

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 1, 1988

William Voorhees, C.P.A.
Thomas Havey & Co.
4301 Connecticut Avenue, N.W.
Washington, D.C. 20008

Dear Bill,

As you know the Board of Directors of HSUS is involved in a detailed serious inquiry into "the management of the financial affairs" of HSUS. (See unanimous vote of the Board of Directors of HSUS at meeting held 12/12/87.) To accomplish the task mandated by the Board, the Audit Committee and I need complete, accurate and current answers to the questions we ask. While you have provided us with some documents and answered some questions, your responses have not been complete. (In some cases, this may be due to problems in the HSUS records or to a misunderstanding of the questions.) Therefore when providing us with documents or answering questions, please indicate that your response is based on your professional review of the relevant documents and is complete, accurate and current to the best of your professional ability. If for some reason you cannot give us this assurance with regard to specific questions, please explain why, with specificity.

Because some of the questions asked as long ago as early January have not yet been answered, we are providing you with a list of questions which have been asked previously. Please respond in writing by the end of the day tomorrow indicating whether or not a question or request has been answered fully to the best of your ability. If a question has not been answered or a requested document has not been supplied, please indicate whether or not you will be able to supply it. (We understand that in some cases an accurate answer may be "it never happened" or "the document does not exist.")

If you are able to answer the question, or provide the documents it is critically important that the information be provided by March 7, 1988. The Audit Committee has a meeting scheduled here in Washington on March 10, 1988 and we need the material well in advance of that meeting. We expect however, that most of the information should be delivered, as promised, today.

HARMON & WEISS

William Voorhees, C.P.A.
March 1, 1988
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<u>Date</u> <u>Asked,</u> <u>Due.</u>	<u>To Whom</u>	<u>File Name</u>	<u>What Requested</u>
early 1/88	Thomas Havey & Co.	Item 1	All transactions in & out of each of the "Board-designated" accounts, <u>plus any</u> <u>information re Board-</u> <u>designated restrictions,</u> <u>limitations, or guidance</u> <u>as to the utilization of</u> <u>funds;</u> Copies of checks evidencing disbursements from 1983 to date, with authorized memos which were part of the file before the checks were drawn.
early 1/88	Thomas Havey & Co.	Item 2	Copies of all financial records, including the checks evidencing depo- sits & disbursements, of NHEC <u>to date.</u>
early 1/88	Thomas Havey & Co.	Item 8	Information re any reimburse- ment to Mr. Irwin for advances in connection with the Britewater property in Maine; Copies of all records in the file upon which the reimburse- ment to Mr. Irwin was based.
2/9/88	W. Voorhees		Checks to elected officers and Board over \$5000; All trips of Mrs. Hoyt in last 5 yrs; All non-operating expenses over \$5000; 990s for Center for Respect for Life and the Environment;

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William Voorhees, C.P.A.
March 1, 1988
Page 3

			Expenses/receipts; percent return; average gift on direct mail income;
			When reserve fund for bequests was created.
2/11/88	John Hoyt Paul Irwin M. Madden W. Voorhees	Audit Comm. Corr.	Documents, information concerning payment of compensation to Mr. Hoyt and Mr. Irwin;
			Information re NHEC & NAHEE or other corporations which may have made similar payments.
2/23/88	W. Voorhees	NHEC	Information on 1/88 NHEC payments;
			Descriptions of current deposit and withdrawal records of NHEC;
			Purposes for which the funds were authorized and used;
			Second letter from 1/7/88 from Mellon Bank;
			Do you audit this account?
			Explanation of procedures for large transfers without written authorization.
2/24/88	W. Voorhees		All transactions into and out of NHEC in 1988; all correspondence with Mellon Bank on all NHEC payments to date.

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William Voorhees, C.P.A.
March 1, 1988
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2/24/88 W. Voorhees

All payments to or on behalf of Mrs. Hoyt for travel, including all food, lodging, and misc. expenses while on these trips; include trips for which tickets may have been paid for by air line promotion (frequent flyer) programs or by Mrs. Hoyt or other sources if HSUS paid any other costs of the trips;

Completion of the chart showing HSUS funds including name of bank, account number, annual income and principal at 12/21/86;

Joyce Gilmore Mertz: documents connected with gift and indicating restrictions;

Date Mrs. Evans gave \$100,000 note from John Hoyt to HSUS if at all; date note was cancelled, paid, or forgiven and explanation for this;

Regarding the 1986 federal form 990 and the \$90,000 in gifts which were not listed individually, break them out and explain how it was decided which gifts should be listed and which should be aggregated;

Insurance and benefits, please explain the inconsistency between the figures for employee benefits listed on the 990, the general ledger, and the material Mr. Irvin gave to the Board in December 1988; where are the life insurance payments to Mr. Hoyt and Mr. Irwin reported on the 990 and the general ledger?

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William Voorhees, C.P.A.
March 1, 1988
Page 5

Who has been using the four automobiles from their date of purchase (list date) by HSUS to the current date?

Management letters which should have accompanied financial statements 1980-1986;

Frankenburg designation, when and what;

Evans designation, when & what;

Letters to Mellon to request \$ to NHEC;

NHEC 1986 request for extension of time for filing tax return late;

Explanation of \$48,000 in legal expenses in 1986 and name of lawyer(s) to whom paid in 1986;

percent return and average gifts or all 1986 & 1987 mail-sings;

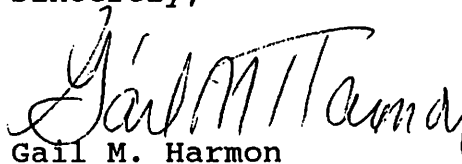
Checks \$5000 and over.

William Voorhees, C.P.A.
March 1, 1988
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Let me repeat that we need you to respond as described above to each question. It might help to number the questions and number your responses accordingly.

Andy Rubin of your office called at 3:45 today indicating that most of the requested material was available. Accordingly, we expect your response by the close of business tomorrow.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gail M. Harmon".

Gail M. Harmon

cc Audit Committee
incl. Mr. Wiseman
Murdaugh S. Madden

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ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

February 11, 1988

John Hoyt, President
Paul Irwin, Treasurer
Murdaugh Madden, Esq. General Counsel
The Humane Society of the
United States
2100 L Street, N.W.
Washington, D.C. 20037

William Voorhees
Thomas Havey and Co.
4301 Connecticut Avenue, N.W.
Washington, D.C. 20008

Dear John, Paul, Murdaugh and Bill,

As you know, the Board of Directors of the HSUS at a special meeting held on December 12, 1987, established an audit committee composed of Susan Pepperdine, Robert B. Sorock and John W. Mettler to make a full report to the Board of Directors on the "management of the financial affairs" of the HSUS in advance of the April, 1988 Board meeting. The committee has hired our law firm to assist it with its work.

One of the matters which the committee is looking into concerns the payment of compensation and other sums to John Hoyt and Paul Irwin by at least two other corporations associated with HSUS. In that connection, the committee has received the following sets of documents: minutes of the deferred compensation committee from its creation in 1983 through August 1987; financial records on payments into and out of NHEC and NAHEE which relate to payments to John and Paul (provided by Bill Voorhees) corporate minutes of NAHEE from 1982 through 1987.

To prepare an accurate and complete report for the Board, it is important that we have all the relevant information as soon as possible. Therefore I am requesting that you provide us with any additional documents or information concerning these payments, these corporations, or other corporations which may have made similar payments.

If you believe that the documents described above represent all relevant documents and information, please so indicate by _____

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February 11, 1988

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signing below and returning to me by February 17, 1988. (If you need more information on exactly what has been provided, please let me know.) If you have or are aware of additional information, please provide it to the committee as soon as possible and let me know the schedule for providing it by February 17.

It is in everyone's interest that this committee conclude its work as soon as possible. Therefore your prompt response is necessary.

Sincerely


Gail M. Harmon

cc: John Mettler
Susan Pepperdine
Bob Sorock
William Wiseman

John Hoyt, President

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TELEPHONE
(202) 328-3500

February 11, 1988

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

Dear Mr. Wiseman,

The audit committee appointed by the Board of Directors of HSUS at its December meeting has hired our law firm to assist it. You can reach me at the above address and telephone number.

The committee has scheduled a meeting for March 10, 1988 at 9:00 at our office to discuss the preparation of its report. As an ex officio member of the committee you are invited to attend. Please let me know if you will be there.

The committee has regular weekly conference calls, but as I understand it, you are vacationing in an area which makes your participation in these calls impossible. Please let me know when you return and we will include you in these calls.

Please call if you have any questions or need any further information.

Sincerely,


Gail M. Harmon

cc: John Mettler, III
Susan Pepperdine
Robert Sorock

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(202) 328-3500

February 23, 1988

William Voorhees
4301 Connecticut Avenue, N.W.
Washington, D.C. 20008

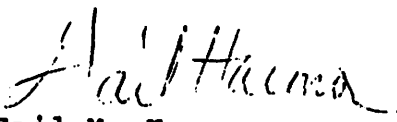
Dear Bill,

As you will see from the enclosed questionnaire, I am soliciting important financial information from employee - officers and senior staff of HSUS.

On the basis of your auditing work for HSUS and its affiliated organizations, and any other knowledge that you have, please provide the information requested for each employee.

In the course of other professional or social relationships, you may have learned information that is relevant to our inquiry. If you feel you are faced with a conflict of interest and cannot make full disclosure please bring this conflict to the committee's attention as soon as possible, explaining it in writing.

Sincerely,


Gail M. Harmon

cc: audit committee
including Wiseman
Murdaugh S. Madden, General Counsel

GH/als

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February 23, 1988

William Voorhees
4301 Connecticut Avenue, N.W.
Washington, D.C. 20008

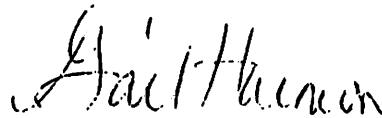
Dear Bill,

While you certified to me that you had provided me with all of the information on NHEC and the payments to Hoyt and Irwin, I still need some information.

The cover sheet prepared by your firm in January of 1988 and the copy from the passbook do not include any information on the January 1988 payments. Please provide me with current deposit and withdrawal records and a description of the purposes for which the funds were authorized and used.

There appear to be two letters of January 7, 1985 from the Mellon Bank. Please provide the second one. You have provided no written authorization for the Mellon Bank to make these checks payable to NHEC, an organization which presumably has been inactive for many years. Do you audit this account? Do they often make transfers of over \$20,000 without a written confirmation of telephone request? Please explain.

Sincerely,



Gail M. Harmon

cc: Audit Committee
Murdaugh S. Madden, General Counsel
Mr. Wiseman

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February 23, 1988

John A. Hoyt, President
Paul G. Irwin, Treasurer
Patricia Forkan, Senior Vice President
Murdaugh S. Madden, Esq. General Counsel
Patrick P. Parkes, Exec. Vice President
Dr. John W. Grandy, Vice President/Wildlife & Environment
Phyllis Wright, Vice President/Companion Animals
Dr. Michael W. Fox, Vice President/Farm Animals & Bioethics
The Humane Society of the
United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Messrs and Mesdame,

As you know, the Board of Directors of the HSUS at a special meeting held on December 12, 1987, established an audit committee composed of Susan Pepperdine, Robert B. Sorock and John W. Mettler to make a full report to the Board of Directors on the "management of the financial affairs" of the HSUS in advance of the April, 1988 Board meeting. The committee has hired our law firm to assist it with its work.

