:

1. I have no doubt that the Directors present at the Executive Committee meeting on September 9, 1983, understood that they were acting to create the Deferred Compensation Committee.

2. The wording of the minutes of this action was intended to record that the Executive Committee was taking this action in the name of the Board on whose behalf it is empowered to act in almost all matters.

3. Our General Counsel was present at the Executive Committee meeting as well as at the subsequent meeting of the full Board at which time the minutes of the former meeting were approved. He presumably saw no flaw in the process which followed well established tradition; i.e., the Executive Committee acting in the name of the full Board.

4. The Deferred Compensation Committee membership has been included in the listing of committee assignments circulated annually to the Board.

5. The fact it has not reported its actions to the full Board is not unusual or unique. The Finance Committee (see attachment) has never made a report to the Board nor even kept minutes of its actions. As a matter of fact, I have no idea whether our funds have been well or poorly managed against conventional yardsticks. However, I have no one to blaame but myself for not having asked the question.

6. A recently appointed special "Committee on Committees", of which Joe Ramsey is Chairman, has the assignment of re-examining the Boards entire committee structure, and, most importantly, re-commending record keeping and reporting requirements. When implemented these recommendations will, hopefully, eliminate the problems of the past which resulted in the Board being incompletely informed.

Post Office Box 120
Woolwich, Maine 04579

January 15, 1988

John W. Metler, III
950 Third Avenue
New York 10022

Dear John,

As your mentioned during the recent Special Meeting of the HSUS Board, it has apparently not been the practice of the Finance and Investment Committee, of which you have been Chairman for many years, to record its actions in minutes. However, since this important Committee plays a key role in the financial management of the Society, it seems to me it would be very helpful to the Audit Committee if you could outline for them the types of decisions made by your Committee, their individual magnitude, approximate dollar value of decisions made annually during the last few years and any other facts you may consider pertinent to permit an understanding of its functions.

I am sure this information would also be most useful to the "Committee on Committees". So, for that reason, may I suggest you also send a copy of your comments to Joe Ramsey who has replaced me as its Chairman.

With many thanks.

Sincerely,

KWW:MW

K. William Wiseman

cc: Susan Pepperdine
Robert B. Sorock
O. J. Ramsey

Ad No reply
No follow up by Committee council
Not listed among information requested
but not provided

Memo to: Board of Directors HSUS

Date: April 18, 1988

From: Finance Committee

Since 1983, the Finance Committee of the HSUS has watched over the management of the following investments of the HSUS.

HSUS Packwood FUND
value 12/31/87 - $676,983
managed by - HSUS
objective - interest income
content - money market funds
custodian - Riggs Bank

HSUS Reserve Fund
value 12/31/87 - $2,109,524
managed by - Hovey Youngman
objective - conservative growth and income
content - 65% stocks 35% bonds or money market funds
custodian - Riggs Bank

HSUS Reserve Fund Option Writing Account
value 12/31/87 - $1,216,339
managed by - Cleveland Management
objective - income with some growth
content - 45% money market 55% stocks
custodian - Morgan Stanley

Sussman Trust

value 12/31/87 - $2,344,346
managed by - Cleveland Management, HSUS
objective - income with some growth
content - 45% utility stocks, 55% bonds
custodian - Bear Stearns, HSUS

The Finance Committee of the HSUS has not watched over the management of any other HSUS funds since 1983.

The Finance Committee of the HSUS hired the two investment firms of Hovey Youngman and Cleveland Management mentioned above.

The Finance Committee of the HSUS has not been responsible in any way for the disbursement of any monies from the above funds since 1983, nor has it had any audit or any other functions beside watching over the management of the above investments of the HSUS. Technically it should be named "the Investment Committee of the HSUS" instead of "the Finance Committee of the HSUS".

John W. Mettler III
Chairman

PAYMENT OF COMPENSATION BY NAAHE/NHEC

During recent years a minor part of Hoyt's and Irwin's salaries has been sourced to NAAHE/NHEC. This was done to reduce the amount reported on the H.S.U.S. Form 990.

In her executive summary Ms. Harmon concludes on Page 3 "As a result of these actions, false documents (Forms W-2, 941 and 990) have been filed with the federal government." Yet, according to her own brief in the main body of the report, much less dogmatic language is used (see attachment).

In addition, we have a contrary expert opinion which is recorded in the Minutes of the March 10, 1988, Meeting of the Audit Committee on which occasion Mr. Voorhees of Thomas Havey, the H.S.U.S. outside auditor said "his tax consultants saw no problem in furnishing payments through NHEC and NAAHE. (See attachment)

I also checked this procedure with my friend from a major state organization who told me they adopt the same procedure for the same reason. (Parenthetically, I should mention that Murdough Madden tells me he believes the subsidiaries of the state organization in question have a more active status than do NAAHE and NHEC.) On the other hand, at our recent meeting Nile Webb of Deloitte Haskens and Sells said he would recommend against the procedure. Perhaps this is a matter on which the advice of independent tax counsel is needed.

Finally, I would like to dispel the notion this procedure was adopted "secretively". Acting upon our auditors advice, it was initially approved by Colman Burke in 1985. Subsequent payments were endorsed by the Deferred Compensation Committee. However, this does not excuse the mischaracterization of these payments as described in Ms. Harmon's report. Further, it raises the question of responsibility for maintaining the corporate "paper trail" of these organizations to ensure that any transactions in which they do participate are properly authorized.

another organization,[19] this does not preclude the possibility that the NHEC and NAAHE compensation should have been reported on HSUS' Form 990. A court may disregard the corporate form in order to prevent the use of the corporate form to circumvent the effect of a tax statute, where the court finds that the corporate form is either a sham or an "alter ego" with respect to a particular transaction.[20] The general rule in tax cases is that, in order to disregard a corporate entity, (1) there must be such unity of interest and ownership that the separate personalities of the corporation and the individual shareholders no longer exist, and (2) if the acts are treated as those of the corporation alone, an inequitable result will follow.[21] Assuming that NHEC and NAAHE are determined to be instrumentalities or alter egos of HSUS under the factors set out in note 20 above, it is likely that a court would find that NHEC and NAAHE were used

---

19 Treas. Reg. § 6033-2(a).

20 Hoffman Motors Corporation v. United States, 473 F.2d 254, 256 (2nd Cir. 1973). In determining whether to pierce the corporate veil, some common determinating factors include undercapitalization, failure to observe formalities, siphoning of corporate funds by dominant stockholders, nonfunctioning of other officers or directors, absence of corporate records, use of the corporate entity in promoting injustice or fraud. Fletcher's Cyclopedia of Corporations, § 41.30, at 429. All of these factors appear to be present here. These principles have been applied to nonprofit organizations. Id., § 41.75 "Disregard of the Corporate Entity -- Nonprofit Corporations," at 174 (1983).

21 Fletcher's Cyclopedia of Corpoations, § 45.1 "Separate Corporate Entity Privilege in Taxation," at 546 (1983) (citing, inter alia, Western States Bankcard Assn. v. San Francisco, 62 Cal App. 137, 133 Cal Reptr. 36 ( ).)

INTERNAL CONTROLS AND PROCEDURES

The Harmon Report includes several situations highlighting the need for improved internal financial systems and controls. For instance, I was very surprised to learn Paul was able to sign checks payable to himself with respect to the Brightwater reimbursement. Of equal concern is lack of adequate records relating to donated and bequested valuable tangible items and property. It is in this whole area the advice of Deloitte, Haskins and Sells will be extremely helpful and important.

Equally important will be the "beefing up" of the Board's committee structure to improve its financial oversight capability. I could envisage a permanent audit committee, an investment committee and a finance committee (responsible for budgeting) with the activities of all three coordinated by what might be called a "Financial Oversight Committee".

Another important need, in my view, is to add to the staff a senior financial executive who might have the title "Chief Financial Officer" and who would report directly to Paul. Paul does not have a professional background in finance even though he has for many years been the H.S.U.S. Treasurer. The Assistant Treasurer is a CPA but is too young and lacks the experience necessary for an organization of the size to which the H.S.U.S. has grown.

In the same vein, the questions raised about spouse travel indicate the need for a formalized procedure. Although John Hoyt has mentioned to me from time to time (as I believe he did to Colman before me) the fact he was taking his wife on certain trips and the costs were covered by specific contributions, this falls short of following an established procedure. In Mobil we had a procedure which required preparation of a memorandum describing the business purpose and justification for each trip by a spouse and approval thereof by a director. I could envisage a policy which requires Hoyt having approval authority for senior members of his staff and he having to obtain approval from the Chairman. Incidentally, my friend from the major state humane organization told me they also have a spouse travel policy along those lines.

In like manner, the requirements of the Alice Morgan Wright-Edith Goode charitable trust have clearly not been followed for many years if at all. This can easily be corrected by establishing a special Board committee charged with this specific responsibility.

EXCESSIVE COMPENSATION OF H.S.U.S. OFFICERS

A significant claim in Ms. Harmon's Report is that the compensation of the H.S.U.S. officers is excessive to the point the status of the H.S.U.S. as a charity under federal tax law is threatened. My comments on this allegation are as follows:

Firstly, I attach tabulations showing correctly the salary and benefits of the President and Executive Vice-President for the past five years.

Secondly, Ms. Harmon has attempted to use as a yardstick of comparison the salaries paid to the senior executives of certain other major non-profit organizations--but only on the basis of the organizations' gross revenue. We know nothing of the CEOs' length of tenure, performance record, standing in the respective fields of endeavor, etc., nor do we know particulars of what, if any, fringe benefits they may enjoy.

Thirdly, in the seventeen years John Hoyt has been with the H.S.U.S. his salary has increased at an average rate of 7% per annum, not excessive in a period including significant inflation.

Fourthly, (and perhaps most importantly) is "market" value. I recently called a senior member of the executive committee of the largest and most well endowed of the state humane organizations to find out what they paid their CEO. He told me (on a confidential basis) they pay their man slightly more than we did John (I can provide the actual numbers) before the house transaction is taken into account--subsequently, they are about on a par. However, their man has only been with them five years and does not, by any means, enjoy John's stature in the movement. Most surprisingly, he confided that when they were seeking a CEO five years ago, they tried to entice John to join them--he was no. 1 on their short list, but he was not interested.

3 May 1982

Dear Joe:

I'm hope that you may be able to decipher my writing. I want to acknowledge your letter of April 29 re: HSCA Select Committee.

As you and others on the HSCA Board are aware, I am exceedingly disturbed and concerned by the course of events leading to the preparation and distribution of the report of the previous Audit Committee's attorney. Rather than advising or rendering an unprejudiced effect on the policies and management of HSCA, I fear that possibly irreparable damage has been done. I am particularly concerned whether our Board, as presently constituted, can ever function in the collegial manner that it previously enjoyed in an atmosphere of mutual trust and respect that is encumbered with the specific efforts and some staff of HSCA. When I joined the Board in 1978 I found our meetings uniquely exhilarating and because of the spectacular human resources that developed, there was a highly creative thrust to our discussions. How can we to recapture this mood and approach in a Board that has degenerated into a battlefield?

If there is any hope in this eternal adventure,

it surely resides with you as Chairman of the Select Committee. I am encouraged that with Sen. Stein's advice we may be able to straighten out any auditing problems and procedures that may need attention. Beyond that I agree with others that Committee procedures require clearer definition and perhaps some changes in the By-laws are indicated. I would caution against excessive definition of the responsibilities and prerogatives of Committees (and Board members!) and, on the other hand, the relationships between Board and CEO. The damage already wreaked on the latter may never be repaired!

My final comment relates to the motives and resulting investigative procedures of the minority among our Board members who precipitated our many months of turmoil. I would hope the Select Committee can give us its considered judgment of the consequences of these initiatives.

There is nothing in the above that I consider confidential. I have not shared it with anyone else and do not so intend but you may do what you will.

Sincerely
Jack Lydman

JACK LYDMAN
2815 Q ST NW
WASHINGTON DC 20007

WASHINGTON, DC 200
PM
4 MAY
1988

Domestic USA

O. J. Ramsey Esq.
10399 Old Placerville Road
Sacramento, California 95827
P.O. Box 2614
Sacramento, California 95826-0214

RECEIVED
MAY 17-1988
RMK & W

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

April 18, 1988

Ms. Gail Harmon
Harmon & Weiss
2001 S Street, N.W.
Suite 430
Washington, D.C. 20009-1125

Dear Mrs. Harmon,

Pursuant to your request, I am setting forth herein in a brief summary form, a description of my involvement, if any, as General Counsel of the HSUS, or otherwise, in each of the issues raised or allegations made by the Audit Committee. As requested, this is broken down into two sections--first as to the questions of Self Dealing, and second as to questions pertaining to internal fiscal management methods and the absence of Board involvement in the Alice Morgan Wright-Edith Goode Trust grant allocation process.

ALLEGATIONS OF SELF DEALING

(1) The purchase of Mr. Hoyt's home by the HSUS.	(1) I did not hear of this until after the transection was consumated, and was aware of no details until I first saw the Deferred Compensation Committee (DCC) minutes on or just prior to December 12, 1987.

(2) The transfer of ownership of life insurance policies to Mr. Hoyt and Mr. Irwin policies and HSUS agreement to pay future premiums thereon.	(2) I first heard of this from seeing the DCC minutes on or just prior to December 12 1987.
(3) The creation of a bank account for National Humane Education Center (NHEC), the transfer of HSUS and/or Mellon Bank Annuity Account funds into it and the subsequent payment of funds out of that account to Mr. Hoyt and Mr. Irwin.	(3) I first learned of any any all of this from seeing the DCC minutes on or just prior to December 12, 1987.
(4) The Irwin "Brightwater" Maine property matter.	(4) I first learned of the existence of this property from seeing the attachments to the DCC minutes on or just prior to December 12, 1987. I just learned of and saw the proposed "partnership agreement" document yesterday in reviewing the Audit Committee Preliminary Report Materials which I received late last week.
(5) Transfer of money from NAAHE account to Mr. Irwin.	(5) I first learned of this from seeing the DCC minutes on or just prior to December 12, 1988.
(6) Allegations regarding the HSUS 990s, the W-2s, etc.	(6) I have had nothing to do the questions concerning officer Compensation as reported on the HSUS 990s and the employee W-2s, and was not aware of any of these facts until they were raised in the course of the work of the Audit Committee.

OTHER MATTERS

1. THE ADMINISTRATION OF THE ALICE MORGAN WRIGHT - EDITH GOODE TRUST has been largely under my control since the fund was received many years ago. I had worked closely with Miss Wright in the drafting of her will which contained this trust. It is quite clear that the Trust Instrument states that the Board of Directors should select the beneficiaries and since Donald Dawson resigned from the Board until our most recent grant allocation meeting, where Board Chairman Wiseman participated, the Board has not been actively involved. This can be readily remedied.

2. BEQUESTS INCLUDING REAL ESTATE AND TANGIBLE PERSONAL PROPERTY have long formed a very important part of the income picture of the HSUS. As has been explained, as to the real estate, we invariably try to have the Executors probating the Estate in one or more of over the 50 different state jurusdictions, convert the bequest of realty to cash, by selling it during the Estate Administration, and this is done in most instances. There are however, exceptions to this. In some states, realty passes by will directly to the beneficiary (Ex Virginia) and therefore, we must see to the subsequent sale. But, by and large, the main reason that we find ourselves having to deal with these properties, is because we have received the property subject to some condition which postpones our being able to sell, or even have effective possession. For example, from the Evans Estate in Santa Barbara, California, there are two cats which are being cared for by a tenant and we cannot dispose of the property until they pass on. In Oklahoma, from the Teague Estate, we have title to a property, subject to a life interest in a woman in her fifties who was given the right to live there by the Testatrix in order to care for a dozen or more dogs. And in several other cases, we have been unable to sell the property, for example, a very unsaleable small villa in Lake Dot Villa, Florida, from the Nye Estate.

As to tangible personal property, my office would transfer it to the Treasurers office immediately upon receipt, we had no involvement in what happened after that, as to holding or sale, except that I personally, with Paul Irwin, saw to placing the Nye Estate coin collection in the Guardian Safety Deposit facility in Virginia, where it still exists intact.

As to why some of these assets were not shown on the books of HSUS, I do not know nor have I been involved in these decisions.

The files in my office contain hundreds and hundreds of estate files, almost all of them closed, some that included real estate either currently sold or since sold, and some which included tangible personal property either currently held or since sold. A number of examples of both real estate and tangible personal properties so received were pointed out to the Audit Committee Attorney and Auditors.

It is now clear that since the General Counsel's office is a part of the chain in these incoming realty and tangible personal property assets from bequests, it must maintain a clear, ongoing single ledger showing precisely what realty and tangible personal property has come in, from whence it came, and when it was transferred to the Treasurer's office.

I hereby CERTIFY that the foregoing is true and correct:

Murdaugh Stuart Madden
General Counsel

MSM:cat

HARMON & WEISS
2001 S STREET, N.W.
SUITE 430
WASHINGTON, D.C. 20009-1125

GAIL McGREEVY HARMON
ELLYN R. WEISS
DIANE CURRAN
DEAN R. TOUSLEY
ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

March 3, 1988

John Hoyt, President
The Humane Society of
the United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Mr. Hoyt,

I have received your signed questionnaire but since some questions were not answered fully, I need to repeat some questions.

Question 1. With regard to travel expenses paid by HSUS for trips outside of the United States, please provide a list of the trips and the amounts reimbursed during the last ten years.

Question 2. We have been told that HSUS held a note from you for $100,000; while there is little clarity about it, I gather that Mrs. Evans, the original holder of the note, donated it to HSUS. Please provide the date the note was given to HSUS (if at all) and whether or not interest was paid to HSUS.

Question 5. It was my impression that WPSA, a grantee of HSUS, has paid for travel for yourself and your wife. List all amounts paid by WPSA, and by any other HSUS grantees, to you or on your behalf or travel or other purposes

Question 6. While the audit Committee has some information on loans made to you by a trust of which Mr. Burke was a trustee and by Mrs. Evans, it does not have complete information on these or on any other transactions which may come within the terms of this question. For example, when I met with you on January 26, 1988, you declined to tell me whether or not you had paid interest to Mrs. Evans during the life of the loan. As originally requested, please enumerate and describe fully the financial transactions referred to in question 6.

HARMON & WEISS

Please provide the information necessary to complete the questionnaire by March 7, 1988. Complete your response with a certification that the information provided is current, correct, complete and true to the best of your knowledge.

Sincerely

Gail M. Harmon

cc: John Mettler, III
Susan Pepperdine
Robert Sorock
K. William Wiseman
O.J. Ramsey, Esq.
Murdaugh S. Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

April 29, 1988

OFFICERS
K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Patricia Forkan
Senior Vice President
Murdaugh Stuart Madden, Esq.
Vice President/General Counsel
Patrick B. Parkes
Vice President/Field Services
Dr. John W. Grandy
Vice President/Wildlife & Environment
Phyllis Wright
Vice President/Companion Animals
Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS
Aida Flemming
Virginia Milliken
Andrew Wyeth

Jake Stein
STEIN, MITCHELL & MEZINES
1800 M. Street, N.W.
Washington, D.C. 20036

Re: HSUS Select Committee

Dear Jake:

I am enclosing herewith for your file and information copies of self-explanatory correspondence from me to the Board asking that they notify me of any special concerns they would like to have considered in our final report, to John Hoyt and Paul Irwin asking that they provide you directly (copy to me) with their narrative statements of all they know about the matters raised by the Harmon report, to Mr. Webb of the Deloitte firm asking for his recommendations about what should be included in his review of our internal financial procedures, and otherwise reflecting the activities to date of the Select Committee.

As soon as I receive any input from the Board, I will immediately forward it to you.

Concerning Mr. Webb, I have gone ahead and asked him to get involved but wonder whether I, as chairman of the Select Committee, or you, as counsel for HSUS, should deal with him further. I would appreciate your guidance and recommendation in this respect.

Jake, I cannot tell you how reassuring it is to have your help in dealing with these matters. I certainly look forward to working with you toward the successful conclusion of this investigation.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr
Enclosures
cc: John Hoyt, Jake Stein, Bill Wiseman, Select Committee

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022

(212) 752-1855

May 9, 1988

Mr. Jacob Stein, Esq.
1800 M Street, NW
Washington, DC 20036

CONFIDENTIAL

Dear Mr. Stein,

In accordance with Mr. Ramsey's April 29th request, enclosed is a partial list of the matters which I feel remain either unanswered or unresolved. Mr. Tirana, on behalf of Ms. Spiedel, Mr. Bowman and me, will be sending his own letter to Mr. Ramsey with a copy to you.

John W. Mettler, III
Member, Board of DIrectors HSUS

encl.

cc: Members of Board of Directors, HSUS

CONFIDENTIAL

The question of the transfer of the Maine property from Paul Irwin to the HSUS for some $85,000 raises the obvious questions of self dealing, private inurement, and propriety, as is true in any case where a senior official, here the top financial official of the organization, has dealings of a financial nature with the organization itself. It is here obviously compounded by the fact that a very minute segment of the Board, knowing that it was acting in secret with respect to the full board, approved this matter and authorized Mr. Irwin pay himself a substantial sum of money. That of course, raises the questions to which the answers to date of which I am aware, do not appear to give any acceptable explanation.

