

and supporters
by television

Page 3A



GIRLS DISTRICT FINALS

Berkley.....33
Kimball.....32
Hazel Park.....45
Lincoln.....23

West Bloom.....50
Andover.....28
Eisenhower.....30
Roch. Adams.....25

Benedictine.....71
Oak Park.....50
Country Day.....71
DePozze.....41

THE DAILY TRIBUNE

Saturday

November 18, 1989
Oakland County
Michigan

25¢

Humane Society: Freeze bills

PONTIAC — The financially strapped Michigan Humane Society wants a 90-day moratorium on paying creditors until it can come up with a way to repay them.

The society met Thursday with creditors at the North Shelter in Rochester Hills in an effort to reach an out-of-court settlement of the society's bills. Creditors are considering the proposal.

David K. Wills, former executive director of the Humane Society, recently testified in

Rochester Hills District Court that he didn't know the society was in financial trouble until checks to creditors started bouncing.

He said he later discovered evidence that an accounting manager had been embezzling large sums of money from the organization.

Denise Hopkins, a 28-year-old Mt. Clemens woman, was charged with nine counts of embezzlement from the society. She is accused of stealing more than \$50,000.

But investigators believe that more than \$250,000 is missing, and Wills himself is under investigation, according to the Oakland County prosecutor's office.

Part of the continuing investigation centers on a \$250,000 line of credit allegedly secured with forged documents and forged signatures of Humane Society board members.

Society attorney Joseph M. Fischer told

creditors that a primary goal of the society is to formulate a repayment plan that would keep the credit matter out of the courts.

Fischer said the only way to do that was for the creditors to agree to a 90-day repayment moratorium to allow the society to get back on its feet.

He said the continued viability of the Humane Society is essential. He is representing the organization without compensation.

— John A. Bosch

Tie on



He gets 5 years

Debt-saddled Humane Society asks its creditors for patience

By Bonnie DeSimone
News Staff Writer

The debt-ridden Michigan Humane Society has asked its creditors to halt collection efforts for the next 90 days and work with the agency on a plan to pay back \$1 million in outstanding bills.

The delinquency represents nearly one-quarter of the agency's \$4.4-million annual budget. Accounting manager Chuck Korotko said the Society hopes to have a debt reduction plan in place by Jan. 1.

"We have cut back in some management and clerical areas, but nothing which directly affects animal services," Korotko said. "We hope to maintain our revenue at the same level and work out an agreement with the

creditors."

Oakland County authorities are investigating how much of the debt may be due to in-house theft.

ON MONDAY, former Society accountant Denise L. Hopkins, 28, of Mt. Clemens, was ordered to stand trial in Oakland Circuit Court for allegedly embezzling \$56,000 from the agency's Rochester Hills animal shelter.

"We have a strong case against Denise Hopkins but the investigation has not ended with her," said Greg Townsend, assistant Oakland prosecutor. "We are looking at other people."

At Hopkins' preliminary examination, her sister Colleen was called to testify but invoked the Fifth Amendment right against

self-incrimination.

Ex-Humane Society Director David Wills testified Denise Hopkins told him a trust fund for the agency's new Westland animal shelter contained \$400,000 in early 1988. Officials later discovered it contained only \$200,000, Wills said.

HE ALSO said officials found a \$250,000 line of credit had been depleted — although Hopkins said only \$40,000 had been drawn.

Wills and other top Society officials resigned in June after the financial problems surfaced.

Thursday, Society representatives and creditors — mainly vendors for office supplies, animal food and drugs and professional services — met to discuss terms of the

collection moratorium. The creditors formed a committee to review the proposal.

Birmingham attorney Joseph M. Fischer is representing the agency without compensation in efforts to develop an out-of-court repayment plan.

KOROTKO SAID the agency wants to publicize the steps it is taking to deal with its financial problems to assure donors their funds are going to help the animals.

Donations, which make up slightly more than half the agency's revenues, are coming in at a normal rate, he said.

Korotko said he has been asked to refrain from commenting on past management practices which may have contributed to the debt while the criminal investigation continues.

Mt. Clemens woman faces embezzling trial

By John A. Busch
Staff Writer

PORTLAND — A former employee of the Michigan Humane Society faces trial in Oakland County Circuit Court on charges that she embezzled more than \$60,000 from the organization.

Denise Hopkins, 28, Mount Clemens, is charged with nine counts of embezzlement over \$100, four counts of forgery and four counts of writing bad checks.

At a preliminary examination in Rochester District Court this week, she was ordered bound over for trial.

Her former boss, David K. Wills, testified that he first learned about discrepancies in several Humane Society bank accounts when his checks started bouncing.

Hopkins, who was the accounting manager for the society, had taken a short leave of absence because her grandmother had suffered a heart attack.

"I went back to the office to find out why we didn't have enough

money in the bank to cover the checks," testified Wills.

"I thought we could transfer money from a trust account to our operational account to cover the checks," but learned that the \$460,000 that was supposed to be in the trust account was below

\$10,000."

Wills said he thought the bank had made an error until he called for an independent audit of the society's books.

"We used a different auditor than we normally use," he said. "We didn't use our regular auditor

because they hadn't uncovered the problem during their regular audit."

Wills said that the internal investigation uncovered a number of forged checks and documents.

He said one forged document authorized a pay raise for Hopkins

from her approximately \$28,000 per year salary to \$38,000.

"I thought we could get a line of credit with the bank to cover our expenses and was told by Denise that we already had a line of credit."

"I couldn't believe it and told her See 'Embezzling.' Page 4A

Embezzling trial ordered

Continued from Page 1A

we couldn't get one without board approval," he said.

Wills said a \$250,000 line of credit had been established with the National Bank of Detroit and most of it had been used.

"I lost my temper," he testified. "I asked her what was going on and she admitted forging the checks and documents."

Wills, former executive director of the Michigan Humane Society until he left to form the National Society for the Protection of Animals, is himself under investigation.

Part of the continuing investigation centers on that \$250,000 line of credit which allegedly was secured with forged documents and forged signatures of humane society board members.

During cross examination, Wills admitted that some of the credentials listed on his resume were "lies" and said that he also lied

about a felony conviction for breaking and entering.

Assistant Prosecutor Gregory Townsend said he wouldn't comment about the nature of the investigation or the amount of money which may be missing from the society.

"All I can say at this point is that the investigation is continuing and that we're talking about quite a bit more money."

"We can show that at the very least \$60,000 has been stolen," Townsend said. "The investigation may reveal more."

Conviction of embezzlement carries a maximum penalty of 10 years in prison. Forgery and uttering and publishing (writing bad checks) are both possible 14-year felonies.

*Macomb Daily
Wednesday
November 15, 1989*

ATTACHMENT

TUCKER, ANTHONY & R. L. DAY, INC.

MEMBERS OF NEW YORK, AMERICAN STOCK EXCHANGE
& OTHER LEADING EXCHANGES

NEW YORK

BOSTON

RECEIVED

NOV 06 1987

RMK & M

120 BROADWAY
NEW YORK, N. Y. 10271

November 3, 1987

O. J. Ramsey, Esquire
Ramsey, Morrison, Keddy & Wallis
P.O. Box 26124
Sacramento, California 95826-0214

Dear Joe:

Many thanks for your letter of October 21, 1987. I am indeed concerned that we, as a board, are not adequately monitoring the finances of HSUS and the activities of the officers and staff. I feel that the board is not given sufficient information on which to make policy decisions, and that funds are expended in the name of HSUS without appropriate guidelines, limitations and safeguards. This is particularly bothersome in the case of charitable trusts for which HSUS has accepted the obligation of carrying out the donor's wishes, such as in the case for the Alice Morgan Wright - Edith Goode Fund.

You correctly note that I am troubled by some specific matters which have come to my attention. I believe that the best interests of HSUS and fairness require that I defer discussion of these matters until the board's April, 1988 meeting, unless we have the opportunity to meet earlier.

Best regards.

Sincerely,

Samuel A. Bowman

Handwritten notes:
- I'm a little bit worried about the committee's letter to the board. I think it's a little bit too strong. I think it's a little bit too strong. I think it's a little bit too strong.
- I'm a little bit worried about the committee's letter to the board. I think it's a little bit too strong. I think it's a little bit too strong. I think it's a little bit too strong.
- I'm a little bit worried about the committee's letter to the board. I think it's a little bit too strong. I think it's a little bit too strong. I think it's a little bit too strong.

TO: Paul G Irwin

FROM: Sam Trevino

RE: Letter dated November 20, 1987

In response to your direction to gather the information requested in the letter of November 20, 1987 the following is what I was able to find.

Pertaining to a detailed listing of expenditures relating to the HSUS/MHS merger I found that John Hoyt, Paul Irwin, Pat Forkan, Murdaugh Madden and Hal Gardiner all have submitted expense reports which relate to this matter. Also the HSUS has not paid for any of David Wills expenses.

I Found three direct payments to the Michigan Humane Society. One for \$4,714.12 on October 26, 1987 for reimbursement of expenses incurred by HSUS staff and board while in Detroit for a meeting on September 12 - September 19, 1987. A payment on April 19, 1986 to assist MHS with a lawsuit concerning the mourning dove and a contribution to MHS on August 28, 1985 also for the mourning dove lawsuit. During 1984 there were no payments to the Michigan Humane Society. To the best of my knowlege this is all the expenditures relating to the HSUS/MHS merger. However, I am further researching our records to see if there are anyother direct or indirect expenditures relating to this matter.

Addressing the request for a list of all bank accounts, corporations, pension funds and deferred income plans I have attached a list of such.

I have enclosed a copy of all the expense reports and other disbursements I mentioned above. If further detail is needed I can provide it.



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

December 3, 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*

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
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 Spedel
Robert F. Welborn
K. William Wiseman

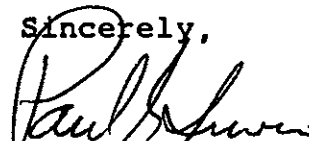
HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Dear Board Member:

I regret to inform you that John Hoyt is presently in the Cardiac Care Unit of Shady Grove Adventist Hospital, Rockville, Maryland. He was admitted on Wednesday afternoon, December 2. Preliminary reports suggest that if he has had another heart attack, no further major heart muscle damage has occurred to this point. His doctors are seeking to stabilize his condition and have yet to propose the plans for treatment. Obviously, we are concerned and anxiously hope for his recovery.

Sincerely,



Paul G. Irwin

MEMO TO FILE

To: Sam Trevino

From: Paul Irwin

Subject: Meeting with Wm. Voorhees, Thos. Havey & Co.

CPA's, August 26, 1987

Re: Rental Value of Seneca Rd. Property

Bill Voorhees informed me that we would need to establish a dollar value for Mr. Hoyt's personal use of the Seneca Road property owned by the HSUS.

I reminded Bill that any income of this nature would be taxable to Mr. Hoyt. In addition I made the point that the Seneca Road property had represented a deductible situation for Mr. Hoyt prior to the HSUS purchase. Because of these tax implications, I suggested that the dollar amount be set at \$600 per month. For the record, Bill thought this would be the absolute minimum amount which Mr. Hoyt could legitimately defend with the I.R.S. in the event of an audit of his personal return.

The Society will issue Mr. Hoyt a 1099 for his personal use of the Seneca Road property at \$600 per month.

*actual median
value:
\$1,600*

11/87

Dear Mr. Chairman.

We have received your letter of November 12, announcing the special meeting and its agenda.

There are two points on the agenda which we would like clarified :

First, we have requested in our letter of November 5, that the functions, duties and responsibilities of Board members be addressed. We believe that this necessitates inclusion as a separate topic on the agenda, and therefore ask for an addendum to the six topics already put forward. We will plan to bring a representative with us to articulate the role of Board members in the organization.

Second, we wish to be certain that the purchase of the President's house in Germantown, Maryland for \$310,000 on May 4, 1987, and the arrangements under which the house is being provided to him, are included under the third topic in the agenda.

In order to exercise our responsibilities as Directors at this meeting, we request that you send us, at least one week prior to the December 12 meeting :

First, pertaining to topic two, a detailed listing of all HSUS expenditures relating to the proposed HSUS/MHS merger. These would include: all travel expenses by the HSUS staff, HSUS Board members, and any MHS representatives, including David Wills, which were paid for by our organization, beginning in 1986. A breakdown of HSUS staff time spent on the proposed merger, as well as an itemization of all funds given to the MHS by the HSUS over the last five years, would also be useful.

Second, pertaining to topic three, a detailed listing of the President's benefits for the last five years. These would include: his pay, regular and deferred, retirement compensation including annuities, life, disability, home and any other insurance premiums, automobile purchases, and any other perquisites which are paid for by the HSUS. Also included should be travel expenses incurred by the President's family, if they were paid for by our organization and not reimbursed.

Third, pertaining to topic four, a listing of compensation for each current Board member, dating back to his or her arrival on the Board. This would not include customary travel reimbursement for scheduled Board meetings, but should include any exceptional travel expenses for Board members, any travel expenses by the HSUS staff, and paid for by the HSUS, on behalf of Board members, and any gifts, grants or professional honors paid for by the HSUS and given to a Board member. If any current Board member has been receiving compensation from another animal organization during his or her tenure on the HSUS Board, that should be noted as well.

Fourth, pertaining to topic five, an itemized listing of all HSUS bank accounts, corporations, pension funds and deferred income plans. We will expect the Treasurer to be ready to answer questions on specific Trusts managed by the organization.