To enable the Board of Directors to exercise its fiduciary obligations for corporate oversight it must have certain information. Accordingly, I have prepared the enclosed questionnaire. Because there has been some resistance to providing such information I have explained below in detail why it is critically important to maintaining the financial and legal health of HSUS.

HSUS is classified as a charity under section 501(c)(3) of the Internal Revenue Code. Maintenance of this status is vitally important to the fundraising success of HSUS because only section 501(c)(3) charities can offer their donors the incentive of a tax deduction for their charitable contributions.¹

¹ Legislation recently enacted requires that organizations which are not section 501(c)(3) charities disclose on their fundraising solicitations that gifts to them do not qualify for deductions as charitable contributions. This disclosure is likely to reduce the substantially receipts of non-charitable organizations.

February 23, 1988

Page 2

One of the requirements of section 501(c)(3) status is that no part of the net earnings inure to the benefit of any private shareholder or individual.² Private inurement includes the receipt of unreasonable compensation, or the receipt of funds or property for non-business purposes.

Moreover, sensitivity to the problems potential or perceived conflicts of interest is critically important for any multi-million dollar organization.³ More importantly the federal tax laws and Delaware corporate law prohibit self-dealing between charities and their insiders such as officers, directors, and senior staff.⁴

One significant problem of conflict of interest arises when an employee of HSUS (who owes a duty of loyalty to HSUS) assumes simultaneous fiduciary obligations to donors to HSUS or to their estates. Most charities prohibit employees from acting as executors, trustees or under powers of attorney for their donors, although this rule may be waived if the executor, trustee or attorney has no discretionary powers.

A few examples may help to demonstrate potential problems for HSUS. An executor is normally charged with making investment decisions during the period of administration of an estate. For large and complicated estates, such as those of HSUS major donors, the period of administration can be many years. If a will provides that \$100,000 will be given to A, B, C, and D and the residue to HSUS, then during the period of administration, A, B, C, and D are entitled to the income earned by their \$100,000 legacy. The conflict arises because any funds invested for maximum capital appreciation, (not income) will increase the residue going to HSUS and decrease the amount going to the individuals. Accordingly, the power to set investment goals runs the risk of angering individual beneficiaries who might sue the HSUS executor for violation of fiduciary duty and fraud.

2 26 U.S.C. 501(c)(3).

3 NCIB, the most influential of the watchdog groups which rate charities, require a conflict of interest policy for Board and Staff members.

4 See Phelan Non-Profit Enterprises § 4.05 and Johnson v. Greene, 35 Del. Ch. 479, 121A 2d 919 (1956) cited therein.

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February 23, 1988

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To present a more dramatic human conflict, assume a HSUS employee with a power of attorney for a frail, elderly person who needs to be admitted to a nursing home and who has bequeathed all of his/her assets to HSUS. Should the employee put her in a luxury nursing home and decrease the funds to HSUS or should he maximize the donation by cutting a few corners? On a personal level, none of the directors would want to be faced with these problems; on an organizational level, it is legal and political suicide to be aware that these problems exist but to fail to inquire as to their magnitude. To set intelligent policies and give useful directions to its staff, the Board of Directors must know in how many cases its employees have undertaken and will be asked to undertake fiduciary obligations for donors, exactly how much discretion they have been asked to assume and what peculiar problems may arise because of unusual assets, disinherited relations, etc.

To enable the Board to exercise its fiduciary duties, it must be able to evaluate on the basis of complete and accurate information whether or not current problems of private inurement and/or conflicts of interest exist. Such information will also help the Board to set policies for the future. Therefore, please complete the enclosed questionnaire and return it to me by March 1, 1988.

If you have questions about how to answer the various questions, please contact me.

Sincerely,



Gail M. Harmon

cc: William Voorhees
audit committee
including Wiseman

GH/als

QUESTIONNAIRE

1. List all payments and gifts if any received by you or by any member of your family in the last ten years from HSUS, or from any other corporation or fund associated with HSUS. Exclude your compensation which is reported on the HSUS Form 990, (normally your regular HSUS paycheck) and reimbursement to you as an employee for travel within the U.S. on HSUS business). List the source and amount of such gift, or payment and the date it was made or received by you.

2. List all loans if any received by you or by any member of your family in the last ten years from HSUS, or from any other corporation or fund associated with HSUS. List the amount, source, interest rate, complete information as to whether or not interest has been paid and the date the loan was made or received by you.

3. List all payments and gifts if any to you or to a member of your family since 1980 from grantees of HSUS and of its associated trusts and organizations. Include source, amount and date.

4. List all loans if any to you or to a member of your family since 1980 from grantees of HSUS and of its associated trusts and organizations. Include source, amount, date, interest rate and complete information as to whether or not interest has been paid.

5. List all payments if any made by HSUS, or any of its related organizations, or any of its grantees on your behalf, or on behalf of a member of your family. This includes but is not limited to payments of travel expenses, educational expenses and tuition.

6. Enumerate and describe fully all financial transactions in the last 10 years between you and any people who have been donors, directors or officers of HSUS within the last 10 years. This includes loans, gifts, of a value exceeding \$100 payments of fees, investments, investment opportunities, receipt of honoraria and all other payments.

7. List all payments, gifts and loans made to or on behalf of you or a member of your family by all companies, partnerships, firms, and individuals who contract with HSUS or any of its related organizations for goods or services or in any manner engage in business with them. Include payments which may be for services rendered, such as bona fide compensation, fees for consulting services, or directors' fees.

8. Please list or describe any business or financial relationship (including but not limited to acting as an officer, director, trustee, shareholder or partner within the last 10 years) that you have with any business, organization, or other entity with which HSUS or its related organizations has had a business relationship in the last 10 years.

9. List all cases in which you have been named or have reason to think you may have been named to act in a fiduciary relationship with regard to an current or potential HSUS donor, officer or Director. This includes but is not limited to appointment as an Executor, Trustee, or being given a power of attorney. List the name of the donor, director, officer, the position to which you may have been named, the authority and discretion which you may be called upon to exercise.

Date: _____

I certify that the above
information is current,
correct, complete and true
to the best of my knowledge

10. Please identify any other situations or information that the
committee might be interested in or related to this inquiry.

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GAIL MCGREEVY HARMON
ELLYN R. WEISS
DIANE CURRAN
DEAN R. TOUSLEY
ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

February 24, 1988

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

Dear Mr. Trevino and Mr. Irwin,

Please identify in writing names of signatories on the account and any identifying numbers of each and every bank account of HSUS, and of its related or subsidiary organizations, or persons acting on its behalf, existing now or at any time during the past ten years. Include the name of the bank, the type of account, the branch if any and where the account is located

"Bank account" should be broadly construed to include checking, savings, or investment accounts.

With regard to NHEC, I have a copy of one page from a passbook from Columbia First for Savings account number [REDACTED]; the page starts with a date of 01/09/85 and finishes with 01/20/87.

1. Please provide me with earlier pages of the passbook going back eight years and with a copy indicating any and all activity since January 1, 1987.
2. Give me the date that the account was established and if it was established after 1976, please provide me with copies of the corporate resolutions and signature cards filed with the bank.

It appears that the funds for NHEC were provided out of Account no. [REDACTED] 246 at the Mellon Bank.

3. Please describe this account.
4. Explain its purpose, size, the signatories, why it is located in Pittsburgh and any other relevant information. The materials provided by Bill Voorhees do not show any

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Mr. Samuel Trevino

Mr. Paul Irwin

February 24, 1988

Page 2

written requests for the large (over \$20,000) checks which were issued to what I expect would be an unfamiliar corporation.

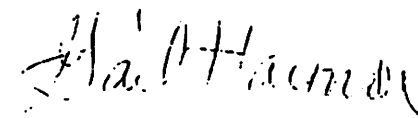
5. Please explain the system under which the HSUS authorizes payments from this account.

6. When, if ever, do the Mellon bank procedures require that a telephone request be confirmed in writing?

I note that the Mellon account was omitted from the list of bank accounts which Mr. Tirranna had in his file and which appear to have been provided to the Board at its December meeting.

Please answer in writing as soon as possible and with the exception of information on bank accounts which have not been open during the last 3 years, provide the information by March 1. Information on the older bank accounts should be provided by March 7.

Sincerely

A handwritten signature in dark ink, appearing to read "Gail M. Harmon". The signature is fluid and cursive, with the first name "Gail" being more prominent.

Gail M. Harmon

cc: Audit Committee
Murdaugh S. Madden, General Counsel

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GAIL MCGREEVY HARMON
ELLYN R. WEISS
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TELEPHONE
(202) 328-3500

February 25, 1988

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

Dear Mr. Hoyt and Mr. Irwin,

As you know, members of the HSUS Board have serious concerns about the payment by HSUS to Mr. Irwin of \$85,000 in connection with residential recreational real estate in Maine.

While you might prefer to regard this as a private, confidential matter, it has become HSUS business. The "deferred compensation committee" in its discussion of the matter referred to you as "serving as an agent for the HSUS"; HSUS has transferred to you a substantial amount of money in connection with this transaction even though it seems to be conceded that the property which produces no income and cannot be sold at a profit is not an appropriate investment; finally, in the words of your memo the episode has been the subject of litigation, an "acrimonious twenty months", "legion" problems, and "enormous hassles with the town authorities." All of this could possibly reflect badly on HSUS if it were publicized that you were acting as its agent.

Accordingly, it is critically important that HSUS have a complete picture of the economic, legal, and public relations aspects of the transaction. Please provide the documents requested and written answers to the questions listed below by March 3, 1988.

- (1) Precisely where is this property located. Give town and county and any other identifying information.
- (2) Please supply copies of the acquisition papers, including contracts, appraisals, deeds, etc. related to the Irwin purchase of the property.
- (3) Please supply copies of any correspondence you have concerning the property and its attempted purchase.

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John Hoyt, President
Paul Irwin, Treasurer
February 25, 1988
Page 2

(4) Please supply copies of any court documents which you have, including the information on the suit itself, the name of attorney, if any, representing Mr. Irwin, the name of the attorney representing the person who then owned the property and copies of all correspondence related to or mentioning the litigation.

(5) Please supply copies of the back up material presented to HSUS in connection with establishing the amount of the reimbursement of your personal financial investment.

(6) Please provide copies of any agreement entered into with HSUS under which you are to act as its partner or agent for this property.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gail M. Harmon".

Gail M. Harmon

cc: Audit Committee
Mr. Wiseman
Murdaugh S. Madden

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(202) 328-3500

February 25, 1988

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

RE: Humane Society of the United States Account No. 320-246
at the Mellon Bank

Dear Mr. Irwin,

One of the matters about which the Board committee is seeking more information is transfers out of the above captioned account. Please provide or ask the Mellon Bank to provide a list of each withdrawal or payment from this account for years 1985, 1986 and 1987. For each withdrawal or payment provide the documentation authorizing and categorizing the withdrawal. If some withdrawals are made on the basis of telephone authorization, please indicate whether and at what dollar level written confirmation is required.

Please provide this information by March 5, 1988.

If you have any questions or cannot meet this schedule, please let me know immediately.

Sincerely,


Gail M. Harmon

cc: Audit Committee
Mr. Wiseman
Murdaugh S. Madden

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GAIL MCGREEVY HARMON
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ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

March 2, 1988

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

Dear Messrs,

A review of the 1986 federal Form 990 prompts some questions. Please answer each in writing.