My understanding is that Mr. Irwin's explanation is that when you deal with potential future large donors you sometimes do unusual looking things, all for the ultimate sake of financial benefits to the organization which will fall into place at some future time. He therefore took title to this property in his own name.

The problem that I have with this explanation is really threefold. It appears from the explanatory documents that Mr. Irwin and Mr. Hoyt initially looked at this as a personal recreation or vacation spot and there is no indication, in the record to the contrary. Next, it is difficult to accept the view that Mr. Irwin would have advanced substantial personal funds of money over a significant period of time to the HSUS. There is no history of either Mr. Irwin or any of the other employees making significant financial advances to the organization, and there is surely no indication that the organization was short of funds and needed this kind of financial support from its employees. It is also difficult to understand the reason given that this transaction had to be kept from the Board members or other HSUS officials. While there could have been a reason not to be candid with the potential donor, surely this didn't apply to our organization itself and to our board members. In short the explanations, if I understand them clearly, do not seem to answer the serious questions raised. In fact this may be a rather simple case of self dealing where perhaps Mr. Irwin got himself into a personal venture either as a recreation spot or as a long term investment, and then he subsequently decided that it for one reason or another was a very bad financial deal for him. If at that time he decided to transfer the property the HSUS and be reimbursed for his outlay,then, whether we like it or not, that is the explanation. If hopefully, there is another explanation that will hold together, I want very much to hear it quickly. In any event the point is to get at the truth as soon as possible.

My next question has to do with the indication that additional sub rosa compensation was authorized by this Deferred Compensation Committee for Mr. Hoyt and Mr. Irwin by payments

through the National Humane Education Center (NHEC) and the National Association for the Advancement of Humane Education (NAAHE). Apparently the former organization, NHEC had been completely inactive for many years and that money was apparently transferred from the Mellon Annuity bank account in Pittsburgh into that organization so that payments could be made to Mr. Hoyt and Mr. Irwin. The only explanation given so far for this unusual way of paying our President and Treasurer was to keep "outsiders" from knowing how much money Messrs Irwin and Hoyt were making. However, this also kept the HSUS board members from knowing the facts, and it also kept these transactions from being recorded in the normal manner in the financial books and records of the organization. I would like to have further explanation as to why what appears on the surface to be a very devious way to go about giving compensation to the President and Treasurer, was utilized. I have seen no explanation whatsoever that seemed to adequately deal with the questions. Once again these are matters that appear to raise serious questions of self dealing. There is also some record of the creation of special bank account that was opened, a single check passed through it to Mr. Irwin, and immediately closed. These bizarre facts were apparently known only to the Deferred Compensation Committee members who actively withheld this data and other critical information from the rest of the Board of Directors. These questions are obviously relevant because once again, they have to do with dealings between the chief fiscal and chief executive officers of the organization,and the organization itself. Surely the mere fact that there is an apparent stamp of approval by this tiny basically secret Deferred Compensation Committee does not remove the questions raised of self dealing and private inurement.

Another question which apparently remains unanswered which needs to be answered adequately has to do with the transfer to Mr. Hoyt and Mr. Irwin of the ownership of certain life insurance policies, with the undertaking of the HSUS to pay future premiums. The details of this transaction, which obviously also raises questions of self dealing and private inurement, need to be set out thoroughly in order for everyone to fully understand the transaction. For example, was there a significant cash surrender value involved? What will be the annual undertaking of premium obligations on the part of the HSUS and who are the current beneficiaries of these policies?

And finally, I addition to the above, I strongly recommend that you make a careful review of the chart attached to tab #9 of the Harmon & Weiss report and proceed to assure yourself that either the questions asked were completely unrelated to anything that might be of concern or interest to the Board or the IRS or yourself in your current inquiry, or that you acquire the appropriate responses.

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022

(212) 752-1855

May 9, 1988

Mr. Jacob Stein, Esq.
1800 M Street, NW
Washington, DC 20036

CONFIDENTIAL

Dear Mr. Stein,

In accordance with Mr. Ramsey's April 29th request, enclosed is a partial list of the matters which I feel remain either unanswered or unresolved. Mr. Tirana, on behalf of Ms. Spiedel, Mr. Bowman and me, will be sending his own letter to Mr. Ramsey with a copy to you.

John W. Mettler, III
Member, Board of DIrectors HSUS

encl.

cc: Members of Board of Directors, HSUS

CONFIDENTIAL

The question of the transfer of the Maine property from Paul Irwin to the HSUS for some $85,000 raises the obvious questions of self dealing, private inurement, and propriety, as is true in any case where a senior official, here the top financial official of the organization, has dealings of a financial nature with the organization itself. It is here obviously compounded by the fact that a very minute segment of the Board, knowing that it was acting in secret with respect to the full board, approved this matter and authorized Mr. Irwin pay himself a substantial sum of money. That of course, raises the questions to which the answers to date of which I am aware, do not appear to give any acceptable explanation.

My understanding is that Mr. Irwin's explanation is that when you deal with potential future large donors you sometimes do unusual looking things, all for the ultimate sake of financial benefits to the organization which will fall into place at some future time. He therefore took title to this property in his own name.

The problem that I have with this explanation is really threefold. It appears from the explanatory documents that Mr. Irwin and Mr. Hoyt initially looked at this as a personal recreation or vacation spot and there is no indication, in the record to the contrary. Next, it is difficult to accept the view that Mr. Irwin would have advanced substantial personal funds of money over a significant period of time to the HSUS. There is no history of either Mr. Irwin or any of the other employees making significant financial advances to the organization, and there is surely no indication that the organization was short of funds and needed this kind of financial support from its employees. It is also difficult to understand the reason given that this transaction had to be kept from the Board members or other HSUS officials. While there could have been a reason not to be candid with the potential donor, surely this didn't apply to our organization itself and to our board members. In short the explanations, if I understand them clearly, do not seem to answer the serious questions raised. In fact this may be a rather simple case of self dealing where perhaps Mr. Irwin got himself into a personal venture either as a recreation spot or as a long term investment, and then he subsequently decided that it for one reason or another was a very bad financial deal for him. If at that time he decided to transfer the property the HSUS and be reimbursed for his outlay,then, whether we like it or not, that is the explanation. If hopefully, there is another explanation that will hold together, I want very much to hear it quickly. In any event the point is to get at the truth as soon as possible.

My next question has to do with the indication that additional sub rosa compensation was authorized by this Deferred Compensation Committee for Mr. Hoyt and Mr. Irwin by payments

through the National Humane Education Center (NHEC) and the National Association for the Advancement of Humane Education (NAAHE). Apparently the former organization, NHEC had been completely inactive for many years and that money was apparently transferred from the Mellon Annuity bank account in Pittsburgh into that organization so that payments could be made to Mr. Hoyt and Mr. Irwin. The only explanation given so far for this unusual way of paying our President and Treasurer was to keep "outsiders" from knowing how much money Messrs Irwin and Hoyt were making. However, this also kept the HSUS board members from knowing the facts, and it also kept these transactions from being recorded in the normal manner in the financial books and records of the organization. I would like to have further explanation as to why what appears on the surface to be a very devious way to go about giving compensation to the President and Treasurer, was utilized. I have seen no explanation whatsoever that seemed to adequately deal with the questions. Once again these are matters that appear to raise serious questions of self dealing. There is also some record of the creation of special bank account that was opened, a single check passed through it to Mr. Irwin, and immediately closed. These bizarre facts were apparently known only to the Deferred Compensation Committee members who actively withheld this data and other critical information from the rest of the Board of Directors. These questions are obviously relevant because once again, they have to do with dealings between the chief fiscal and chief executive officers of the organization,and the organization itself. Surely the mere fact that there is an apparent stamp of approval by this tiny basically secret Deferred Compensation Committee does not remove the questions raised of self dealing and private inurement.

Another question which apparently remains unanswered which needs to be answered adequately has to do with the transfer to Mr. Hoyt and Mr. Irwin of the ownership of certain life insurance policies, with the undertaking of the HSUS to pay future premiums. The details of this transaction, which obviously also raises questions of self dealing and private inurement, need to be set out thoroughly in order for everyone to fully understand the transaction. For example, was there a significant cash surrender value involved? What will be the annual undertaking of premium obligations on the part of the HSUS and who are the current beneficiaries of these policies?

And finally, I addition to the above, I strongly recommend that you make a careful review of the chart attached to tab #9 of the Harmon & Weiss report and proceed to assure yourself that either the questions asked were completely unrelated to anything that might be of concern or interest to the Board or the IRS or yourself in your current inquiry, or that you acquire the appropriate responses.

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022

(212) 752-1855

June 21, 1988

Mr. Jacob Stein, Esq.
Stein, Mitchell & Mezines
1800 M Street, NW
Washington, DC 20036

Dear Mr. Stein:

I am writing this letter directly to you in the hope of clarifying several matters of great importance to me and to the HSUS itself. As to the forthcoming meeting scheduled in Kansas City, I would expect to have received by now the answers in writing to the questions that I specifically raised in my letter to you of May 9, 1988 (enclosed) in addition to the still unanswered questions raised by the Harmon and Weiss report as a prerequisite to any effective meeting that might take place on July 8th.

A few words about the "Select" committee: Joe Ramsey is fully in charge of this pro-management committee. Bill Wiseman, who incidentally selected the committee by himself so that it in no way represented an impartial committee of the Board of Directors, is an "ex-officio" member. Apparently John Hoyt is also now considered a member as a result of the reasoning that the President can attend meetings, even though many of the questions being raised directly concern his past conduct. What is most inconsistent is the inclusion of Mr. Hoyt and Mr. Wiseman, who are two of the primary people at whom the Harmon report points a finger for past activities.

I gather that what really is being "staged" is to have you, the well-known and reputable Jake Stein, pour oil on these troubled waters and put these matters to rest without really having to answer the allegations contained in the Harmon report.

All of the above, Mr. Stein, makes it necessary for me to review a few facts that may not be clear to you because you were not personally present at the Board meeting of April 20, 1988, and I will take a moment to set forth how your proposed role was described and sold to the Board members in attendance. William Wiseman, using the power of the chair, after soundly criticizing the "Harmon" report as unbalanced and unfair, announced that he had a plan. He then proceeded to state that "Jake Stein (his personal attorney) has an idea that will get everyone off the hook by starting a procedure that will resolve all of these matters." You were described as the "new Independent Counsel" and Mr. Wiseman repeated that this would get the Board "off the hook" and said, "we need outside independent counsel of unchallengeable prestige." I might point out that Ms. Harmon was also an "independent counsel" but since Mr. Wiseman and others were incriminated in her report, Mr. Wiseman preferred to ignore both the Audit Committee (appointed by the Board) and the Harmon report because there were too many questions raised in the Harmon report that made him, the Deferred Compensation Committee, and some of the executive staff all look bad. So using the chair to his advantage, Chairman Wiseman appointed a "select" committee, stacked heavily with his own sympathetic directors, to try and bury the Harmon report once and for all.

The script went somewhat like this: Mr. Sonde, who was apparently present as the personal counsel for John Hoyt and Paul Irwin, said that "both Stein's advice and mine is that the Board needs some advice from someone who has credentials." (Apparently Gail Harmon has none!) Mr. Irwin, in supporting the idea, repeated the thought that this would get the Board off the hook and, following another reference to you as "distinguished independent counsel,"Mr. Sonde spoke in support of the plan of hiring Jake Stein as independent attorney for the organization (the HSUS) and "turning this all over to him." Joe Ramsey then said that he was "advised by counsel (I don't know what counsel) to proceed this way"-- to create a new Committee to supersede the Audit Committee and "turn it all over to Jake Stein."

The above reflects the atmosphere at the meeting where your retention was voted upon and this letter is simply to verify that your role will be as described, and that in essence this whole matter will be "turned over" to you and that you will exercise your "independent judgment" on all of these questions.

If, on the other hand, your role is that merely of counsel to this new "select" committee, that is an entirely different matter, and you could hardly be expected to, nor be in a position to exercise any "independent" judgment for the corporate charity itself.

As you should be well aware, the "Select" Committee was carefully designed by Chairman Wiseman to supersede, and in effect ignore the work done and report issued by the earlier Audit Committee and its attorney, Gail Harmon. (This committee incidentally was unanimously authorized by the Board of Directors in December, 1987). Is Chairman Wiseman, who is under such criticism for having aided and abetted the Hoyt-Irwin activities, really to be part of this "select" committee? Is John Hoyt to be part of it? Or are they simply included to be sure the Harmon report is effectively obliterated?

Joe Ramsey's May 28, 1988 letter to my attorney, Bardyl Tirana (copy enclosed) only acted to exacerbate these fears when he made it clear that he would decide what was "necessary" for you to see and be concerned with. This "screening" of information shows clearly that the Chairman and Vice-chairman are anxious to avoid disseminating any incriminating facts supporting the Harmon report. It is quite evident that this arrogance and insensitivity to obvious conflicts of interest and heavy handedness which contributed so much to the creation of these problems in the first place, continues on, unabated in any way.

Has this whole matter been put into your hands as independent counsel to the organization, or is your good name simply being used as "window dressing" in order to cover up the questions raised by the Harmon report?

I will appreciate hearing from you and most particularly would like to see these unanswered questions answered in writing before we are all called upon to attend any meeting of this new "committee." I am afraid that these questions must eventually be dealt with openly and above board. They will not simply disappear. Nor will the Harmon report.

John W. Mettler III
Director, HSUS

cc: Members of The Select Committee
Murdaugh Stuart Madden, Esq.
Enclosures

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022
(212) 752-1855

Mr. Jacob Stein, Esq.
Stein, Mitchell & Mezines
1800 M Street, Northwest
Washington, D.C. 20036

July 18, 1988

Dear Mr. Stein:

I am writing this letter so that some thoughts of mine will be a matter of record in connection with our forthcoming meeting, and I would appreciate it if you would express my concerns in your report.

I have reviewed the draft minutes of the meeting in Kansas City which set forth your views and recommendations and I am puzzled to see that there is no indication that you have concluded that any of the past conduct of Mr. Hoyt or Mr. Irwin was inappropriate, improper, constituted self-inurement or conflict of interest, or was censurable in any way. Mr. Stein, these gentlemen have been questioned about possible wrongdoing by an independent counsel like yourself, and you were asked to look into the matter. Your report (to date) is completely silent as to these matters. In fact, it appears that far from discussing whether this past conduct is grounds for censure, at the very least, you are apparently recommending employment "contracts" for those two employees, which can only be perceived as a reward for good conduct.

A simple example is in item 8 of your report, where, in connection with Brightwater, you say that Mr. Irwin shouldn't have been able to write himself a check. The point is, Mr. Stein, that he did, and he cashed it, and he benefited from it. Obviously this was an inexcusable conflict of interest, and gross lack of sensitivity, to say the very least. The problem I see with not answering these questions and not seeing them for what they are, is that the next person who looks at it all might not be from our Board, whose membership wants to protect the HSUS, and might well be instead one who would view some of these facts as constituting misappropriation or misuse of charitable funds.

I have not overlooked the serious allegations against Mr. Wiseman and the alleged "Deferred Compensation Committee," but can assure you that their so-called actions do not in any way excuse Mr. Hoyt and Mr. Irwin, who obviously had this committee under their control and direction.

I am looking forward to our meeting tomorrow and would hope that you would re-read my earlier letters to you. Your July 8th report gives me the impression that you found no merit whatsoever in my view of the seriousness of some of the matters facing all of us, nor in some of the allegations contained in the Harmon Report, written by another "independent counsel who had been asked to look into all these matters, with the unanimous backing of the HSUS Board of Directors.

Sincerely,

John W. Mettler

John W. Mettler III
Director, HSUS

cc: Select Committee
Murdaugh Madden, Esq.

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022
(212) 752-1855

May 9, 1988

Mr. Jacob Stein, Esq.
1800 M Street, NW
Washington, DC 20036

CONFIDENTIAL

Dear Mr. Stein,

In accordance with Mr. Ramsey's April 29th request, enclosed is a partial list of the matters which I feel remain either unanswered or unresolved. Mr. Tirana, on behalf of Ms. Spiedel, Mr. Bowman and me, will be sending his own letter to Mr. Ramsey with a copy to you.

John W. Mettler

John W. Mettler, III
Member, Board of DIrectors HSUS

encl.

cc: Members of Board of Directors, HSUS

CONFIDENTIAL

The question of the transfer of the Maine property from Paul Irwin to the HSUS for some $85,000 raises the obvious questions of self dealing, private inurement, and propriety, as is true in any case where a senior official, here the top financial official of the organization, has dealings of a financial nature with the organization itself. It is here obviously compounded by the fact that a very minute segment of the Board, knowing that it was acting in secret with respect to the full board, approved this matter and authorized Mr. Irwin pay himself a substantial sum of money. That of course, raises the questions to which the answers to date of which I am aware, do not appear to give any acceptable explanation.

My understanding is that Mr. Irwin's explanation is that when you deal with potential future large donors you sometimes do unusual looking things, all for the ultimate sake of financial benefits to the organization which will fall into place at some future time. He therefore took title to this property in his own name.

The problem that I have with this explanation is really threefold. It appears from the explanatory documents that Mr. Irwin and Mr. Hoyt initially looked at this as a personal recreation or vacation spot and there is no indication, in the record to the contrary. Next, it is difficult to accept the view that Mr. Irwin would have advanced substantial personal funds of money over a significant period of time to the HSUS. There is no history of either Mr. Irwin or any of the other employees making significant financial advances to the organization, and there is surely no indication that the organization was short of funds and needed this kind of financial support from its employees. It is also difficult to understand the reason given that this transaction had to be kept from the Board members or other HSUS officials. While there could have been a reason not to be candid with the potential donor, surely this didn't apply to our organization itself and to our board members. In short the explanations, if I understand them clearly, do not seem to answer the serious questions raised. In fact this may be a rather simple case of self dealing where perhaps Mr. Irwin got himself into a personal venture either as a recreation spot or as a long term investment, and then he subsequently decided that it for one reason or another was a very bad financial deal for him. If at that time he decided to transfer the property the HSUS and be reimbursed for his outlay,then, whether we like it or not, that is the explanation. If hopefully, there is another explanation that will hold together, I want very much to hear it quickly. In any event the point is to get at the truth as soon as possible.

My next question has to do with the indication that additional sub rosa compensation was authorized by this Deferred Compensation Committee for Mr. Hoyt and Mr. Irwin by payments

through the National Humane Education Center (NHEC) and the National Association for the Advancement of Humane Education (NAAHE). Apparently the former organization, NHEC had been completely inactive for many years and that money was apparently transferred from the Mellon Annuity bank account in Pittsburgh into that organization so that payments could be made to Mr. Hoyt and Mr. Irwin. The only explanation given so far for this unusual way of paying our President and Treasurer was to keep "outsiders" from knowing how much money Messrs Irwin and Hoyt were making. However, this also kept the HSUS board members from knowing the facts, and it also kept these transactions from being recorded in the normal manner in the financial books and records of the organization. I would like to have further explanation as to why what appears on the surface to be a very devious way to go about giving compensation to the President and Treasurer, was utilized. I have seen no explanation whatsoever that seemed to adequately deal with the questions. Once again these are matters that appear to raise serious questions of self dealing. There is also some record of the creation of special bank account that was opened, a single check passed through it to Mr. Irwin, and immediately closed. These bizarre facts were apparently known only to the Deferred Compensation Committee members who actively withheld this data and other critical information from the rest of the Board of Directors. These questions are obviously relevant because once again, they have to do with dealings between the chief fiscal and chief executive officers of the organization,and the organization itself. Surely the mere fact that there is an apparent stamp of approval by this tiny basically secret Deferred Compensation Committee does not remove the questions raised of self dealing and private inurement.

Another question which apparently remains unanswered which needs to be answered adequately has to do with the transfer to Mr. Hoyt and Mr. Irwin of the ownership of certain life insurance policies, with the undertaking of the HSUS to pay future premiums. The details of this transaction, which obviously also raises questions of self dealing and private inurement, need to be set out thoroughly in order for everyone to fully understand the transaction. For example, was there a significant cash surrender value involved? What will be the annual undertaking of premium obligations on the part of the HSUS and who are the current beneficiaries of these policies?

And finally, I addition to the above, I strongly recommend that you make a careful review of the chart attached to tab #9 of the Harmon & Weiss report and proceed to assure yourself that either the questions asked were completely unrelated to anything that might be of concern or interest to the Board or the IRS or yourself in your current inquiry, or that you acquire the appropriate responses.