November 20, 1987

Samuel R. Bowman
John W. Mettler, III
Marilyn G. Seyler
Brook Speidel



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

November 16, 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*

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
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
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Mrs. Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Dear Susan,

Several days ago you received in the mail a "Personal and Confidential" communication signed by five members of The HSUS Board of Directors, a copy of which was also mailed to me, other staff members, and various unnamed "recent directors."

I am most anxious that you have a copy of my response to that communication. I hope you will plan to attend the meeting of the Board of Directors called by the Chairman of the Board of Directors, K. William Wiseman, for Saturday, December 12. I am most anxious that the questions this communication raises and the suspicions it creates can be discussed fully.

Sincerely,

John A. Hoyt
President



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

November 12, 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*

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
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
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

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

Dear Bill:

As you are aware, I have just returned from a series of WSPA meetings in Switzerland and England, all of which I believe were quite productive.

During my absence, two letters relating to matters of major concern to the Board of Directors of The HSUS arrived at the office, both of which you have also received.

As regards the "Personal and Confidential" communication dated November 5, 1987, signed by directors Samuel A. Bowman, Gisela Hunnicutt, John Mettler, III, Marilyn G. Seyler and Brook Speidel, I have several comments.

I am in complete agreement that a meeting of the Board of Directors should be called as requested and believe that each of the items enumerated in that letter should be discussed in detail. However, I find it incomprehensible that those requesting this meeting could imagine that a thorough and meaningful discussion of these matters could be undertaken without input from various staff members, especially myself, Paul Irwin, and Murdaugh Madden. Therefore, I urge you not to exclude those staff members who have important information and insight regarding these matters from this meeting. If, at any particular point in the meeting, you may wish any or all of us to absent ourselves, we shall be pleased to do so.

I wish to be on record that I strongly object to this "Personal and Confidential" communication having been sent to "certain recent directors" and various staff members. It is by that very reason not now a confidential matter for consideration by

Mr. K. William Wiseman
November 12, 1987
Page Two

the Board of Directors, though the communication explicitly states that the meeting to discuss the itemized concerns should "be closed and for Directors only."

The communication implies that actions in violation of the HSUS Bylaws may have been undertaken by myself and other staff members, actions which have now been communicated to unnamed persons not now members of the Board of Directors and various members of staff. To the extent that these implied accusations, circulated beyond the confines of this Board of Directors, may damage my personal reputation and integrity, I may find it necessary to seek legal counsel. I wish to stress that I have no concern nor reluctance whatsoever to discuss such matters in detail with the Board of Directors. As regards the matters listed, the Board of Directors has every right to pursue each item in depth. However, because the five directors signing this letter have chosen to send it to unnamed persons not now serving on the Board of Directors, they have, in my judgment, acted both inappropriately and carelessly.

As regards the letter of November 3, 1987, from Samuel A. Bowman requesting information and copies of documents relative to the items listed below:

1. Alice Morgan Wright-Edith J. Goode Fund;
2. Edith Goode Fund and Other Charitable Trusts;
and
3. Current Financial Statements,

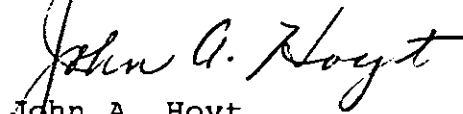
I have responded to Mr. Bowman by letter dated November 10, 1987, that I have requested that Paul Irwin and Murdaugh Madden, contact him individually "to arrange for a timely and feasible response" to his request.

I wish it to be noted that I responded to this "personal" request as I did so as not to further suspicions among members of the Board of Directors that implied inappropriate, unethical, or perhaps even illegal actions have been taken by myself, Paul Irwin, or Murdaugh Madden. However, I wish it to be noted that I do not regard any member of the Board of Directors, with the exception of its Chairman, having the right to demand of any staff member any action or information except he or she has been so authorized and delegated by the Board of Directors to do so. I regard this to be a principle of great importance and

Mr. K. William Wiseman
November 12, 1987
Page Three

hereby request that the Board of Directors declare itself on this matter for future reference.

Sincerely,

A handwritten signature in cursive script, reading "John A. Hoyt". The signature is written in dark ink and is positioned above the printed name and title.

John A. Hoyt
President

cc: O. J. Ramsey, Vice-Chairman
Samuel A. Bowman
Gisela Hunnicutt
John Mettler, III
Marilyn G. Seyler
Brook Speidel

CRITICAL GUIDELINES

I. It is of overriding importance to stick to the incidents presently in the Complaint. They are the incontrovertible ones and were carefully selected for that reason.

It would be wrong, for example, to add a count on "Excessive Compensation" because this could and would be debated forever.

For example, when speaking of when the secret committee granted pay raises, auto allowances, insurance policy ownership and other "goodies" to the President and the Treasurer, it would be a mistake to take the position in the pleadings that these things weren't deserved. What was wrong was that they were granted illegally by a secret committee that was manipulated by the two officers, and it was all hidden from the Board.

The design of this draft was to never get into areas that would permit a showing of how much the organization has grown and prospered under these two officers.

II. Suit must be filed without advance warning or discussion with the defendants because the key is to have these matters come to light in a proper forum. During the earlier "investigations" there was a great stonewalling and

cover-up and it would happen again unless these issues are moved into the public arena, i.e., the court.

III. As to the various counts, even if some could arguably be barred by a Statute of Limitations, they need to be included, for exposure to the light of day. (They probably aren't barred because they were covered up until December 1987, but in any event they should all be in the allegations of wrongdoing by the insiders of this public charity).

IV. No Golden Parachutes for the employees, no settlement compromises, and no honoring of the recent Employment Contracts.

V. No real deviation from the issues raised in the drafts without detailed consultation. They were carefully prepared by persons with long-standing intimate knowledge of this whole matter from beginning to end, including all of the players involved.

VI. Pepperdine is both a Director and an HSUS member and suit should be brought on her behalf in both roles because there are probably different rights for each. It should be framed in such a way as to make it crystal clear that the money is to be paid back to the charity.

3/20/90

Mr. Vincent Fuller
Williams & Connolly
839 17th Street, NW
Washington, DC 20006

Dear Vince,

My thanks to you and Alan for meeting with me Saturday. I have heard only good things about your credentials and expertise.

I've done some further checking on some questions you asked. Here are comments on those plus a few additional points:

- I think Dixie Morgan retired Feb. 1987 (just a few months before Hoyt's house deal).
- Jack Lydman does live in Washington, and may have been ambassador to Malaysia.
- I'm including a "Directors & Officers Liability Loss Prevention" guide from Chubb, our insurance carrier. It's obvious Wiseman has no intention to abide by these guidelines — making the insurance worthless.

- I just heard John Hoyt has a silver coin collection. Interesting.
- I've included articles someone sent me about David Wills + the mess at Michigan Humane, the group we were to have the "union" with.
- I'm including a Better Business Bureau about the Animal Protection Institute. They used to have a reputation for misusing funds. Their founder, Belton Mouras, was in Kansas City in the early 70's (just before I got involved). He ingratiated himself to the Humane Society of Greater K.C. board — and cleaned them out before leaving town. Then he worked for HSHS in California; absconded with the mailing list + started the Animal Protection Institute. There were stories of him using funds to go to Europe with his secretary. About 7 years ago he was convicted (I believe) for mail fraud. Now API meets BBB standards — and HSHS doesn't! I tell you all this because the case was in California and might be useful as a precedent.
- I've enclosed the whole information packet from Michael Traynor.

Best regards,
Susan Pepperdine

DOCUMENTS

- Financial Statements & Independent Auditor's Reports 12/31/80; 81; 82; 83; 84; 85; 86
- Treas. Funds - Financial Statements & Auditor's Reports (same years)
- HSUS Audit Committee Minutes - 12/12/87, 12/21/87, 1/21/88, 1/25/88, 2/8/88
- Havey & Co. Form 990 for 1980, 81, 82, 83, 84, 85, 86
- HSUS board mtg. minutes, 10/15/87
- HSUS bylaws
- 1988 budget
- "Schedule" for Bd of + deferred income list 1 made (in 88?) should have copies of most or all of these
- Hoyt expense report
- Hoyt & Irwin salary
- Hoyt memo, 3/10/88. NAAHE for compensation by Compensation Com. from HSUS to NAA. Susan 20 check from approved copies of checks 3/11, then check to Irwin signed by Hoyt 5/12/87
- Irwin memo 8/26/87 - Hoyt rental value \$600 "absolute minimum could legitimately defend"
- Amy Freeman Lee chair - \$25000 check, 1/11/87
- Bd. Designated Funds - ledger sheets - 1984, 83, 84
- NHEC (Nat'l Humane Educatn) transactions analysis - ledger sheets, 1983-87
- Deferred Comp. Comm. minutes - 8/25/87, 9/3/87, 4/22/87, 7/24/86, 1/2/85, 9/13/84, 12/2/83, 9/9/83
- travel payments - Hal Gardiner, bd. mbr
- Hoyt memo - \$5000 to Mick Heurane, copy of check
- Bd of Dir. minutes - 10/17/87
- Letter from Sam Bowman to O.J. Ramsey, 11/2/87, re: financial accountability

- Letter to HSUS chairman from 4 directors; Bowman, Mettler, Seyler, Speidel 11/20/87
- San Trevino memo to Irwin, re: 11/20 letter response
- Hoyt letter to ~~Irwin~~ Wiseman, re: wife's trips + Frankenberg donations; Frankenberg letter, 12/1/87
- Irwin memo on Hoyt heart attack, 12/3/87
- Deferred Compensation Plan
- Hoyt letter responding to 5 directors, 11/16/87
- Wiseman letter responding to 4 directors, 11/30/87
- Bowman power of atty for B. Tirana
- Irwin response to 4 directors, 12/3/87
- Tirana demand for inspection of books + records
- Irwin letter in response, 12/8/87
- Spec. Bd. mtg. minutes (Pepperdine wrote), 12/2/87
- Tirana letter to Audit Comm., 12/17/87
- Audit Comm. letter to Havey & Co. 12/21/87
- Wiseman response to Audit Comm. 1/14/88
- Wiseman response to Bowman, 1/15/88
- Wiseman letter to Mettler, 1/15/88
- Hoyt/Irwin letter to Wiseman demanding opportunity to respond to charges, 1/19/88
- Audit Comm. to Gail Harmon
- Audit Comm. to Hoyt + Irwin
- Mettler letter to Wiseman, 1/26/88
- Tirana letter to Wiseman, 1/26/88
- Wiseman reply to Mettler, 2/9/88
- Harmon letter to Hoyt, Irwin, Madden + Voorhes on NHEC + NAAHE payments, 2/11/88
- Wiseman letter to Tirana, 2/10/88, on mailing lists
- Harmon letter to Wiseman, 2/11/88, invitation to mtg.
- Audit Comm. minutes, 2/16/88; 2/22/88
- Harmon letter to Voorhes, 2/23/88
- Harmon letter to HSUS senior staff, questionnaire, 2/23/88
- Harmon letter to Trevino + Irwin, 2/24/88, on NHEC
- Audit Comm. minutes, 2/25/88
- Harmon letter to Hoyt + Irwin, 2/25/88, on Brightwater
- Harmon letter to Irwin on Mellon acct, 2/25/88

- Audit Comm. minutes, 2/29/88
- Harmon letter to Voorhees + list of questions, 3/1/88
- Harmon letter to Irwin, 3/2/88 on 1986 "990"
- Audit Comm. minutes, 3/3/88
- Harmon letter to Irwin, 3/3/88 on questionnaire
- Harmon letter to Hoyt, 3/3/88 on questionnaire
- Harmon letter to Irwin + Trevino on gold, etc., 3/4/88
- Audit Comm. minutes, 3/7/88
- ~~Hoyt~~ letter to Audit Comm., 3/8/88
- Audit Comm. minutes, 3/10/88
- Audit Comm. minutes, 3/14/88
- ~~Ramsey~~ letter to Irwin, 3/14/88
- Harmon letter to Kindler, 3/15/88
- Harmon letter to Lydman, 3/15/88
- Harmon letter to Irwin, 3/15/88, Mellon Barb, etc.
- Audit Comm. minutes, 3/18/88
- Harmon letter to Theil (Deloitte), 3/18/88
- Harmon letter to Irwin, 3/22/88, personal property
- Harmon letter to Wiseman, 3/22/88, Ramsey on Def. Comp. Comm.
- Harmon letter to Irwin, 3/24/88 on travel
- Harmon letter to Theil on Mrs. Evans' gifts, 3/25/88
- Sorock letter to Theil, 3/28/88
- Wiseman letter to Audit Comm., 3/29/88
- Audit Comm. "Draft," spring 1988, list of checks over \$5,000
- Wiseman to Harmon on Def. Comp. Comm., 4/1/88
- Harmon letter to Irwin on audits, 4/4/88
- Harmon letter to Hoyt + Irwin on children as employees, 4/4/88
- Harmon letter to Hoyt + Irwin on contractor, 4/4/88
- Harmon letter to Madden on life insurance, 4/4/88
- Mettley letter to Wiseman, 4/4/88
- Audit Comm. minutes, 4/7/88
- Harmon memo to Audit Comm., list of missing info, 4/7/88
- Audit Comm. min., 4/12/88, 4/13/88, 4/14/88
- Wiseman letter to Bd. re: Harmon report, 4/14/88
- Mettley letter to HSUS Bd., 4/14/88
- Sorock letter to HSUS Bd., 4/14/88 objecting to Harmon report
- Madden letter to Harmon, 4/18/88
- HSUS Bd. minutes, 4/20-21/88
- Audit Comm. minutes, 4/21/88
- Ramsey letter to Hunnicutt + Pyperdine, 4/29/88
- Ramsey letter to Tirana, 4/29/88
- Ramsey letter to Audit Comm., 4/29/88