1. On page 2, line 31 "Accounting Fees" is blank. Why was no amount disclosed? I understand that the number on line 31 should have been \$45,000. Please explain why it was more than twice as large as the average of the previous three years.

2. Part II, line 43 detailed on Schedule 3 lists \$60,990 as an expense captioned "taxes-other." Since HSUS is tax exempt, please list and describe the taxes paid. The projected 1987 and proposed 1988 Budgets submitted to the HSUS Board contain an entry of \$72,458 for other taxes. Please identify the taxes and explain the reason for the increase.

3. Payments to annuitants on the same schedule is listed as \$103,714 while on the 1986 financial statements it is listed as \$99,553. Please explain the reason for the discrepancy.

4. The Audit Committee needs to have a complete listing of compensation, and fringe benefits paid to John Hoyt and Paul Irwin over the last 5 years. Unfortunately the information we have received so far is incomplete and inconsistent. Please provide a complete listing of the amounts received by or paid on behalf of each of them for years 1983-1987 in each of the following categories.

compensation
expense account
other allowance
travel allowance
pension plan contribution

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Messrs Irwin & Trevino
March 2, 1988
Page 2

life insurance
health insurance
deferred compensation
other

What payments were included as "contribution to employee benefit plan" on Schedule 4 of the Form 990.

6. With regard to health insurance for Messrs Hoyt and Irwin, please explain whether HSUS pays for individual benefits or family benefits; for high option or low option coverage; for any special services or benefits. Please provide the amounts paid on behalf of each (and their families if paid) for the past five years and compare it to the average and median amount paid for those employees who are not officers.

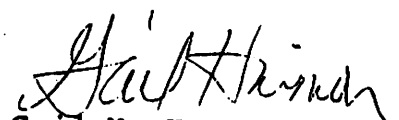
7. The Minutes of the July 24, 1986 meeting of the Deferred Compensation Committee indicate that HSUS transferred to Messrs Hoyt and Irwin the ownership of certain life insurance policies. Please describe the policies giving name of company, policy number, beneficiaries, annual premiums, face amounts and cash surrender values. Explain what is meant by transfer of ownership and how (if at all) the value of the transfer was reported for tax purposes.

8. If HSUS continues to hold other insurance policies on the life of Messrs Hoyt and Irwin, please give the same information requested in question 7 for each policy.

9. Please identify the components of the \$73,114 listed for insurance in Schedule 3. For each, give the same of the insurance company, the account number, the owner of the policy, the beneficiary of the policy, and a description of its purpose (e.g. life, auto, etc.) the limits of the policy, the face amounts of the policy and the cash surrender value.

Please provide the answers to the questions by March 8, 1988.

Sincerely,


Gail M. Harmon

cc: Audit Committee
Murdaugh S. Madden
Mr. Wiseman

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

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

Dear Paul

I have received your signed questionnaire but since some questions were not answered fully, I need to repeat some questions.

Question 1. Because of the confusion surrounding the NHEC and NAHEE payments, you were requested to list all payments from HSUS-associated corporations in the last ten years. Please list them and any other payments other than your HSUS compensation. Payments to reimburse you for a spouse's travel expenses would be listed here. I was under the impression that HSUS made a payment of \$85,000 to you in 1987 which was not normal compensation. A complete and accurate list of payments from HSUS should include this one.

Question 5. Please list any payments for trips which are asked for here including the date, duration, destination of the trips and the amount paid. Please explain what you mean by "related expenses have been reported...." Please explain who or what organization paid the expenses of your children's trips to Africa.

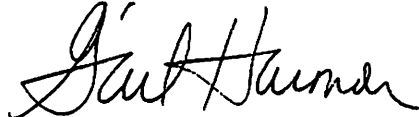
Question 9. When I interviewed you on February 4, 1988, you stated that you were executor of the estates of about a half a dozen people who are HSUS donors; in addition you said you had power of attorney for HSUS donors in two to three instances. Please give the names and explain the inconsistencies between your statement to me and the answer to the questionnaire. In addition there seems to be an inconsistency between two of your written statements on these matters. In your September 3, 1987 memo to the file regarding the Maine property you were definite regarding certain fiduciary relationships stating "I was able to win Dr. _____'s confidence to the extent that she has made me executor of her will. Also she has executed documents in her

HARMON & WEISS

Paul Irwin
March 3, 1988
Page 2

resident state of _____ providing me with a general power of attorney regarding her affairs; in contrast in the questionnaire you sound less certain, in each case saying only "there may be." Please explain.

Sincerely

A handwritten signature in cursive script, appearing to read "Gail Harmon".

Gail M. Harmon

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.

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GAIL MCGREEVY HARMON
ELLYN R. WEISS
DIANE CURRAN
DEAN R. TOUSLEY
ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

March 4, 1988

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

Dear Sirs,

The HSUS has received donations of personal property such as gold coins, and perhaps Georgian silver and jewelry. Please explain the system used by the HSUS for accounting for these items. Specifically list those items of tangible personal property which have been donated to the HSUS in the last ten years, the date they were given, their value at the time, and the disposition made of them, if any.

Please list each piece of real estate given to the HSUS in the last ten years, the date given, its value at the date of gift, its disposition, if any.

Please list by date and amount gifts made by Regina Frankenberg to HSUS since 1983.

The Federal Form 990 for National Association for Advancement of Humane Education indicates a substantial contraction during calendar year 1986; the fund balance at the end of the year shows 0. In 1987 and 1988, \$5,000 was paid out of this organization to Mr. Irwin. Please explain where the money to make these payments came from, who approved it and when.

Please provide the w-2's and 1099's issued to John Hoyt and Paul Irwin by HSUS and its associated organizations for 1987

The Financial Statements and Independent Audit Reports for 1986 include in the asset category "Notes Receivable" but apparently fail to include a note for \$100,000 which was received on December 31, 1986 from Mrs. Evans. Please explain the reason for this omission.

Please provide promptly any amendments to the Deed of Trust dated 04/09/62 between the HSUS and the Mellon Bank. Please pro-

HARMON & WEISS

Paul Irwin, Treasurer
Sam Trevino


March 4, 1988

Page 2

vide any written instructions which may have led the Mellon Bank to believe that Paul Irwin or other employees of HSUS were authorized to direct distributions of income and principal.

The Note to Mrs. Eyans appears to have been assigned to the Irene C. Evans Trust U.T.D. August 17, 1978 and amended September 18, 1978. Please provide a copy of this trust, if available.

Sincerely,


Gail M. Harmon

cc: Audit Committee
O.J. Ramsey, Esq.
K. William Wiseman
Murdaugh S. Madden

January 25, 1988

Ms. Gail M. Harmon
Harmon & Weiss
2001 South Street, N.W.
Suite 430
Washington, D.C. 20009

Dear Gail:

This letter is in regard to our meeting last Thursday, January 21. Based on the agreement at that meeting, the Audit Committee of The Humane Society of the United States has engaged Harmon & Weiss to investigate and report on the management of the financial affairs of The HSUS, from 1980 thru 1987.

Although you were not able to provide us with an estimate for this assignment, you did give us the hourly rates for various individuals in your firm.

As we discussed, all correspondence should be sent to all Audit Committee members, which includes the three people present at the January 21 meeting, plus Bill Wiseman, Chairman of The HSUS and ex-officio member of the Audit Committee. Correspondence should be sent to all committee members as follows:

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

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

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

Mr. K. William Wiseman
P.O. Box 120
Woolwich, Maine 04579
(207)443-3979

-continued-

Page 2
January 25, 1988
Ms. Gail M. Harmon

As you are aware, the Audit Committee wishes to report to the Board of Directors by March 31, 1988. We look forward to working with you in order to provide The HSUS Board of Directors an accurate and professional assessment of the management of the financial affairs of The HSUS.

Very sincerely yours,

A handwritten signature in dark ink, appearing to read "R. B. Sorock", written in a cursive style.

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

K. William Wiseman, ex-officio

RBS:wr

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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 15, 1988

Roger Kindler, Esq.
The Humane Society of the
United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Roger,

Since Mr. Madden is on vacation, I am directing this request for information to you.

Please provide the Audit Committee with all records, letters, memoranda etc. concerning gifts by Mrs. Evans to The HSUS in the last eight years. We are particularly interested in documents concerning her gift(s) of tangible personal property and the gift of a promissory note. If some information is readily available while other information requires time to locate, please provide that which is immediately accessible as soon as possible.

Please provide all records, letters, memoranda etc. concerning gifts to the HSUS by Miss Regina Frankenburg in the last eight years.

The Annuity Trust with the Mellon Bank which was executed in 1962 confers certain rights and responsibilities on the members of the HSUS Investment Committee. Please provide us with information on this committee, including its authority and its composition, based on the minutes of the meetings of the Board of Directors and the Executive Committee and any other materials which you think are relevant.

As I understand it, your office has started a process to identify some of the recent gifts of tangible personal property,

HARMON & WEISS

Roger Kindler, Esq.
March 15, 1988
Page 2

but we cannot expect complete information until Mr. Madden returns from vacation. Please convey to him that we would like this information as soon as possible.

Thank you very much.

Sincerely,


Gail M. Harmon

cc: Audit Committee

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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 15, 1988

Jack W. Lydman
2815 Q St., N.W.
Washington, D.C. 20007

Dear Mr. Lydman,

As you know, the Board of Directors of the HSUS voted at its meeting held in December of 1987 to appoint a special committee to report to the Board on "the management of the financial affairs" of the corporation. My law firm has been hired to assist the committee with its work.

One of the matters about which the committee is seeking to gather more information is the operation of the Deferred Compensation Committee.

The minutes of the July 24, 1986 meeting of the Deferred Compensation Committee, which you signed as Secretary, report on a decision to purchase a property to serve as a residence for the HSUS President and to transfer ownership of personal life insurance policies to Mr. Hoyt and Mr. Irwin and conclude with the following language: "The committee noted for the record that it is empowered by the Board of Directors of the HSUS to act on its behalf in matters pertaining to compensation and benefits for HSUS staff personnel."

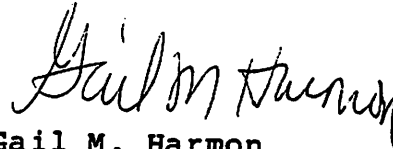
Please explain on what basis the committee reached this conclusion concerning its authority. Did it review any documents? Did it consult with the general counsel of the HSUS? Did it rely on representations from anyone?

HARMON & WEISS

Jack W. Lydman
March 15, 1988
Page 2

Since the committee is trying to conclude its task as promptly as possible, I would appreciate your reply by March 21, 1988.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gail M. Harmon".

Gail M. Harmon

cc: Audit Committee
Murdaugh S. Madden, Esq.

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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

CONFIDENTIAL

March 15, 1988

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

Dear Mr. Irwin,

During the meeting of the Audit Committee held March 10, 1988, Mr. Madden was asked certain questions concerning the role of HSUS employees as executors and trustees for donors to the HSUS. In answer to a question, he said that he was under the impression that you were a co-executor of the estate of Viola Weber. Please explain fully whether you are, or were, the co-executor of her estate, or have held any other position with fiduciary responsibilities for her or her assets.

Please provide evidence of the appointment by the Board of directors of the HSUS of Joe Ramsey to the Deferred Compensation Committee.