LAW OFFICES

STEIN, MITCHELL & MEZINES

1800 M STREET, NORTHWEST

WASHINGTON, D. C. 20036

BASIL J. MEZINES
GLENN A. MITCHELL
JACOB A. STEIN
GERARD E. MITCHELL
ROBERT F. MUSE
DAVID U. FIERST
RICHARD A. BUSSEY
PATRICK A. MALONE
ROBERT L. BREDHOFF
HELEN RANDOLPH

TELEPHONE: (202) 737-7777
TELECOPIER: (202) 296-8312

April 25, 1988

Mr. K. William Wiseman
P. O. Box 120
Woolwich, Maine 04579

Dear Mr. Wiseman:

I have been told that The Humane Society of the United States, HSUS, wishes to retain this firm to advise the Select Committee elected at your meeting of April 20, 1988. We would be pleased to work with you and it will be my wish to deal with this assignment as a personal matter as far as practicable.

Let me give you my thoughts on relevant matters.

1. Compensation

I suggest an hourly rate of $200 for my time with reduced compensation for those in our firm who may assist. I will make an effort to complete my work by the end of June, 1988.

2. The role of Deloitte Haskins & Sells

We need recommendations from a qualified accounting expert. It is my understanding that Nile J. Webb of DHS will accept the assignment.

3. Submissions

In order to complete our assignment with dispatch, we need, promptly:

(a) Comments by board members.

(b) Comments of Nile J. Webb.

(c) Written statements of John Hoyt and Paul Irwin commenting item by item on the matters raised in the Harmon Report.

(d) A submission, if one is to be made, from Bardyl Tirana respecting any concerns of his clients.

4. Procedure

(a) Upon my receipt of the documents set forth above, I will draft my comments for consideration by your committee. Thereafter we can exchange comments by conference call.

(b) I will send my final draft comments to Joe Ramsey, the Chairman of the Select Committee, with copies, of course, to each member.

(c) Upon receipt of Mr. Ramsey's draft report, I will submit my full comments and will be available for consultation and appearance before the Board.

If you have any questions please give me a call.

Sincerely,

Jacob A. Stein

K. WILLIAM WISEMAN
P. O. BOX 120
WOOLWICH, MAINE 04579

May 4, 1988

Stein, Mitchell & Mezines
1800 M Street, Northwest
Washington, D.C. 20036

Attention: Jacob A. Stein, Esq.

Dear Mr. Stein:

This is to acknowledge your letter of April 15 and to confirm the arrangement outlined therein.

In addtion to the matters you have mentioned, it occurs to me the advice of eminent tax counsel may be required. If so, I am sure you will be able to arrange for this to be obtained.

Finally, I would like to reiterate how very much we appreciate your kind offer to work with us in finding a constructive solution to a most difficult situation.

Most sincerely,

KWW:MW

K. William Wiseman

Chairman of the Board
The Humane Society of
the United States

cc: O. J. Ramsey, Esq.
Chairman, Select Committee

LAW OFFICES

STEIN, MITCHELL & MEZINES

1100 CONNECTICUT AVENUE, NORTHWEST

WASHINGTON, D. C. 20036

BASIL J. MEZINES
GLENN A. MITCHELL
JACOB A. STEIN
GERARD E. MITCHELL
ROBERT F. MUSE
DAVID U. FIERST
RICHARD A. BUSSEY
PATRICK A. MALONE
ROBERT L. BREDHOFF
HELEN RANDOLPH

TELEPHONE: (202) 737-7777
TELECOPIER: (202) 296-8312

May 4, 1989

Mr. Robert B. Sorock
Stone & Simons Advertising
24245 Northwestern Highway
Southfield, MI 48075

Dear Robert:

Here are redrafts. I have tried to clean up the verbiage. Under 4.2(a) the words "pensionable salary" are used. We should have a better definition.

Call me about any questions.

Sincerely,

Jacob A. Stein

Enclosures

LAW OFFICES

STEIN, MITCHELL & MEZINES

1100 CONNECTICUT AVENUE, NORTHWEST

WASHINGTON, D. C. 20036

BASIL J. MEZINES
GLENN A. MITCHELL
JACOB A. STEIN
GERARD E. MITCHELL
ROBERT F. MUSE
DAVID U. FIERST
RICHARD A. BUSSEY
PATRICK A. MALONE
ROBERT L. BREDHOFF
HELEN RANDOLPH

OF COUNSEL
MILDRED M. EDWARDS

TELEPHONE: (202) 737-7777
TELECOPIER: (202) 296-8312

February 13, 1989

Mr. Robert B. Sorock
Stone & Simons Advertising
24245 Northwestern Highway
Southfield, MI 48075

Dear Mr. Sorock:

I am returning to you the draft of the employment contract.

I have reviewed it with the following assumptions in mind:

(1) It was negotiated as an arms length transaction.

(2) It was negotiated with a view to obtaining the best terms available to the Humane Society.

(3) When looked at by the membership it will be viewed as an economical arrangement given the objectives of the Society.

I submit the comments set forth in the enclosed memorandum. I will be happy to submit a clean copy setting forth an incorporation of what is agreed to by the parties.

Sincerely,

Jacob A. Stein

Enclosure

LAW OFFICES

STEIN, MITCHELL & MEZINES

1800 M STREET, NORTHWEST

WASHINGTON, D. C. 20036

BASIL J. MEZINES
GLENN A. MITCHELL
JACOB A. STEIN
GERARD E. MITCHELL
ROBERT F. MUSE
DAVID U. FIERST
RICHARD A. BUSSEY
PATRICK A. MALONE
ROBERT L. BREDHOFF
HELEN RANDOLPH

TELEPHONE: (202) 737-7777
TELECOPIER: (202) 296-8312

June 29, 1988

Mr. John A. Hoyt
President
The Humane Society of the United
States
2100 L Street, N.W.
Washington, D.C. 20037

Mr. Paul G. Irwin
Executive Vice President/Treasurer
The Humane Society of the United
States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Messrs. Hoyt and Irwin:

In our capacity as counsel for the Select Committee of the HSUS I would appreciate your assisting me concerning several questions that have arisen. I would like the answers at your earliest convenience.

1. In Mr. Irwin's letter to me, dated June 8, 1988, under Item #5, reference is made to certain "enabling ~~resolutions~~" approved at the Society's annual organizational meeting that authorized him "to act on behalf of the HSUS." It was further noted that "[s]uch a resolution has been filed with the Mellon Bank." Please furnish a copy of the minutes containing the most recent set of enabling resolutions. If these most recent resolutions were approved by the Executive Committee, please also provide a copy of the minutes of the most recent meeting of the Board of Directors at which the subject matter of the enabling resolutions was discussed, especially as it may relate to the

resolution doesn't mention Mellon

annuity trust account at the Mellon Bank. Also please furnish copies of all correspondence with the Mellon Bank and any other documentation concerning the Treasurer's authority to withdraw funds from and/or write checks against the annuity account. If these enabling resolutions are not recorded in the minutes, please provide whatever other form of documentary evidence may be available to confirm the content of these resolutions.

2. Attached as Appendix C to Mr. Irwin's June 8 letter is information relating to certain insurance policies on the lives of the President and the Executive Vice President/Treasurer of the HSUS. Please confirm the data shown below with respect to the Connecticut Mutual policies owned by the Society for its protection and indicate the date acquired, and the type of life insurance (i.e., straight life, term, etc.).

Policy No.	Insured	Face Value	Type Policy	Date Purchased
[redacted]	John A. Hoyt	$100,000		
[redacted]	Paul G. Irwin	$100,000		

It appears that the Manhattan Life policies insuring Mr. Hoyt's life in the face amount of $237,810 and Mr. Irwin's for $50,000 may have been owned by the HSUS at one time. If so, information is needed with respect to these policies as follows:

	Hoyt	Irwin
a) Date purchased by the HSUS		
b) Date transferred to the insureds		
c) Straight life, term, or other		
d) Cash surrender value at time of transfer		
e) Are premiums paid by the HSUS?		

f) Does the HSUS have any contingent or other interest in the proceeds of the policy?

Please explain the term "Flexible Premium Adjustable Life Insurance" used to describe these policies. Given the amount of the annual premiums, why do these policies presently have such small cash values?

3. Also included in Appendix C was a summary sheet showing "Participant Account Activity October 1, 1987, through December 31, 1987." It appears that this document was issued by an insurance company located in Hartford, Connecticut. Please identify this document and indicate the significance of the $10,000 change in investment value attributable to your respective accounts. Also, it will be appreciated if you would attach copies of any more recent "Participant Account Activity" sheets that you may have received.

4. Additional information and documentation is needed in connection with "Brightwater."

(a) Has the "Brightwater Partnership Agreement between the HSUS and Mr. Irwin been signed? If so, please furnish a photocopy of the executed agreement and any other document assigning a property interest in the 99-year lease to the HSUS.

(b) Was a formal lease issued by the Brightwater Cooperative Club to Mr. Irwin? If so, please furnish a photocopy of the signed document. If not, what evidence is there of the 99-year lease?

(c) Was the June 15, 1988, installment of interest paid to the Butlers? If so,by whom?

(d) Please furnish a copy of the 1987 bill for club and town taxes.

(e) Please attach a copy of the Aetna Casualty & Surety Co. homeowners policy on the former Butler cabin and premises.

(f) Are there receipts and/or cancelled checks for all items of expense listed by Mr. Irwin in his letter to Ms.

Harmon, dated March 8, 1988, and in the attachment thereto, showing who paid these expenses and when? Who has custody of these proofs of payment. Please indicate who paid these expenses.

I look forward to your prompt response.

Sincerely,

Jacob A. Stein

cc: Theodore Sonde, Esq.

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS
K. William Wiseman
Chairman of the Board
Coleman Burke, Esq.
Chairman Emeritus
O.J. Ramsey, Esq.
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
Executive Vice President/ Treasurer
Patricia Forkan
Senior Vice President
Murdaugh Stuart Madden, Esq.
Vice President/General Counsel
Patrick B. Parkes
Vice President/Field Services
Dr. John W. Grandy
Vice President/Wildlife & Environment
Phyllis Wright
Vice President/Companion Animals
Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS
Aida Flemming
Virginia Milliken
Andrew Wyeth

May 27, 1988

Jacob A. Stein, Esq. UPS Next-Day
STEIN, MITCHELL & MEZINES
1800 M Street, N.W.
Washington, D. C. 20036

Re: HSUS Select Committee

Dear Jake:

Enclosed herewith are the following items:

1. A copy of my response to Bardyl Tirana's letter of May 11, 1988;

2. Copies of my letters of today to Amy Freeman Lee, Jack Lydman, and Paul Irwin;

3. Copy of letter from Bill Kerber in response to our earlier request of April 29, 1988, that the Board members notify us of their particular concerns with regard to the work of the Select Committee;

4. A copy of a letter to us from Deloitte, Haskins & Sells dated May 20, 1988;

5. A copy of our response to the letter from Deloitte, et al., of today;

6. A copy of Murdaugh Madden's confidential memorandum to John Hoyt, dated May 6, 1988, regarding the purposes and functions of the National Humane Education Center (NHEC) and the National Association for the Advancement of Humane Education (NAAHE); and

7. Paul Irwin's curriculum vitae.

The Select Committee met today, Friday, May 27, 1988, by status conference telephone call. We have planned tentatively to meet in Kansas City, Missouri, all day Friday, July 8, 1988. We hope to have your records and those of

Deloitte, et al., in hand by no later than the end of June so that I will have at least a week to do a first draft of the report of the Select Committee to discuss with the committee on July 8, 1988.

Jake, the Select Committee felt it had no choice in light of the letter from Mr. Tirana but to submit the problem to you to make recommendations and deal directly with Mr. Tirana. Would you let me know if you need any further information on that issue and otherwise do what has to be done to deal with Mr. Tirana's demands?

Best personal regards,

Very truly yours,

O. J. Ramsey

OJR:jr
Enclosures
cc: Select Committee
John Hoyt
Bill Wiseman
Murdaugh Madden

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

July 6, 1988

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Jacob Stein, Esq.
Stein, Mitchell & Mezines
1800 M Street, N.W.
Washington, DC 20036

Dear Mr. Stein:

I am pleased to respond to your letter of June 29 as fully as possible within the limitations of the materials at my disposal. Unfortunately, Mr. Irwin is in California for the entire week of July 4 through 9 and will not return to the office until July 11.

As regards Item #1, I am pleased to forward to you a copy of the minutes of the meeting of the board of directors held on October 17, 1987, with attached corporate resolutions adopted by the board on that occasion. As you will note, these resolutions do not address specifically the annuity trust account at the Mellon Bank. Mr. Irwin will have to provide you copies of correspondence with the Mellon Bank and any other documentation regarding the treasurer's authority to withdraw from and/or write checks against the annuity account. I will request that he do so immediately upon his return.

As regards Item #2, the Connecticut Mutual policy #3249752 insuring John A. Hoyt in the amount of $100,000 is a "Whole Life Paid Up at Age 65" policy purchased on January 1, 1976. The policy #3762191 insuring Paul G. Irwin in the amount of $100,000 is also a "Whole Life Paid Up at Age 65" policy purchased on October 3, 1979. I have attached resolutions setting forth the Deferred Compensation and Salary Continuation Plan relating to these policies for both Mr. Irwin and myself as well as the amendment made to the terms of these resolutions approved by the Deferred Compensation Committee at its meeting held on September 13, 1984.

As regards the Manhattan Life policies, these were purchased on September 30, 1986, and transferred to Paul Irwin and myself on January 1, 1987. Both are "flexible premium adjustable life policies" and had no cash surrender value at time of transfer inasmuch as both policies had only been in existence for three months. The premiums are paid by The Humane Society of the United States in the amount of $4,000 per annum for John Hoyt and $2,700 per annum for Paul Irwin. The HSUS has no contingent or other interest in the proceeds of these policies.

In order to summarize Item #2, I am enclosing a photocopy of your letter with the information filled in as requested.

It should further be stated that these policies grew out of two Aetna policies that were created at the time the HSUS changed its Employees Pension Carrier Program from the Aetna company to the CIGNA company. I have attached a letter from Mr. Brendan M. Ryan, vice president of the James Company, setting forth the rationale for the change of carriers and further information regarding the Manhattan policies.

These Aetna policies were surrendered on January 1, 1987, in lieu of the Manhattan policies having been purchased. Ownership of the Aetna life insurance policies had been transferred to Mr. Hoyt and Mr. Irwin respectively by action of the Deferred Compensation Committee on July 24, 1986 (minutes enclosed) with the understanding that The HSUS would continue to pay the premiums for both policies until the retirement or termination of employment of either individual. The Manhattan policies purchased subsequent to the transfer of these to Mr. Irwin and myself did not result in any greater premium cost to The HSUS than previously approved for continuation of the Aetna policies.

At the time of the surrender of the Aetna policies, I received a check for the Fund Surrender Value in the amount of $4,697.93, which I rolled over into my current IRA program. I am unable to indicate what the Fund Surrender Value of Mr. Irwin's policy was at the time. I have attached letters and forms documenting the surrender of these policies.

The term "Flexible Premium Adjustable Life Insurance" is in fact Universal Life insurance. It is possible that the current premiums could increase if the interest rate being realized by the premium investment falls below 6% for three or four consecutive years. At the present time it is being

paid at the rate of 8½% and according to Mr. Ryan it is not at all likely that the premium rates for either policy will ever be increased.

Again, the premiums for each of these policies are $4,000 for Mr. Hoyt and $2,700 for Mr. Irwin annually. The small cash value has to do with the short time for which each policy has been in existence.

As regards Item #3 regarding Participant Account Activity October 1, 1987 through December 31, 1987, this is a deferred compensation program for several staff persons administered by the Aetna life insurance company of Hartford, Connecticut. The significance of the $10,000 change in the investment value attributed to Mr. Hoyt's and Mr. Irwin's accounts collectively results from the fact that our accounts are invested differently than the rest of the participants. You will note from the Participant Account Activity schedule for January 1 through March 31, 1988, that those same policies have increased in value by approximately $3,500. In short, the serious decline in the investment value was directly related to the stock market crash of October 19.

As regards Item #4 regarding additional information and documentation connected with Brightwater, Mr. Irwin will have to provide such information as none of this is in my possession.

I trust the information I have provided will be helpful. I shall be pleased to answer any questions you may have if necessary.

Sincerely,

John A. Hoyt

John A. Hoyt
President

Enclosures

The Humane Society of the United States
Meeting of the Board of Directors
Phoenix, Arizona
October 17, 1987

The regular annual organization meeting of the Board of Directors of The Humane Society of the United States was held on Saturday, October 17, 1987, at the Adams Hilton Hotel, Phoenix, Arizona.

Directors Present — Coleman Burke, Samuel Bowman, Dr. Carol Browning, Harold Gardiner, Alice Garey, Gisela Hunnicutt, John Kelly, Dr. Amy Freeman Lee, Jack Lydman, Virginia (Pat) Lynch, Susan Pepperdine, O. J. Ramsey, Marilyn Seyler, Robert B. Sorock, K. William Wiseman

Directors Absent — Irene Evans, Regina B. Frankenberg, Paul Heneks, William Kerber, John W. Mettler III, Brook Speidel, Robert F. Welborn

Others Present — John A. Hoyt, Paul G. Irwin, Patricia Forkan, Murdaugh Stuart Madden, Patrick B. Parkes

The meeting was called to order at 9:18 a.m. by Coleman Burke.

Appointment of New Chairman — On motion, seconded and carried, Coleman Burke was declared Chairman Emeritus, unanimously and by acclaim. Mr. Burke was commended for his twenty years of leadership. On motion, seconded and carried, K. William Wiseman was elected Chairman. Mr. Wiseman then assumed the Chair.

Election of Officers — On separate motions, each seconded and carried, the following officers of The Humane Society of the United States were elected: K. William Wiseman, Chairman of the Board; O. J. Ramsey, Vice Chairman; Dr. Amy Freeman Lee, Secretary; John A. Hoyt, President; Paul G. Irwin, Executive Vice President and Treasurer; Patrick B. Parkes, Assistant Secretary and Assistant Treasurer; Marcia Glaser, Assistant Secretary; Samuel Trevino, Assistant Treasurer.

On motion, seconded and carried, the following officers of the National Humane Education Center were elected: John A. Hoyt, President; Murdaugh Stuart Madden, Vice President; Patrick B. Parkes, Secretary; Paul G. Irwin, Treasurer; R. Dale Hylton, Assistant Vice President.

On motion, seconded and carried, the following officers of the National Association for the Advancement of Humane Education were elected: John A. Hoyt, Chairman of the Board and President; Murdaugh Stuart Madden, Vice President; Patrick B. Parkes, Secretary; Paul G. Irwin, Treasurer.

On motion, seconded and carried, the following officers of the Center for the Respect of Life and Environment were elected: Robert F. Welborn, Chairman; K. William Wiseman, Vice-Chairman; John A. Hoyt, President; Paul G. Irwin, Secretary-Treasurer.

On motion, seconded and carried, officers of state branch subsidiary corporations were elected as follows: John A. Hoyt, President; Murdaugh Stuart Madden, Vice President; Patrick B. Parkes, Secretary-Treasurer.

Resignations — Mrs. Cherie Mason has expressed her regret that due to her involvement at the state level, she is unable to continue as a member of the board. Everett Smith, Jr. also submitted his resignation, with regrets. On motion, seconded and carried, the resignations were accepted. Letters of appreciation will be sent to Mrs. Mason and Mr. Smith on behalf of the board.

Election of Directors — Mr. Hoyt proposed as a candidate for election to the board Jane Goodall, naturalist and activist on behalf of chimpanzees used in research and other activities. On motion by Dr. Amy Freeman Lee, seconded and carried, Jane Goodall was elected to fill the remaining year in the term of Everett Smith.

Viola Weber of McLean, Virginia was proposed as a candidate for election to the board in recognition of her efforts in the protection of mourning doves. On motion, seconded and carried, Mrs. Weber was elected to fill the term vacated by Cherie Mason.

Nominating Committee — On motion, seconded and carried, Ms. Bette Bronson of St.Charles, Missouri and Ms. Linda Ford of Knoxville, Tennessee were elected from the membership to serve on this committee. Other at-large members having been elected at the Annual Membership Meeting were Mr. Warren Brodrick of Santa Clara, California and Ms. Wanda Nash of Marshall, Michigan.

Motion was made and seconded to elect directors Dr. Amy Freeman Lee (Chair) and Mr. Harold Gardiner to represent the Board of Directors on the Nominating Committee. Another motion was made and seconded to elect an alternate slate of directors, Dr. Carol Browning (Chair) and Ms. Susan Pepperdine, to this committee. After discussion and voting, the election of Dr. Amy Freeman Lee (Chair) and Mr. Harold Gardiner carried with a majority of eight to five.

nominating comm.

Corporate Resolutions — Following separate reading and discussion, on motion, seconded and carried, resolutions attached to these minutes, relating to signatures required for executing releases, signing deeds, transferring stocks, and other corporate business, were adopted.