- Ramsey letter to Wiseman, 4/29/88
- Ramsey letter to Stein, 4/29/88
- Ramsey letter to Wiseman, 4/29/88
- Ramsey letter to Irwin, 4/29/88
- Ramsey letter to Hoyt, 4/29/88
- Ramsey letter to Webb (Deloitte), 4/29/88
- Hoyt letter to Ramsey, narrative response, 5/3/88
- Irwin letter to Ramsey & Stein, narrative, 5/6/88
- Mettler letter to Stein on concerns, 5/9/88
- Tirana letter to Ramsey, 5/11/88, plus attachments
- Ramsey letter to Audit Comm., 5/19/88
- Webb letter to Ramsey, 5/20/88
- Audit Comm. minutes, 5/27/88
- Ramsey letter to directors Lee & Kerber, Irwin, Webb, Evans, Goodall, Frankenberg, 5/27/88
- Madden memo to Hoyt on NAAHE & NHEC, 5/6/88
- Ramsey letter to Stein, 5/27/88
- Ramsey letter to Tirana on demands, 5/28/88
- Irwin response to Stein & appendices of documents, 6/20/88
- Mettler letter to Stein, 6/21/88
- Stein letter to Hoyt & Irwin, 6/29/88 various requests
- Audit Comm. "draft" from Haskins & Sells, 7/1/88
- Select Comm. minutes, 7/8/88
- Ramsey letter to Select Comm., 7/12/88
- Hunt (HSUS CPA) letter to Ramsey on Deloitte, 7/21/88
- Ramsey letter & Haver documents, etc., 7/1/88
- Hoyt letter to Stein, resolutions, Def. Comp. Comm, etc., 7/6/88
- Mettler letter to Stein, 7/6/88
- 1988 HSUS budget designated funds
- Ramsey letter to Webb, 7/12/88
- Deloitte report, 7/18/88
- Mettler letter to Stein, 7/18/88
- Ramsey letter to Select Comm., 7/19/88
- Ramsey letter to Stein, 7/19/88
- HSUS response to Haskins & Sells report, 7/21/88
- Tirana letter to Ramsey, bill for \$40,000, 7/19/88
- Ramsey letter to Select Comm., 7/27/88
- Hunt letter to Ramsey, 7/21/88
- Select Comm. minutes, 7/24/88
- Ramsey letter to Select Comm., 7/25/88
- Select Comm. min., 7/27/88 (2 sets)
- Ramsey letter to Select Comm., 7/29/88
- HSUS bd minutes, 7/30/88
- HSUS Select Comm. min., 7/30/88

JACK W. LYDMAN,
individually and as a member of
the "Deferred Compensation
Committee" of The Humane Society
of the United States,
2815 Q Street, N.W.
Washington, D.C. 20007

and

COLEMAN BURKE,
individually and as former
Chairman of the Board of
Directors and a member of the
"Deferred Compensation Committee"
of The Humane Society of the
United States,
45 Stewart Road
Short Hills, NJ 07078

COMPLAINT FOR DAMAGES TO
THE HUMANE SOCIETY OF THE UNITED STATES

The Humane Society of the United States is a charitable corporation organized for the prevention of cruelty to animals and other purposes under the laws of the State of Delaware, with its headquarters at 2100 L Street, N.W., Washington, D.C. It raises funds and operates in every state of the United States including _____ and maintains facilities in a number of states of the United States, including _____. It enjoys a status under the Internal Revenue Code of the United States as a 501(c)(3) charitable organization with numerous tax and other advantages arising from this status. It also enjoys certain tax-exempt status in many of the states of the United States where it conducts its affairs and, accordingly, not only individual members, Directors, taxpayers at large but the government

OFFICE OF THE ATTORNEY GENERAL

(Civil action against certain officers and directors of The Humane Society of the United States, a charitable corporation which operates, raises funds and does business in this State.)

Preamble: It is axiomatic that the assets of charitable non-profit corporations are impressed with a trust, and accordingly strict trust principles apply to the corporate fiduciaries, namely the officers and directors in their dealings with these assets. This action is brought to surcharge these fiduciaries who have breached their fiduciary duties and caused financial loss to the corporation through selfdealing and other malfeasance.

versus

JOHN A. HOYT,
individually and as President of
The Humane Society of the United
States,
2100 L Street, N.W.
Washington, D.C. 20037

and

PAUL G. IRWIN,
individually and as Treasurer of
The Humane Society of the United
States,
2100 L Street, N.W.
Washington, D.C. 20037

and

K. WILLIAM WISEMAN,
individually and as current
Chairman of the Board of Directors

apply to the corporate fiduciaries, namely the officers and directors in their dealings with these assets. This action is brought to surcharge these fiduciaries who have breached their fiduciary duties and caused financial loss to the corporation through selfdealing and other malfeasance.

versus

JOHN A. HOYT,
individually and as President of
The Humane Society of the United
States,
2100 L Street, N.W.
Washington, D.C. 20037

and

PAUL G. IRWIN,
individually and as Treasurer of
The Humane Society of the United
States,
2100 L Street, N.W.
Washington, D.C. 20037

and

K. WILLIAM WISEMAN,
individually and as current
Chairman of the Board of Directors
and member of the "Deferred
Compensation Committee" of The
Humane Society of the United
States,
P.O. Box 120
Woolwich, ME 04579

and

COUNT I

Upon information and belief, commencing on or about January of 1985, Defendants Hoyt and Irwin, President and Treasurer of The Humane Society of the United States, to wit, the Chief Executive Officer and the Chief Fiscal Officer of the organization, created a dummy or shell bank account utilizing a dormant organization, namely, The National Humane Education Center (NHEC), opened a bank account through utilizing a false affidavit indicating that that corporation had taken appropriate action to authorize such an account, and funneled through that organization to themselves the sum of \$94,000 from funds in an HSUS annuity account at the Mellon Bank in Pittsburgh, Pennsylvania, with the sole purpose of having these transactions and these funds coming to them not show up anywhere on the books of The Humane Society of the United States and therefore to be hidden from the Board of Directors of The Humane Society of the United States, the membership of The Humane Society of the United States, the Federal Government, all of which entities had a right to know the total compensation paid to these two officers, and the public at large, which had a right to an accurate report of the financial affairs of this public charity. More specifically, Mr. Hoyt arranged to have himself paid through this shell corporation the sum of \$13,000 in 1985, \$14,000 in 1986, \$14,000 in 1987, and \$14,000 in 1988. Mr. Irwin, the Treasurer, arranged to have himself paid the sum of \$9,000 in 1985, \$9,000 in 1986, \$10,000 in 1987, and \$10,000 in 1988.

COUNT II

Upon information and belief, on or about July 24, 1986, the President and the Treasurer, defendants Hoyt and Irwin respectively, arranged to have the ownership of certain life insurance policies that had been owned by The Humane Society of the United States transferred to them individually, and further arranged that The Humane Society of the United States would pay future premiums thereon, which has, in fact, occurred from that time until the present. These transactions were undertaken and conducted surreptitiously by the chief officials of the organization, who manipulated and were aided and abetted by an illegal and sham so-called Deferred Compensation Committee which operated secretly, carefully hiding its actions from the Board of Directors. It is alleged that these actions constituted breach of fiduciary duty, conflict of interest, self dealing, private inurement, unjust enrichment, misappropriation of charitable assets and fraud.

COUNT III

Upon information and belief, on or about May 4, 1987, Defendants Hoyt and Irwin arranged to have The Humane Society of the United States purchase Defendant Hoyt's house in Germantown, Maryland, for the price of \$310,000. This transaction was consummated without the knowledge of the Board of Directors and was undertaken and conducted surreptitiously by the chief officials of the organization, who manipulated and were aided and abetted by an illegal and sham so-called Deferred Compensation Committee which operated secretly, carefully hiding its action from the Board of Directors. It is alleged that this action constituted breach of fiduciary duty, conflict of interest, self dealing, private inurement, unjust enrichment, misappropriation of charitable assets and fraud.

COUNT IV

Upon information and belief, on October 22, 1987, and October 26, 1987, the Treasurer, Paul Irwin, had checks issued to him in the sum of \$50,000 and \$35,000 respectively for a total of \$85,000, allegedly to reimburse himself for his purchase of some recreational property in Maine. This transaction was consummated without the knowledge of the Board of Directors and was undertaken and conducted surreptitiously by the chief officials of the organization, who manipulated and were aided and abetted by an illegal and sham so-called Deferred Compensation Committee, which operated secretly, hiding its action from the Board of Directors. It is alleged that this action constituted breach of fiduciary duty, conflict of interest, self dealing, private inurement, unjust enrichment, misappropriation of charitable assets, and fraud.

COUNT V

Upon information and belief, there was an alleged committee called the Deferred Compensation Committee supposedly created by the Board of Directors in 1983 which from its inception not only never reported any of its activities to the Board but actively worked with Defendants Hoyt and Irwin to conceal its activities from the Board of Directors. This Committee was made up of Defendants Coleman Burke, William Wiseman, and Jack Lydman, and it is alleged that it was an utter sham, that it did nothing more than rubber-stamp the improper and illegal activities of the President and the Treasurer, and that the Committee members that made this concealment continue over the years are fully culpable and responsible for the activities that went on unchecked during this period, that the concealment and secrecy of this Committee continued until it came to light in December of 1987 due to inquiries made by some of the members of the Board of Directors. The activities of Defendants Hoyt and Irwin in manipulating this committee and the committee in permitting itself to be so manipulated, and operating itself in secret from the Board of Directors and serving as nothing more than a vehicle to put an apparent stamp of approval on improper and illegal benefits taken by the President and Treasurer, constituted the grossest imaginable breach of fiduciary duty, misappropriation of charitable assets and fraud.

COUNT VI

Upon information and belief, at divers times during 1988 and 1989, in spite of the clear evidence that the President and Treasurer, Defendants Hoyt and Irwin, had been guilty of multiple acts of grievous misconduct in office, including but not limited to violations of clear fiduciary duties, conflict of interest, self inurement, self dealing, unjust enrichment and misappropriation of charitable assets, Defendants Hoyt and Irwin manipulated the Board into giving them very beneficial long range employment and benefits contracts, initially drafted by Defendants Hoyt and Irwin themselves, through their private attorneys being paid by The HSUS. This unconscionable and illegal action was taken without the informed approval of the Board of Directors and without the knowledge of, much less approval of the membership, and as such said contracts are improper, illegal, unenforceable and void and of no effect, and not binding upon the charity, The HSUS. It is alleged that these actions constituted a breach of fiduciary duty, conflict of interest, self dealing, private inurement, unjust enrichment, misappropriation of charitable assets and fraud.

COUNT VII

Upon information and belief, Defendants Hoyt and Irwin caused false and misleading official reports to be prepared and filed with the Federal Government and with divers State governmental authorities in that the compensation paid to Defendants Hoyt and Irwin was grossly understated. As a result, The HSUS itself could receive penalties for false filings and the tax exempt status as a charity has been placed in jeopardy. Such irresponsible, self serving, illegal conduct constitutes a gross breach of the fiduciary duty owed by Defendants Hoyt and Irwin to The HSUS.

As and for a general charge of breach of fiduciary duty, the following is further alleged against each and every Defendant:

(1) The Defendants and each of them owe an uncompromising duty as fiduciaries to protect the interests of The Humane Society of the United States.

(2) Defendants Hoyt and Irwin violated their fiduciary duty to at all times be completely open, above board and frank, and to make full disclosure at all times to all members of the Board of Directors and to the membership of the organization. Defendants Wiseman, Lydman, and Burke breached their fiduciary duty to their fellow members of the Board of Directors, even to the membership of the smaller Executive Committee, and to the membership at large of The Humane Society of the United States.

(3) Defendants are charged with not only breach of fiduciary duty to conduct the corporation's affairs with a high degree of care and skill but are charged with affirmatively practicing deceit and deception.

(4) The deceit and deception in broadest terms includes knowingly or negligently permitting the "Deferred Compensation Committee" to be used solely as a vehicle for granting hidden and unwarranted benefits to Defendants Hoyt and Irwin, acting solely under the guidance and direction of Defendants Hoyt and Irwin, never exercising the slightest bit of independent judgment, knowingly participating in several years of duplicity and cover-up and secret activities and, in effect, participating in absolute sham. It is alleged that the facts will show that meetings were called when Defendants Hoyt or Irwin needed some action or benefit to be granted to them personally, the agendas were set by Defendants Hoyt and Irwin, the minutes were written by Defendants Hoyt and Irwin, and the Directors Wiseman, Lydman and Burke shamefully permitted themselves to be manipulated in

this manner over a substantial period of time, all to the disastrous detriment of the organization they were charged with protecting and representing.