When you spoke to the Audit Committee on March 10, you indicated that you had seen Mr. Trevino prepare a list of HSUS safe deposit boxes for me. Since I never received it, please provide it immediately. In addition, provide a reasonably current inventory of the contents of the boxes and a list of who has access to each box. (Since the inventory is to be completed each year as part of the audit, the one completed in 1987 for the 1986 audit should be easy to obtain.)

As you know, the Committee needs to know about communications with the Mellon Bank regarding which individuals are authorized to direct it regarding transactions in the annuity account. Assuming that you would prefer that I not correspond with them, please write them today requesting all records of communications, both written and oral, concerning which individuals connected with the HSUS have authority under Article 3 of the Annuity Trust to direct distributions of income and principal and to approve investments. Please send me a copy of your letter for my files.

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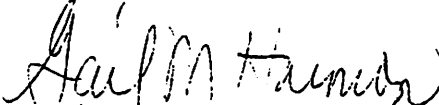
Paul Irwin, Treasurer
March 15, 1988
Page 2

Please provide a list of the members of the Investment Committee and the dates that they were elected by the Board of Directors of the HSUS.

Finally, we have not received answers to the nine questions asked in my letter dated March 2, 1988 nor have we received answers to some of the questions asked in the March 4, 1988 letter. Although the date by which we requested the information, is now passed, we continue to need the information as soon as possible.

Please provide all of the information by March 21.

Sincerely,


Gail M. Harmon

cc: Audit Committee
Murdaugh S. Madden, Esq.

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GAIL MCGREEVY HARMON
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DEAN R. TOUSLEY
ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

CONFIDENTIAL

March 18, 1988

David Theil
Deloitte Haskins & Sells
1001 Pennsylvania Avenue, N.W.
Suite 350
Washington, D.C. 20004

Dear David

I am writing to ask you to perform some targeted, limited auditing services for a client of mine. I realize that this is a very busy season for you, but I hope that the interest and importance of the project, as well as its limited nature, will lead you to decide to undertake it.

The Board of Directors of the Humane Society of the United States recently appointed a special audit committee to prepare a report on the management of the financial affairs of the corporation. I am acting as special counsel to that committee and seek to hire you to assist me with this task.

The HSUS is one of the major U.S. charitable organizations devoted to animal welfare. Its annual income for the calendar year ending 1986 was in excess of \$10,000,000 and I believe that it was even larger for 1987.

I have been working on this project for several months and have learned alot about the organization and some of its problems. I have detailed files which I would share with you and which would make your task easier.

The principal areas of concern are:

private inurement or unreasonable compensation for the senior employees;

wasting of corporate assets by purchasing residential and recreational real estate for principal employees;

failure to account for gifts of tangible personal property on financial statements and tax returns;

HARMON & WEISS

David Theil
March 18, 1988
Page 2

failure to file accurate reports with government agencies including federal Forms 990, W-2, and New York State Charities reports;

failure to inform the Board of or seek approval for major transactions.

To determine the most efficient way to proceed, I would like to start by sharing with you a notebook of materials which I have prepared for the committee. On the basis of this we could agree on a work plan.

As you may have surmised, we have not received adequate information from either the outside auditor or the internal comptroller. One basic piece of information which the committee has been seeking for almost two months is a list of disbursements of \$5,000 or over during 1986, 1987, and 1988. I would hope that a member of your staff could help complete that task. In addition, we need a review of the system by which the organization accounts for gifts of tangible personal property, a review of the fringe benefits paid to the senior employees, perhaps a brief analysis of the travel and entertainment accounts; after we discuss my notebook of materials you may have other ideas. When you and I spoke on the telephone we discussed other tasks including an analytical review of the financial statements and a review of the independence of the current auditor. While these are very important issues, on reflection, I think that the committee's principal concern is the internal financial management for which the staff is primarily responsible; the adequacy of the performance of the current auditor, while important, is of secondary concern except as it relates to the actions of the staff.

I hope that you will be able to work with me on this project. I will try to call you tomorrow (Saturday). If you have any questions, feel free to call me at my office until about 6:00 or at home on Saturday (726-2385).

HARMON & WEISS

David Theil
March 18, 1988
Page 3

I am sure that you understand that this Board review is a very sensitive and confidential matter.

I look forward to hearing from you.

Sincerely,


Gail M. Harmon

cc: Audit Committee
Murdaugh S. Madden, Esq.

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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 22, 1988

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

Dear Mr. Irwin,

In your letter of March 17, you state that "Mr. Burke, Mr. Hoyt and Mr. Irwin have been on the (Investment) Committee as long as they have held their respective titles." Since I have only recently become immersed in HSUS history, it would help to have a more complete answer. Please explain. When did you and Mr. Hoyt start to hold your respective titles? Were you elected by the Board of Directors to the Investment Committee? if so, when?

At your request, Mr. Madden is conducting a review of his files of the testamentary transfers of tangible personal property to HSUS. The general counsel's office does not have complete files, however, of gifts by people who are still living. To proceed with the analysis of the gifts of tangible personal property and real property, please review the files which your office has access to concerning gifts by major donors. In particular, I gather that Mrs. Evans has made significant gifts of tangible personal property in the last several years. Please provide the Committee with a complete list of the items donated in the last eight years, their value, and the date of the donation. If recent records are immediately available, please furnish them as soon as possible.

In addition, the committee is seeking more information concerning gifts by Regina Frankenberg. Please provide any documents concerning those gifts in the last three years.

HARMON & WEISS

Paul Irwin
March 22, 1988
Page 2

The audit committee is trying to wrap up its work, so I would appreciate hearing from you by March 25.

Sincerely,


Gail M. Harmon

cc: Audit Committee
Murdaugh S. Madden, Esq.

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2001 S STREET, N.W.

SUITE 430

WASHINGTON, D.C. 20009-1125

GAIL MCGREEVY HARMON
ELLYN R. WEISS
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ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

March 22, 1988


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

Dear Mr. Wiseman,

There seems to be some confusion about the membership of the Deferred Compensation Committee. Joe Ramsey believes that he may be a member of the committee, but we do not seem to be able to find any documentation of his election. In the enclosed letter, Paul Irwin suggested that I ask you for further information.

I look forward to hearing from you.

Sincerely,


Gail M. Harmon

cc: Audit Committee

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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 24, 1988

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

Dear Mr. Irwin,

Please ask the assistant treasurer, Mr. Trevino to provide you with all HSUS travel documents, including all standard forms used to account for cash advances for travel expenses and for reimbursement for travel expenses, necessary for you to provide the audit committee with a complete listing of trips by yourself and Mr. Hoyt from October 1, 1987 to the present.

Please list all of the trips taken by either of you in this period and provide a brief explanation of the purpose of the trip. Indicate each instance in which you met with a member of the Board of Directors of HSUS and describe the substance of the meeting.

Since you and Mr. Hoyt work so closely together, I assume that you can provide most of the information regarding his trips since he is not available to do this himself.

Please provide this information within one week, by March 31, 1988.

Please call me before 2:00 tomorrow, Friday, March 25, and indicate when you will be able to provide the other information which has been requested and not provided.

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Paul Irwin, Treasurer
March 24, 1988
Page 2

One of the missing items is the percent return and average gift for all 1986 and 1987 mailings. This information was requested from Bill Voorhees in a letter dated March 1, 1988; in his reply dated March 15, 1988 he stated that this was to be provided to us by HSUS. Please do so.

Sincerely,



Gail M. Harmon

cc: Audit Committee
Murdaugh S. Madden

HARMON & WEISS

2001 S STREET, N.W.

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WASHINGTON, D.C. 20009-1125

GAIL MCGREEVY HARMON
ELLYN R. WEISS
DIANE CURRAN
DEAN R. TOUSLEY
ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

By Messenger

March 25, 1988

David Theil
Deloitte Haskins & Sells
1001 Pennsylvania Avenue, N.W.
Suite 350
Washington, D.C. 20004

Dear David,

I am delighted that you are undertaking this special project on behalf of the Audit Committee of the HSUS.

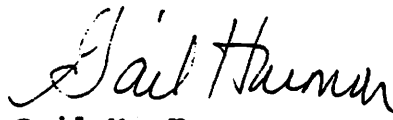
Enclosed is a copy of my letter of March 2 concerning fringe benefits and a copy of the list which I was provided of safe deposit boxes.

I am also enclosing materials on transfers, or potential transfers, of tangible personal property to HSUS. I am not certain whether or not the 1986-7 gifts from Mrs. Evans were ever made; that is one of our questions. The lifetime gift from Ms. Kitchen and the transfer from the Nye, Truelson, and Chichester estates were made.

Please also check on the Sea Island property and the mineral rights from Mrs. Evans

I'll call you next week.

Sincerely,


Gail M. Harmon

cc: Audit Committee
Murdaugh S. Madden

DRAFT

The Audit Committee of
The Humane Society of the United States:

At the request of Ms. Gail Harmon, special counsel to the Audit Committee of the Humane Society of the United States (HSUS), we have performed certain procedures, as described below, to assist the audit committee in evaluating specific areas relating to the internal financial management of HSUS. We were asked to perform our procedures on seven categories:

1. Cash Disbursements
2. A Real Estate Property Purchase Transaction
3. Real Estate Property Tax Payments
4. Employee Benefits
5. Payments to Offices and Directors
6. Officers Life Insurance
7. Donated Tangible Personal Property

The detail procedures performed and the results of our procedures for each of these seven categories follows.

1. CASH DISBURSEMENTS

Procedures

For disbursements made by HSUS, we performed the following procedures:

- . A detailed list was prepared from the HSUS operating account at American Security Bank for all disbursements of \$5,000 or greater made during the period of January 1, 1986 through February 29, 1988.
- . For each remaining bank account known to exist, a list of disbursements was prepared for all disbursements of \$5,000 or greater. For the purposes of these procedures, the listing includes only disbursements from the entire account/portfolio and does not include items for the purchase of securities that remained in the portfolio.

- Standard audit bank confirmations were sent to all banks in which HSUS has known accounts. This procedure was requested to assist the Committee in the identification of other banking arrangements not previously known by the Committee.

Findings

- Disbursements listing for amounts of \$5,000 or greater from the operating account at American Security Bank is presented at Appendix A.
- Disbursements listing for amounts of \$5,000 or greater from HSUS' remaining bank accounts is presented at Appendix B.
- Bank Confirmations have been sent to HSUS banks. As they are returned to us by the banks, they will be forwarded directly to Ms. Harmon.
- In certain instances, bank statements were not available for review during our field work. These unlocated statements consequently limit the completeness of our disbursement listings in the attached appendices. Periods of time for which statements were reviewed have been indicated in the appendices to this report.

2. PROPERTY TRANSACTIONS

Procedures

We were asked to investigate the general ledger recordation of a transaction regarding a piece of property located in Montgomery County, MD. The following was performed:

- The 1987 general ledger and the general journal entry detail were reviewed for real estate property transactions occurring during the year ended December 31, 1987.

Findings

- On May 4, 1987, HSUS settled on a piece of property located at 14670 Seneca Road, Germantown, Maryland. The names of the sellers of this property are Mr. John A. Hoyt and Ms. Gertrude M. Hoyt.
- The purchase price of the property was \$310,000. The buyer (HSUS) purchased the property subject to an existing loan of \$100,000 payable to Ms. Irene C. Evans.

- . The property is recorded at \$310,000 on HSUS general ledger as an asset under the general ledger account titled "Property - Germantown, MD." For HSUS' financial statement reporting purposes this property has been grouped with the property account titled "Evans Property."
- . Settlement charges paid by HSUS totalled \$7,394.