Other Business — There was discussion of the oversight of fiscal procedures by the auditors, how the Nominating Committee functions, and the criteria by which its nominees are evaluated. Further discussion involved criteria used for board selection, the need for directors to suggest and recommend appropriate nominees, the advisability of a personal meeting with candidates for the board, and the proper roles of a member of The HSUS board of directors.

Adjournment — There being no further business, the meeting adjourned at 11:06 a.m.

Respectfully submitted,

Susan Schultz
Secretary Pro Tem

CORPORATE RESOLUTIONS
(Adopted 10/17/87)
Phoenix, Arizona

It is hereby resolved that William Wiseman, Chairman of the Board of Directors; John A. Hoyt, President; Paul G. Irwin, Executive Vice President and Treasurer; Patrick B. Parkes, Vice President/Field Services, Assistant Secretary, and Assistant Treasurer; Murdaugh Stuart Madden, Vice President/General Counsel; and Sam Trevino, Assistant Treasurer, or any one of them, is authorized to sign the necessary receipts and releases for gifts and bequests.

need 2 sigs?

It is hereby resolved that William Wiseman, Chairman of the Board of Directors; John A. Hoyt, President; Paul G. Irwin, Executive Vice President and Treasurer; Patrick B. Parkes, Vice President/Field Services, Assistant Secretary, and Assistant Treasurer; Murdaugh Stuart Madden, Vice President/General Counsel, or any one of them, is authorized to execute on behalf of The Humane Society of the United States any and all deeds, quit claims or other instrument or document which might be required in connection with the acquisition or transfer of real or personal property which is to be or has been received by The Humane Society of the United States by way of gift, bequest, or other interest in an estate or trust, PROVIDED, HOWEVER, that in the event said transaction involves the assumption of any obligation or indebtedness on the part of The Humane Society of the United States (other than the standard, routine covenants and/or warranties), the signatures of two of them shall be required.

It is hereby resolved that any two of the following officers, to wit: President, Secretary, Treasurer, Assistant Secretary, and Assistant Treasurer shall have the joint authority to execute, under seal, such form of transfer and assignment as may be necessary or customary to constitute a regular transfer of any stocks or other registered securities standing in the name of the Society. They may from time to time execute and deliver on behalf of the Society proxies on any and all stock owned by the Society.

It is hereby resolved that any two of the following officers, to wit: President, Treasurer, Assistant Treasurer, and Vice President/General Counsel of this Corporation be, and they hereby are, fully authorized and empowered to buy, hold and sell certificates of deposit; open savings accounts wherever and whenever deemed necessary and in connection therewith to make deposits, withdrawals, and close said accounts.

It is hereby resolved by the Board of Directors of The Humane Society of the United States that any two of the following officers of The HSUS: Chairman of the Board, President, Treasurer, and the General Counsel, are hereby authorized to borrow money and obtain credit for The HSUS upon any terms, and may make and deliver, in connection therewith, notes, agreements, and any other obligations of The HSUS, in form satisfactory to the lending institution; and they are further authorized to execute and deliver any and all other instruments which may be required by the lending institution in connection with any of the foregoing matters, and affix thereto the seal of The HSUS, except that amounts beyond $250,000.00 must have the authorization of the Executive Committee of the Board of Directors.

DEFINED CONTRIBUTION DEFERRED COMPENSATION
AND SALARY CONTINUATION AGREEMENT

THIS AGREEMENT, made this 13th day of September, 1984, by and between the Humane Society of The United States of Washington, DC, hereinafter called the Society, and John A. Hoyt, hereinafter called the Employee.

WHEREAS, the Employee's competent and faithful efforts on behalf of the Society have resulted in substantial growth of the Society and,

WHEREAS, the Society values the efforts, abilities and accomplishments of the Employee as an important member of management and recognizes that his future services are vital to its continued growth and that the loss of his services would result in substantial financial losses, and,

WHEREAS, the Society in order to retain the services of the Employee is willing to provide post-retirement benefits and post-death benefits for his designated beneficiaries as set out below,

NOW, THEREFORE, it is mutually agreed that:

(Salary Continuation Benefits)

1.(A) If the Employee dies while employed by the Society prior to attaining the retirement age of 65 years, the Society shall pay to such individual or individuals as the Employee shall have designated in writing filed with the Society or, in the absence of such designation, to the estate of the Employee, a benefit equal to that which would be available to the Society at the date of the Employee's death under the assumption that the following annual investments have been made.

$ 4,196.00 in a Life Paid Up at age 65 type life insurance policy issued by Connecticut Mutual Life Insurance Company upon the Employee's life with all dividends credited to such policy used to purchase One Year Term Insurance on each policy anniversay equal to the guaranteed cash value of the policy at the end of the following year and the balance, if any, of the dividends used to purchase Paid up Additional Insurance.

(B) The benefit provided under Article 1(A) shall be paid by the Society in monthly installments beginning not later than 1 (one) month after death for a period of 10 years, or in such other manner or over such other period as the Society in its sole discretion may determine.

(Retirement Benefits)

2.(A) In the event the Employee retires from employment upon attaining the retirement age of 65 years, he shall be entitled to receive from the Society a retirement benefit calculated in the same manner as set forth in Article 1(A) above, except that the date of the Employee's retirement shall be substituted for the date of death. Such benefit shall be paid by the Society in monthly installments beginning not later than 1 (one) month after retirement for a period of 10 years, or in such other manner or over such other period as the Society in its sole discretion may determine, following the date of such retirement or until death, whichever first occurs.

(B) If the Employee should die during said 10 year period, the Society shall continue to pay such monthly installments until the expiration of said 10 year period to such individual or individuals as the Employee has designated in writing filed with the Society or, in the absence of such designation, to the estate of the Employee.

(Severance Benefits)

3.(A) In the event the Employee terminates employment for reasons other than death or retirement, he shall be entitled to receive from the Society a severance benefit calculated in the same manner as set forth in Article 1(A) above, except that the date of the Employee's termination shall be substituted for the date of death. Such benefit shall be paid by the Society in monthly installments beginning not later than 1 (one) month after severance for a period of 5 (five) years, or in such other manner or over such other period as the Society in its sole discretion may determine, following the date of termination or until death, whichever first occurs.

(B) If the Employee should die during said 5 (five) year period, the Society shall continue to pay such monthly installments until the expiration of said 5 (five) year period to such individual or individuals as the Employee has designated in writing filed with the Society or, in the absence of such designation, to the estate of the Employee.

(Claims Procedure)

4. If any benefits become payable under this Agreement, the Employee (or designated beneficiary in the case of the Employee's death) shall file a claim for benefits by notifying the Society orally or in writing. If the claim is wholly or partially denied, the Society shall provide a written notice within 90 days specifying the reason for the denial, the plan provisions on which the denial is based, and additional material or information necessary to receive benefits, if any. Also, such written notice shall indicate the steps to be taken if a review of the denial is desired.

If a claim is denied and a review is desired, the Employee (or designated beneficiary in the case of the Employee's death) shall notify the Society in writing within 60 days. In requesting a review, the Employee or beneficiary may review plan documents and submit any witten issues and comments he or she feels are appropriate. The Society shall then review the claim and provide a written decision within 60 days. This decision shall state the specific reasons for the decision and shall include references to specific provisions on which the decision is based.

(Assignment of Rights)

5. Neither the Employee nor any designated beneficiary shall have any right to sell, assign, transfer or otherwise convey the right to receive any payments hereunder.

(Construction of Agreement)

6. Any payments under this Agreement shall be independent of, and in addition to, those under any other plan, program or agreement which may be in effect betwen the parties hereto, or any other compensation payable to the Employee or the Employee's designated beneficiary by the Society. This Agreement shall not be construed as a contract of employment nor does it restrict the right of the Society to discharge the Employee for proper cause or the right of the Employee to terminate employment.

The Society shall be under no obligation whatever to purchase or maintain any contract, policy or other asset to provide the benefits under this Agreement, and any reference to a contract, policy or other asset is made solely for the purpose of computing the value of the benefits payable. Any contract, policy or other asset which the Society may utilize to assure itself of the funds to provide the benefits hereunder shall not serve in any way as security to the Employee for the Society's performance under this Agreement. The rights accruing to the Employee or any beneficiary hereunder shall be solely those of any unsecured creditor of the Society.

The law of Washington, D.C. shall govern this Agreement.

(Change of Business Form)

7. The Society agrees that it will not merge, consolidate, or combine with any other business entity unless and until the succeeding or continuing corporation or business entity expressly assumes and confirms in writing the obligations of the Society under this Agrement.

(Amendment of Agreement)

8. This Agreement may not be altered, amended or revoked except by written agreement signed by the Society and Employee.

(Interpretaion)

9. Where appropriate in this Agreement, words used in the singular shall include the plural and words used in the masculine shall include the feminine.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first hereinabove written.

THE HUMANE SOCIETY OF THE UNITED STATES (Society)

Coleman Burke
(Witness)

By Jack W. Lydman

Coleman Burke, Chairman
Board of Directors

Jack W. Lydman, Secretary
Deferred Compensation Committee

The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037
(202) 452-1100

February 9, 1984

OFFICERS

Coleman Burke
Chairman of the Board

K. William Wiseman
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Vice President/Treasurer

Murdaugh Stuart Madden
Vice President/ General Counsel

Patrick B. Parkes
Vice President/Field Services

Patricia Forkan
Vice President/Program and Communications

Dr. John W. Grandy
Vice President/ Wildlife and Environment

Phyllis Wright
Vice President/ Companion Animals

Dr. Michael W. Fox
Scientific Director

DIRECTORS

Rosemary Benning
Amanda Blake
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke
Jack Conlon
Donald S. Dawson
Irene Evans
Anna Fesmire
Regina B. Frankenberg
Harold H. Gardiner
Robert W. Gilmore
Gisela H. Karlan
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler, III
Inga Prime
O.J. Ramsey
Marilyn G. Seyler
Everett Smith, Jr.
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Alda Flemming
Virginia Milliken
Andrew Wyeth

Aetna Life Insurance and
Annuity Company
151 Farmington Avenue
Hartford, CT 06156

Re: John A. Hoyt
Policy #287261381

Gentlemen:

The above contract is issued under The Humane Society of the United States Deferred Compensation Plan and is owned by The Humane Society of the United States.

This is to inform you that, until otherwise advised by The Humane Society of the United States, you are to make any and all payments that become due under this contract, and any other contracts, if any, issued under this plan for John A. Hoyt, directly to John A. Hoyt and/or his beneficiaries as designated under this plan.

Sincerely,

John A. Hoyt
President

JAH/mg

RESOLUTION

DEFERRED COMPENSATION AND SALARY CONTINUATION PLAN

"WHEREAS, John A. Hoyt's competent and faithful efforts on behalf of the Society have resulted in substantial growth and effectiveness to the Society, and,

"WHEREAS, the Society highly values the efforts, abilities and accomplishments of John A. Hoyt and recognizes that his future services are vital to its continued growth and effectiveness and that the loss of his services would result in substantial losses, and,

"WHEREAS, the Society in order to further compensate the services of John A. Hoyt is willing to provide him with Deferred Compensation and his named dependents with Salary Continuation.

"RESOLVED, therefore, that the Chairman of the Board of Directors of this Society is hereby authorized and directed to enter into a Deferred Compensation and Salary Continuation Agreement on behalf of the Society with John A. Hoyt in accordance with the terms as specified therein."

DEFERRED COMPENSATION AND SALARY CONTINUATION AGREEMENT

1970

THIS AGREEMENT, made this 16th day of January, by and between the Humane Society of the United States, hereinafter called the Society, and John A. Hoyt, hereinafter called the Employee.

WHEREAS, the Employee's competent and faithful efforts on behalf of the Society have resulted in substantial growth and effectiveness to the Society, and,

WHEREAS, the Society values the efforts, abilities, and accomplishments of the Employee and recognizes that his future services are vital to its continued growth and effectiveness and that the loss of his services would result in substantial losses, and,

WHEREAS, the Society in order to further compensate the services of the Employee is willing to provide post-retirement benefits and/or post-death benefits for his named dependents as set out below and the Employee in consideration thereof agrees to continue in the employment of the Society.

NOW, THEREFORE, it is mutually agreed that:

1. If the Employee dies while employed by the Society prior to attaining his retirement age of 65 years, the Society will pay the sum of $10,000 per year payable in monthly installments for a period of 10 years to such individual or individuals as the Employee may have designated in writing filed with and approved by the Society or, in the absence of such designation, to one or more or all of the next of kin of the Employee (including a surviving spouse). The first payment shall be made not later than 12 months next following the date of death of the Employee.

2. The Society agrees that, commencing with the date of the Employee's retirement at age 65, he shall be entitled to receive from the Society the sum of $10,000 per year, payable in monthly installments, for a period of 10 years immediately following the date of such retirement or until his death, whichever first occurs. If the Employee should die during said 10 year period, the sum of $10,000 per year shall be payable to such individuals as the Employee shall have designated in writing filed with and approved by the Society, or, in the absence of such designation, to the estate of the Employee, until the expiration of said 10 year period.

3. If the Employee voluntarily or involuntarily terminates his present employment with the Society for reasons other than death or retirement, he shall then be entitled to receive from the Society annual severance benefits, as hereinafter computed, for a period of 5 years next following the date of such severance. If the Employee should die during said 5 year period, severance benefits shall be payable to such individual or individuals as the Employee shall have designated in writing filed with and approved by the Society, or in the absence of such designation, to the estate of the Employee, until the expiration of said 5 year period. Severance benefits beginning at the end of one year after the execution of this Agreement shall be in the amount set forth in the following schedule:

SCHEDULE OF SEVERANCE BENEFITS

Full Years from Date of Agreement to Severance of Employment	Annual Amounts Payable
1. Years but less than 2 years	$ 270
2. " 3 "	970
3. " 4 "	1,700
4. " 5 "	2,461
5. " 6 "	3,252
6. " 7 "	4,075
7. " 8 "	4,927
8. " 9 "	5,809
9. " 10 "	6,722
10. " 11 "	7,664
11. " 12 "	8,597
12. " 13 "	9,556
✓ 13. " 14 "	10,543

14.	"	15	"	$11,555
15.	"	16	"	12,590
16.	"	17	"	13,368
17.	"	18	"	14,693
18.	"	19	"	15,755
19.	"	20	"	16,819
20.	"	21	"	17,883

4. Neither the Employee, his widow, nor any other designee of the Employee shall have any right to commute, sell, assign, transfer or otherwise convey the right to receive any payments hereunder.

5. Any payment under this Agreement shall be independent of, and in addition to, those under any other agreement which may be in force between the parties hereto, or any other compensation payable to the Employee's designee by the Society. The Agreement shall not be construed as a contract of employment nor does it restrict the right of the Society to discharge the Employee for proper cause or right of the Employee to terminate his employment.

The Society agrees that it will not merge, consolidate, or combine with any other business entity unless and until the succeeding or continuing Society or business entity shall expressly assume and confirm in writing the obligations of the Society created for the Employee by this Agreement.

The rights accruing to the Employee or any designee under the provisions of this Agreement shall be solely those of an unsecured creditor of the Society.

6. This Agreement may be altered, amended, or revoked by a written agreement signed by the Society and the Employee. The law of the District of Columbia shall govern this Agreement.

7. Where appropriate in this Agreement, words used in the singular shall include the plural and words used in the masculine shall include the feminine.

8. The following conditions are set forth as conditions governing the payment by the Society of deferred compensation:

1. The Employee must remain with the employer until his normal retirement date in order to be entitled to the deferred compensation payments.

2. The Employee may not engage in any competitive practices or business after retirement. "Competitive practices" is defined as another national or semi-national animal welfare or humane organization.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first hereinabove written.

John A. Hoyt
(Employee)

Humane Society U.S. (Society)

January 16, 1976

BY [illegible]
Chairman

DEFINED CONTRIBUTION DEFERRED COMPENSATION
AND SALARY CONTINUATION AGREEMENT

THIS AGREEMENT, made this 13th day of September, 1984, by and between the Humane Society of The United States of Washington, DC, hereinafter called the Society, and Paul G. Irwin, hereinafter called the Employee.

WHEREAS, the Employee's competent and faithful efforts on behalf of the Society have resulted in substantial growth of the Society and,

WHEREAS, the Society values the efforts, abilities and accomplishments of the Employee as an important member of management and recognizes that his future services are vital to its continued growth and that the loss of his services would result in substantial financial losses, and,

WHEREAS, the Society in order to retain the services of the Employee is willing to provide post-retirement benefits and post-death benefits for his designated beneficiaries as set out below,

NOW, THEREFORE, it is mutually agreed that:

(Salary Continuation Benefits)

1.(A) If the Employee dies while employed by the Society prior to attaining the retirement age of 60 years, the Society shall pay to such individual or individuals as the Employee shall have designated in writing filed with the Society or, in the absence of such designation, to the estate of the Employee, a benefit equal to that which would be available to the Society at the date of the Employee's death under the assumption that the following annual investments have been made.

$ 2,877.00 in a Life Paid Up at age 65 type life insurance policy issued by Connecticut Mutual Life Insurance Company upon the Employee's life with all dividends credited to such policy used to purchase Paid up Additional Insurance.

(B) The benefit provided under Article 1(A) shall be paid by the Society in monthly installments beginning not later than 1 (one) month after death for a period of 10 years, or in such other manner or over such other period as the Society in its sole discretion may determine.

(Retirement Benefits)

2.(A) In the event the Employee retires from employment upon attaining the retirement age of 60 years, he shall be entitled to receive from the Society a retirement benefit calculated in the same manner as set forth in Article 1(A) above, except that the date of the Employee's retirement shall be substituted for the date of death. Such benefit shall be paid by the Society in monthly installments beginning not later than 1 (one) month after retirement for a period of 10 years, or in such other manner or over such other period as the Society in its sole discretion may determine, following the date of such retirement or until death, whichever first occurs.

(B) If the Employee should die during said 10 year period, the Society shall continue to pay such monthly installments until the expiration of said 10 year period to such individual or individuals as the Employee has designated in writing filed with the Society or, in the absence of such designation, to the estate of the Employee.

(Severance Benefits)

3.(A) In the event the Employee terminates employment for reasons other than death or retirement, he shall be entitled to receive from the Society a severance benefit calculated in the same manner as set forth in Article 1(A) above, except that the date of the Employee's termination shall be substituted for the date of death. Such benefit shall be paid by the Society in monthly installments beginning not later than 1 (one) month after severance for a period of 5 (five) years, or in such other manner or over such other period as the Society in its sole discretion may determine, following the date of termination or until death, whichever first occurs.

(B) If the Employee should die during said 5 (five) year period, the Society shall continue to pay such monthly installments until the expiration of said 5 (five) year period to such individual or individuals as the Employee has designated in writing filed with the Society or, in the absence of such designation, to the estate of the Employee.

(Claims Procedure)

4. If any benefits become payable under this Agreement, the Employee (or designated beneficiary in the case of the Employee's death) shall file a claim for benefits by notifying the Society orally or in writing. If the claim is wholly or partially denied, the Society shall provide a written notice within 90 days specifying the reason for the denial, the plan provisions on which the denial is based, and additional material or information necessary to receive benefits, if any. Also, such written notice shall indicate the steps to be taken if a review of the denial is desired.

If a claim is denied and a review is desired, the Employee (or designated beneficiary in the case of the Employee's death) shall notify the Society in writing within 60 days. In requesting a review, the Employee or beneficiary may review plan documents and submit any witten issues and comments he or she feels are appropriate. The Society shall then review the claim and provide a written decision within 60 days. This decision shall state the specific reasons for the decision and shall include references to specific provisions on which the decision is based.

(Assignment of Rights)

5. Neither the Employee nor any designated beneficiary shall have any right to sell, assign, transfer or otherwise convey the right to receive any payments hereunder.

(Construction of Agreement)

6. Any payments under this Agreement shall be independent of, and in addition to, those under any other plan, program or agreement which may be in effect betwen the parties hereto, or any other compensation payable to the Employee or the Employee's designated beneficiary by the Society. This Agreement shall not be construed as a contract of employment nor does it restrict the right of the Society to discharge the Employee for proper cause or the right of the Employee to terminate employment.

The Society shall be under no obligation whatever to purchase or maintain any contract, policy or other asset to provide the benefits under this Agreement, and any reference to a contract, policy or other asset is made solely for the purpose of computing the value of the benefits payable. Any contract, policy or other asset which the Society may utilize to assure itself of the funds to provide the benefits hereunder shall not serve in any way as security to the Employee for the Society's performance under this Agreement. The rights accruing to the Employee or any beneficiary hereunder shall be solely those of any unsecured creditor of the Society.

The law of Washington, D.C. shall govern this Agreement.

(Change of Business Form)

7. The Society agrees that it will not merge, consolidate, or combine with any other business entity unless and until the succeeding or continuing corporation or business entity expressly assumes and confirms in writing the obligations of the Society under this Agrement.