PRAYER FOR RELIEF

As a result of the misconduct alleged above, The Humane Society of the United States has been severely damaged, in part as set forth below:

(1) The HSUS has been held up to scorn as a result of common knowledge of these matters and its once fine reputation for integrity and honesty has been severely damaged with present and future supporters, and its influence to perform its charitable purposes severely curtailed.

(2) The HSUS has been forced to spend in excess of one-half million dollars (\$500,000.00) as a direct result of the misconduct of Defendants Hoyt and Irwin and the misconduct and breach of fiduciary duty of Defendants Wiseman, Lydman and Burke as members of the secret Deferred Compensation Committee which had knowledge of and permitted this conduct, and, finally, the subsequent misconduct and breach of fiduciary duty of all of the defendants once the facts began to come to the attention of the Board of Directors in late 1987.

These expenditures include, but are not limited to:

(a) substantial legal fees spent on the firm of Harmon & Weiss, the attorneys for the first Audit Committee;

(b) substantial legal fees to Jacob Stein, the attorney hired following the obliteration of the Audit Committee, firing of Harmon & Weiss and their replacement by a controlled "Select" Committee and new counsel Stein;

(c) substantial legal fees paid to Theodore Sonde, private attorney for Defendants Hoyt and Irwin;

(d) substantial legal fees paid to Bardyl Tirana of Silverstein and Mullens, the attorney that several "dissident" Board members were forced to hire in order to receive any information as to what was going on internally at The HSUS, the organization of which they were Board members;

(e) substantial fees paid to the accounting firm of Deloitte, Haskins and Sells;

(f) substantial extra fees paid to the regular HSUS accounting firm of Thomas Havey & Co.;

(g) the \$85,000 which Defendant Treasurer Irwin wrongfully paid to himself in connection with the Maine property;

(h) the loss incurred in having \$310,000 invested in the purchase of Defendant Hoyt's home in Germantown, Maryland, which constituted having these funds diverted from normal charitable use, or earning interest as an investment;

(i) the value of the personal insurance policies turned over to Defendants Hoyt and Irwin and the premiums already paid on them since the turnover;

(j) the funds illegally funnelled to Defendants Hoyt and Irwin through the sham bank account for the dormant NHEC corporation;

(k) the extra costs incurred by The HSUS, various staff members and Directors in connection with special meetings and the diversion of time and energy from the charitable purposes of The HSUS;

(l) the extra costs incurred by HSUS in connection with the time spent away from useful and HSUS-related charitable matters for Defendants Hoyt and Irwin, to wit, the hours, weeks or months and the thousands of dollars of travel expenses expended by President Hoyt and Treasurer Irwin, meeting with Directors all

In order to complete the deception, defendants caused these payments to be transferred from an annuity trust account at the Mellon Bank through this dormant corporation, NHEC, to defendants Hoyt and Irwin and listed in the HSUS 990 Tax Returns as "payments to beneficiaries," and it is further alleged that in order to open the bank account for this dormant corporation NHEC, to receive the annuity trust money and pay it out to Mr. Hoyt and Mr. Irwin, defendants Hoyt and Irwin filed a false document certifying that the Board of the NHEC had authorized the opening of the account.

In addition, on or about March 17, 1987, a new and unexplained HSUS account was opened at American Security Bank, a \$5,000 sum was deposited in that account and simultaneously a check was drawn on that account payable to The HSUS Treasurer, Mr. Irwin, marked "contribution" and then the account was immediately closed.

All of these transactions were undertaken and conducted surreptitiously by the chief officials of the organization, who manipulated and were aided and abetted by an illegal and sham so-called Deferred Compensation Committee which operated secretly, carefully hiding its actions from the Board of Directors. It is alleged that these actions constituted breach of fiduciary duty, conflict of interest, self dealing, private inurement, unjust enrichment, misappropriation of charitable assets, and fraud.

**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 other 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
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 protection

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
Former treasurer/director, Michigan Humane Society

Ms. Gisela Hunnicutt

Stuart, Florida and Towaco, New Jersey
Founder and Director, Wildlife Rehabilitation Fund
Member, Morris County (NJ) Board of Realtors

Mr. Leslie R. Inglis

Patriot, Indiana
Retired chairman and CEO, Vortec Corporation
Participant in activities of Animal Rights Community
in Cincinnati
Member of numerous other animal-protection organizations

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 Hon. Jack W. Lydman

Washington, D.C.
Former ambassador to Malaysia
Advisory Council, Washington Center/Asia Society
Lecturer, Business Council for International Understanding

Mrs. Virginia (Pat) 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 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 and member, numerous community, state and
national organizations

Mr. Robert Sorock

Bloomfield Hills, Michigan
Independent distributor, Staley International
Former president, Michigan Humane Society
Chairman, National Society for Animal Protection

Mrs. Brook Speidel

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

Mr. John E. Taft

Ojai, California
Environmentalism
Former manager, retail appliance business and real estate developer
Part-time nature and environmental film producer
Creator of conservation endowment foundation to protect critical habitat

Mr. Carroll Thrift

Knoxville, Tennessee
President and owner, Corporate Travel
Former board member, Knox County Humane Society

Mrs. Viola Weber

McLean, 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. R. 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

Executive Officers

John A. Hoyt

President, The Humane Society of the United States, 1970
to date

Directorships:

President, World Society for the Protection of
Animals
National Association for Humane and Environmental
Education
National Trust for Animal Protection
Council for Livestock Protection
Center for Respect of Life and Environment
National Society for Animal Protection
Earth Day 1990

Paul G. Irwin

Executive Vice President, Treasurer of The Humane Society
of the United States, 1976 to date

Directorships:

World Society for the Protection of Animals
American Bible Society
Wilhelm Schole

Murdaugh Stuart Madden, Esq.

General Counsel, The Humane Society of the United States,
1958 to date

Member, District of Columbia Bar

Member, Bar Association of the District of Columbia

Directorships:

Secretary, World Society for the Protection of
Animals

11/89

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.

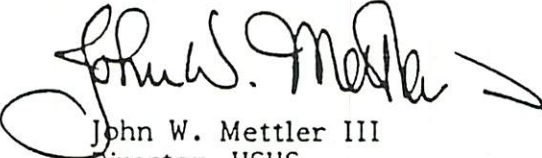
If, on the other hand, your role is that merely of counsel to this new "select" committee, that is an entirely different matter, and you could hardly be expected to, nor be in a position to exercise any "independent" judgment for the corporate charity itself.

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

January 15, 1991

Dear Mr. Apallas:

I am writing this letter on the assumption that by now you will have received the response to your December 6th letter to Mr. Wiseman, chairman of the Humane Society of the United States.

Among other requests for information and records, you ask for documents which show any "reimbursements" made by Mr. Irwin and Mr. Hoyt to the charity for improper receipt of funds.

I of course don't know what specific response you received to this request but I can assure you that the clear answer is that there have been no reimbursements of any kind and that, to the contrary, these two gentlemen have received handsome pay raises and very substantial new benefits encompassed in written employment contracts, all since this improper conduct occurred.

I am sending along copies of some particularly important letters with some highlighting where Board member Mettler clearly describes the matters which Mr. Stein should be looking into (May 9, 1988), Mr. Mettler's next letter of June 21, 1988 putting the replacement of Attorney Gail Harmon by Attorney Jacob Stein in its proper context, further queries by Mr. Mettler in letters of July 6 and July 18, 1988, all of which were completely ignored by Mr. Stein and the HSUS Board. Mr. Mettler was later dropped from the Board along with Mr. Bowman, obviously solely because they had raised some questions about what was transpiring.

I also note that your letter of December 6 asks about reimbursement by Mr. Hoyt and Mr. Irwin but does not ask about reimbursement from those key members of the Board whose secret committee, the so-called Deferred Compensation Committee, made all of this possible. I would think that each of them would also be fully responsible for helping to make up the loss to the charity caused by their clear violation of their fiduciary duties. In this connection, I enclose a copy of a letter from attorney Bardyl Tirana dated May 11, 1988 which not only sheds some perceptive light on some of those issues but specifically on page 4, where highlighted, raises the question of recovery from the most culpable directors. I might add here that even such a suggestion from you would surely make the whole Board live up to its responsibilities in a way that nothing else could.

I think that until now both Mr. Hoyt and Mr. Irwin and their "rubber stamp" Board have felt that the Board's action

in "ratifying" everything that was done completely disposes of the matter. I'm not a lawyer but I simply can't believe that these clear incidences of self dealing, private inurement, unjust enrichment, and misappropriation of charitable assets can be resolved that way.

I remain anxious to hear about your next step.

Sincerely,

Enclosures

JOHN W. METTLER III

950 THIRD AVENUE
NEW YORK, N.Y. 10022

(212) 752-1855

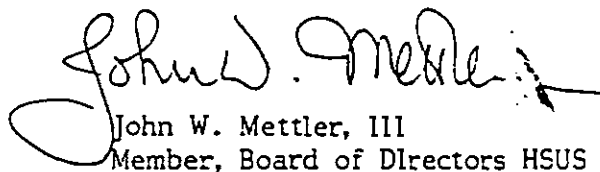
May 9, 1988

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, in 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
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

May 11, 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

PATRICK G. DOOHER
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.

BY HAND

O.J. Ramsey, Esquire
Vice Chairman
The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Joe:

This is in response to your letter of April 29, 1988, received by me on May 2. You asked that I send you by today a list of remaining concerns which my clients, Mr. Bowman, Ms. Speidel and Mr. Mettler, may have as a result of Ms. Harmon's report.

This letter set forth some of our present major concerns, but is by no means exhaustive. The most difficult task is to ask the right questions, which is cannot easily be done in the absence of essential information. Ms. Harmon had four months and the assistance of two accounting firms, in reaching a point where she could issue a preliminary report. Mr. Stein will have more than three months. It is unreasonable to ask of Mr. Bowman, Ms. Speidel and Mr. Mettler to articulate their concerns in nine days from the receipt of your letter, particularly when the officers (and perhaps some directors as well) have not made available complete information requested from them.

Mr. Mettler has separately written Mr. Stein detailing some of his concerns. Mr. Bowman also will be writing and visiting Mr. Stein, and Ms. Speidel may do so as well. The fiduciary responsibilities of directors do not have time limits.

O.J. Ramsey, Esquire
May 11, 1988
Page 2

Obviously, a primary concern is the Hoyt house deal. Apparently, even you were kept in the dark by Messrs. Wiseman, Lydman, Hoyt and Irwin until December, 1987. We still do not have straight answers as to the deferred compensation committee meetings, and as to the creation of minutes for the meetings. The role of Messrs. Wiseman and Lydman appears more as aiders, abettors or accessories.

The Irwin vacation house deal remains shrouded in mystery five months after its first disclosure. Mr. Mettler's letter to Mr. Stein treats this issue more fully.

The conduct of many of the board members is a major concern. The majority appear to feel that they are accountable to no one. Mr. Wiseman, as chairman of the board, with the support of the majority, wanted the board to be kept in ignorance of all the contents of the Harmon report as recently as the time of the April, 1988 meeting. Messrs. Wiseman and Lydman have operated as if HSUS was their private fiefdom, to be shared at their discretion with Messrs. Hoyt and Irwin. Mr. Gardiner has on repeated occasions personally attacked Ms. Speidel without justification for her attempts to carry out her responsibilities as a director. Ms. Lee has no concern about the use of HSUS funds to endow a chair in her name at another institution. Even you withheld from the directors the important opinions of HSUS counsel as to the illegality of the proposed merger of the Michigan Humane Society.

Other directors are passive, and appear to believe that their proper role is simply to serve as figureheads, rubberstamping what Messrs. Hoyt and Irwin, or Mr. Wiseman, may choose to put in front of them. From my observation of the minutes, anything of controversy is filtered out before it reaches the board. Issues of whether the resources of HSUS are properly being applied to carry out its purposes and programs, or as to whether there are better programs on which to expend time and resources, appear not to reach the board in any deliberative sense. The board has been kept in the dark, for example, about the receipt and application of major gifts.

SILVERSTEIN AND MULLENS

O.J. Ramsey, Esquire

May 11, 1988

Page 3

The absence of controls flows directly from the continuing abdication of responsibility, and lack of accountability, of a majority of the board. Your letter indicates that once the Select Committee's work has been completed, "everyone hopes to have the entire matter behind us [the HSUS board] once and for all." I suspect that the report of the Select Committee should simply be a step in the process of accountability of both the officers and the directors to HSUS and its members, not an end.

We share the concerns and questions raised by Ms. Harmon in the Executive Summary of Report of HSUS Audit Committee, and in the Preliminary Report (note, particularly, the material at Tabs VIII and IX of the Preliminary Report). The information sought by Ms. Harmon should have been provided long ago, but for the blocking actions of Messrs. Hoyt and Irwin, countenanced by Mr. Wiseman and a majority of the board. If the Select Committee obtains the answers to Ms. Harmon's open questions, and furnishes them to Mr. Bowman, Ms. Speidel, Mr. Mettler and me, we will review them and respond accordingly.

Your letter also addresses attorneys' fees and expenses incurred by Mr. Bowman, Ms. Speidel and Mr. Mettler. In order to avoid duplication of legal expense, all three retained Silverstein and Mullens, who also for a period of time represented Ms. Seyler. I am attaching a schedule reflecting time spent by individual, standard hourly billing rates, out-of-pocket disbursements and billings on a month-by-month basis. Total fees and expenses billed for the months from October, 1987 through April, 1988 have been \$34,710.99. Of this amount, Ms. Speidel has paid \$2,000, and the remainder of \$32,710.99 is due and owing.