3. PROPERTY TAXES

Procedures

We were asked to identify and document the property taxes HSUS has paid during fiscal years 1986 and 1987. The following procedures were performed:

- . A detail of all taxes paid during the two years ended December 31, 1987 was obtained from HSUS' general ledger. The tax payments were traced to HSUS property section to determine if the property on which HSUS paid taxes is included in their general ledger.

Findings

- . See Appendix C for a detail of all property taxes paid during fiscal years 1986 and 1987. We noted that the majority of payments are for property that is not currently included in the HSUS general ledger. Generally accepted accounting principles require donated assets to be recorded at their fair value at the date of the gift. The value of donated fixed assets on which donor-imposed restrictions prevent their being immediately disposed of should be recorded as contributions in a donor-restricted fund until such time that the restrictions lapse.

4. EMPLOYEE BENEFITS

Procedures

We were asked to perform an analytical review of what appears to the Committee to be a large increase in employee benefits during the year ended December 31, 1987. The following was performed:

- . A schedule of employee benefit costs were prepared based on HSUS' fiscal years 1986 and 1987 general ledgers to obtain information regarding the increase in total employee benefits by major account category.

Findings

- HSUS groups several general ledger accounts to arrive at total employee benefits. The detail of total employee benefits for the years ended December 31, 1987 and 1986 and the yearly fluctuation follows:

<u>General Ledger</u> <u>Account Number and Name</u>	<u>Balance</u> <u>12-31-87</u>	<u>Balance</u> <u>12-31-86</u>	<u>Fluctuation</u> <u>Increase</u>
01-4200 Disability	\$ 5,721	\$ 5,383	\$ 338
01-4210 Pension Plan	43,899	29,961	13,938
01-4220 Hospitalization	142,103	127,519	14,584
01-4230 Other Pension	6,800	1,650	5,150
01-4340 Moving Expense	<u>8,478</u>	<u>2,824</u>	<u>5,654</u>
Total Employee Benefits	\$207,001 =====	\$167,337 =====	\$39,664 =====

- The increase in Pension Plan of \$13,939 is due to two transactions regarding benefit arrangements for Mr. Murdaugh Madden. The first transaction was a purchase of a single life annuity policy from Executive Life Insurance Co. for a total premium of \$60,000. The second transaction involved the cancelation of a life insurance policy and the receipt of the cash surrender value in the amount of \$43,215. The difference between the proceeds and the disbursement is \$16,875.
- The increase in the Hospitalization costs of \$14,584 is due primarily to the increase in insurance premiums. During 1986, we computed and found that the average insurance premium was approximately \$10,000 a month (paid to Connecticut General for health insurance and to BCBNACA for group hospital insurance). From December 1986 to October 1987, HSUS paid Allstate Insurance Company an average monthly insurance premium of approximately \$12,000. For the month of November 1987, the premiums increased significantly to \$21,000. During December 1987, HSUS switched to a new insurance company called State Mutual and paid December's premium of \$7,500.
- The increase in Other Pension Expense of \$5,150 is due to the pension payment to retired employee, Moneta P. Morgan, of \$5,000 per year which began in fiscal year 1987. The other pension payment is to Barbara Myers for \$150 per month.

5. PAYMENTS TO OFFICERS AND DIRECTORS

Procedures

We were requested to make inquiries of payments made to officers and directors of HSUS. The following procedures were performed.

- Based on the limitations of HSUS' computer system, a computerized listing of payments to officers and directors based on a special query was unavailable. Alternatively, all vendor files for fiscal year 1987 were obtained and a listing of disbursements to officers and directors was prepared from this information.
- We noted that several officers and directors have corporate credit cards. A separate list was prepared of total monthly charges made by these individuals from the monthly credit card invoices.

Findings

- The list of payments to officers and directors is presented at Appendix D.
- The list of monthly credit card charges by individual and by credit card is presented at Appendix E.

6. OFFICERS LIFE INSURANCE

Procedures

We were asked to inquire about certain life insurance policies on two officers. The following procedure was performed:

- Per discussion with the Assistant Treasurer, Mr. Samuel Trevino, we noted that two insurance policies have been transferred from HSUS. Mr. Trevino could not identify where the policies had been transferred; however, he could identify the insurance company from which the policies were paid.

Findings

From the vendor files we found payments to the following insurance companies which are believed to be the insurance companies from which the life insurance policies originated:

<u>Insured</u>	<u>Policy Number</u>	<u>Annual Premium</u>
Paul Irwin	██████████	\$2,700
John A. Hoyt	██████████	\$4,000

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The Audit Committee of
Humane Society of the United States

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We noted these premiums were made by HSUS and the check numbers and amounts are:

<u>Check Number</u>	<u>Check Amount</u>
28412	\$4,000
28216	\$2,700

7. PERSONAL PROPERTY

Procedures

We were asked to perform certain procedures regarding donated tangible personal property. The following procedures were performed:

- . Inquiries were made to determine the policies and procedures regarding donated tangible personal property to provide an initial basis for evaluation of the internal accounting controls in place for such donations.
- . A list of donated personal property, which was prepared by HSUS personnel, was obtained and physical inventories were taken of five commercial safe deposit boxes that HSUS uses along with two safes located at the HSUS' offices in Bethesda, MD and Washington, DC.
- . Copies of the bank safe deposit box admission logs were requested of the related bank officials.

Findings

Our inquiries indicate that donated personal property is most likely to be initially recorded by HSUS' General Counsel's office as the majority of such donations arise from bequests and special gifts.

The General Counsel's office maintains case files of each donation that comes to HSUS through that office. At the time such donation is received, the case files are updated and the related donation (whether by check or by tangible personal property) are sent to the HSUS Treasurer or Assistant Treasurer for processing. We were informed that the General Counsel's records are not summarized (by any time period) to provide a means of reconciliation to recorded amounts or to the final disposition of donated tangible personal property. Our discussions indicate that the extent and effectiveness of the accounting procedures and internal control needs to be reviewed.

An internal accounting control weakness develops when the responsibility for recordation and the control over assets are not segregated. When segregation is not practicable, independent verification records should be maintained.

Donated materials of significant amounts should be recorded at their fair value when received, if their omission would cause the statement of support, revenue, and expenses to be misleading and if the organization has an objective, clearly measurable basis for the value. Such recording is necessary to properly account for all transactions of the organization, as well as to obtain stewardship control over all materials received.

- . Inventory of the four safe deposit boxes at American Security Bank was taken on March 30, 1988, in the presence of Mr. Samuel Trevino. The items observed and counted are detailed and presented at Appendix F.
- . Access to the safe located in the Washington, DC HSUS office was requested on March 30, 1988 and was granted on March 31, 1988. We were informed that the delay was due to the fact that there was no person at the HSUS office that could unlock the safe for our purposes. On March 31, 1988, the contents of this safe were counted and are detailed and presented at Appendix G.
- . The personal property items in the safe located in the Bethesda, MD office was observed and counted on March 31, 1988. The contents of the safe are detailed and presented at Appendix H.
- . Inventory of the safe deposit box located at Guardian Safe Deposit, Inc. was observed and counted on March 31, 1988, in the presence of Mr. Murdaugh Madden. The items observed and counted are detailed and presented at Appendix I.

Our procedures did not constitute an examination of HSUS financial statements or any financial statement element or account in accordance with generally accepted auditing standards and, therefore, we do not express an opinion as of any date. Further, our procedures did not comprehend an investigation of internal accounting controls and, as such, our procedures cannot be relied upon to detect errors that might exist but we have reported to you significant matters that we believe should be brought to your attention. Had we performed an examination of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the matters discussed above and does not extend to the financial statements or any financial statement element or account of The Humane Society of the United States.

The Audit Committee of
Humane Society of the United States

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This report is intended solely for the use of management and should not be used for any other purpose. We would be happy to discuss our comments and results with you in greater detail should you have any questions.

Yours truly

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April 4, 1988

Attachments

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

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CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
JANUARY 1986				
20927	12-24-85	POSTMASTER, WASH., D.C.	\$8,500.00	1-2-86
20932	12-27-85	AETNA LIFE & CASUALTY	16,000.00	1-7-86
20859	12-12-85	WORLD SOC. FOR THE PROTECTION OF ANIMALS	10,000.00	1-6-86
20949	12-27-85	ACTION LINE	10,000.00	1-7-86
21032	12-31-85	PORT CITY PRESS, INC.	6,448.36	1-8-86
21045	12-31-85	MOKRYNSKI & ASSOCIATES INC.	155,570.48	1-9-86
21116	1-2-86	NAT'L COALITION TO PROTECT OUR PETS	10,000.00	1-23-86
21129	1-2-86	IDS FINANCIAL SERVICES, INC.	5,000.00	1-15-86
21130	1-2-86	PET ACTION LINE	10,000.00	1-16-86
21197	1-15-86	MELLON BANK	7,537.50	1-23-86
21199	1-16-86	AMERICAN SECURITY BANK	26,460.48	1-17-86
21238	1-22-86	POSTMASTER, WASH., D.C.	7,689.42	1-27-86
21263	1-22-86	CONNECTICUT GENERAL LIFE INSURANCE	7,095.40	1-28-86
FEBRUARY 1986				
21049	12-31-85	MARGARET B. LUSZKI	5,625.07	2-12-86
21191	1-15-86	MEYNER AND LANDIS	13,202.65	2-4-86
21251	1-22-86	ACTION LINE	10,000.00	2-4-86
21288	1-28-86	COLUMBIA DIRECT MARKETING CORP	45,987.38	2-4-86
21302	1-29-86	JUDD & DETWEILER, INC	35,355.74	2-4-86
21312	1-30-86	MARGARET B. LUSZKI	10,000.00	2-12-86
21314	1-31-86	AMERICAN SECURITY BANK	25,277.99	2-3-86
21372	1-31-86	COMMUNICATIONS CORP OF AMERICA	38,990.14	2-11-86
21439	2-1-86	POSTMASTER, WASH., D.C.	24,621.22	2-7-86
21444	2-1-86	IDS FINANCIAL SERVICES, INC	5,083.00	2-12-86
21458	2-7-86	CONNECTICUT GENERAL LIFE INSURANCE	6,753.79	2-18-86
21483	2-12-86	POSTMASTER, WASH., D.C.	6,000.00	2-14-86
21489	2-14-86	ACTION LINE	10,000.00	2-20-86
21497	2-14-86	AMERICAN SECURITY BANK	25,570.17	2-18-86
21513	2-19-86	BOND OFFICE SERVICES	5,460.48	2-27-86
21518	2-19-86	EDITORS PRESS, INC	14,172.43	2-26-86
21534	2-20-86	POSTMASTER, WASH., D.C.	16,255.66	2-24-86
21580	2-25-86	COLUMBIA DIRECT MARKETING CORP	6,313.24	2-28-86
21639	2-28-86	AMERICAN SECURITY BANK	24,831.30	2-28-86
MARCH 1986				
21525	2-19-86	ACTION LINE	10,000.00	3-5-86
21578	2-25-86	MOKRYNSKI & ASSOCIATES	10,339.17	3-5-86
21587	2-26-86	MELLON BANK	215,267.16	3-6-86
21623	2-28-86	PUBLIC BROADCASTING SERVICE	7,277.00	3-6-86
21668	3-3-86	IDS FINANCIAL SERVICES, INC	5,033.00	3-11-86
21677	3-4-86	AWARENESS OF WILDLIFE+ANIMAL RIGHTS	5,000.00	3-11-86
21678	3-4-86	NAT'L COALITION TO PROTECT OUR PETS	7,500.00	3-7-86
21727	3-10-86	POSTMASTER, WASH., D.C.	9,135.00	3-14-86
21738	3-10-86	CONNECTICUT GENERAL LIFE INSURANCE CO	6,779.52	3-17-86