(Amendment of Agreement)

8. This Agreement may not be altered, amended or revoked except by written agreement signed by the Society and Employee.

(Interpretaion)

9. Where appropriate in this Agreement, words used in the singular shall include the plural and words used in the masculine shall include the feminine.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first hereinabove written.

THE HUMANE SOCIETY OF THE

UNITED STATES (Society)

By Jack W. Lydman

Coleman Burke
(Witness)

Coleman Burke, Chairman
Board of Directors

Jack W. Lydman, Secretary
Deferred Compensation Committee

RESOLUTION

DEFERRED COMPENSATION AND SALARY CONTINUATION PLAN

"WHEREAS, Paul G. Irwin's competent and faithful efforts on behalf of the Society have resulted in substantial growth and effectiveness to the Society, and,

"WHEREAS, the Society highly vales the efforts, abilities and accomplishments of Paul G. Irwin and recognizes that his future services are vital to its continued growth and effectiveness and that the loss of his services would result in substantial losses, and,

"WHEREAS, the Society in order to further compensate the services of Paul G. Irwin is willing to provide him with Deferred Compensation and his named dependents with Salary Continuation.

"RESOLVED, therefore, that the Chairman of the Board of Directors of this Society is hereby authorized and directed to enter into a Deferred Compensation and Salary Continuation Agreement on behalf of the Society with Paul G. Irwin in accordance with the terms as specified therein."

DEFERRED COMPENSATION AND SALARY CONTINUATION AGREEMENT

THIS AGREEMENT, made this 1st day of November, by and between the Humane Society of the United States, hereinafter called the Society, and Paul G. Irwin, hereinafter called the Employee.

WHEREAS, the Employee's competent and faithful efforts on behalf of the Society have resulted in substantial growth and effectiveness to the Society, and,

WHEREAS, the Society values the efforts, abilities, and accomplishments of the Employee and recognizes that his future services are vital to its continued growth and effectiveness and that the loss of his services would result in substantial losses, and,

WHEREAS, the Society in order to further compensate the services of the Employee is willing to provide post-retirement benefits and/or post-death benefits for his named dependents as set out below and the Employee in consideration thereof agrees to continue in the employment of the Society.

NOW, THEREFORE, it is mutually agreed that:

1. If the Employee dies while employed by the Society prior to attaining his retirement age of 65 years, the Society will pay the sum of $10,000 per year payable in monthly installments for a period of 10 years to such individual or individuals as the Employee may have designated in writing filed with and approved by the Society or, in the absence of such designation, to one or more or all of the next of kin of the Employee (including a surviving spouse). The first payment shall be made not later than 12 months next following the date of death of the Employee.

2. The Society agrees that, commencing with the date of the Employee's retirement at age 65, he shall be entitled to receive from the Society the sum of $10,000 per year, payable in monthly installments, for a period of 10 years immediately following the date of such retirement or until his death, whichever first occurs. If the Employee should die during said 10 year period, the sum of $10,000 per year shall be payable to such individuals as the Employee shall have designated in writing filed with and approved by the Society, or, in the absence or such designation, to the estate of the Employee, until the expiration of said 10 year period.

3. If the Employee voluntarily or involuntarily terminates his present employment, with the Society for reasons other than death or retirement, he shall then be entitled to receive from the Society annual severance benefits, as hereinafter computed, for a period of 5 years next following the date or such severance. If the Employee should die during said 5 year period, severance benefits shall be payable to such individual or individuals as the Employee shall have designated in writing filed with and approved by the Society, or in the absence of such designation, to the estate of the Employee, until the expiration of said 5 year period. Severance benefits beginning at the end of one year after the execution of this Agreement shall be in the amount set forth in the following schedule:

SCHEDULE OF SEVERANCE BENEFITS

Full Years from Date of Agreement to Severance of Employment	Annual Amounts Payable
1 Years but less than 2 years	$ 16
2 Years but less than 3 years	250
3 Years but less than 4 years	815
4 Years but less than 5 years	1,409
5 Years but less than 6 years	2,035
6 Years but less than 7 years	2,692
7 Years but less than 8 years	3,380
8 Years but less than 9 years	4,100
9 Years but less than 10 years	4,855
10 Years but less than 11 years	5,644
11 Years but less than 12 years	6,436
12 Years but less than 13 years	7,265
13 Years but less than 14 years	8,132

14 Years but less than 15 years	$ 9,041
15 Years but less than 16 years	9,995
16 Years but less than 17 years	10,996
17 Years but less than 18 years	12,045
18 Years but less than 19 years	13,146
19 Years but less than 20 years	14,299
20 Years but less than 21 years	15,513
21 Years but less than 22 years	16,790
22 Years but less than 23 years	18,133

4. Neither the Employee, his widow, nor any other designee of the Employee shall have any right to commute, sell, assign, transfer or otherwise convey the right to receive any payments hereunder.

5. Any payment under this Agreement shall be independent of, and in addition to, those under any other agreement which may be in force between the parties hereto, or any other compensation payable to the Employee's designee by the Society. The Agreement shall not be construed as a contract of employment nor does it restrict the right of the Society to discharge the Employee for proper cause or right of the Employee to terminate his employment.

The Society agrees that it will not merge, consolidate, or combine with any other business entity unless and until the succeeding or continuing Society or business entity shall expressly assume and confirm in writing the obligations of the Society created for the Employee by this Agreement.

The rights accruing to the Employee or any designee under the provisions of this Agreement shall be solely those of an unsecured creditor of the Society.

6. This Agreement may be altered, amended, or revoked by a written agreement signed by the Society and the Employee. The law of the District of Columbia shall govern this Agreement.

7. Where appropriate in this Agreement, words used in the singular shall include the plural and words used in the masculine shall include the feminine.

8. The following conditions are set forth as conditions governing the payment by the Society of deferred compensation:

1. The Employee must remain with the employer until his normal retirement date in order to be entitled to the deferred compensation payments.

2. The Employee may not engage in any competitive practices or business after retirement. "Competitive practices" is defined as another national or semi-national animal welfare or humane organization.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first hereinabove written.

Paul B. Irwin
(Employee)

Humane Society of the United States (Society)

BY Coleman Burke

John A. Hoyt,
President

November 8, 1979

LEDGER STATEMENT - DIVIDENDS PURCHASE PAID-UP ADDITIONS

PREPARED FOR PAUL IRWIN

SUBMITTED BY JOHN E FOSTER, CLU

MALE AGE 42 FACE AMOUNT $100,000
LIFE PAID-UP AT AGE 65

ANNUAL PREMIUM $2,806.00
PAYABLE FOR 23 YEARS

	BEGINNING OF YEAR			END OF YEAR			
PAID UP	TOTAL DIVIDEND	AMOUNT OF DIVIDEND ADDITIONS	TOTAL DEATH BENEFIT	GUARANTEED CASH VALUE	TOTAL * CASH VALUE	GUARANTEED PAID-UP INSURANCE	TOTAL * PAID-UP INSURANCE
1	0	0	100,000	0	80	0	203
2	80	203	100,203	1,013	1,248	2,000	3,101
3	153	581	100,503	3,600	4,075	6,200	9,641
4	236	1,143	101,143	6,242	7,045	14,200	16,501
5	316	1,631	101,683	8,940	10,177	20,400	23,220
6	412	2,610	102,320	11,692	13,461	26,000	29,928
7	496	3,228	103,228	14,500	16,900	31,400	36,529
8	586	5,194	105,194	17,363	20,503	36,700	43,322
9	677	6,622	106,622	20,281	24,274	41,200	49,910
10	771	8,210	108,210	23,252	28,222	46,700	56,660
11	871	9,960	109,960	26,115	32,180	51,100	62,965
12	972	11,865	111,865	29,034	36,323	55,500	69,420
13	1,076	13,920	113,920	32,016	40,661	59,000	75,972
14	1,184	16,132	116,132	35,064	45,204	63,900	82,623
15	1,292	18,473	118,473	38,181	49,974	68,000	89,597
16	1,418	20,997	120,997	41,370	54,978	72,100	95,790
17	1,540	23,690	123,690	44,635	60,223	76,100	102,616
18	1,680	26,546	126,546	47,985	65,731	80,000	109,576
19	1,814	29,576	129,576	51,425	71,496	84,000	116,754
20	1,950	32,754	132,754	54,966	77,564	87,900	124,027
21	2,108	36,127	136,127	58,620	83,950	91,900	131,589
22	2,269	39,689	139,689	62,401	90,667	95,900	139,333
23	2,433	43,433	143,433	66,329	97,735	100,000	147,348
24	2,598	47,348	147,348	67,565	102,011	100,000	150,902
25	2,455	50,982	150,982	68,785	106,455	100,000	154,765
26	2,609	54,765	154,765	69,985	111,031	100,000	158,722
27	2,767	58,722	158,722	71,159	115,870	100,000	162,844
28	2,929	62,844	162,844	72,308	120,827	100,000	167,100
29	3,094	67,100	167,100	73,429	125,941	100,000	171,514
30	3,242	71,514	171,514	74,525	131,238	100,000	176,099
31	3,422	76,099	176,099	75,600	136,724	100,000	180,852
32	3,601	80,852	180,852	76,660	142,406	100,000	185,764
33	3,778	85,764	185,764	77,706	148,320	100,000	190,873

LEDGER STATEMENT -- DIVIDENDS PURCHASE PAID-UP ADDITIONS

PREPARED FOR PAUL IRWIN — SUBMITTED BY JOHN E FOSTER, CLU

MALE AGE 42 FACE AMOUNT $100,000 — ANNUAL PREMIUM $2,806.00
LIFE PAID-UP AT AGE 65 — PAYABLE FOR 23 YEARS

	BEGINNING OF YEAR			END OF YEAR			
END OF YR	TOTAL DIVIDEND	AMOUNT OF DIVIDEND ADDITIONS	TOTAL DEATH BENEFIT	GUARANTEED CASH VALUE	TOTAL * CASH VALUE	GUARANTEED PAID-UP INSURANCE	TOTAL * PAID-UP INSURANCE
TOTALS*							
1	1,597	2,960	102,960	23,255	20,232	16,700	56,660
10	19,638	36,127	136,127	59,966	77,564	87,900	124,027
20	47,437	76,099	176,099	79,525	131,230	100,000	176,099
23	58,777	90,873	190,873	77,706	148,320	100,000	190,873

INTEREST-ADJUSTED COMPARISON INDEXES

PER $1000 FOR THE BASIC PLAN BASED ON 5% ANNUAL INTEREST

	5 YEARS	10 YEARS	20 YEARS
DIVIDEND INDEX	2.13	3.77	6.66
NET PAYMENT INDEX	25.93	24.29	21.40
SURRENDER COST INDEX	10.52	6.68	5.57

BENEFIT:	ANNUAL PREMIUM	YEARS PAYABLE
POLICY -- LIFE PAID-UP AT AGE 65	$2,806.00	23
DISABILITY WAIVER OF PREMIUM RIDER	80.00	23
TOTAL FIRST YEAR PREMIUM	$2,886.00	

Double Indemnity 107

$2993.00

* INCLUDES FINAL YEAR DIVIDEND.

THIS ILLUSTRATION DESCRIBES THE RELATIONSHIP OF PREMIUMS, DIVIDENDS, AND CASH VALUES. THE INTEREST-ADJUSTED COMPARISON INDEXES, WHICH TAKE INTO ACCOUNT THE COST OF USE OF MONEY, OFFER A USEFUL METHOD OF COMPARING SIMILAR POLICIES.

DIVIDENDS (PREMIUM REFUNDS BASED ON THE COMPANY'S INVESTMENT, MORTALITY, AND EXPENSE EXPERIENCE) ARE BASED ON THE 1979 SCALE AND ARE NEITHER GUARANTEES NOR ESTIMATES FOR THE FUTURE. THE DIVIDENDS ILLUSTRATED REFLECT AN 8% POLICY LOAN PROVISION FOR USE IN MARYLAND. RESULTS ARE ROUNDED TO THE NEAREST DOLLAR, DO NOT INCLUDE COSTS OF SUPPLEMENTAL COVERAGES, AND ARE BASED ON STANDARD RATES.

The Humane Society of the United States
Deferred Compensation Committee
Thursday, September 13, 1984
Washington, D.C.

The meeting of the Deferred Compensation Committee was called to order by Chairman Coleman Burke. Other committee members present were K. William Wiseman and Jack W. Lydman. Also present were HSUS President John A. Hoyt and HSUS Vice President/Treasurer Paul G. Irwin.

Mr. Hoyt reviewed with the committee proposed deferred compensation plans for Patricia Forkan, HSUS Vice President, Program and Communications; John W. Grandy, HSUS Vice President, Wildlife and Environment; and Patrick B. Parkes, HSUS Vice President, Field Services. In lieu of salary increases for 1985, deferred compensation in the amount of $5,000 for each of the above-named persons was approved to be paid annually to the Aetna Life Insurance and Annuity Company until either the retirement or termination of the employee.

The committee also approved an additional payment of $2,000 annually to the Aetna Life Insurance and Annuity Company for Paul G. Irwin, HSUS Vice President/Treasurer.

The committee unanimously voted to amend previous deferred compensation agreements with John A. Hoyt, HSUS President; Paul G. Irwin, HSUS Vice President/Treasurer; and Phyllis Wright, HSUS Vice President, Companion Animals, to authorize and approve the payment of the full cash value or death benefit resulting from those policies to any of the above employees or his or her beneficiary over a ten-year period, commencing with either the retirement of the employee or his or her death, whichever occurs first. Each of these policies is funded annually with Connecticut Mutual Life Insurance Company at the following fixed premiums:

John A. Hoyt	-	$4,196.00
Paul G. Irwin	-	$2,877.00
Phyllis Wright	-	$2,588.00

The previous agreements specified a fixed amount to be paid each employee or his or her beneficiary annually for a ten-year period as follows:

John A. Hoyt	-	$10,000.00
Paul G. Irwin	-	$10,000.00
Phyllis Wright	-	$5,000.00

These amounts will now be determined by the cash value of the policy plus accrued interest over the ten-year period

following retirement. In the event of the death of the employee, the beneficiary shall receive the entire death benefit plus accrued interest paid over the ten-year period.

As regards this agreement, retirement shall be at the option of the employee with approval of The HSUS Board of Directors or upon the employee's termination by the Board.

The committee approved a direct payment of these benefits by Connecticut Mutual Life Insurance Company to each of the above employees, or his or her beneficiary, over the ten-year period following retirement or death.

The committee takes this action to increase the retirement and/or death benefit of the above employees recognizing that deferred compensation benefits currently being paid in lieu of salary increases do not credit the employee's basic pension program. The committee also wishes to acknowledge that the long, faithful and devoted service of each of these employees merits this action.

Copies of the original agreements are attached.

Respectfully submitted,

Jack W. Lydman
Secretary

James

FRED.S.JAMES&CO.,INC.OF VIRGINIA 1600 Wilson Blvd., Suite 1100, Arlington, Virginia 22209-2582 (703) 528-0100 Telex 899-473

March 3, 1988

Mr. Paul Irwin
Humane Society of the U.S.
2100 L Street, N.W.
Washington, D.C. 20037

Re: Imputed Income on the Phoenix
Mutual Group Insurance Plan

Dear Paul:

Attached are two excerpts from "Tax Facts on Life Insurance" that interpret the Internal Revenue Code as it relates to charging income to pension plan participants and group insurance participants. Pensions with life insurance impute income to employees according to the P.S. 58 Table (attached). Group Life Plans impute income to employees according to the Uniform Premium Table (also attached). We have discussed these differences at least twice before this, but I want to go over it again, this time in writing.

It is common practice for the past ten years for competent employee benefit planners to remove life insurance contracts from the assets of pension trusts for three very valid reasons:

1. The P.S. 58 rate income to employee participants is very high.

2. Life policies that have cash values are not good investments and, therefore, tend to dilute the overall rate of return on the Trust assets.

3. Life policies require level payments each year and the formula of the face amount each policy must have is tied to the increase in employee earnings. Therefore, you have to get new policies each year and the cost is guaranteed to rise each year. It's just a dizzy spiral and an overly expensive frill. The only one it benefits is the life insurance agent.

So, when we rolled over the assets of the Aetna Plan to CIGNA, we were trying to accomplish a number of things as follows:

1. Remove life insurance from the Trust

a. To accomplish this, we set up the Phoenix Group Life Plan separately from the CIGNA Pension Plan. We got the same face amounts of insurance on everyone for about $12,000 per year versus $60,000 per year with Aetna.

b. We took the cash values of all the Aetna life policies when we surrendered them and made their monies "cash assets" of the Trust. This additional cash and the change of actuarial assumptions recommended by CIGNA created the situation of the Plan being slightly overfunded. To correct that, no contribution was necessary for the Trust in the 1987 Plan Year.

2. Re-establish the life insurance under a group program to reduce the "P.S. 58 Cost" burden to employees.

a. To accomplish this, we implemented the Phoenix Group policy with all Pension participants getting 2-1/2 times their salaries which was roughly the equivalent of the old Pension formula.

b. By doing this, the Uniform Premium Table became the rates used for imputing income, not the "P.S. 58 Table". See the attached comparison on some hypothetical H.S.U.S employees. You can see that the additional income is much less under the Group Plan method.

3. Fund the Pension Plan with "cash assets" and money instruments ... not annuities and life insurance contracts.

As a result of the above changes, we reduced the cost of funding the Plan substantially, increased the retirement benefits for H.S.U.S employees at no additional cost to them or the H.S.U.S, and reduced the imputed income on the life benefit to all H.S.U.S Pension Plan participants.

As to the H.S.U.S's responsibility of providing the imputed income amounts each year, Section 6052 of the I.R.C. requires that the employer must provide statements to those employees with more than $50,000 of coverage, just as the employer must provide P.S. 58 statements under the Pension Plan.

Finally, when the Aetna policies were surrendered for cash and rolled into the new CIGNA pension plan, we obtained the Manhattan Life policies on you and John Hoyt under a special program that allowed an "exchange" of the inferior Aetna policies to the more cost-effective Manhattan policies. Once we obtained the Manhattan policies (that required no medical evidence on either of you), the Aetna policies were surrendered for cash and you each "rolled over" the cash into

your personal I.R.A. plans to avoid declaring it as taxable income. The Manhattan policies are respectively owned by each of you, and H.S.U.S. pays the annual premiums. Each of you declares income equivalent to the amount of each respective premium.

Attached is the information on the Manhattan policies requested by the attorney.

I'll see you at 11:00 A.M., Tuesday, March 8 at your 21st and L Street office. Until then, please take care of yourselves.

Sincerely,

Brendan M. Ryan
Vice President

BMR:jp
Attachments

The Humane Society of the United States
Deferred Compensation Committee
July 24, 1986
New York, New York

The meeting of the Deferred Compensation Committee was called to order at 12:30p.m. by the chairman, Coleman Burke. Other committee members present were K. William Wiseman, vice-chairman and Jack Lydman, secretary. John A. Hoyt, HSUS president and Paul G. Irwin, HSUS executive president and treasurer were also present.

Mr. Hoyt reviewed in detail Mrs. Oliver Evans' gift of her residence at 3045 P Street NW, Washington, D.C.to the HSUS on January 10, 1980 and her desire that it become a residence for The HSUS president, (copy attached). Mr. Hoyt noted that in deeding this residence to the HSUS, Mrs. Evans retained a life interest in the house in which she continues to reside. Mr. Hoyt further noted that in expressing her desire that her home at 3045 P Street be used as a residence, such had in no way been made a condition of the gift.

The committee discussed in detail the appropriateness of providing a residence for the HSUS president and explored the various ways in which such a residence would serve to enhance the work and activities of HSUS directly.

Upon motion, duly secounded and approved unanimously, it was voted to purchase a property to serve as a residence for The HSUS president no later than May 1,1987, details of such purchase to be approved by the committee at a later date. It was further noted that when the house located at 3045 P Street N.W., becomes available further consideration will be given to using this house as the president's home. Mr. Irwin was designated to work with Mr. Hoyt in recommending a suitable residence for purchase by The HSUS.

The committee also approved the transfer of ownership of personal life insurance policies currently owned by The HSUS to Mr. Hoyt and Mr. Irwin respectively, with the understanding that The HSUS will continue to pay the premiums for both policies until the retirement or termination of employment of either individually. In so authorizing this transfer, the committee noted with appreciation the outstanding leadership and extraordinary efforts of both men on behalf of The HSUS.

The committee noted for the record that it is empowered by the Board of Directors of The HSUS to act on its behalf in matters pertaining to compensation and benefits for HSUS staff personnel. (Minutes of the Meeting of the Board of Directors, September 9,1983.)

Respectfully submitted,

Jack W. Lydman
Secretary

James

FRED.S.JAMES&CO.,INC.OF VIRGINIA 1600 Wilson Blvd., Suite 1100, Arlington, Virginia 22209-2582 (703) 528-0100 Telex 899-473

JAN 12 1987

January 9, 1987

Mr. Paul G. Irwin
Executive Vice President/Treasurer
The Humane Society of the U.S.
2100 L Street, N.W.
Washington, D.C. 20037

Re: Aetna Life Insurance Policies

Dear Mr. Irwin:

Enclosed are Surrender Request forms for yourself and Mr. Hoyt to surrender the Aetna Unimaster policies from your former pension plan.