Section 5 of Article VI of the by-laws of HSUS provides that directors "shall be entitled to reimbursement for necessary expenses incurred in fulfilling their duties." Even with 20-20 hindsight, our clients' employment of counsel was necessary, given the revelations unearthed through their initiative. You have previously suggested that if Mr. Bowman had only

SILVERSTEIN AND MULLENS

O.J. Ramsey, Esquire

May 11, 1988

Page 4

told you what he knew in response to your letter of October 21, 1987, the employment of counsel would not have been necessary. Mr. Bowman was not prepared to spread rumors in response to your request, and instead authorized me to initiate an investigation. I obtained preliminary results of a title search on November 16, 1987 (see Tab II of the Harmon Preliminary Report). The disclosure of the extensive unauthorized disbursements of HSUS assets thereafter flowed as a direct result of our intervention. We are willing to have Mr. Stein or you review with us whether our fees as billed are reasonable. However, we think it beyond question that retention of counsel by our clients was necessary in the circumstances.

Accordingly, this letter is to demand that HSUS forthwith pay our fees and expenses outstanding in the sum of \$32,710.99 through April 30, 1988, and reimburse Ms. Speidel for the \$2,000 heretofore paid by her to us. In the event that HSUS fails to respond appropriately to this demand, we shall initiate an appropriate action in a court of competent jurisdiction seeking reimbursement as provided by the by-laws. All rights are reserved as to legal fees and expenses from May 1, the need for and amount of which will depend on the manner in which the Select Committee and the board carry out their responsibilities in the coming months.

On a final note, 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. We believe 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 HSUS.

This letter should not be construed as a waiver or release of any claim or cause of action which Mr. Bowman, Ms. Speidel or Mr. Mettler may have against any director or officer of HSUS, or against HSUS itself. To the extent necessary or appropriate, Mr. Bowman, Ms. Speidel and Mr. Mettler, or any of them, will bring any action that they, he or she deem appropriate in any

SILVERSTEIN AND MULLENS

O.J. Ramsey, Esquire

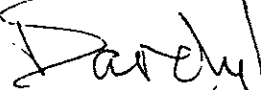
May 11, 1988

Page 5

court of competent jurisdiction to protect the interests
of HSUS.

Sincerely,

SILVERSTEIN AND MULLENS



Bardyl R. Tirana

BRT:she

Enclosure

cc: O.J. Ramsey, Esquire (Sacramento)

Jacob Stein, Esquire (By Hand)

brt/0743/5.10.8

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

<u>Month</u>	<u>Name */</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>	<u>Expenses Billed</u>	<u>Cumulative</u>
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	<u>12.50</u>	65	<u>812.50</u>		
		32.50		4,726.08	148.43	6,624.65
Dec.	BRT	57.00	215	12,255.00		
	MEN	1.00	120	120.00		
	RSN	<u>2.50</u>	65	<u>162.50</u>		
		60.50		12,537.50	2,000.00	21,162.15
Jan.	BRT	6.25	215	1,343.75	357.56	22,863.45
Feb.	BRT	3.00	215	645.00	29.97	23,538.45
Mar.	BRT	3.50	215	752.50	38.34	24,329.25
Apr.	BRT	46.25	215	9,943.75	437.95	34,710.95
Total to 4/30/88		<u>160.50</u>		<u>31,698.74</u>	<u>3,012.25</u>	<u>34,710.95</u>

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

brt/0743/5.10.8a

JOHN W. METTLER III

050 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 all 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.

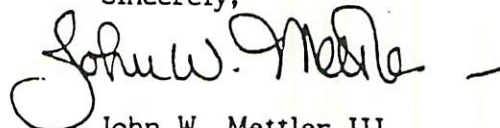
I have reviewed the draft minutes of the meeting in Kansas City which set forth your views and recommendations and I am puzzled to see that there is no indication that you have concluded that any of the past conduct of Mr. Hoyt or Mr. Irwin was inappropriate, improper, constituted self-inurement or conflict 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

4

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 Keily
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

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

Mr. K. William Wiseman
January 19, 1988
Page 2

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:

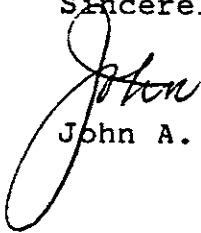
1. That no staff member except ourselves, HSUS General Counsel Murdaugh S. Madden and Recording Secretary Marcia Glaser be in attendance;

Mr. K. William Wiseman
January 19, 1988
Page 3

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



**THOMAS
HAVEY
& CO.**

CERTIFIED PUBLIC ACCOUNTANTS

4301 Connecticut Avenue, N.W.
Washington D.C. 20008
202/966-6602

Members of the American Institute of
Certified Public Accountants

October 28, 1988

Mr. Robert Sorock
5544 Lakeview Drive
Bloomfield Hills, MI 48013

Dear Mr. Sorock:

At the request of Mr. Thomas Hunt, we have reviewed the tax consequences arising from the occupancy of the property owned by the Humane Society at 14670 Secena Road, Germantown, Maryland by its President, Mr. John A. Hoyt. The property is used as Mr. Hoyt's residence at no cost to him.

Mr. Hunt has provided us with the following additional information: the Society pays the real estate taxes and special assessments on this property valued at \$3,575.65 for 1988, as well as the casualty and liability insurance and major repairs in excess of \$100.00. In addition, Mr. Hoyt pays for utilities, lawn maintenance, decorating, and minor repairs which cost less than \$100.00.

In connection with our review, we engaged the services of the rental agent of a local real estate firm, Mount Vernon Realty, to perform a market analysis and determine the fair rental market value of the property. Based upon the information provided by Mr. Hunt, and the market analysis performed, Mount Vernon Realty has estimated the fair rental value to be \$1,200.00 per month.

For federal income tax purposes, the residence provided to Mr. Hoyt qualifies as a noncash fringe benefit. The value of the benefit is taxed as additional compensation to Mr. Hoyt, since the benefit does not otherwise qualify for exclusion under any of the exclusion provisions in the Internal Revenue Code. The value of the benefit is based on the fair rental value of the property or at a rate of \$1,200.00 a month.

The Humane Society realizes no rental income as a result of the income imputed to Mr. Hoyt. The expense of providing the benefit is measured by the actual expenses (e.g. insurance, taxes) associated with the ownership of the property.

The Society may treat the benefit as paid in accordance with its pay period, or monthly, or quarterly, or on any basis so long as it is treated as paid at least once a year. As earned income, the value of the benefit is considered subject to income and employment tax withholding.

To: Mr. Robert Sorock
Page Two
October 28, 1988

As a practical matter, the Society may choose to pay the benefit at the end of the calendar year and withhold Federal income tax at the flat 20% supplemental wage rate in lieu of computing withholding taxes periodically on total wages including the value of the fringe benefit.

We hope you find this information helpful. If we can be of further assistance, please contact us.

Sincerely,

A handwritten signature in cursive script that reads "Craig A. Stevens".

Craig A. Stevens, C.P.A.
Tax Manager

CAS:1mp

Enclosure

cc: Mr. Thomas Hunt

MOUNT VERNON

NCPMI

12169 DARNESTOWN ROAD

DARNESTOWN, MD 20878

(301) 258-9100

October 24, 1988

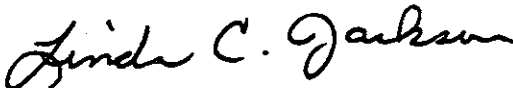
Mr. Charles Ross
Thomas Havey & Co., CPA
4301 Connecticut Avenue, NW
Suite 432
Washington, DC 20008

Re: 14670 Seneca Road, Germantown, MD

Dear Mr. Ross:

Per your request I have provided a market analysis for the above-mentioned property to ascertain the amount for which the property would rent. It is my opinion that \$1200 a month would be an appropriate amount of rent for this property in today's marketplace.

Sincerely,



Linda C. Jackson
Leasing Specialist

LCJ/vcm



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.

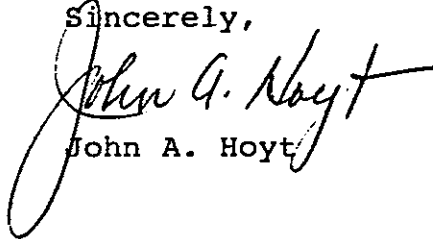
This is a further reason why I am reluctant to divulge the information now demanded. To the extent that either of these persons regards my divulging this information a breach of confidence and/or an invasion of their privacy as well as my own, it may well be possible that The HSUS stands to lose, over 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,

A handwritten signature in cursive script, reading "John A. Hoyt". The signature is written in dark ink and is positioned above the printed name "John A. Hoyt".

John A. Hoyt

cc: John Mettler, III
Susan Pepperdine
Robert Sorock
K. William Wiseman
O.J. Ramsey, Esq.
Murdaugh S. Madden

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. 20007

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

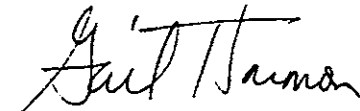
Question 6. While the audit Committee has some information on loans made to you by a trust of which Mr. Burke was a trustee and by Mrs. Evans, it does not have complete information on these or on any other transactions which may come within the terms of this question. For example, when I met with you 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

John Hoyt, President
March 3, 1988
Page 2

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

JOHN K. VAN DE KAMP
Attorney General

State of California
DEPARTMENT OF JUSTICE



455 GOLDEN GATE AVENUE, SUITE 6200
SAN FRANCISCO 94102-3658
(415) 557-2544

December 6, 1990

(415) 557-1732

Mr. K. William Wiseman
The Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Mr. Wiseman:

*In the Matter of the Proposed Investigation of the Humane Society of the United States
Before the California Department of Justice; Office of the Attorney General*

The Office of the Attorney General is charged with the general supervision of all organizations and individuals who obtain, hold or control property in trust for charitable and eleemosynary purposes in this state and organizations who solicit funds in this state. The Attorney General is authorized to enforce, in the name of the People of the State of California, the provisions of the Uniform Act for the Supervision of Trustees for Charitable Purposes (*Govt Code §12580 et seq.*), the Nonprofit Corporation Law (*Corps. Code §5000 et seq.*), the consumer protection laws (*Bus. & Prof. Code §17200 et seq.*), the charitable solicitation laws of this state (*Bus. & Prof. Code, §§17510 to 17510.7 et seq.* and the California Penal Code in connection with false and misleading advertising involving the solicitation of funds from citizens of this state (*Penal Code, 532(d)*).

We are aware that your organization has been active in the solicitation of funds in California and that it has an affiliate organization situated in Sacramento which owns real estate in this state. Moreover, we are informed that your organization held its annual meeting in San Francisco in late October 1990 and that one of your directors, Mr. J. Ramsey, is a resident of this state. Accordingly, it is the view of this office that your organization, although organized under the laws of the State of Delaware and has its principal place of business in Washington, D.C., nevertheless is subject to the substantive charitable trust laws of this state (*see, Allstate Ins. Co. v. Hague* (1981) 449 U.S. 302, 312-313) as they pertain to the duties and obligations of directors who hold assets for charitable purposes, as your organization does.

Information obtained by this office reveals that certain principals of the organization have

Mr. K. William Wiseman
December 6, 1990
Page 2

engaged in a course of conduct that, in our opinion, is a violation of fiduciary duties owed to the charitable beneficiaries of the Humane Society of the United States (HSUS), among them citizens of this state.

Information in our possession indicates the following:

- The senior officers of HSUS, Messrs. Hoyt and Irwin, received significant sums of money in the form of compensation some of which was never authorized by the Board of Directors;
- In May, 1987, HSUS purchased Mr. Hoyt's home for \$310,000 and leased it back to him rent-free, declaring the foregone rent to be additional compensation; W-2s were issued to Mr. Hoyt which reported to IRS a rental value of \$600/month.
- The Deferred Compensation Committee, whose legitimacy is in question, acted in excess of its authority in transferring certain life insurance policies to senior management and approving reimbursement to Mr. Irwin of some \$85,000 for funds he expended in improving a piece of property in Maine.

Faced with these allegations of misfeasance and breaches of fiduciary duty, we are advised that HSUS retained special counsel to examine these charges and make recommendations to correct these alleged abuses. Among the recommendations made by special counsel were the following:

- The office of the treasurer's authority and role should be defined by the Board of Directors;
- The chief counsel of the organization should be advised of all business matters between senior staff and the organization and/or members of the board of directors. In this way self-dealing transactions may be red-flagged for legal analysis;
- Chief counsel prepare a code of conduct for the staff and the Board and that it be strictly followed.

These recommendations, we understand, supplement a list of recommendations already adopted by HSUS. They were:

1. The compensation of the president and senior officers should be reported to the board in executive session as one -line budget item.
2. Errors and omissions insurance be obtained for directors and officer.

3. A compensation Committee is to be formed to:

- a. Review the compensation of the president and recommend changes where appropriate;
- b. Annually review the salaries of senior staff who report to the president and advise the president concerning those salaries;
- c. Make salary recommendations to the president for all senior staff;
- d. Negotiate written employment contracts between HSUS and the president and executive vice president and review by legal counsel.

4. No financial transactions should be permitted between staff members and board members.

5. All self-dealing transactions should be reviewed and acted upon by the entire board of directors consistent with Delaware law.