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
21766	3-14-86	AMERICAN SECURITY BANK	24,537.95	3-14-86
21769	3-14-86	D.C. TREASURER	23,060.80	3-19-86
21787	3-14-86	ACTION LINE	10,000.00	3-20-86
21795	3-18-86	POSTMASTER, WASH., D.C.	24,057.00	3-20-86
21820	3-19-86	THOMAS HAVEY & COMPANY	9,000.00	3-25-86
21843	3-21-86	AMERICAN EXPRESS	6,854.18	3-28-86
21850	3-25-86	POSTMASTER, WASH., D.C.	36,540.00	3-31-86
21926	3-28-86	AMERICAN SECURITY BANK	26,124.59	3-31-86

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APRIL 1986

11028430	4-10-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	100,000.00	4-10-86
10816134	4-16-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	100,000.00	4-16-86
11325308	4-28-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	100,000.00	4-28-86
90014329	4-30-86	documentation unlocated	1,000,000.00	4-30-86
10725520	4-30-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	147,000.00	4-30-86
13166	4-28-86	JOHN A. HOYT ACCT# [REDACTED]	9,285.00	4-28-86
13167	4-28-86	PAUL A. IRWIN ACCT# [REDACTED]	9,285.00	4-28-86
21765	3-11-86	POSTMASTER, STRASBURG, VA	17,000.00	4-1-86
21864	3-25-86	ACTION LINE	10,000.00	4-8-86
21879	3-25-86	IMPRESSIONS	10,622.00	4-2-86
21968	4-7-86	IDS FINANCIAL SERVICES	5,133.00	4-14-86
21991	4-7-86	EDITORS PRESS	13,634.14	4-11-86
22034	4-8-86	THOMAS HAVEY & COMPANY	10,000.00	4-14-86
22037	4-8-86	ACTION LINE	10,000.00	4-14-86
22067	4-11-86	GIVENS & WILLIAMS, INC.	9,538.75	4-18-86
22089	4-14-86	D.C. DEPT OF EMPLOYMENT SERVICES	5,863.79	4-22-86
22096	4-15-86	COLUMBIA FIRST FEDERAL S&L	250,000.00	4-17-86
22097	4-15-86	COLUMBIA FIRST FEDERAL S&L	250,000.00	4-17-86
22106	4-15-86	BOND OFFICE SERVICES	5,601.19	4-28-86
22111	4-15-86	COLUMBIA DIRECT MARKETING CORP	16,462.71	4-23-86
22152	4-15-86	CONNECTICUT GENERAL LIFE INSURANCE CO.	7,011.64	4-22-86
22153	4-15-86	AMERICAN SECURITY BANK	25,556.03	4-16-86
22156	4-18-86	AMERICAN EXPRESS	6,663.27	4-25-86

MAY 1986

00000309	5-1-86	CONN. GEN. LIFE INS. CO. ACCT#019202	1,221,366.63	5-1-86
90012452	5-1-86	documentation unlocated	1,000,175.00	5-1-86
11200841	5-1-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	84,000.00	5-1-86
10809856	5-5-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	1,000,000.00	5-6-86
11008234	5-7-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	64,000.00	5-7-86
10933448	5-21-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	100,000.00	5-21-86
10628277	5-22-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	90,000.00	5-22-86
11725871	5-28-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	150,000.00	5-28-86
22188	4-24-86	POSTMASTER, WASH., D.C.	13,600.00	5-9-86
22192	4-28-86	POSTMASTER, WASH., D.C.	13,509.17	5-1-86
22211	4-28-86	ACTION LINE	10,000.00	5-5-86
22232	4-29-86	COLUMBIA DIRECT MARKETING CORP	17,990.30	5-2-86

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
22242	4-29-86	MOUNT JACKSON PRESS, INC	47,466.96	5-22-86
22247	4-29-86	MOKRYNSKI & ASSOCIATES INC.	7,792.80	5-6-86
22274	4-30-86	AMERICAN SECURITY BANK	28,509.81	5-1-86
22340	5-5-86	SELIGMAN SECURITIES, INC.	847,633.24	5-8-86
22383	5-6-86	ACTION LINE	10,000.00	5-13-86
22398	5-7-86	POSTMASTER, WASH., D.C.	8,541.82	5-12-86
22413	5-7-86	UNITED COMPUTER SALES, INC.	14,250.00	5-15-86
22416	5-8-86	SELIGMAN SECURITIES, INC.	151,756.83	5-13-86
22417	5-8-86	CONNECTICUT GENERAL LIFE INSURANCE	6,779.52	5-13-86
22419	5-8-86	IDS FINANCIAL SERVICES	5,133.00	5-14-86
22435	5-14-86	DUTCHER, WITT AND SIDOTI	5,000.00	5-27-86
22444	5-19-86	AMERICAN SECURITY BANK	24,965.46	5-19-86
22448	5-19-86	FOLEY, HOAG AND ELIOT	5,080.12	5-28-86
22499	5-20-86	POSTMASTER, WASH., D.C.	22,468.70	5-23-86
22502	5-20-86	CORPORATE PRESS	8,607.75	5-27-86
22519	5-20-86	CHIARAMONTE	9,728.00	5-28-86
22520	5-28-86	IMPRESSIONS	9,685.00	5-28-86
22523	5-20-86	MOUNT JACKSON PRESS, INC.	17,261.00	5-27-86
22551	5-21-86	CAPITAL MAILING SERVICES	7,474.66	5-27-86
22554	5-21-86	DIRECT MAIL LITHOGRAPHERS	24,937.90	5-27-86
22559	5-21-86	JENSEN PRESS, INC.	17,468.99	5-28-86
22568	5-21-86	SMITH LITHOGRAPH CORP	5,995.33	?
22570	5-21-86	TRI-STATE ENVELOPE OF MD, INC	11,380.00	?
22575	5-23-86	WESTVACO US ENVELOPE DIVISION	11,115.87	5-29-86

JUNE 1986

11523564	6-2-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	50,000.00	6-2-86
10717811	6-27-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	77,000.00	6-27-86
DM	6-25-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	100,000.00	6-25-86
22561	5-21-86	ACTION LINE	10,000.00	6-5-86
22564	5-21-86	OLE ENVELOPE CORPORATION	10,648.85	6-9-86
22601	5-28-86	COLUMBIA DIRECT MARKETING CORP	26,883.25	6-9-86
22622	5-29-86	AMERICAN EXPRESS	7,847.29	6-3-86
22625	5-29-86	POSTMASTER, WASHINGTON, D.C.	37,845.00	6-3-86
22626	5-30-86	AMERICAN SECURITY BANK	26,385.06	6-2-86
22658	6-2-86	IDS FINANCIAL SERVICES	5,133.00	6-9-86
22670	5-30-86	DOUBLE ENVELOPE CORP	36,037.44	6-13-86
22749	6-3-86	ACTION LINE	10,000.00	6-16-86
22761	6-5-86	CONNECTICUT GENERAL LIFE INS CO	6,559.54	6-10-86
22809	6-16-86	AMERICAN SECURITY BANK	25,527.21	6-16-86
22811	6-16-86	MERRILL LYNCH, PIERCE, FENNER & SMITH	22,876.11	6-18-86
22846	6-16-86	POSTMASTER, WASHINGTON, D.C.	8,061.29	6-19-86
22852	6-18-86	POSTMASTER, WASHINGTON, D.C.	20,000.00	6-23-86
22854	6-18-86	GIVENS & WILLIAMS	6,051.00	6-24-86
22862	6-18-86	CORPORATE PRESS	6,920.50	6-24-86
22864	6-18-86	EDITORS PRESS	16,014.39	6-23-86
22870	6-18-86	HOMART PRESS & ENVELOPE CO	6,813.75	6-23-86
22876	6-19-86	BURRITT MUTUAL SAVINGS BANK	7,258.16	6-26-86

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HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
22888	6-23-86	BOND OFFICE SERVICES, INC.	5,813.92	6-27-86
22890	6-23-86	COLUMBIA DIRECT MARKETING	17,884.19	6-30-86
22893	6-23-86	IMPRESSIONS	7,098.00	6-27-86
22904	6-24-86	CAPITAL MAILER	7,055.00	6-26-86
22911	6-24-86	AMERICAN EXPRESS	17,540.57	6-30-86

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JULY 1986

11808727	7-3-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	100,000.00	7-3-86
20536576	7-25-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	17,000.00	7-25-86
20539286	7-28-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	30,000.00	7-28-86
		documentation unlocated	16,000.00	7-7-86
DM	7-8-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	60,000.00	7-8-86
13482	6-30-86	PHYLLIS E. WRIGHT	7,428.00	7-16-86
22868	6-18-86	THOMAS HAVEY & CO	13,053.00	7-21-86
22895	6-23-86	ACTION LINE	10,000.00	7-1-86
22943	6-25-86	NAT'L COALITION TO PROTECT OUR PETS	7,500.00	7-2-86
22951	6-27-86	AETNA LIFE & CASUALTY	13,500.00	7-3-86
22977	6-30-86	AMERICAN SECURITY BANK	27,283.24	7-1-86
22979	6-30-86	POSTMASTER, STRASBURG, VA	15,000.00	7-8-86
23023	6-30-86	TRI-STATE ENVELOPE OF MD INC.	5,230.00	7-8-86
23060	7-1-86	IDS FINANCIAL SERVICES, INC.	5,158.00	7-9-86
23061	7-1-86	ACTION LINE	10,000.00	7-10-86
23106	7-10-86	CONNECTICUT GENERAL LIFE INSURANCE CO	6,533.47	7-15-86
23155	7-16-86	AMERICAN SECURITY BANK	25,038.36	7-17-86
23171	7-16-86	GENERAL REPAIR SERVICES, INC.	6,436.84	7-23-86
23184	7-18-86	POSTMASTER, WASHINGTON, D.C.	6,333.38	7-30-86
23198	7-18-86	CREATIVE PROCESSING SYSTEMS, INC.	7,346.95	7-23-86
23199	7-18-86	CORPORATE PRESS	7,924.25	7-24-86
23200	7-18-86	AMERICAN EXPRESS	12,030.61	7-24-86

AUGUST 1986

21706566	8-6-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	120,000.00	8-6-86
20422860	8-8-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	65,000.00	8-8-86
90004866		documentation unlocated	1,188,984.38	8-15-86
90004967		documentation unlocated	1,190,348.41	8-22-86
20532614	8-27-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	25,000.00	8-27-86
20822410		documentation unlocated	56,000.00	8-28-86
22944	6-25-86	WORLD SOC. FOR THE PROTECTION OF ANIMALS	5,000.00	8-14-86
23186	7-18-86	A.W.A.R.E.	5,000.00	8-4-86
23205	7-18-86	ACTION LINE	10,000.00	8-4-86
23231	7-23-86	POSTMASTER, WASH. D.C.	12,000.00	8-6-86
23265	7-29-86	MOUNT JACKSON PRESS	48,302.07	8-6-86
23287	7-30-86	COLUMBIA DIRECT MARKETING CORP	9,576.59	8-5-86
23332	7-30-86	WORLD SOC. FOR THE PROTECTION OF ANIMALS	10,000.00	8-15-86
23379	8-1-86	IDS/AMERICAN EXPRESS INC	5,180.00	8-6-86
23407	-7-86	ANDREWS OFFICE PRODUCTS	5,015.10	8-14-86
23421	8-7-86	PET ACTION LINE	10,000.00	8-18-86