Please provide the information and signatures as checked in red. Both you and Mr. Hoyt should sign each form as indicated on the back. Please return the completed forms in the envelope enclosed.

If you have any questions, please call. Thank you.

Sincerely,

Deborah

Deborah J. Ortt
Account Executive

DJO/mk

Enclosures

cc: Brendan M. Ryan

Ætna LIFE & CASUALTY

UNIMASTER DISBURSEMENT REQUEST

Ætna Life Insurance Company
151 Farmington Avenue
Hartford, Connecticut 06156

REQUEST FOR FULL OR PARTIAL SURRENDER, LOAN OR DEATH CLAIM

Name of Plan	Billing Group No.	Field Office
	E [redacted]	
Participant Name	**Certificate Number**	
Paul G. Irwin	U [redacted]	

TERMS AND CONDITIONS

- It is agreed that the surrender of a Unimaster Certificate for its current full fund surrender value will cancel the face value of the certificate and relieve Ætna of all liability with respect to the cancelled amount of insurance.
- All surrenders may be subject to surrender fees.
- The furnishing of this form by Ætna does not constitute an admission that there is a contract in force. The undersigned warrants that no insolvency or bankruptcy proceedings are pending against the contracts or against any interest of the undersigned therein.
- Under Federal law, loans to participants are permitted only as specifically provided for in the Plan. Special rules address the taxability of such loans under certain circumstances. The Plan Administrator or Trustees have the responsibility for administration of any plan loan provisions consistent with Federal law. In requesting this surrender, the Trustees hereby certify that any surrender amounts intended to be used to provide loans to participants are designated under payment information as payable to the Trustees.
- For purposes of the Unimaster Disbursement Request, the fund value of the contract will be determined on the Monthiversary immediately preceding the day this form is received at Ætna's Home Office.

PAYMENT INFORMATION

- Checks will only be made payable to the Contract Owner or participant, or in the event of a death claim, to the beneficiary. Ætna will not issue checks to another insurer, bank or other entity.
- If requested distributions are to be made payable to the participant or the beneficiary, the section for REPORTING INFORMATION and WITHHOLDING NOTICE AND ELECTION *must* be completed (see back). If they are not, payment will be made to the Trustees who will then be obligated to report and withhold on any resulting amounts paid to Participants or Beneficiaries. Incomplete forms on Non-Trusteed HR-10 Plans or individually owned contracts will be returned for completion.
- Complete *only* for those parties indicated in DISTRIBUTION INFORMATION as payees. Checks will be forwarded to the address(es) shown below.

Trustee	
Address	
	Zip Code

✓ **Participant** Paul G. Irwin	
Beneficiary Jean H. Irwin	
✓ **Address** 13109 Chestnut Oak Dr.	
Gaithersburg MD	
✓ **Zip Code** 20878	**Social Security No.** 077-[redacted]

DISTRIBUTION INFORMATION

☒ FULL SURRENDER

- Surrenders will be effective as of the most recent Monthiversary.
- All proceeds must be distributed when a full surrender is requested.
- Full surrenders are subject to a surrender charge made against the Fund Value.
- The Surrender Value will never be less than zero.

_____ % to Trustee — 100 % to Participant

☐ Transfer all proceeds to MAP account Effective 12/1/86

Billing Group Number	Individual Account Number (Allocated)

☐ PARTIAL SURRENDER

- A partial surrender may *not* be made in the first certificate year.
- The minimum amount of any partial surrender will be the amount which *after* any partial surrender charge is applied, equals $500.
- A partial surrender charge will be made against the amount of the Fund Value which is surrendered. The minimum surrender charge for a partial surrender will be $25.
- A partial surrender will reduce both the Fund Value and the Death Benefit.

☐ $ _____ Payable to Trustee ☐ $ _____ Payable to Participant
(These are gross amounts and will be subject to partial surrender charges.)

☐ LOANS

- All loans requested will be payable to the Trustee, or Contract Owner if the Plan is non-trusteed. If withholding is elected, the check will be less than the amount requested.
- The non-loaned portion of the Surrender Value must be sufficient to keep the insurance in force to the end of the certificate year.
- Loan interest will accrue daily from the date of the loan and is due at the end of each certificate year. If the interest is not paid when due, it will be added to the loan and bear interest on the same terms.
- An outstanding loan balance will reduce any benefit payable.

$ _____ Net Loan Amount

☐ DEATH CLAIM

- Attach form AVA-640-A, "CLAIMANT'S STATEMENT UPON DEATH"

☐ Specified Amount payable to Trustee.
☐ Specified Amount payable to Beneficiary.

REPORTING INFORMATION — (fill in all applicable information)

Payments made directly to Trustees are not reported to the Internal Revenue Service. Ætna is required to report *all* other distributions. The information requested on the form is necessary to correctly report the taxable portion of any distributions.

Generally, all information shown in this section *must* be obtained from the Plan Administrator (usually the Employer) or the Trustees who must sign this form. Ætna is unable to provide or confirm any of this information. If, however, the Contract Owner or Beneficiary of a previously distributed contract cannot obtain the information from the Plan Administrator, he/she may attach a copy of the last Plan benefit statement. That information will then be used to determine Cost Basis for Reporting and Withholding purposes. Sections B, C and D need not be completed for previously distributed contracts.

1. COST BASIS

$ -0- Total amount of non-deductible employee contributions (mandatory and voluntary).

$ -0- Total PS 58 costs taxable to Participant (not applicable to Owner-Employees).

$ -0- Total amount of taxable participant loan repaid.

$ -0- TOTAL COST BASIS. This amount has already been taxed and is used as a basis for determining the taxable amount of the distribution.

3. OTHER INFORMATION

$ -0- Total amount deductible voluntary employee contributions.

$ -0- Total amount eligible for capital gains treatment under code section 402(a)(2.)

2. REASON FOR DISTRIBUTION (Check one box below)

☐ Death ☐ Disability ☐ Retirement ☐ Separation from Service

☒ Other TERMINATION OF PLAN W/AETNA AS TRUSTEE/CARRIER

1. TYPE OF DISTRIBUTION (All questions must be answered)

Is this a:

Lump Sum Distribution ☒ Yes ☐ No

Qualifying Total Distribution ☐ Yes ☒ No

Does $5,000 Death Benefit Exclusion apply? ☐ Yes ☒ No

Is this a Distribution to:

Key Employee ☒ Yes ☐ No

Owner Employee ☐ Yes ☒ No

INCOME TAX WITHHOLDING NOTICE AND ELECTION (Form W-4P, OMB NO. 1545-0415, expires 11-30-85)

- If payment is made directly to the Trustees, this section should *not* be completed.
- If a Participant or Beneficiary is indicated as a payee in PAYMENT INFORMATION, this section must be read and signed by that individual. If this section is not properly completed, the check will be made payable to the Trustees, who will then be obligated to report and withhold on the resulting distribution.
- If the amount you receive from this distribution is more than your Cost Basis (shown in REPORTING INFORMATION), the excess is taxable income. It is also subject to Federal income tax withholding unless you elect not to have withholding apply. The withholding is based on Treasury Department tables for Qualifying Total Distributions, and at a flat 10% rate for all other distributions.
- Elect withholding or no withholding by checking the appropriate box below. To change your election, send a completed Form W-4P (available at IRS offices) to Ætna. This change will only be effective if it is received by Ætna's Home Office *before* this DISBURSEMENT REQUEST is processed.
- Whether or not you have tax withheld, by January 31 of next year, you will receive a statement from Ætna's showing the total amount of your distribution and the total income tax withheld, if any.
- CAUTION: There are penalties for not paying enough tax during the year, either through withholding or estimated tax payments, or both. For more information, see Publication 505, Tax Withholding and Estimated Tax, available from most IRS offices. It explains the estimated tax requirements and penalties in detail.

☐ I have read the above notice and elect to have NO income tax withheld.

☐ I have read the above notice and elect to have income tax withheld.

Signed Paul G. Irwin Date 1/12/87

Paul G. Irwin

SIGNATURES

- All parties signing this form should first consult with their tax advisors.
- It may be advisable to have the Participant's spouse sign this form, particularly in community property states or in situations involving divorce, maintenance and support. The Plan's legal advisor should assist in this determination.
- Non-Trusteed HR-10 Plans and individually owned contracts must be signed by the Beneficiary or the Contract Owner. If Section A of Reporting Information has been obtained from the Plan Administrator or Trustees, they must sign this form.
- All other plans must be signed by the minimum number of Trustees required by Trust. If distribution is to a Participant who is *also* a Trustee, the Plan may require authorization of the distribution by a different Trustee.
- If there is an irrevocable beneficiary, obtain beneficiary's signature.
- Those signing this form acknowledge that they have read the section entitled TERMS AND CONDITIONS and agree to its provisions. They further certify that the information shown is correct and complete.

Signed at Washington, D.C. (City, State) on 1/12/87 (Date)

Paul G. Irwin
Signature/Title

Witness Brendan M. Rya

Paul G. Irwin, Executive Vice President, Policy Owner
Signature/Title

Witness

John A. Hoyt
John A. Hoyt, Signature/Title President

Witness

Signature/Title

Witness

Ætna
LIFE & CASUALTY

UNIMASTER DISBURSEMENT REQUEST

Ætna Life Insurance Company
151 Farmington Avenue
Hartford, Connecticut 06156

REQUEST FOR FULL OR PARTIAL SURRENDER, LOAN OR DEATH CLAIM

Name of Plan	Billing Group No.	Field Office
	E [redacted]	
Participant Name	**Certificate Number**	
John A. Hoyt	U [redacted]	

TERMS AND CONDITIONS

- It is agreed that the surrender of a Unimaster Certificate for its current full fund surrender value will cancel the face value of the certificate and relieve Ætna of all liability with respect to the cancelled amount of insurance.
- All surrenders may be subject to surrender fees.
- The furnishing of this form by Ætna does not constitute an admission that there is a contract in force. The undersigned warrants that no insolvency or bankruptcy proceedings are pending against the contracts or against any interest of the undersigned therein.
- Under Federal law, loans to participants are permitted only as specifically provided for in the Plan. Special rules address the taxability of such loans under certain circumstances. The Plan Administrator or Trustees have the responsibility for administration of any plan loan provisions consistent with Federal law. In requesting this surrender, the Trustees hereby certify that any surrender amounts intended to be used to provide loans to participants are designated under payment information as payable to the Trustees.
- For purposes of the Unimaster Disbursement Request, the fund value of the contract will be determined on the Monthiversary immediately preceding the day this form is received at Ætna's Home Office.

PAYMENT INFORMATION

- Checks will only be made payable to the Contract Owner or participant, or in the event of a death claim, to the beneficiary. Ætna will not issue checks to another insurer, bank or other entity.
- If requested distributions are to be made payable to the participant or the beneficiary, the section for REPORTING INFORMATION and WITHHOLDING NOTICE AND ELECTION *must* be completed (see back). If they are not, payment will be made to the Trustees who will then be obligated to report and withhold on any resulting amounts paid to Participants or Beneficiaries. Incomplete forms on Non-Trusteed HR-10 Plans or individually owned contracts will be returned for completion.
- Complete *only* for those parties indicated in DISTRIBUTION INFORMATION as payees. Checks will be forwarded to the address(es) shown below.

Trustee	
Address	
	Zip Code

Participant	
John A. Hoyt	
Beneficiary	
Gertrude Hoyt	
Address	
14670 Seneca Rd	
Germantown Md.	
Zip Code	Social Security No.
20874	287-[redacted]

DISTRIBUTION INFORMATION

☒ FULL SURRENDER

- Surrenders will be effective as of the most recent Monthiversary.
- All proceeds must be distributed when a full surrender is requested.
- Full surrenders are subject to a surrender charge made against the Fund Value.
- The Surrender Value will never be less than zero.

_____ % to Trustee _____100_____ % to Participant

☐ Transfer all proceeds to MAP account Effective 12/1/86

Billing Group Number	Individual Account Number (Allocated)

☐ PARTIAL SURRENDER

- A partial surrender may *not* be made in the first certificate year.
- The minimum amount of any partial surrender will be the amount which *after* any partial surrender charge is applied, equals $500.
- A partial surrender charge will be made against the amount of the Fund Value which is surrendered. The minimum surrender charge for a partial surrender will be $25.
- A partial surrender will reduce both the Fund Value and the Death Benefit.

☐ $ _____ Payable to Trustee ☐ $ _____ Payable to Participant
(These are gross amounts and will be subject to partial surrender charges.)

☐ LOANS

- All loans requested will be payable to the Trustee, or Contract Owner if the Plan is non-trusteed. If withholding is elected, the check will be less than the amount requested.
- The non-loaned portion of the Surrender Value must be sufficient to keep the insurance in force to the end of the certificate year.
- Loan interest will accrue daily from the date of the loan and is due at the end of each certificate year. If the interest is not paid when due, it will be added to the loan and bear interest on the same terms.
- An outstanding loan balance will reduce any benefit payable.

$ _____ Net Loan Amount

☐ DEATH CLAIM

- Attach form AVA-640-A, "CLAIMANT'S STATEMENT UPON DEATH"

☐ Specified Amount payable to Trustee.
☐ Specified Amount payable to Beneficiary.

REPORTING INFORMATION — (fill in all applicable information)

Payments made directly to Trustees are not reported to the Internal Revenue Service. Ætna is required to report *all* other distributions. The information requested on the form is necessary to correctly report the taxable portion of any distributions.

Generally, all information shown in this section *must* be obtained from the Plan Administrator (usually the Employer) or the Trustees who must sign this form. Ætna is unable to provide or confirm any of this information. If, however, the Contract Owner or Beneficiary of a previously distributed contract cannot obtain the information from the Plan Administrator, he/she may attach a copy of the last Plan benefit statement. That information will then be used to determine Cost Basis for Reporting and Withholding purposes. Sections B, C and D need not be completed for previously distributed contracts.

A. COST BASIS

$ -0- Total amount of non-deductible employee contributions (mandatory and voluntary).

$ -0- Total PS 58 costs taxable to Participant (not applicable to Owner-Employees).

$ -0- Total amount of taxable participant loan repaid.

$ -0- TOTAL COST BASIS. This amount has already been taxed and is used as a basis for determining the taxable amount of the distribution.

B. OTHER INFORMATION

$ -0- Total amount deductible voluntary employee contributions.

$ -0- Total amount eligible for capital gains treatment under code section 402(a)(2.)

C. REASON FOR DISTRIBUTION (Check one box below)

☐ Death ☐ Disability ☐ Retirement ☐ Separation from Service

☒ Other TERMINATION OF PLAN W/AETNA AS TRUSTEE/CARRIER

D. TYPE OF DISTRIBUTION (All questions must be answered)

Is this a:

Lump Sum Distribution ☒ Yes ☐ No

Qualifying Total Distribution ☐ Yes ☒ No

Does $5,000 Death Benefit Exclusion apply? ☐ Yes ☒ No

Is this a Distribution to:

Key Employee ☒ Yes ☐ No

Owner Employee ☐ Yes ☒ No

INCOME TAX WITHHOLDING NOTICE AND ELECTION (Form W-4P, OMB NO. 1545-0415, expires 11-30-85)

- If payment is made directly to the Trustees, this section should *not* be completed.
- If a Participant or Beneficiary is indicated as a payee in PAYMENT INFORMATION, this section must be read and signed by that individual. If this section is not properly completed, the check will be made payable to the Trustees, who will then be obligated to report and withhold on the resulting distribution.
- If the amount you receive from this distribution is more than your Cost Basis (shown in REPORTING INFORMATION), the excess is taxable income. It is also subject to Federal income tax withholding unless you elect not to have withholding apply. The withholding is based on Treasury Department tables for Qualifying Total Distributions, and at a flat 10% rate for all other distributions.
- Elect withholding or no withholding by checking the appropriate box below. To change your election, send a completed Form W-4P (available at IRS offices) to Ætna. This change will only be effective if it is received by Ætna's Home Office *before* this DISBURSEMENT REQUEST is processed.
- Whether or not you have tax withheld, by January 31 of next year, you will receive a statement from Ætna's showing the total amount of your distribution and the total income tax withheld, if any.
- CAUTION: There are penalties for not paying enough tax during the year, either through withholding or estimated tax payments, or both. For more information, see Publication 505, Tax Withholding and Estimated Tax, available from most IRS offices. It explains the estimated tax requirements and penalties in detail.

☐ I have read the above notice and elect to have NO income tax withheld.

☐ I have read the above notice and elect to have income tax withheld.

Signed John G. Hoyt Date

John A. Hoyt

SIGNATURES

- All parties signing this form should first consult with their tax advisors.
- It may be advisable to have the Participant's spouse sign this form, particularly in community property states or in situations involving divorce, maintenance and support. The Plan's legal advisor should assist in this determination.
- Non-Trusteed HR-10 Plans and individually owned contracts must be signed by the Beneficiary or the Contract Owner. If Section A of Reporting Information has been obtained from the Plan Administrator or Trustees, they must sign this form.
- All other plans must be signed by the minimum number of Trustees required by Trust. If distribution is to a Participant who is *also* a Trustee, the Plan may require authorization of the distribution by a different Trustee.
- If there is an irrevocable beneficiary, obtain beneficiary's signature.
- Those signing this form acknowledge that they have read the section entitled TERMS AND CONDITIONS and agree to its provisions. They further certify that the information shown is correct and complete.

Signed at Washington, D.C. (City, State) on (Date)

John G. Hoyt
Signature/Title

John A. Hoyt, President, Policy Owner
Signature/Title

Paul G. Irwin, Executive Vice President/Treasurer
Signature/Title

Witness: Brendan M. Ryan

Witness

Witness

Witness

151 Farmington Avenue
Hartford, Connecticut 06156
(203) 273-0123

January 28, 1987

STATEMENT OF UNIMASTER SURRENDER

Humane Society of the U. S.
Retirement Plan

Insured: John A. Hoyt
Case Number: E70194
Certificate Number: U1084864

Enclosed is a check for the Fund Surrender Value of this Certificate. The check, in the amount of $4,697.93 represents 100% of the Fund Surrender Value of this Certificate as of January 1, 1987.

If you have any questions, please contact your Aetna representative or local Aetna Agency.

Claudia Cotto
Annuity & Pension Administration
Universal Lif

CC: amw

Enclosure

James

FRED.S.JAMES&CO.,INC.OF VIRGINIA 1600 Wilson Blvd., Suite 1100, Arlington, Virginia 22209-2582 (703) 528-0100 Telex 899-473

INDIVIDUAL LIFE POLICIES

FLEXIBLE PREMIUM ADJUSTABLE LIFE INSURANCE

Insured:	John A. Hoyt	Paul G. Irwin
Owner:	John A. Hoyt	Paul G. Irwin
Ins.Co.:	Manhattan Life	Manhattan Life
Policy #:	[redacted]	[redacted]
Beneficiary :	Trudy Hoyt - Spouse	Jean H. Irwin - Spouse
Annual Premium:	$4,000.00	$2,700.00
Face Amount :	$237,810	$50,000
Cash Value :	$432.00 (9-30-87)	$311.00 (9-30-87)
Date Purchased :	September 30, 1986	September 30, 1986

ÆTNA LIFE INSURANCE
AND ANNUITY COMPANY
151 FARMINGTON AVENUE
HARTFORD, CT 06156-0104

ACCESSREPORTS

Statement of Account

OCTOBER 1, 1987 THROUGH DECEMBER 31, 1987

For account service please contact:

HUMANE SOCIETY OF THE US
ATTN: JOHN A HOYT PRES.
PERSONAL AND CONFIDENTIAL
2100 L STREET NW
WASHINGTON DC
20037

RICHARD E. CARSON ,CLU
60 BRIARWOOD CIRCLE
PINEHURST NC
28374

INVESTMENT ACCOUNT SUMMARY

BEGINNING ACCOUNT VALUE (09/30/87):	$144,012.24
TOTAL ACCOUNT ACTIVITY:	0.00
CHANGE IN INVESTMENT VALUE:	10,349.60-
ENDING ACCOUNT VALUE (12/31/87):	$133,662.64
CONTRIBUTIONS TO DATE:	$111,000.00

INVESTMENT ACCOUNT DETAIL

INVESTMENT OPTION	ACCOUNT VALUE 09/30/87	TOTAL UNITS 09/30/87	ACCOUNT ACTIVITY	CHANGE IN INVESTMENT VALUE	TOTAL UNITS 12/31/87	ACCOUNT VALUE 12/31/87
STOCK (AVF)	$63,968.02	1,193.014	$.00	$11,593.88-	1,193.014	$52,374.14
MONEY MKT (AVEF)	80,044.22	3,270.672	.00	1,244.28+	3,270.672	81,288.50
TOTAL	$144,012.24		$.00	$10,349.60-		$133,662.64

4/1/88 Original to Sam Stevens
Copy to Paul Stevens

BILLING GROUP: [redacted]

OCTOBER 1, 1987 THROUGH DECEMBER 31, 1987

HUMANE SOCIETY OF THE US
ATTN: JOHN A HOYT PRES.