6. HSUS to pay for reasonable travel expenses incurred by spouses of the president and senior staff members if their participation is useful and significant to the HSUS, provided advanced written approval is obtained from the chairman of the board of directors.

7. Create two new committees with reporting responsibility to the board of directors—the Audit Committee and the Compensation Committee with specific duties and responsibilities to be established by the board.

In accordance with *Government Code §12588* we request that you provide us with any and all minutes of meetings, memoranda of meetings or tape recordings of meetings of the board of directors of HSUS at which the above-referenced corrective actions were discussed and acted upon. In addition, we request copies of all financial records of HSUS which show any reimbursements made by Messrs. Irwin and Hoyt to HSUS for improper receipt of funds.

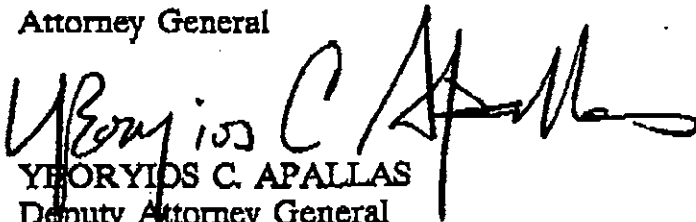
Mr. K. William Wiseman
December 6, 1990
Page 4

Please provide this information not later than December 20, 1990.

Thank you for your early attention to this request. If you have any questions regarding the contents of this letter please call me.

Very truly yours,

JOHN K. VAN DE KAMP
Attorney General


YFORYIOS C. APALLAS
Deputy Attorney General

YCA:ib



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

April 14, 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

To the Members of the Board:

You have been sent a document entitled Preliminary Report Prepared at the Request of the Audit Committee of The Humane Society of the United States. I have reviewed the Preliminary Report and I wish you to have my comments:

1. The Preliminary Report is the report of an attorney retained by the Audit Committee. It is not the report of your Audit Committee. Your Audit Committee has submitted no report.

2. The Preliminary Report accuses members of the deferred compensation committee (I am a member of that committee) of serious misconduct. I deny any misconduct. If I were younger I would express myself in much stronger language.

A stranger who knew nothing of the affairs of the society except what is in the Preliminary Report must assume that the members of the deferred compensation committee were disloyal to the objectives of the society. We all serve as volunteers with the same humane objective. We consider the staff people with whom we deal as honest and loyal to our objectives. We continue to believe that, taken as a whole, we did our work well and whatever problems there may be can still be solved by people of good will despite the accusatory tone of the Preliminary Report.

3. I devoted considerable effort on April 13 and 14 here in Washington, D.C. towards arranging a prompt meeting of the Audit Committee at which time John Hoyt, Paul Irwin and members of the Audit Committee (including me), could meet and develop solutions to whatever problems may exist. This plan would have included extending to June 1, 1988 the deadline for completion of the Audit Committee's work and scheduling of a Board meeting shortly thereafter to consider it. On April 13 there was a unanimous vote of the Audit Committee to proceed with this plan. John Mettler on April 14 rescinded his vote.

4. I thought it best that the Preliminary Report be distributed to you if there was a dissent although I continued to believe that you were entitled to a report of the Audit Committee rather than the isolated report of counsel.

5. When the resolution was enacted for the appointment of an Audit Committee I contemplated an audit similar to those with which I was familiar in my business experience. I thought an independent auditor would be retained who would meet with our Audit Committee and make suggestions concerning what was appropriate for the running of an organization of our size.

6. What we have now is a report framed as an arraignment by a prosecutor determined to see every event in the most suspicious and dishonorable light possible.

7. The Preliminary Report raises the spectre of litigation, malfeasance, misfeasance, criminal violations and disloyalty. It has no positive note. I can well understand that persons who volunteer their services may be frightened by it. I am not. I believe in our Society and in its personnel. I am sure the Board will not overlook our organization's track record of accomplishment in recent years when considering this whole matter.

8. Nowhere can one learn from this report the strength of the organization and the high esteem in which it is held.

9. Our growth has brought conventional growth problems and they must be dealt with promptly. These fall into discreet categories.

First, there is a need for formality with respect to the designation, approval and reporting of committee activities. The Society has had a history of informality. This is no longer appropriate.

Second, John Hoyt and Paul Irwin:

John Hoyt

The Preliminary Report criticizes the arrangement under which Mr. Hoyt has been provided housing. If a majority of the Board feels the arrangement requires correction Mr. Hoyt, I believe, will propose a change.

HSUS Board Members
April 14, 1988
Page three

Paul Irwin

Mr. Irwin has a transaction involving the Brightwater property. The Preliminary Report suggests that his intention was to defraud the Society. There is no basis for this allegation.

10. The objective of us all is the continued success of the Humane Society. Further divisiveness defeats that objective.

11. At the April 20 meeting I hope the following will occur:

(1) I will be given an opportunity to put the actions of the committee in context.

(2) Mr. Hoyt and Mr. Irwin will give their views on the Preliminary Report, will answer any questions raised and will tender solutions to the problems.

(3) I will seek unanimous agreement that the contents of the Preliminary Report remain confidential within the organization.

Sincerely,

A handwritten signature in dark ink, appearing to read 'K. William Wiseman', with a stylized, cursive script.

K. William Wiseman



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 Wiseman
Chairman

KWW:jdf
Enclosure
CC Board of Directors
John A. Hoyt

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.

Memorandum To Chairman Wiseman
September 12, 1989
Page 2

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.)

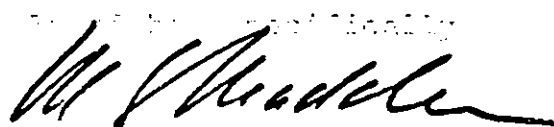
Accordingly, under the Delaware Corporation statute, it would seem clear that the HSUS Executive Committee has the legal power to take whatever action it deems appropriate with

Memorandum To Chairman Wiseman
September 12, 1989
Page 3

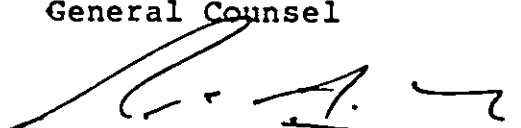
respect to the proposed contracts. No judicial constructions of the statute contradict this conclusion.

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. There is no indication that the Board has specifically



Murdaugh Stuart Madden
General Counsel



Roger A. Kindler
Associate General Counsel

K. WILLIAM WISEMAN
P. O. BOX 120
WOOLWICH, MAINE 04579

October 11, 1989

Dear Susan,

Thank you for your letter of September 28th. I note the concerns you have raised.

At the time the Executive Committee approved the employment contracts at its recent meeting, it was also the concensus it would be important and appropriate to fully inform the Board of their contents at its next meeting. This will be done by the Chairman of the Compensation Committee when he makes his report and will provide the Board ample opportunity to review the contracts in whatever detail it may wish.

Regarding your request that the contracts be circulated to all Directors prior to the meeting, I do not believe it is either necessary or prudent to do this. However, copies will be available at the meeting for any Director who may wish to review the actual text.

With best regards.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bill", with a horizontal line underneath.

K. William Wiseman
Chairman

KWW:MW

cc: Board of Directors
John A. Hoyt



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

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

BS
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

✓ Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
Harold H. Gardiner
Alice R. Garey
✓ Dr. Jane Goodall
Paul Henoks
✓ 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 Spedel
Carroll Thrift
Viola Weber
Robert F. Welborn, Esq.
Marilyn Wilhelm
✓ K. William Wiseman

HONORARY DIRECTORS

Alda 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 its 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
Member, Audit Committee

Enclosure

POWER OF ATTORNEY AND APPOINTMENT OF AGENT

SAMUEL A. BOWMAN ("Bowman"), the undersigned, a member and a director of THE HUMANE SOCIETY OF THE UNITED STATES, a Delaware corporation ("HSUS"), does hereby, pursuant to Title 8, Section 220 of the General Corporation Law of Delaware, nominate, constitute and appoint BARDYL R. TIRANA, of Washington, D. C. ("Tirana"), as Bowman's attorney and agent to make any of the following demands and to take any of the following actions which are for any proper purpose reasonably related to Bowman's interest as a member of HSUS or Bowman's position as a director of HSUS:

(1) Tirana, as Bowman's attorney and agent, shall have the power upon written demand under oath stating the purpose thereof, during the usual hours of HSUS for business, to inspect HSUS' membership dues ledgers, member lists, and other books and records, and to make copies or extracts therefrom, wherever they may be located;

(2) Tirana, as Bowman's attorney and agent, shall have the power upon written demand under oath stating the purpose thereof, during the usual hours of HSUS for business, to inspect, and to make copies or extracts of, any and all documents of any nature, electronic recordings, photostats, photographs, financial instruments or other records in the custody, control or possession of HSUS, wherever they may be located;

(3) Tirana, as Bowman's attorney and agent, shall have the right upon written demand under oath stating the purpose thereof, during the usual hours of HSUS for business, to discuss with any directors, officers or employees of HSUS any of the business of HSUS;

(4) Tirana, as Bowman's attorney and agent, shall have the power upon written demand under oath stating the purpose thereof, during the usual hours for business of THOMAS HAVEY & CO., the public accountants of HSUS ("Havey"), to inspect, and to make copies or extracts of, any and all books, records or other documents in Havey's custody, control or possession pertaining to HSUS, and to discuss any of the business of HSUS with any of the partners, officers or employees of HAVEY; and

(5) Tirana, as Bowman's attorney and agent, shall have the power upon written demand under oath stating the purpose thereof, to do any and all other acts which Bowman could himself do for a proper purpose as a member, or in his position as a director of HSUS.

This Power of Attorney and Appointment of Agent shall expire on the 31st day of January, 1988.


SAMUEL A. BOWMAN

DISTRICT OF COLUMBIA, ss:

On this 2nd day of December, 1987, before me personally appeared the said SAMUEL A. BOWMAN, who under oath acknowledged and executed the foregoing Power of Attorney and Appointment of Agent as his free act and deed.

My Commission Expires July 31, 1989


NOTARY PUBLIC

The Humane Society of the United States
Statement of Revenue, Expenditures and Budget
For the Nine Months Ended September 30, 1989

	ACTUAL	BUDGET FOR THE PERIOD	BUDGET FOR THE YEAR
<hr/>			
REVENUE			
Dues & Contributions	\$3,862,488	\$3,975,000	\$5,300,000
Gifts & Grants	1,659,874	\$1,875,000	2,500,000
Bequests	2,724,949	\$1,050,000	1,400,000
Investment Income	281,350	\$375,000	500,000
NAAHE/KIND Income	50,487	\$30,000	40,000
Sale of Merchandise	155,113	\$90,000	120,000
From Trust Fund	120,600	\$52,500	70,000
From Sussman Fund	113,272	\$127,500	170,000
Academy Income	38,770	\$22,500	30,000
Workshop Income	17,354	\$15,000	20,000
<hr/>			
Total Revenue	\$9,024,257	\$7,612,500	\$10,150,000
TRANSFERS: From Reserve Bequest	889,510	\$555,887	741,183
To Reserve Bequest	(1,547,393)	(\$337,500)	(450,000)
<hr/>			
TOTAL REVENUE AND TRANSFERS	\$8,366,374	\$7,830,887	\$10,441,183
<hr/>			
EXPENDITURES			
GENERAL & ADMINISTRATIVE:			
Presidents Office	\$102,419	\$103,088	\$137,450
Executive Vice President/Treasurer	13,879	\$12,830	17,106
Computer Service	16,200	\$44,428	59,237
Personnel	41,162	\$37,875	50,500
General Society Expenses	321,106	\$288,750	385,000
Controllers Office	161,790	\$159,570	212,760
Germantown Property	12,230	\$26,250	35,000
Service Departments & Allocated Costs	214,540	\$166,727	222,303
<hr/>			
Total	\$883,326	\$839,517	\$1,119,356
<hr/>			
DEVELOPMENT:			
Development Department	\$57,817	\$64,643	\$86,190
Service Departments & Allocated Costs	244,232	\$273,533	364,710
<hr/>			
Total	\$302,049	\$338,175	\$450,900
<hr/>			

The Humane Society of the United States
Statement of Revenue, Expenditures and Budget
For the Nine Months Ended September 30, 1989

	ACTUAL	BUDGET FOR THE PERIOD	BUDGET FOR THE YEAR
PROGRAMS:			
Publications & Membership Information	\$1,408,410	\$1,251,143	\$1,668,190
Media & Public Information	100,847	\$117,000	156,000
Animal Welfare Programs & Issues	175,322	\$167,250	223,000
Wildlife & Environment	314,517	\$280,506	374,008
Legislative & Government Relations	205,022	\$192,563	256,750
Animal Sheltering & Control	196,186	\$174,119	232,158
Litigation & Legal Services	140,633	\$154,029	205,372
Data & Information Services	16,514	\$17,063	22,750
Bio-Ethics & Farm Animal Welfare	136,231	\$155,063	206,750
Higher Education Program	69,891	\$60,375	80,500
NAAHE at Norma Terris Center	264,135	\$229,064	305,418
Field Service & Cruelty Investigations-National	151,160	\$118,875	158,500
New England Regional Office	81,937	\$85,763	114,350
Gulf States Regional Office	98,389	\$96,375	128,500
West Coast Regional Office	163,237	\$150,506	200,675
Mid-West Regional Office	53,188	\$51,900	69,200
Great Lakes Regional Office	97,433	\$93,840	125,120
Mid-Atlantic Regional Office	140,716	\$117,206	156,275
Southeast Regional Office	110,733	\$85,781	114,375
North Central Regional Office	74,440	\$59,344	79,125
Animal Control Academy	77,299	\$74,088	98,784
Animal Lines	39,695	\$39,075	52,100
Cooperative Programs & Projects	83,650	\$75,750	101,000
Special Projects	36,000	\$22,500	30,000
Special Campaigns	16,000	\$37,500	50,000
Living with Animals	75,000	\$75,000	100,000
Service Departments & Allocated Costs	2,277,218	\$2,411,697	3,215,596
Total	\$6,603,803	\$6,393,372	\$8,524,496
TOTAL EXPENDITURES	\$7,789,178	\$7,571,064	\$10,094,752
EXCESS OF REVENUE OVER EXPENDITURES	\$577,196	\$259,823	\$346,431

Leslie R. Inglis

Route 1, Box 1 Patriot, IN 47038 812/594-2374

October 31, 1989

Mrs. Susan Pepperdine
5831 Sunrise Drive
Fairway, KS 66205

Dear Susan:

I'm glad we sat together at the Board meeting because it gave me a chance to begin to know you. I realize you have been an outspoken member of the Board, and I believe a willingness to state your views to the other directors, even if they are not well received, is important to the Board and to the overall organization.