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
23469	8-15-87	CONNECTICUT GENERAL LIFE INSURANCE CO		
23486	8-18-86	AMERICAN SECURITY BANK	6,805.59	8-22-86
23498	8-18-86	MERRILL LYNCH, PIERCE, FENNER & SMITH	25,469.95	8-19-86
23503	8-20-86	CAPITAL MAILING SERVICES	88,957.19	8-20-86
23504	8-20-86	POSTMASTER, WASH. D.C.	9,552.21	8-25-86
			14,072.94	8-22-86

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SEPTEMBER 1986

10104764	9-5-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]		
21707452	9-8-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	35,000.00	9-5-86
21300924	9-10-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	80,000.00	9-8-86
20731215	9-16-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	10,000.00	9-10-86
90006307		documentation-unlocated (wire transfer)	21,000.00	9-16-86
21313927	9-22-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	1,196,139.79	9-22-86
20930795	9-23-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	24,000.00	9-22-86
20538432	9-25-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	23,000.00	9-23-86
20629097	9-26-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	33,000.00	9-25-86
20531646	9-29-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	10,000.00	9-26-86
20919481	9-30-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	30,000.00	9-29-86
23562	8-25-86	COLUMBIA DIRECT MARKETING CORP	240,000.00	9-30-86
23564	8-24-86	POSTMASTER, WASH., D.C.	14,620.94	9-3-86
23570	8-25-86	D.C. TREASURER	38,250.00	9-2-86
23574	8-25-86	AMERICAN EXPRESS	25,598.00	9-8-86
23588	8-25-86	NBI	7,306.61	9-3-86
23604	8-25-86	PET ACTION LINE	22,303.40	9-2-86
23642	8-29-86	AMERICAN SECURITY BANK	10,000.00	9-5-86
23664	8-29-86	PEAKE PRINTERS	24,763.82	9-2-86
23681	9-2-86	IDS FINANCIAL SERVICES, INC.	34,668.00	9-5-86
23787	9-9-86	PET ACTION LINE	5,158.00	9-5-86
23806	9-11-86	CONN. GEN. LIFE INS. CO.	10,000.00	9-19-86
23807	9-12-86	CONN. GEN. LIFE INS. CO.	11,333.09	9-18-86
23844	9-15-86	AMERICAN SECURITY BANK	32,770.00	9-16-86
23862	9-15-86	EDITORS PRESS, INC	24,801.65	9-16-86
23865	9-15-86	HEARST CORP	16,713.39	9-19-86
23893	9-22-87	BCBSNCA	8,232.25	9-23-86
23904	9-22-86	CAPITAL MAILER	5,220.28	9-30-86
23905	9-22-86	POSTMASTER, WASH., D.C.	7,000.00	9-25-86
23914	9-22-86	AMERICAN EXPRESS	8,000.00	9-26-86
			8,395.34	9-29-86

OCTOBER 1986

10200726	10-10-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	27,000.00	10-10-86
14044367	10-28-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	45,000.00	10-28-86
14414	10-30-86	JOHN A. HOYT	5,000.00	10-30-86
23712	9-3-86	POSTMASTER, STIRLING, NJ	6,265.69	10-14-86
23911	9-22-86	SOC. FOR ANIMAL PROTECTIVE LEGISLATION	5,000.00	10-8-86
23918	9-24-86	COLUMBIA S&L	11,476.68	10-2-86
23936	9-24-86	PET ACTION LINE	10,000.00	10-1-86
23966	9-25-86	POSTMASTER, STRASBURG, VA	17,000.00	10-3-86

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
23973	9-30-86	AMERICAN SECURITY BANK	25,705.92	10-2-86
23980	9-30-86	CAPITAL MAILERS	15,216.33	10-9-86
23996	9-30-86	BOND OFFICE SERVICES, INC.	6,999.97	10-9-86
24002	9-30-86	COLUMBIA DIRECT MARKETING CORP	9,745.93	1-3-86
24098	10-1-86	WALTER J. KLEIN COMPANY, LTD	36,667.00	10-7-86
24099	10-2-86	INCARNATE WORLD COLL- A.F. LEE CHAIR	25,000.00	10-8-86
24160	10-9-86	PET ACTION LINE	10,000.00	10-17-86
24175	10-9-86	PEAKE PRINTERS	11,254.00	10-16-86
24189	10-9-86	COUNCIL FOR LIVESTOCK PROTECTION	34,000.00	10-20-86
24191	10-14-86	ALL STATE INS CO	12,000.00	10-28-86
24193	10-14-86	CONN. GEN. LIFE INS. CO.	11,241.55	10-20-86
24235	10-14-86	HEARST MAGAZINE	8,067.60	10-22-86
24284	10-15-86	AMERICAN SECURITY BANK	24,334.60	10-16-86
24291	10-16-86	CORPORATE PRESS, INC.	6,325.50	10-23-86
24312	10-29-86	POSTMASTER, WASH., D.C.	7,441.80	10-31-86
24326	10-24-86	AMERICAN EXPRESS	7,129.83	10-31-86
24347	10-24-86	PET ACTION LINE	10,000.00	10-31-86
24387	10-29-86	COLUMBIA DIRECT MARKETING CORP	68,076.54	10-31-86
24397	10-31-86	AMERICAN SECURITY BANK	27,053.29	10-31-86

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NOVEMBER 1986

10119144	11-10-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	40,000.00	11-10-86
223	11-21-86	BEARSTERNS ACCT# [REDACTED] WIRE TRANSFER	1,125,000.00	11-21-86
21213911	11-24-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	19,000.00	11-24-86
24154	10-7-86	WORKING WOMEN	7,957.60	11-13-86
24349	10-24-86	MOUNT JACKSON PRESS, INC.	48,781.45	11-5-86
24364	10-24-86	TRAY BUSINESS SYSTEMS, INC.	8,913.10	11-4-86
24382	10-29-86	POSTMASTER, NEW HYDE PARK, NY	46,103.65	11-5-86
24383	10-29-86	SPECIALTY DIRECT MARKETING, INC.	50,000.00	11-4-86
24504	11-4-86	PET ACTION LINE	10,000.00	11-18-86
24526	11-4-86	METNER AND LANDIS	37,717.94	11-14-86
24537	11-6-86	POSTMASTER, NEW HYDE PARK, NY	126,237.65	11-13-86
24620	11-14-86	AMERICAN SECURITY BANK	23,870.01	11-17-86
24622	11-14-86	POSTMASTER, NEW HYDE PARK, NY	91,913.45	11-19-86
24623	11-14-86	SPECIALTY DIRECT MARKETING	50,000.00	11-19-86
24626	11-14-86	COLUMBIA DIRECT MARKETING CORP	33,500.00	11-17-86
24630	11-14-86	C V HIARAMONTE	10,092.00	11-21-86
24655	11-17-86	SPECIALTY DIRECT MARKETING, INC.	50,000.00	11-26-86
24661	11-18-86	POSTMASTER, NEW HYDE PARK, NY	30,276.54	11-26-86
24694	11-20-86	COLUMBIA DIRECT MARKETING CORP	30,675.00	11-21-86
24709	11-24-86	AMERICAN EXPRESS	1,450,448.00	11-28-86
24774	11-26-86	AMERICAN SECURITY BANK	23,743.32	11-26-86

DECEMBER 1986

21320461	12-8-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	19,000.00	12-8-86
21147860	12-9-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	12,000.00	12-9-86
20900268	12-11-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	198,000.00	12-11-86

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
20824961	12-12-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	20,000.00	12-12-86
21104685	12-15-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	25,000.00	12-15-86
20823695	12-16-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	44,000.00	12-16-86
20802017	12-18-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	50,000.00	12-18-86
21006715	12-19-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	300,000.00	12-19-86
20804876	12-23-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	17,000.00	12-23-86
21103108	12-24-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	70,000.00	12-24-86
20838983	12-26-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	70,000.00	12-26-86
21301636	12-29-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	27,000.00	12-29-86
10512626	12-30-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	125,000.00	12-30-86
20917248	12-31-86	DEBIT MEMO. TRANSFER TO ACCT [REDACTED]	700,000.00	12-31-86
14732	12-15-86	MONETA P. MORGAN	6,000.00	12-24-86
24719	11-24-86	PET ACTION LINE	10,000.00	12-4-86
24731	11-24-96	SOUTHERN AUDIO/VISUAL	5,106.60	12-4-86
24748	11-25-86	COLUMBIA DIRECT MARKETING CORP	6,669.74	12-2-86
24766	11-25-86	TRIPLEX DIRECT MARKETING CORP	33,622.49	12-4-86
24771	11-26-87	SPECIALTY DIRECT MARKETING CORP	100,000.00	12-1-86
24772	11-26-86	POSTMASTER, NEW HYDE PARK, NY	52,380.39	12-8-86
24776	11-26-86	POSTMASTER, WASH., D.C.	10,000.00	12-1-86
24777	11-26-86	MANHATTEN LIFE	6,700.00	12-8-86
24778	11-26-86	RENEWAL NATURAL RESOURCES INC.	34,352.00	12-1-86
24825	12-2-86	COLUMBIA DIRECT MARKETING CORP	30,000.00	12-9-86
24833	12-4-86	ALLSTATE GROUP INS	9,230.80	12-11-86
24859	12-4-86	DORAL HOTEL ON-THE-OCEAN	18,219.19	12-18-86
24877	12-5-86	PET ACTION LINE	10,000.00	12-12-86
24882	12-9-86	CCA BOSTON, VIRGINIA	24,816.43	12-11-86
24885	12-9-86	POSTMASTER, WASH., D.C.	14,223.83	12-11-86
24886	12-9-86	MARGARET LUSZKI	5,039.73	12-22-86
24904	12-10-86	SPECIALTY DIRECT MARKETING CORP	100,000.00	12-16-86
24905	12-10-86	COLUMBIA DIRECT MARKETING CORP	75,000.00	12-12-86
24916	12-10-86	SPECIALTY PRINTER OF AMERICA	74,627.49	12-18-86
24949	12-11-86	POSTMASTER, WASH., D.C.	14,727.76	12-17-86
24957	12-16-86	AMERICAN SECURITY BANK	25,785.26	12-17-86
24959	12-16-86	DPC CORP	8,292.75	12-19-86
24997	12-17-86	SPECIALTY DIRECT MARKETING CORP	78,884.91	12-26-86
24998	12-17-86	COLUMBIA DIRECT MARKETING CORP	101,356.51	12-19-86
25010	12-17-86	COLUMBIA DIRECT MARKETING CORP	46,939.60	12-19-86
25021	12-19-86	POSTMASTER, WASH., D.C.	20,000.00	12-23-86
25051	12-22-86	AETNA LIFE INS CO	16,000.00	12-31-86
25058	12-23-86	MICHIGAN HUMANE SOCIETY	25,000.00	12-31-86