UNIT PRICES AS OF 12/31/87

INVESTMENT OPTION	UNIT PRICE
STOCK	43.900686
MONEY MKT	24.853766
BOND	24.025408
EQ TRUST A	10.513984

** For latest GAA interest rate information, call toll free 800-GAA-FUND (in Connecticut, 800-231-2321). **

BILLING GROUP: [redacted]





PARTICIPANT ACCOUNT ACTIVITY
OCTOBER 1, 1987 THROUGH DECEMBER 31, 1987

HUMANE SOCIETY OF THE US
ATTN: JOHN A HOYT PRES.

BEGINNING BALANCE	CONTRIBUTIONS	WITHDRAWALS	MISCELLANEOUS TRANSACTIONS	FEES	CHANGE IN INVST. VALUE	ENDING BALANCE
FORKAN P A						
CONTRACT NUMBER: 00167367598						
$17,775.15	0.00	0.00	0.00	0.00-	276.31+	$18,051.46
GRANDY JOHN W						
CONTRACT NUMBER: 00225584701						
$17,775.15	0.00	0.00	0.00	0.00	276.31+	$18,051.46
HOYT JOHN A						
CONTRACT NUMBER: 00287261381						
$28,167.15	0.00	0.00	0.00	0.00	5,105.15-	$23,062.00
IRWIN PAUL G						
CONTRACT NUMBER: 00077325725						
$35,800.87	0.00	0.00	0.00	0.00	6,488.73-	$29,312.14
PARKES PATRICK B						
CONTRACT NUMBER: 00579403761						
$17,775.15	0.00	0.00	0.00	0.00	276.31+	$18,051.46
WRIGHT PHYLLIS E						
CONTRACT NUMBER: 00212243887						
$26,718.77	0.00	0.00	0.00	0.00	415.35+	$27,134.12
TOTALS:						
$144,012.24	0.00	0.00	0.00	0.00	10,349.60-	$133,662.64

BILLING GROUP: [redacted]

ÆTNA LIFE INSURANCE
AND ANNUITY COMPANY
151 FARMINGTON AVENUE
HARTFORD, CT 06156-0104

ACCESSREPORTS

Statement of Account

JANUARY 1, 1988 THROUGH MARCH 31, 1988

For account service please contact:

HUMANE SOCIETY OF THE US
ATTN: JOHN A HOYT PRES.
PERSONAL AND CONFIDENTIAL
2100 L STREET NW
WASHINGTON DC
20037

RICHARD E. CARSON ,CLU
60 BRIARWOOD CIRCLE
PINEHURST NC
28374

INVESTMENT ACCOUNT SUMMARY

BEGINNING ACCOUNT VALUE (12/31/87):		$133,662.64
ACCOUNT ACTIVITY:		
CONTRIBUTIONS:	16,000.00	
FEES:	120.00-	
TOTAL ACCOUNT ACTIVITY:		15,880.00
CHANGE IN INVESTMENT VALUE:		4,746.83+
ENDING ACCOUNT VALUE (03/31/88):		$154,289.47
CONTRIBUTIONS TO DATE:		$127,000.00

INVESTMENT ACCOUNT DETAIL

INVESTMENT OPTION	ACCOUNT VALUE 12/31/87	TOTAL UNITS 12/31/87	ACCOUNT ACTIVITY	CHANGE IN INVESTMENT VALUE	TOTAL UNITS 03/31/88	ACCOUNT VALUE 03/31/88
STOCK (AVF)	$52,374.14	1,193.014	$5,960.00	$3,449.30+	1,326.169	$61,783.44
MONEY MKT (AVEF)	81,288.50	3,270.672	9,920.00	1,297.53+	3,668.772	92,506.03
TOTAL	$133,662.64		$15,880.00	$4,746.83+		$154,289.47

BILLING GROUP [redacted] B

ÆTNA LIFE INSURANCE
AND ANNUITY COMPANY
151 FARMINGTON AVENUE
HARTFORD, CT 06156-0104

ACCESSREPORTS

CONFIRMATION OF ACTIVITY
JANUARY 1, 1988 THROUGH MARCH 31, 1988

HUMANE SOCIETY OF THE US
ATTN: JOHN A HOYT PRES.

CONTRIBUTIONS

TRANS. DATE / MODAL PAYMENT	AMOUNT CONTRIBUTED	FEES	INVESTMENT OPTION	AMOUNT INVESTED	UNITS PURCHASED	UNIT PRICE
01/15/88						
INVST. DATE 01/15/88	$16,000.00	$.00	STOCK	$6,000.00	134.043	44.761603
			MONEY MKT	10,000.00	401.316	24.918052
			TOTAL	$16,000.00		

MISCELLANEOUS TRANSACTIONS

TRANS. DATE / MAINTENANCE FEE	FEE AMOUNT	INVESTMENT OPTION	AMOUNT WITHDRAWN	UNITS WITHDRAWN	UNIT PRICE
01/04/88					
INVST. DATE 01/04/88	$120.00-	STOCK	$40.00-	.888-	45.067543
		MONEY MKT	80.00-	3.216-	24.872469
		TOTAL	$120.00-		

UNIT PRICES AS OF 03/31/88

INVESTMENT OPTION	UNIT PRICE
STOCK	46.587913
MONEY MKT	25.214439
BOND	24.842955
EQ TRUST A	11.015253

** For latest GAA interest rate information, call toll free 800-GAA-FUND (in Connecticut, 800-231-2321). **

Please note: If the reporting period ends on a weekend, or on any day that the New York Stock Exchange is closed, account values will be calculated as of the prior business day.

BILLING GROUP: [redacted]

PREPARATION DATE 04/03/88 B



AETNA LIFE INSURANCE
AND ANNUITY COMPANY
151 FARMINGTON AVENUE
HARTFORD, CT 06156-0104

ACCESSREPORTS

PARTICIPANT ACCOUNT ACTIVITY
JANUARY 1, 1988 THROUGH MARCH 31, 1988

HUMANE SOCIETY OF THE US
ATTN: JOHN A HOYT PRES.

BEGINNING BALANCE	CONTRIBUTIONS	WITHDRAWALS	MISCELLANEOUS TRANSACTIONS	FEES	CHANGE IN INVST. VALUE	ENDING BALANCE
FORKAN P A						
CONTRACT NUMBER: 00167367598						
$18,051.46	2,500.00	0.00	0.00	20.00-	291.43+	$20,822.89
GRANDY JOHN W						
CONTRACT NUMBER: 00225584701						
$18,051.46	2,500.00	0.00	0.00	20.00-	291.43+	$20,822.89
HOYT JOHN A						
CONTRACT NUMBER: 00287261381						
$23,062.00	2,500.00	0.00	0.00	20.00-	1,512.95+	$27,054.95
IRWIN PAUL G						
CONTRACT NUMBER: 00077325725						
$29,312.14	3,500.00	0.00	0.00	20.00-	1,936.35+	$34,728.49
PARKES PATRICK B						
CONTRACT NUMBER: 00579403761						
$18,051.46	2,500.00	0.00	0.00	20.00-	291.43+	$20,822.89
WRIGHT PHYLLIS E						
CONTRACT NUMBER: 00212243887						
$27,134.12	2,500.00	0.00	0.00	20.00-	423.24+	$30,037.36
TOTALS:						
$133,662.64	16,000.00	0.00	0.00	120.00-	4,746.83+	$154,289.47

BILLING GROUP: [redacted]

PREPARATION DATE 04/03/88 B

108

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022
(212) 752-1855

July 6, 1988

Mr. Jacob Stein, Esq.
c/o HSUS Select Committee
Kansas City, Mo.

Dear Mr. Stein:

Since I will not be attending the meeting of the Select Committee to be held July 8th in Kansas City, for reasons outlined to you in my letter of June 21, I am providing you with my reactions to the materials provided to me as a member of the Select Committee at this stage of its work.

As you know, the Audit Committee identified several areas of major concern in the management of the HSUS. The assets of the HSUS may have been misused for the private benefit of its principal officers. The financial records of the organization were grossly inadequate: for example, neither the financial statements nor the tax returns contained records of substantial income and assets represented by real estate and tangible personal property. The Audit Committee was not able to determine to what extent these failures and other financial and reporting irregularities were due to incompetence, or to an attempt to mislead the public and the Board by understating the organization's assets and its fundraising and administrative expenses. The Board of the HSUS is relying on you to address these issues which are central to the health of the organization.

In order for you to do an effective job of representing the full Board of the HSUS, it is necessary that you have the benefit of all the information gathered by the Audit Committee. On the basis of the information which I have received as a member of the Select Committee, I believe that this additional information is necessary to be able to sort out the collection of inadequate responses which have been provided to you.

The June 8th letter (with appendices) from Paul Irwin (sent to me on June 20th) raises some meaningful questions:

Item 1 (Appendix A) -- It is stated that the unusual checks to John and Paul (other than the bonuses) were quarterly payments. They were made only once, not four times a year and do not equal one quarter of the salary of either John or Paul. Why were the checks written? Are the other payroll checks to John and Paul paid on regular dates in regular amounts?

Item 3 (Appendix C) -- It is not clear if Paul means to say that all of these insurance policies are now owned by John and Paul. If so, they represent a substantial amount of money. When were they transferred? Were all transferred pursuant to the vote of the Deferred Compensation Committee? Nile Webb, the

accountant from Deloitte, Haskins and Sells, indicated that if these policies were transferred to John and Paul, they would constitute compensation to them and therefore should have been shown on their W-2s and been included in the income which they reported to the State and Federal Government and on which they pay taxes. It seems that the W-2s provided by HSUS indicate that these transfers were not so reported; the information was not on the salary schedules provided to the HSUS Board in December, 1987 and not on the salary information provided to the Audit Committee in 1988.

Thomas Havey and Company maintains schedules of the insurance policies owned by HSUS (and/or those on which they pay premiums). If these policies were transferred, I would think that Havey should have noticed this during the course of the audit and told the HSUS and the officers about the need to count the transfers for income tax purposes. I would have thought the auditors would have identified these and other issues and reported any unusual transactions to the Board. Finally, the responsibility for reporting financial transactions rests in part on the HSUS Treasurer Paul Irwin. Changes of this magnitude in the insurance assets of the organization should have been reported to the accountants in the document entitled Management's Representations to Auditors, which Paul signs annually. I ask you to check for any misstatements in this form.

Item 4 -- If this listing is designed to respond to the items listed at IX of the Preliminary Report, it fails to provide an explanation of the transfers in and out of the annuity account. Since this account was used to provide the funds by which NHEC and NAHEE made improper, unauthorized and hidden salary payments to John and Paul, I request that D H and S audit this account to determine if there have been other irregularities.

Item 5 -- The Annuity Trust with the Mellon Bank provides that the HSUS shall act through any two members of its Investment Committee and then specifies those members currently serving. The Audit Committee asked Mr. Irwin for documentation of his authority to act with regard to the trust and received the enclosed material. While he states "such a resolution has been filed" with the Mellon Bank, please note that as of April 1988, the Bank could produce no documents indicating that Mr. Irwin was a member of the Investment Committee or had the authority to withdraw principal from this trust.

Items 6 and 7 -- certainly do not provide complete information on the HSUS assets or any indication why this information was not on the organization's financial records. D H and S quickly identified this problem because it discovered that HSUS was paying real estate taxes on property which was not otherwise listed as an asset so I would ask for an explanation as to why it was not identified by the regular auditors. Could it be that it was never even disclosed to the auditors by our Treasurer, Paul Irwin? At the moment we have no adequate explanations for these embarrassing discrepancies.

Item 10 -- Accepting this as true, perhaps you want to ask Mr. Wiseman why he cited recent successful audits as evidence of adequate internal management practices.

As member of the Audit Committee, I am appalled at the repeated attacks on our counsel, Gail Harmon. As demonstrated by the report and the additional information in this letter, she and the Audit Committee assembled a tremendous amount of valuable information. Although you may feel the tone of the Harmon Report was too strong, I think you will find that the facts presented will survive scrutiny, especially since all members of the Audit Committee agreed that the FACTS presented in the Harmon Report were accurate, to the best of their knowledge.

In closing, Mr. Stein, my strong view is that you have not yet received answers to many of the central questions which motivated this inquiry and the few answers received on ancillary points do not withstand scrutiny. While some Board members have indicated that they want to set these matters to rest in as quick and painless a manner as possible, I believe that they arrived at this goal because they were subjected to a vigorous lobbying campaign conducted by some of the officers and some of the Directors of HSUS. As the lawyer for the entire Board of the HSUS (and not just the chairmen who hired you), you have an obligation to evaluate the information presented to you and to advise <u>all</u> the members of the Board on the best way to exercise their fiduciary duties.

I look forward to meeting you on July 30th.

Sincerely,

John W. Mettler III
Director, HSUS

cc: Members of The Select Committee
Murdaugh Stuart Madden, Esq.

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022

(212) 752-1855

Mr. Jacob Stein, Esq.
Stein, Mitchell & Mezines
1800 M Street, Northwest
Washington, D.C. 20036

July 18, 1988

Dear Mr. Stein:

I am writing this letter so that some thoughts of mine will be a matter of record in connection with our forthcoming meeting, and I would appreciate it if you would express my concerns in your report.

I have reviewed the draft minutes of the meeting in Kansas City which set forth your views and recommendations and I am puzzled to see that there is no indication that you have concluded that any of the past conduct of Mr. Hoyt or Mr. Irwin was inappropriate, improper, constituted self-inurement or conflict of interest, or was censurable in any way. Mr. Stein, these gentlemen have been questioned about possible wrongdoing by an independent counsel like yourself, and you were asked to look into the matter. Your report (to date) is completely silent as to these matters. In fact, it appears that far from discussing whether this past conduct is grounds for censure, at the very least, you are apparently recommending employment "contracts" for those two employees, which can only be perceived as a reward for good conduct.

A simple example is in item 8 of your report, where, in connection with Brightwater, you say that Mr. Irwin shouldn't have been able to write himself a check. The point is, Mr. Stein, that he did, and he cashed it, and he benefited from it. Obviously this was an inexcusable conflict of interest, and gross lack of sensitivity, to say the very least. The problem I see with not answering these questions and not seeing them for what they are, is that the next person who looks at it all might not be from our Board, whose membership wants to protect the HSUS, and might well be instead one who would view some of these facts as constituting misappropriation or misuse of charitable funds.

I have not overlooked the serious allegations against Mr. Wiseman and the alleged "Deferred Compensation Committee," but can assure you that their so-called actions do not in any way excuse Mr. Hoyt and Mr. Irwin, who obviously had this committee under their control and direction.

I am looking forward to our meeting tomorrow and would hope that you would re-read my earlier letters to you. Your July 8th report gives me the impression that you found no merit whatsoever in my view of the seriousness of some of the matters facing all of us, nor in some of the allegations contained in the Harmon Report, written by another "independent counsel who had been asked to look into all these matters, with the unanimous backing of the HSUS Board of Directors.

Sincerely,

John W. Mettler III
Director, HSUS

cc: Select Committee
Murdaugh Madden, Esq.

The Humane Society of the United States
2100 L Street, NW
Washington, DC 20037
(202) 452-1100

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
Executive Vice President/ Treasurer

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

Dr. John W. Grandy
Vice President/Wildlife & Environment

Phyllis Wright
Vice President/Companion Animals

Dr. Michael W. Fox
Vice President/Farm Animals & Bioethics

DIRECTORS

Samuel A. Bowman
Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
Jane Goodall
Paul Heneks
Gisela Hunnicutt
John Kelly
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

July 19, 1988

VIA UPS

Jacob Stein, Esq.
STEIN, MITCHELL & MEZINES
1800 M Street, N.W.
Washington, D.C. 20005

Re: HSUS Select Committee Recommendations

Dear Jake:

Thanks for your invaluable advice and guidance at the meeting of the Select Committee in Kansas City, Missouri, on July 8, 1988.

So that you will continue to have all material being generated, we enclose herewith the following:

1. Minutes of the July 8, 1988, meeting. Please note final language of recommendations to the full Board to be sure we have accurately recorded the actions taken at least on those measures voted upon before you left (all but the last three).

2. Copies of executive compensation summaries entitled "Association Executive Compensation Study," published by the American Society of Association Executives in Washington, D.C., and the other entitled "Management Compensation Report--Not-For-Profit Organizations," by Towers, Perin, Forster & Crosby. I brought copies of these summaries to the July 8, 1988, meeting, but I am not sure whether I delivered a copy of each to you.

3. Copy of progress report of the Select Committee (letter by me) of July 19, 1988, to the Board.

We anticipate receipt of your report shortly and will forward it to the Board. We may or may not receive a final report from Deloitte, Haskins & Sells in time but hope so. We may or may not prepare any additional written report of substance for the Board beyond a status report before the July 30, 1988, meeting, depending primarily on what we are able to do under all the circumstances.

Finally, we look forward to your attendance and further help at the HSUS Board meeting on July 30, 1988, at the HSUS offices in Washington, D.C. The meeting on July 30, 1988, will start at 10:00 a.m., and we hope you can be there by that time.

Very truly yours,

Joe Ramsey, jr.

Joe Ramsey

OJR:jr
Enclosures
cc: [redacted]
John Hoyt
Murdaugh Madden

JOHN W. METTLER III
950 THIRD AVENUE
NEW YORK, N.Y. 10022
(212) 752-1855

RECEIVED
JUN 27 1988
RMK & W

June 21, 1988

Mr. Jacob Stein, Esq.
Stein, Mitchell & Mezines
1800 M Street, NW
Washington, DC 20036

Dear Mr. Stein:

I am writing this letter directly to you in the hope of clarifying several matters of great importance to me and to the HSUS itself. As to the forthcoming meeting scheduled in Kansas City, I would expect to have received by now the answers in writing to the questions that I specifically raised in my letter to you of May 9, 1988 (enclosed) in addition to the still unanswered questions raised by the Harmon and Weiss report as a prerequisite to any effective meeting that might take place on July 8th.

A few words about the "Select" committee: Joe Ramsey is fully in charge of this pro-management committee. Bill Wiseman, who incidentally selected the committee by himself so that it in no way represented an impartial committee of the Board of Directors, is an "ex-officio" member. Apparently John Hoyt is also now considered a member as a result of the reasoning that the President can attend meetings, even though many of the questions being raised directly concern his past conduct. What is most inconsistent is the inclusion of Mr. Hoyt and Mr. Wiseman, who are two of the primary people at whom the Harmon report points a finger for past activities.

I gather that what really is being "staged" is to have you, the well-known and reputable Jake Stein, pour oil on these troubled waters and put these matters to rest without really having to answer the allegations contained in the Harmon report.

All of the above, Mr. Stein, makes it necessary for me to review a few facts that may not be clear to you because you were not personally present at the Board meeting of April 20, 1988, and I will take a moment to set forth how your proposed role was described and sold to the Board members in attendance. William Wiseman, using the power of the chair, after soundly criticizing the "Harmon" report as unbalanced and unfair, announced that he had a plan. He then proceeded to state that "Jake Stein (his personal attorney) has an idea that will get everyone off the hook by starting a procedure that will resolve all of these matters." You were described as the "new Independent Counsel" and Mr. Wiseman repeated that this would get the Board "off the hook" and said, "we need outside independent counsel of unchallengeable prestige." I might point out that Ms. Harmon was also an "independent counsel" but since Mr. Wiseman and others were incriminated in her report, Mr. Wiseman preferred to ignore both the Audit Committee (appointed by the Board) and the Harmon report because there were too many questions raised in the Harmon report that made him, the Deferred Compensation Committee, and some of the executive staff all look bad. So using the chair to his advantage, Chairman Wiseman appointed a "select" committee, stacked heavily with his own sympathetic directors, to try and bury the Harmon report once and for all.

The script went somewhat like this: Mr. Sonde, who was apparently present as the personal counsel for John Hoyt and Paul Irwin, said that "both Stein's advice and mine is that the Board needs some advice from someone who has credentials." (Apparently Gail Harmon has none!) Mr. Irwin, in supporting the idea, repeated the thought that this would get the Board off the hook and, following another reference to you as "distinguished independent counsel,"Mr. Sonde spoke in support of the plan of hiring Jake Stein as independent attorney for the organization (the HSUS) and "turning this all over to him." Joe Ramsey then said that he was "advised by counsel (I don't know what counsel) to proceed this way"-- to create a new Committee to supersede the Audit Committee and "turn it all over to Jake Stein."

The above reflects the atmosphere at the meeting where your retention was voted upon and this letter is simply to verify that your role will be as described, and that in essence this whole matter will be "turned over" to you and that you will exercise your "independent judgment" on all of these questions.