Charlene and I thank you for the flowers; we enjoyed them until we left, and they were still so nice we gave them to the housekeeper.

I'm looking forward to seeing you again at future Board activities.

Sincerely,



Les Inglis



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

December 3, 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*

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
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 Spiedel
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Alda Flemming
Virginia Milliken
Andrew Wyeth

Dear Board Member:

I have been asked by Mr. Wiseman to provide you with certain data requested in a letter dated November 20, 1987 from board members Bowman, Mettler, Seyler and Spiedel. I have listed bank accounts, corporations and benefit carriers. The general pension plan of The HSUS is administered by Cigna; the health insurance plan is carried by State Mutual. Further, I am providing expense accounts which relate to the Michigan merger. Some expense was incurred by Dr. Fox but that information has not yet been isolated. We continue to seek other staff expense items but do not anticipate further significant expenditures will be found. Also included is information relating to two HSUS expenditures of \$5,000 each for the mourning dove law suit and a reimbursement to the Michigan Humane Society in the amount of \$4,714.72 for September meeting expenses. Vouchers from the Dearborn Inn are on file here relating to this amount.

Two expenditures were made to the Michigan Humane Society from the Alice Morgan Wright, Edith Goode Trust. One, in the amount of \$5,000 also related to the mourning dove suit and paid in 1986; the second for tranquillizer equipment in the amount of \$5,100 and paid in 1987. Mr. Madden will be pleased to provide further detail.

I have made no payments of any kind or in any form to compensate board members. Certain board members have submitted meeting expense statements and have been reimbursed. However, contributions in excess of the amount of expenses have generally been received; in certain cases we have not received off setting contributions. A direct payment was made to Mr. Gardiner's travel agent on occasion (one such instance is included). Mr. Gardiner has been more than generous in off setting the expense.

Board Members
December 3, 1987
Page 2

Mr. Hoyt was going to attempt to respond to staff time expended in the Michigan merger. On his behalf let me say that we do not maintain time diaries for executive staff. However, Mr. Hoyt and I were principally involved in time expenditure; Mr. Madden and Mr. Kindler to a lesser degree.

Best wishes and safe travel for the December 12 meeting.

Sincerely,

A handwritten signature in dark ink, appearing to read "Paul G. Irwin", written in a cursive style.

Paul G. Irwin
Executive Vice President
and Treasurer

*This is the report des / ogu said was a
real report.*

REPORT OF THE INVESTMENT COMMITTEE
Hal Gardiner, chairman
29 October 89

1. HISTORY

This committee was previously chaired by former HSUS board member, John (Speedy) Mettler (in the investment business in NYC,) (before that, oversight was by board member Bill Kerber). Mettler was assisted by Paul Irwin who has managed HSUS investments daily since he became Treasurer. Investment details at Bethesda are now being managed day-to-day by our controller, Mr Thomas J Hunt, also advised by Mr. Irwin.

During the past few years, HSUS has experienced explosive growth of dues, contributions and bequests. Not only was the Bethesda facility not in place and staffed and organized as it is today, but personnel and computers were not geared up to track in management style the real estate, gold coins, jewelry and other donations received.

During the Board conflict of last year, questions were raised about properly recorded donations, and real estate and tangible personal property such as jewels and coins acquired by gift not being listed. In order to determine the structure of HSUS investments, a new Investment Committee was named by Mr. Wiseman and this Committee met January 10 and October 5.

2. HSUS INVESTMENT STRUCTURE

A. General Fund. This contains operating cash, a liquid asset account with an overnight sweep that moves all newly deposited cash in transit into an interest bearing account. Money also flows into "rolling" CD's (short term CD's that are rolled over upon maturity) and a Riggs bank money market account primarily made up of government securities. Also moving through this field are Funds in Transit (cash rec'd, yet to be placed) and Securities in Transit. (donors' stocks & bonds where decision is yet to be made whether to cash in or hold them).

B Board Restricted Funds. These include the Wright-Goode Education Fund, Irene/Oliver Evans Fund & the Frankenberg Fund, -- the use and disposition of the latter three bequests being governed by instructions from or permission granted by the donors. Invested in government & public securities, money market CD's and other vehicles, these funds earn interest and steadily increase in value.

In this group, securities in two other Bequest Reserve Funds are managed by two highly professional and experienced investment advisers: Hovey Youngman (Mr Bob Youngman), 305 E 46 St, NYC since 31Jan85, and Inverness Counsel, 1600 Bdwy, Denver (Mr Richd P Kopp). (Speedy Mettler had introduced HSUS to Clem Cleveland, then pres., Cleveland Mgt, Denver, with whom Mr. Kopp was also associated as vice pres.) In 1988 Cleveland Mgt became part of Inverness, a 20-yr old company with other offices in NYC, Texas & Geneva that manage portfolios over \$1 billion.

C. Bethesda Building Fund A valuable annuity from one of our great ladies is earning interest toward our plan to own this facility on Grosvenor Lane.

D. Endowment Annuity & Trust Funds In this group are some fifteen separate funds of varying types and amounts whose proceeds are invested and managed for growth and income.

E. Miscellaneous Real Estate HSUS owns and operates certain real properties (such as our headquarters building, the Norma Terris facility, etc.) which the company occupies as offices, educational facilities, etc. These are not regarded as investments but are business buildings in daily use. However, also, on any given day, HSUS may receive gifts of condominiums, homes, motor vehicles, land, buildings and other property located anywhere in the continental U.S., which can often include furniture and leases.

Before a gift of real property can be valued or converted into cash, it is absolutely essential that an experienced person from HSUS travel to that location wherever it may be, see the property first hand, try to get a sense of its possible value, find an appraiser and perhaps list it with a realtor. Delay is natural in this process.

F. Miscellaneous Jewelry & Coins, Etc. Other tangible items of personal property which HSUS receives and which require valuation, management and decision include jewelry, watches, coins, bullion and etc.

3. PRESENT STATUS OF INVESTMENTS

a. Meeting of 5 October 89. This was a highly productive all-day examination of our investments. During the morning we received Bob Youngman's presentation; the afternoon was spent with Dick Kopp. Fundamental HSUS investment policies and philosophies were restated and reaffirmed.

b. The Valdez Principles. Led by Mr. Irwin, a candid conversation discussed these new dicta of the Real World. The Valdez Principles mandate avoiding investments where elements of subject organizations might be engaged in the use or abuse of animals. Care must also be taken with portfolio securities where problems of ethics or conscience might arise. Concern with such "problems of ethical portfolios or conscience portfolios" -- translate in plain English into "the moralistic notion of purified investments" conduct that will support HSUS determination to maintain a conscientious, reasonable profile.



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

November 30, 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*

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
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 Spidel
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Dear Directors:

You have already been notified of a special meeting of the Board to be held on December 12, 1987. I have now received another letter signed by four of the five Directors who called for the special meeting. A copy of their letter, together with my reply, is attached for your information.

Also, please find enclosed a copy of the Society's Bylaws which several Directors have recently told me they do not have in their possession.

Sincerely,

K. William Wiseman
(mg)

K. William Wiseman
Chairman of the Board

kww/mg

Enclosures: 3



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

December 8, 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*

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
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 Spidel
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

Dear Board Member,

I have received on behalf of the Society the enclosed letter from Mr. Bowman which was hand delivered by his attorney, Bardyl R. Tirana. Mr. Tirana also presented the enclosed Power of Attorney. We are in the process of providing the requested material and will make all data available for directors.

I welcome the opportunity to fully disclose to the board, and individual members of the board, a recitation of the Society's operations over the many years of activity. It is my opinion that all effort has been expended within the bounds of precedent and proper authorization.

Sincerely,

Paul G. Irwin
Executive Vice President
and Treasurer



**THOMAS
HAVEY
& CO.**

CERTIFIED PUBLIC ACCOUNTANTS

4301 Connecticut Avenue, N.W.
Washington D.C. 20008
202/956-6602

Members of the American Institute of
Certified Public Accountants

February 5, 1988

Ms. Susan Pepperdine
Marketing Resources, Inc.
8310 Nieman Road
Lenexa, Kansas 66214

Re: The Humane Society of the United States

Dear Ms. Pepperdine:

Enclosed is the information requested as per your letter dated December 21, 1987. The additional information will be forwarded as soon as it becomes available to us.

Sincerely,



William V. Voorhees, III

WV:lls
Enclosure

Ramsey, Morrison, Keddy & Wallis

GENERAL LITIGATION

O.J. RAMSEY
THEODORE H. MORRISON
MICHAEL F. KEDDY
DAVID A. WALLIS
MARK R. KASSENBRICK
JOANN GEORGALLIS
VERA SANDRONSKY
MARC E. ABRAMSON

PROFESSIONAL CORPORATION • ATTORNEYS AT LAW

10399 OLD PLACERVILLE ROAD
SACRAMENTO, CALIFORNIA 95827

P.O. BOX 26124
SACRAMENTO, CALIFORNIA 95826-0214
TELEPHONE (916) 362-8800

BUSINESS LAW & TAXATION

JERRY M. KUPERSTEIN, L.L.M.

WORKER'S COMPENSATION

THEODORE H. MORRISON

March 14, 1988

Paul Irwin
The HSUS
2100 L Street, N.W.
Washington, D.C. 20037

UPS Next-Day Air

Re: Audit Committee--expenditures of \$5,000.00 and more

Dear Paul:

Among many other matters, the audit committee at its meeting of Thursday, March 10, 1988, considered a printout provided by Sam Trevino/Bill Vorhees listing expenditures in excess of \$5,000.00 made by the HSUS in 1987 and so far in 1988.

The printout did not include checks totaling \$85,000.00 paid out in October of 1987 on the Brightwater property in Maine. Sam Trevino told me by phone that these checks were made for \$35,000.00 on October 22 and \$50,000.00 on October 26, 1987.

The committee is not so concerned about the two checks specifically, since the fact the payments were made is well-known. The disturbing thing is that, knowing at least these two relatively large checks did not appear on the printout, the question arises why not and whether there might be other checks which for some reason or another are not printing out.

At the time the printouts were delivered last Thursday, March 10, Bill Vorhees advised us that there were two other accounts for which much shorter printouts were being prepared and would be made available. We thought at first that perhaps the Brightwater checks were on these other accounts. However, Sam Trevino advised me that the Brightwater checks were written on the main HSUS account for which we had the printout which did not show them.

Paul, would you please look into this matter? In my own view, I think the committee should have a brief statement of the best opinions of Bill Vorhees, Sam Trevino, and/or yourself as to how major payments of this type would have been deleted from the printout and also what we should do or receive to be as certain as reasonably possible that we have been able to review all expenditures exceeding \$5,000.00.

Paul Irwin
Re: Audit Committee

Page 2
March 14, 1988

The committee is aware that you and your key staff have been devoting a great deal of time to providing the audit committee as best you can with what they need. However, we must once again ask for the information herein requested on an "as soon as possible" basis. The committee wants to prepare and submit its confidential report to the board members sufficiently in advance of the April board meeting so that the board can consider the report fairly before the meeting.

Thank you in advance for your courtesy and cooperation.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS



O. J. Ramsey

OJR:jr

cc: Gail Harmon
Bob Sorock
John Mettler
~~_____~~

P. S. Since dictating this letter, the committee has met by conference call and wants to expand this request. What we need, ASAP, is a complete record of all expenditures of \$5,000.00 or more regardless of how they are made--i.e. checks, wire transfers, savings withdrawals, etc.--for 1986 to date from all HSUS and related entities' accounts.

Also, Paul, we will need a letter from whoever can so certify that the committee has been provided with all information requested.



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.

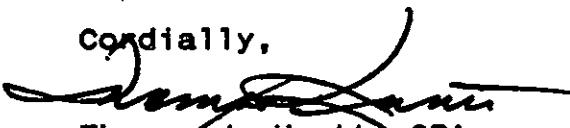
The response was prepared in close consultation with the Treasurer, Paul Irwin, and with the invaluable assistance of the accounting and EDP department staff.

