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May 11, 1988

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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.

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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.

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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

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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

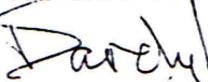
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court of competent jurisdiction to protect the interests
of HSUS.

Sincerely,

SILVERSTEIN AND MULLENS



Bardyl R. Tirana

BRT:she

Enclosure

cc: O.J. Ramsey, Esquire (Sacramento)
Jacob Stein, Esquire (By Hand)

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