If, on the other hand, your role is that merely of counsel to this new "select" committee, that is an entirely different matter, and you could hardly be expected to, nor be in a position to exercise any "independent" judgment for the corporate charity itself.

As you should be well aware, the "Select" Committee was carefully designed by Chairman Wiseman to supersede, and in effect ignore the work done and report issued by the earlier Audit Committee and its attorney, Gail Harmon. (This committee incidentally was unanimously authorized by the Board of Directors in December, 1987). Is Chairman Wiseman, who is under such criticism for having aided and abetted the Hoyt-Irwin activities, really to be part of this "select" committee? Is John Hoyt to be part of it? Or are they simply included to be sure the Harmon report is effectively obliterated?

Joe Ramsey's May 28, 1988 letter to my attorney, Bardyl Tirana (copy enclosed) only acted to exacerbate these fears when he made it clear that he would decide what was "necessary" for you to see and be concerned with. This "screening" of information shows clearly that the Chairman and Vice-chairman are anxious to avoid disseminating any incriminating facts supporting the Harmon report. It is quite evident that this arrogance and insensitivity to obvious conflicts of interest and heavy handedness which contributed so much to the creation of these problems in the first place, continues on, unabated in any way.

Has this whole matter been put into your hands as independent counsel to the organization, or is your good name simply being used as "window dressing" in order to cover up the questions raised by the Harmon report?

I will appreciate hearing from you and most particularly would like to see these unanswered questions answered in writing before we are all called upon to attend any meeting of this new "committee." I am afraid that these questions must eventually be dealt with openly and above board. They will not simply disappear. Nor will the Harmon report.

John W. Mettler III
Director, HSUS

cc: Members of The Select Committee
Murdaugh Stuart Madden, Esq.
Enclosures

Chronological
Document List

#	Date	Description, Explanation and Significance
1	9-9-83	MINUTES, EXECUTIVE COMMITTEE MEETING This purported to have the Board of Directors establish a deferred compensation plan to be administered by a Deferred Compensation Committee. Problems are that this was an Executive Committee action that never did come before the board until 1988 so that all of their actions in the interim are perhaps legally flawed. It was set up allegedly to administer the deferred compensation plan but it also gave it power from time to time to be constituted as a compensation committee to consult with and advise the President. It nowhere said that it could substitute for the Board in setting the President's compensation and it is this secret committee, created in secret, operating in secret, that did all of these improper, inappropriate and illegal things, and taking great pains to keep its activities from the full Board of Directors and from the Executive Committee itself. It's obvious from a reading of the activities of this committee that their meetings were called, their agenda was set and they were solely the handmaidens of Mr. Hoyt and Mr. Irwin giving themselves these various inappropriate and improper benefits. Notes: 1. This committee's sole functon was to administer the Deferred Compensation Plan plus being constituted as a Compensation Committee, nothing whatsoever about having anything to do with Hoyt's salary. 2. Only Burke, Evans, Fesmire, Lydman, Smith, Welborn and Wiseman were there, that's seven of 23, not even the one-third quorum. 3. At the close of the Executive Committee meeting of September 9, 1983, the "Board met in Executive Session" and did the above Resolution. This was an Executive Commmittee meeting and not a meeting of the Board of Directors; there was no board quorum.
1a-1g		MINUTES, DEFERRED COMPENSATION COMMMITTEE. Showing that 99% of what they did was solely for the benefit of the two insider officers, Hoyt and Irwin.
1-a		1. Meeting of the Deferred Compensation Committee, New York: the initial meeting of three members plus Hoyt and Irwin. N.B. There were never any other staff at any of these meetings and yet at <u>all</u> other meetings of the organization, the Board, Program and Policy, and Executive Committee, there were other staff members, all of which simply lends credence to the very obvious fact that Hoyt and Irwin created this committee, drafted its agenda, called its meetings, and manipulated it unmercifully. At this meeting John Hoyt, Paul Irwin and Phyllis Wright each received a $5,000 deferred compensation plan. Note: This is one of the few times (I think there were two) when these meetings did anything whatsoever for any other staff person. They were 99.9% Hoyt and Irwin benefits. These minutes were signed by Jack Lydman as secretary. The question of who drafted them and when they were signed is up in the air. I'm sure it is easily provable that Lydman did not draft them, but Hoyt drafted them. It is unknown when they were signed.

1-b 9-13-84 Burke, Wiseman, Lydman, Hoyt and Irwin basically amended the Deferred Compensation Agreement to $10,000 per year for 10 years for Hoyt and Irwin, $5,000 a year for Phyllis Wright, Forkan, Grandy and Parkes in the deferred compensation plan plus an additional $2,000 a year to Aetna for Paul Irwin. Note: This meeting was the day before the Executive Committee meeting which was held the next day, September 14, 1984, and therefore it was obviously to keep secret <u>even from the Executive Committee</u> what was going on.

1-c 1-2-85 Memo to the file from Coleman Burke. Since HSUS is providing Hoyt, Irwin and Wright automobiles "as part of their annual compensation" (there is no indication this was then or was ever correct) for both business and personal utilization, that because of IRS rules there should be a $9,000 annual travel allowance to Hoyt, $9,000 annual travel allowance to Irwin, $5,000 annual travel allowance to Wright. It was noted that it would be understood that Hoyt and Irwin be paid from funds out of the NHEC (National Humane Education Center) with Miss Wright's out of HSUS funds.
Note: This is the first time NHEC had been activated for any purpose for the better part of ten years. It had been kept alive [redacted] by filing an annual report; that was the totality of the activity.
Note 2: This minute did not say anything about the money flowing into that dormant account from the Mellon annuity accounts.
Note 3: This was not a meeting; it was a memo from Coleman Burke.

1-d 7-24-86 New York meeting. Burke, Wiseman, Lydman plus, of course, Hoyt and Irwin concerning the Evans gift of her house.
Note: This is a particularly interesting meeting because Mrs. Evans had deeded her house on January 10, 1980, 6½ years earlier, mentioning solely her desire that it become a residence for The HSUS President, but mentioning quite clearly that "was not a condition of the gift." There was no mention whatsoever of John Hoyt in this. This is the beginning of perhaps the most nefarious secret series of events because at this time obviously Hoyt thought what he would like to do would be to solve his own financial problems by selling his existing house to the organization and he superimposed upon that the concept that at some stage or other the Board had said that they would be providing him with a home and therefore this meeting was called to start creating a record on this subject. There was a discussion as to how to provide a residence for the President to enhance the work and activity of The HSUS directly and at this time this "committee" voted to purchase a property as a residence for him no later than May 1, 1987. At absolutely no time in the past had the Board or even the full Executive Committee had any input whatsoever to the whole concept of commencing to provide a house for the President. The further implications of this are that this is a classic example of what in the law is called a "bootstrap" operation; you build this whole matter without any foundation and then it becomes the conventional wisdom and it seems quite clear that all of the directors at this time would think that at some time in the past there was some kind of a vote the President should be supplied a house when in fact there was absolutely nothing of the sort except that Irene Evans said the organization could if it so chose, use her home as a residence for the President. That is quite a different thing from the Board voting that the organization should set aside hundreds of thousands of dollars for that purpose. In effect it was an absolute shameless raid on the organization, deceit to the Executive Committee, and of course the whole Board, and again a shameful manipulaton of Burke, Wiseman, and Lydman,

Note to 7-24-86: The implications of choosing May 1, 1987, are that Mrs. Evans wasn't passing away soon enough but that when she did, they might put Hoyt in this 1½ million dollar home at 3045 P Street. They arranged for Irwin to work with Hoyt in recommending a suitable residence for purchase by The HSUS and, of course, is one more of scores of blatant conflict of interest since Irwin works lock, stock and barrel for and under Hoyt. At that meeting they also approved the transfer of the ownership of personal life insurance policies currently owned by The HSUS to Hoyt and Irwin respectively but The HSUS would continue to pay premiums for both. The minutes noted the "outstanding leadership and extraordinary efforts of both men on behalf of The HSUS." One can bet their bottom dollar that these minutes, this agenda, and this actual meeting were all called by and prearranged by Messrs. Hoyt and Irwin. The net result of this was that at this particular meeting there were three benefits granted to Hoyt, two for Irwin.

The committee noted for the record that the Board empowered it to act "on its behalf" in matters pertaining to compensation and benefits for The HSUS staff personnel. The record will show that this was simply added because "benefits" were what they were giving out so irresponsibly at this secret meeting.

1-e 4-22-87 Burke, Wiseman, Lydman, Hoyt and Irwin. Irwin reported on the purchase of a property "to serve as a residence for Hoyt "in lieu of other compensation at this time." These words obviously were carefully chosen by Hoyt and Irwin so that it wouldn't hinder them at any time in the future from giving Hoyt anything else that he wanted. This meeting noted that Hoyt wanted to stay in the residence; therefore the committee authorized the $310,000 purchase of the property. It was noted that it was being undertaken "in part due to the fact that Mrs. Evans had transferred as a gift to The HSUS a note in the amount of $100,000 owed by Mr. Hoyt and the committee was of the opinion it was not desirable that this indebtedness to The HSUS should continue to exist; therefore, they purchased the house so that the note could be paid. It would be occupied rent free in lieu of other compensation.
N.B.: This is more absolute phony reasoning. The President making a $100,000 loan from one of the wealthy Directors is in and of itself outrageously improper. The fact that he wasn't going to pay it back unless the organization provided him $310,000 to pay it back with is doubly improper and the whole house question needs to be looked at with a completely jaundiced eye, going back to the original indebtedness to the Jeffery Fund, which was never going to be paid back by Hoyt and only came to a head when the bank auditors in New Jersey told the bank that they needed to do something about it. So that $100,000 was paid back by making a loan from Mrs. Evans, that loan being paid back by having the organization provide $310,000 to Mr. Hoyt to I'm sure not only take care of that $100,000 but to have $210,000 to pay off other serious financial indebtedness. The net result is that through these mechanisms of minute writing and manipulating this secret comitteee, there is now some record to indicate that the organization has obligated itself to provide Mr. Hoyt with housing henceforth.
Final note: At this meeting they also gave Messrs. Hoyt and Irwin a salary increase for 1987 in the amount of $5,000 from the NAAHE (National Association for the Advancement of Humane Education) account.

1-f 8-25-87 MEETING OF WISEMAN, LYDMAN, HOYT AND IRWIN.
It is noteworthy to see that Mr. Burke wasn't there and there was no other meeting going on--that this one was obviously called to have some emergency action in connection with the Maine property transaction where Mr. Irwin has written himself checks for $85-90,000 and someone thought that they

had better lay off some of the responsibility for some of this on some of the Board members. You will note that this so-called high level Board committee meeting is made up of two Board members and the two staff members who are there getting benefits granted in absolution to them. Irwin said that he had reviewed this with Burke and he was "for it".

1-g 9-3-87 The long memorandum of Irwin for the file of the Maine property transaction.

2 11-5-87 LETTER TO BOARD SIGNED BY BOWMAN, HUNNICUTT, METTLER, SEYLER AND SPEIDEL.
This letter simply raised several questions about purchase of the house and whether or not the Michigan merger was legal and basically expressed concern about the need for the Board to do its management and oversight job properly.

32 4-88 THE PART OF THE HARMON AND WEISS REPORT HAVING TO DO WITH THE inability to complete the inquiry. This is very significant because it goes to the question of stonewalling it and the fact that this inquiry was started and bogged down and basically these questions were never answered. As of today, they still haven't been answered because as is known Gail Harmon was fired and Jake Stein took a whole different view of this whole question, and the Board was quite happy to have it all wrapped up. I suppose one of the things significant about it is that it leaves the Board members themselves in real jeopardy for charges of inattention, negligence and malfeasance--where it's been called to their attention that inquiries haven't been completed and they just followed blindly along on discharging the person that made the inquiries and subsequently restructuring and therefore obliterating the original Audit Committee that was in the course of making the inquiries. I would personally not like to be one of the Board members that sat idly by and either watched this happen or participated in this sequence of events.

I might add here parenthetically that some Board members have substantial assets--John Hoyt does not--and therefore they're being led down the primrose path by someone that couldn't meet a judgment for damages, but they surely can and might at some time in the future.

33 EXECUTIVE SUMMARY OF THE HARMON & WEISS REPORT WHICH KIND OF capsulizes this long report.

34 THE HARMON & WEISS FULL REPORT WITH ALL OF ITS SUB-SECTIONS and indices. It's a very important and valuable document that is insofar as I can determine in all respects accurate. Perhaps some of the conclusions drawn could be challenged but it is a tremendously effective fact-finding job under the most difficult and adverse and obstructive circumstances. I might add here that insofar as the obstruction goes it has all the elements of the typical conspiracy to obstruct; once again, the conspiracy being engaged in by at least three members of the Board, and perhaps some of the others, once the issue came to the attention of the full Board, participated in effectively destroying the earlier Audit Committee and replacing it and its attorney.

34a 4-88 MINUTES OF THE MID-YEAR MEETING OF THE BOARD. This is the meeting where they for the first time had an official court reporter to do the minutes; the transcript was only a record of the motions made and acted on, nothing on the discussion. The first motion was that Gail Harmon be allowed to remain in the room. It was opposed ten to four. This was the meeting where the Chairman moved to create a new committee, making Ramsey the chairman, that would "supersede" the Audit Committee. This document will be found in a separate file of minutes of meetings.

36 5-6-88 METTLER LETTER TO STEIN OUTLINING WHAT HE FELT WERE REMAINING unanswered or unresolved questions covering basically the Maine property transaction in some depth as to how illogical the explanation of it is and how it is really contrary to the evidence as to what really happened. Next, the question of the sub rosa compensation for Hoyt and Irwin flowing through NHEC, the completely dormant corporation, apparently taking money from the Mellon annuity account to keep these questionable transactions outside the financial books and records of The HSUS. The letter also mentions creation of this special bank account that was opened with a single check passing through to Irwin and immediately closed, and asks that all of these bizarre facts be looked into thoroughly. Another question raised is the transfer to Hoyt and Irwin of the ownership of life insurance policies with HSUS undertaking to pay future premiums. Again, the whole question of private inurement and self-dealing is obvious. It then asks Stein to carefully review the chart of unanswered questions in the Harmon & Weiss report to see if he might pursue them and get some answers.

37 5-6-88 LETTER DATED MAY 6, 1988 TO RAMSEY FROM BOARD MEMBER SUSAN Pepperdine raising four questions. The house was termed as an investment and pointing out that HSUS doesn't need a tax deduction and receives no interest and suggesting that it's like putting money under a mattress. It asks whether an attorney was consulted concerning Brightwater as the Deferred Compensation Committee had asked Paul to do. It asks whether the use of shell corporations to run salary checks through is considered ethical. It asks whether on the matter of compensation any guidelines had been established because The HSUS has over 100 employees. She suggests in one final thought that it's not clear why Paul has been asked to provide figures on HSUS's growth; she doesn't understand the relevance to the Select Committee's report.

39 5-9-88 LETTER METTLER TO STEIN WITH ENCLOSURES, TELLING STEIN IN detail the matters left unresolved.

40 5-11-8 LETTER FROM BARDYL TIRANA TO JOE RAMSEY IN RESPONSE TO Ramsey's letter of April 29, 1988 where he asks that the remaining concerns be set forth. He first of all complains that putting an artificial short response time on this letter is unfair; then he goes through the question of the house and describes the fact that Wiseman and Lydman operated as though The HSUS was "their private fiefdom" and mentions Director Gardiner's unjustified personal attacks on Director Speidel, the fact that the other Directors appear to be passive and believe that their proper role is simply to serve as rubber stamps; other questions about lack of accountability to the Board, gets into the question of his bill, and ends up attaching his bill.

Interestingly, on page four he says that The HSUS has been caused substantial damage and expense as a result of the conduct and omissions of certain Directors, particularly Messrs. Wiseman and Lydman and of Messrs. Hoyt and Irwin, and that Tirana believes that the Select Committee should make a recommendation as to the means for recovering from the individuals responsible all of the damages and expenses incurred by The HSUS.

43	6-21-88	LETTER OF METTLER TO STEIN DATED JUNE 21 concerning the meeting scheduled in Kansas City and saying that he had specifically raised a number of questions in his letter of May 9 which remained unanswered. He then exposes the new Select Committee for what it really is, talks about how it was chosen and the fact that Hoyt is now a member of the new committee and, in essence, that something is really being "staged," using the well known Jake Stein to pour oil on the troubled waters without really ever having to answer the questions contained in the Harmon report. The letter is very perceptive and ends up asking Stein what his role really is and suggesting very strongly that Stein was being "used." Mettler said that he would like to see some unanswered questions answered before he goes to another meeting of the new committee. He suggests that the questions must eventually be dealt with, openly and above board, that they would not simply disappear nor would the Harmon report simply disappear.
44	6-26-88	LETTER OF JUNE 26 OF DIRECTOR BROOK SPEIDEL TO JACOB STEIN saying that she continues to be very concerned about the organization and about the Deferred Compensation Committee, when the minutes were actually written and why the Board was never fully informed about the Hoyt transaction or the Brightwater transaction, and points out that the concealment of these matters was particularly remarkable as the Deferred Compensation Committee purportedly met the day prior to the April 1987 Board meeting and yet it was felt necessary to hide this information from the Board. She suggests this casts doubts on the motivation of the individuals involved and suggests that they are currently in control of both the Board and the organization, and suggests there is no reason to

expect that Hoyt, Irwin, Wiseman and Lydman would welcome any scrutiny of their actions. She refers to the fact that Hoyt on October 6, 1987 spoke to her at length about Coleman Burke's "evident senility" and suggested that Coleman had Alzheimer's and gave several examples of disorientation over the past few years. It would be of interest to determine why Burke was continued on this Deferred Compensation Committee. She asks that those responsible for the serious mistakes that have taken place should be held accountable and she ends up stating that the Deferred Compensation Committee's actions, whether they be negligence in decision making, dereliction of fiduciary duty to the corporation, or failure to exercise adequate supervision over the officers have placed both the rest of the Directors and the organization itself in jeopardy. She sums up stating that those whose judgment is in question have not voluntarily stepped down from their positions during the investigative period shows a lack of sensitivity that is unsurprising and that the Board has not called for their removal is also unsurprising. She said that those in the minority will look for a resolution of this regrettable saga.

45 7-6-88 LETTER FROM METTLER TO STEIN IN WHICH HE CALLED TO STEIN'S attention a number of matters in the Harmon report that he thought were particularly important. He again stated that he had not yet received answers to the questions he had raised. He suggested that the majority of Board members had wanted to put this to rest quickly because they were subjected to a vigorous lobbying campaign by some of the officers and Directors. If this is correct, this is tantamount to improper obstruction of justice. For officers to have that kind of direct contact with Directors is absolute impropriety and for the Directors to permit it to happen and succumb or even as I'm sure was true of Wiseman to encourage it is absolutely inappropriate, improper and perhaps very illegal.

46 7-8-88 MINUTES OF THE HSUS SELECT COMMITTEE OF THEIR MEETING IN Kansas City where Stein lists a number of things and they create a new Compensation Committee, they make Sorock chairman and they discuss various matters. This document will be in the file of Minutes.

47 7-18-88 LETTER OF METTLER TO STEIN FOLLOWING HIS REVIEW OF THE DRAFT Minutes of the Kansas City meeting and expressing puzzlement to see that there was no indication that Stein had concluded that <u>any</u> of the past conduct of Hoyt or Irwin was inappropriate, improper, constituted self-inurement or conflict of interest or was censurable in any way. It went on to state that the report was completely silent as to these matters and, in fact, it appeared from the minutes that far from discussing whether this past conduct was grounds for censure, that Stein was apparently recommending "EMPLOYMENT CONTRACTS" for those two employees, which Mettler says can only be perceived as a reward for good conduct. Mettler points out that with respect to the Brightwater matter, Stein said that Mr. Irwin shouldn't have been able to write himself a check. Mettler suggests that the point was that he did write it and he did cash it and he did benefit from it, and that obviously it was an inexcusable conflict of interest, gross lack of sensitivity to say the least. Mettler suggests that some outsider looking at this might well conclude that this constituted a misappropriation or misuse of charitable

funds. Finally, Mettler points out that the July 8 report gives him the impression that Stein found no merit whatsoever in any of Mettler's earlier views on this whole matter.

48 7-27-88 MINUTES OF HSUS SELECT COMMITTEE where the Select Committee okayed the Brightwater matter, the Hoyt house matter, and moved to ratify all remaining actions of the Deferred Compensation Committee. On all of these Ramsey voted "FOR" to break the tie, which is not exactly a resounding vote of anything except to show that they were quite willing to use crass, gross, what they perceived to be power. This will be in the file of minutes.

55 7-88 STEIN REPORT. The significance, I suppose, is that it basically says 'not to worry;' nothing criminal has happened in his opinion. This, of course, is just what everyone wanted to hear.