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. Hunt, CPA
Controller

Enclosure

MICHAEL TRAYNOR
THE ALCOA BUILDING, 2000 LEONARDO
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

Mr. Samuel A. Bowman
January 3, 1990
Page 2

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

2

Post Office Box 120
Woolwich, Maine 04579

January 15, 1988

John W. Metler, III
950 Third Avenue
New York 10022

Dear John,

As you 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,



K. William Wiseman


KWW:MN

cc: Susan Pepperdine ✓
Robert B. Sorock
O. J. Ramsey

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

Copy: Susan

JACK WILSON LYDMAN
2815 QUE STREET, N. W.
WASHINGTON, D. C. 20007

February 3, 1988

John W. Mettler III
950 Third Avenue
New York, N.Y. 10022

Dear John,

In response to your letter of January 26, 1988 to Bill Wiseman, a copy of which you forwarded to me, let me first state that I know of no minutes of meetings of the Deferred Compensation Committee other than those distributed to the HSUS Board on December 12, 1987.

I cannot tell you precisely when the meetings were drafted, or by whom, except that the initial records were prepared in a reasonable time after each meeting by John and / or Paul. The minutes, of course, did not become official until signed by me and approved by other members of the committee.

Sincerely,



Jack W. Lydman
Secretary, Deferred Compensation
Committee HSUS.

C. K. William Wiseman



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

November 30, 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*

Dr. John W. Garney
*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
K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

TO: Sam Bowman
John Mettler
Marilyn Seyler
Brook Speidel

Dear Directors:

I have received your letter of November 20, 1987, in which you request clarification of two points on the Agenda for the special meeting of the Board to be held on December 12, 1987.

First, I wish to assure you that the functions, duties and responsibilities of the Board may be addressed under Agenda Item No. 6 which was intended to include all of the items mentioned in the paragraph beginning "Third, the Board must be aware..." on page 2 of your letter of November 5. I note also your stated intention to bring a representative to "articulate the role of Board Members in the organization." This seems to be in conflict with the proposal in your earlier letter that the special meeting be "closed and for Directors only." Also, according to our Bylaws, the only non-director entitled to attend meetings of the Board is the President; presumably all others attend by invitation at the pleasure of the Board. In this connection and in deference to your request, the President has advised me his present intention is not to attend the special meeting.

Second, I wish to assure you that all aspects of the purchase of the President's house will indeed be included in the third Agenda Item.

In response to the four concluding paragraphs of your letter in which you request certain information in advance of the meeting, I have requested the President to have prepared and provided to you as expeditiously as possible as much of the information

as can reasonably be prepared in the time available. However, due to its sensitive nature, I believe it would be more appropriate that salary information pertaining to the President (including comparative information relative to other senior members of the staff) be distributed to the Board at the time of the meeting.

Sincerely,

K. W. Wiseman

K. William Wiseman
Chairman of the Board

kww/mg

cc: All other Directors



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 Hunt, 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 Hunt's covering letter, the DHS draft, and the HSUS staff's response, so that your files will be complete.

Select Committee
Re: HSUS

Page 2
July 25, 1988

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

July 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

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

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth



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,

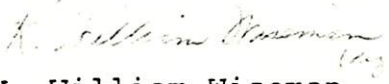
As most of you already know from the telephone calls of either Joe Ramsey or myself, the Harmon and Stein reports (all or part, we are not sure which) found their way into the hands of the columnist Jack Anderson. He has now published two articles based on this confidential material. Copies of these, 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
Chairman of the Board

On Wednesday, September 7, 1988, Jack Anderson produced a column based on internal working documents of the Board of Directors of The HSUS. The intention involved in the creation of these documents was to carefully review the operating procedures of the Society and to determine ways in which the Society might improve its internal operating practices. The need for this review was dictated by the Society's significant growth and success during the last decade. The internal study has produced positive results and will better enable the Society to address its mandate of protecting the nation's animals.

From these internal documents, Mr. Anderson chose to focus on two particul^ur issues, namely the providing of housing for the President of the Society and the granting of a loan to the treasurer of the Society. In lieu of additional compensation, a committee of the Board, and later the Board, decided that it was in the best interests of the Society to provide a home for its president. Note was made of the fact that housing provisions are commomplace with charities. Most churches and educational institutions provide a similar benefit as do many other more general charities. The value of the provided housing is assessed to the president and is reflected on his personal income tax statements. It is also

contained in the Society's accounting records and subjected to audit by a public accounting firm.

The Society has a loan outstanding to its treasurer in the amount of \$85,000. This loan is associated with a piece of property in the state of Maine owned by the treasurer and secured by a lien on property owned by him in Montgomery County, Maryland. Interest on the loan is imputed at the rate of 9% per annum and represents an income tax liability for the treasurer. The Society's interest are well protected in this matter.

The Society's business activities are competently administered, are subjected to an annual audit by an independent public accounting firm, are reported to all governmental agencies in timely fashion and are circulated to the entire membership in an annual report. The Board remains committed to maintaining an organization of excellence and effectiveness.



COUNCIL OF BETTER BUSINESS BUREAUS

Philanthropic Advisory Service

REPORT

HUMANE SOCIETY OF THE UNITED STATES

2100 L Street, NW

Washington, DC 20037

JUNE 1989

(202) 452-1100

Expiration Date: June 1990

1. BACKGROUND AND ACTIVITIES: The Humane Society of the United States (HSUS) is a national non-profit organization incorporated in Delaware in 1954. HSUS's stated purposes are "to protect all living things, especially animals... from cruelty and neglect, ... to use all means to further humane education... [and] to cooperate with all international humane organizations... to prevent or ameliorate suffering." HSUS reports that it has more than 500,000 members.

HSUS's laboratory animals department promotes alternatives to the use of animals in research and works for elimination of pound seizure laws nationwide. HSUS's state and federal legislative offices argue "for enactment of animal-welfare laws or against bills to exploit animals." The educational division of HSUS, produces the teaching magazine, Children & Animals and the children's newspaper, Kind News. HSUS sponsored speakers and coordinated the 1987 pet-overpopulation campaign, "Be a P.A.L. - Prevent A Litter."

HSUS conducts cruelty investigations into animal fights and racing, puppy mills and pet shops, animal entertainment/novelty events, and livestock abuse. HSUS also works on wildlife issues such as wilderness trapping, deer hunting, wild burro adoption, exotic animal sales, and kangaroo protection. HSUS also monitors research "involving the creation of transgenic animals" and other genetic engineering issues, as well as "the welfare of factory-farmed calves, hens and pigs."

HSUS's offices include its national headquarters in Washington, DC, and nine regional facilities. HSUS reports that 36 states are assisted through programs and investigations conducted by its regional offices. HSUS also makes grants to other organizations involved in animal welfare.

In fiscal year 1987, HSUS's program expenses were humane education, membership and program services \$4,605,868 and cruelty investigation and litigation \$788,604.

2. GOVERNANCE AND STAFF: HSUS is governed by a 23-member board of directors which met three times in 1987 with 67% average attendance. Mr. K. William Wiseman chairs board. Mr. John A. Hoyt serves as president and heads a 114-member staff.

The information contained herein has been compiled from sources deemed to be reliable and, while not guaranteed, is believed to be factual and accurate. It is not intended to recommend or deprecate, and is furnished solely to assist you in exercising your own judgment.

THIS REPORT IS NOT TO BE USED FOR SALES OR PROMOTIONAL PURPOSES.

3. FUND RAISING AND TAX STATUS: HSUS raises funds through membership appeals, direct mail and merchandise sales. As reported in the 1987 audit report, sources of income were: dues 34%, gifts 29%, bequests 24%, sales and other income 13%. Fund raising costs were 31% of related contributions, which totaled \$9.4 million.

The purchase of stuffed toy animals and calendars, available in selected retail stores, is identified as benefiting HSUS. The actual or approximate portion of the sale price to benefit HSUS is not noted to potential purchasers (see PAS Comment section).

The Humane Society of the United States is tax-exempt under section 501(c)(3) of the Internal Revenue Code and is not a private foundation. It is eligible to receive contributions deductible for donors for federal income tax purposes.

4. FINANCIAL: According to the audited financial statements for the year ended December 31, 1987, total income was \$10,499,216. As a percentage of this amount, expenses were program services 51%, fund raising 28%, and management and general 8%. Income exceeded expenses by \$1,362,763 or 13% of total income.

Beginning of the year fund balance (net worth) was \$11,767,739. After an accounting adjustment for the previous period, the restated beginning fund balance was \$12,962,355. End of the year fund balance was \$14,325,118. On December 31, 1987, assets totaled \$14,556,278, offset by liabilities of \$231,160.

5. PAS COMMENT: This report reflects the results of an evaluation of materials provided voluntarily by the organization within the past year. This evaluation was completed in relation to the 22 CBBB Standards for Charitable Solicitations addressing public accountability, use of funds, solicitations and informational materials, fund raising practices and governance.

The Humane Society of the United States does not meet the CBBB Standard calling for solicitations in conjunction with the sale of goods to identify at the point of solicitation, the actual or anticipated portion of the sales price to benefit the charitable organization or cause (see Fund Raising & Tax Status section).

In response, HSUS informed PAS that it has asked the distributor of fund raising items to add "A statement indicating the percentage of the sales price paid to the Society [for the items]..." to future solicitations in conjunction with the sale of the toys and calendars.

Donors must decide for themselves the importance of any variation from the CBBB Standards, taking into account the relative importance of the practice in question in the context of the organization's total performance. An organization's practices may change at any time without notice. This report is published solely to assist donors in exercising their own judgment.

Jerry Joemer, PAS
Bennett Weiner, CBBB Vice President
June 21, 1989



COUNCIL OF BETTER BUSINESS BUREAUS

Philanthropic Advisory Service

REPORT

ANIMAL PROTECTION INSTITUTE OF AMERICA

FEBRUARY 1990

2831 Fruitridge Road
P.O. Box 22505
Sacramento, CA 95822

(916) 731-5521

Expiration Date: February 1991

BACKGROUND AND ACTIVITIES

Animal Protection Institute of America (API) was incorporated as a national nonprofit organization in 1968 in California. Its stated purpose is "to eliminate and alleviate fear, pain and suffering among animals everywhere by humane education."

API reports its activities and programs include furthering humane education through brochures, magazines, posters, teaching kits, and films; investigating regional and national animal abuse cases; working with other humane organizations on similar concerns; serving as a humane education resource for both the public and private sector, and monitoring national and international legislation concerning animal welfare.

During 1988, API continued its public education and advocacy for humane pet care, homeless pets, laboratory and factory farm animals, and protection of endangered species, wild horses, and animals victimized by steel-jaw leghold traps. API reports it is circulating a "clear seas petition" to protect sea animals and seabirds from destructive harvesting technologies. Among its humane education publications are Mainstream and A.P.E. Vine.

In fiscal year 1988, API's program expenses were public education \$1,313,424 and other program services \$629,445.

GOVERNANCE AND STAFF

API is governed by a seven-member board of directors which met three times in fiscal 1988 with all members in attendance. A four-member executive committee met four times during the same period with all members in attendance. Mr. Kenneth Guerrero is chairman of the board. Mr. Duf Fischer, executive director, heads the 23-member paid staff.

FUND RAISING AND TAX STATUS

API raises funds through direct mail and grant proposals. As reported in the 1988 audit report, sources of income were contributions 85%, bequests 13%, and other income 2%. Fundraising costs were 14% of related contributions, which totaled \$2,628,030. (Related contributions are funds received as a result of fund raising activities.)

As noted in API's 1988 audit report, API incurred joint costs of \$1,175,481 for educational mailings that included fund-raising appeals. Of those costs, \$325,077 was allocated to fund-raising expense, \$762,301 was allocated to public education, \$83,872 was allocated to other program services and \$4,231 was allocated to administration.

Animal Protection Institute of America is tax exempt under section 501 (c) (3) of the Internal Revenue Code and is not a private foundation. It is eligible to receive contributions deductible for donors for federal income tax purposes.

The information contained herein has been compiled from sources deemed to be reliable and, while not guaranteed, is believed to be factual and accurate. It is not intended to recommend or deprecate, and is furnished solely to assist you in exercising your own judgment.

THIS REPORT IS NOT TO BE USED FOR SALES OR PROMOTIONAL PURPOSES.

FINANCIAL

According to the audited financial statements for the year ended December 31, 1988, total income was \$2,687,750. As a percentage of this amount, expenses were program services 72%, fund raising 14%, and management and general 13%. Income exceeded expenses by \$19,065 or 1% of total income.

Beginning of the year fund balance was \$208,656 and end of the year fund balance (net worth) was \$227,721. As of December 31, 1988, assets totaled \$304,531, offset by liabilities of \$76,810.

PAS COMMENT

This report reflects the results of an evaluation of materials provided voluntarily by the organization within the past year. This evaluation was completed in relation to the 22 CBBB Standards for Charitable Solicitations addressing public accountability, use of funds, solicitations and informational materials, fund raising, and governance.

Animal Protection Institute of America meets the CBBB Standards for Charitable Solicitations.

Detailed information, including API's complete audited financial statements, is on file with PAS. An organization's practices may change at any time without notice. This report is published solely to assist donors in exercising their own judgment.

amc 2/13/90

copyright 1990, Council of Better Business Bureaus, Inc.