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HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
JANUARY 1987				
20808891		documentation unlocated	\$35,000.00	1-2-87
21012262		documentation unlocated	\$20,000.00	1-5-87
20512783		documentation unlocated	\$100,000.00	1-6-87
21247153		documentation unlocated	\$20,000.00	1-7-87
20766241		documentation unlocated	\$80,000.00	1-8-87
21504318		documentation unlocated	\$100,000.00	1-9-87
11404409		documentation unlocated	\$50,000.00	1-12-87
10111213		documentation unlocated	\$90,000.00	1-13-87
21130954		documentation unlocated	\$71,000.00	1-14-87
21009406		documentation unlocated	\$15,000.00	1-15-87
20802098		documentation unlocated	\$25,000.00	1-16-87
14854	1-2-87	JOHN A. HOYT	\$7,428.00	1-2-87
14959	1-20-87	JOHN A. HOYT	\$13,927.50	1-20-87
14960	1-20-87	PAUL G. IRWIN	\$13,927.50	1-20-87
25000	12-17-86	PET ACTION LINE	\$10,000.00	1-13-87
25023	12-22-86	WSPA	\$5,000.00	1-16-87
25060	12-23-86	POSTMASTER, STRASBURG, VA	\$14,000.00	1-2-87
25074	12-29-86	CORPORATE PRESS	\$15,653.73	1-8-87
25075	12-29-86	COLUMBIA DIRECT MARKETING CORP	\$10,921.51	1-6-87
25080	12-29-86	DPC CORPORATION	\$6,132.45	1-6-87
25085	12-29-86	HOMART PRESS & ENVELOPE COMPANY, INC.	\$5,650.00	1-7-87
25126	12-31-86	HOMART PRESS & ENVELOPE COMPANY, INC.	\$31,613.13	1-7-87
25137	12-30-86	AMERICAN SECURITY BANK	\$24,733.62	1-2-87
25148	12-31-86	COLUMBIA DIRECT MARKETING CORP	\$15,436.47	1-9-87
25152	12-31-86	AMERICAN EXPRESS	\$10,603.75	1-8-87
25213	12-31-86	MARGARET B. LUSZKI	\$6,028.22	1-20-87
25220	12-31-86	TRI-STATE ENVELOPE	\$5,085.95	1-14-87
25221	1-2-87	MARGARET B. LUSZKI	\$10,000.00	1-20-87
25223	1-2-87	COMPUGRAPHICS CORPORATION	\$44,233.25	1-28-87
25226	1-2-87	MONETA P. MORGAN	\$5,000.00	1-13-87
25256	1-2-87	MELLON BANK	\$70,000.00	1-14-87
25264	1-7-87	ALLSTATE INSURANCE COMPANIES	\$14,056.26	1-14-87
25301	1-12-87	PET ACTION LINE	\$10,000.00	1-21-87
25331	1-14-87	RECEIVABLE FUNDING CORP	\$6,773.39	1-22-87
25333	1-15-87	PROPETS	\$10,000.00	1-22-87
25334	1-15-87	ANIMAL RIGHTS INTERNAT'L	\$10,000.00	1-21-87
25335	1-15-87	WALTER J. KLEIN COMPANY	\$36,666.00	1-21-87
25337	1-15-87	AMERICAN SECURITY BANK	\$27,080.86	1-16-87
25348	1-16-87	TRAY BUSINESS SYSTEMS, INC.	\$11,738.23	1-29-87
25357	1-20-87	DPC CORPORATION	\$6,423.05	1-28-87
25360	1-20-87	HEARST MAGAZINES DIVISION	\$8,067.60	1-29-87
25367	1-22-87	HELEN HARDENBROOK	\$6,000.00	1-29-87

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FEBRUARY 1987

10203458	2-2-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$25,000.00	2-2-87
10340444	2-6-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$50,000.00	2-6-87

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
13985	2-10-87	DEBIT MEMO TRANSFER TO [REDACTED]		
1818		documentation unlocated	\$35,000.00	2-10-87
5350	2-13-87	DEBIT MEMO TRANSFER TO [REDACTED]	\$59,000.00	2-11-87
2148	2-24-87	DEBIT MEMO TRANSFER TO [REDACTED]	\$30,000.00	2-13-87
0302	2-27-87	RETURNED CHECK DEBIT	\$180,000.00	2-24-87
5347	1-16-87	CULTURE & ANIMALS FOUNDATION	\$5,000.00	2-27-87
5374	1-28-87	COLUMBIA DIRECT MARKETING CORP	\$5,000.00	2-5-87
5376	1-28-87	COMMUNICATIONS CORPORATION OF AMERICA	\$16,477.27	2-3-87
5395	1-28-87	PET ACTION LINE	\$33,059.46	2-3-87
5420	1-30-87	AMERICAN SECURITY BANK	\$10,000.00	2-4-87
5433	2-2-87	HELEN HARDENBROOK	\$31,114.10	2-2-87
5454	2-3-87	AMERICAN EXPRESS	\$6,000.00	2-23-87
5463	2-3-87	JUDD'S INCORPORATED	\$14,569.74	2-6-87
5471	2-3-87	ALLSTATE LIFE INSURANCE	\$58,216.61	2-11-87
5476	2-3-87	POSTMASTER, WASHINGTON, D.C.	\$12,073.32	2-10-87
5480	2-4-87	POSTMASTER, HARTFORD, CONN.	\$46,634.40	2-10-87
5481	2-4-87	SILCOCKS PLASTICS INTERNAT'L	\$13,449.14	2-17-87
5485	2-10-87	PET ACTION LINE	\$8,334.18	2-12-87
5513	2-17-87	SPECIALTY DIRECT MARKETING	\$10,000.00	2-19-87
5519	2-17-87	AMERICAN SECURITY BANK	\$5,103.42	2-20-87
5521	2-17-87	POSTMASTER, WASHINGTON, D.C.	\$25,879.85	2-17-87
5522	2-19-87	POSTMASTER, TAMPA	\$7,275.90	2-23-87
5526	2-20-87	CAPITAL MAILERS	\$5,000.00	2-25-87
5563	2-24-87	PORT CITY PRESS, INC.	\$10,044.27	2-26-87
			\$6,728.59	2-27-87

MARCH 1987

5573	3-9-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]		
5572	3-11-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$18,000.00	3-9-87
5576	3-12-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$65,000.00	3-11-87
5575	3-13-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$14,000.00	3-12-87
5575	3-16-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$85,000.00	3-13-87
5572	3-19-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$47,000.00	3-16-87
5576	3-20-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$35,000.00	3-19-87
5578	3-23-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$30,000.00	3-20-87
5576	3-26-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$65,000.00	3-23-87
5574	3-27-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$30,000.00	3-26-87
5574	2-20-87	ALIANIZ & SONS	\$14,000.00	3-27-87
5575	2-24-87	PET ACTION LINE	\$6,681.56	3-5-87
5575	3-2-87	AMERICAN SECURITY BANK	\$10,000.00	3-3-87
5575	3-2-87	HELEN HARDENBROOK	\$25,875.93	3-2-87
5575	3-3-87	MARIAN ROSENTHAL KOCH FUND, INC.	\$6,000.00	3-10-87
5575	3-5-87	IDS FINANCIAL SERVICES	\$5,000.00	3-16-87
5575	3-6-87	ALLSTATE LIFE INSURANCE CO.	\$5,135.00	3-11-87
5575	3-10-87	EDITORS PRESS, INC.	\$10,764.95	3-11-87
5575	3-10-87	PET ACTION LINE	\$20,697.89	3-16-87
5575	3-10-87	XEROX CORP COLUMBUS OHIO	\$10,000.00	3-18-87
5575	3-11-87	RUSSIAN TRAVEL BUREAU INC.	\$6,326.56	3-16-87
5575	3-11-87	NAT'L ASSOC FOR THE ADVMT OF HUMANE ED	\$6,972.00	3-26-87
			\$5,000.00	3-11-87

DRAFT

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
5888	3-16-87	AMERICAN SECURITY BANK		
5904	3-17-87	COLUMBIA DIRECT MARKETING CORP	\$25,533.75	3-16-87
5922	3-17-87	PRINTERS II	\$5,967.26	3-19-87
5984	3-23-87	D.C. TREASURER	\$6,358.68	3-25-87
5004	3-23-87	POSTMASTER, STRASBURG, VA	\$25,598.30	3-23-87
5005	3-23-87	PET ACTION LINE	\$17,000.00	3-30-87
5088	3-31-87	AMERICAN SECURITY BANK	\$10,000.00	3-31-87
			\$26,738.17	3-31-87

DRAFT

APRIL 1987

700	4-3-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]		
917	4-7-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$12,000.00	4-3-87
148	4-8-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$9,000.00	4-7-87
156	4-10-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$25,000.00	4-8-87
119	4-16-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$50,000.00	4-10-87
16	4-23-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$65,000.00	4-16-87
49	4-24-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$250,000.00	4-23-87
21	4-27-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$59,000.00	4-24-87
46	4-28-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$22,000.00	4-27-87
12	4-29-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$20,000.00	4-28-87
1	2-27-87	POSTMASTER, SACRAMENTO, CA	\$28,000.00	4-29-87
5	3-18-87	COMMITTEE TO ABOLISH SPORT HUNTING	\$6,236.03	4-2-87
3	3-31-87	ALANIZE & SONS	\$10,000.00	4-7-87
4	3-31-87	ALANIZE & SONS	\$8,842.83	4-8-87
7	3-31-87	AMERICAN EXPRESS	\$13,643.03	4-9-87
2	3-31-87	BOND OFFICE SERVICES	\$10,233.08	4-3-87
3	3-31-87	CORPORATE PRESS	\$7,350.77	4-6-87
	3-31-87	CAPITAL MAILERS	\$26,937.05	4-8-87
	3-31-87	COLUMBIA DIRECT MARKETING CORP	\$5,948.35	4-6-87
	3-31-87	POSTMASTER, WASH., D.C.	\$10,601.67	4-6-87
	4-1-87	HELEN HARDENBROOK	\$47,233.99	4-3-87
	4-1-87	GRAPHIC INNOVATIONS	\$6,000.00	4-8-87
	4-7-87	ALLSTATE GROUP INSURANCE	\$91,983.99	4-21-87
	4-7-87	IDS FINANCIAL SERVICES, INC.	\$12,135.35	4-16-87
	4-7-87	PET ACTION LINE	\$5,705.00	4-14-87
	4-15-87	AMERICAN SECURITY BANK	\$10,000.00	4-16-87
	4-22-87	EDITORS PRESS, INC.	\$25,656.18	4-15-87
	4-22-87	FOLEY, HOAG & ELIOT	\$17,644.16	4-29-87
	4-22-87	GIVENS & WILLIAMS, INC.	\$6,678.25	4-30-87
			\$25,458.00	4-30-87

MAY 1987

5-1-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]		
5-1-87	documentation unlocated (wire transfer)	\$200,000.00	5-1-87
5-7-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$220,000.00	5-4-87
5-8-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$120,000.00	5-7-87
5-11-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$30,000.00	5-8-87
5-13-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$50,000.00	5-11-87
5-18-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$10,000.00	5-13-87
		\$100,000.00	5-18-87

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

DRAFT

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
20728924	5-29-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]		
26276	4-13-87	POSTMASTER, STIRLING, NJ	\$13,000.00	5-29-87
26302	4-22-87	DOUBLE ENVELOPE CORPORATION	\$8,662.35	5-5-87
26348	4-22-87	PET ACTION LINE	\$5,126.55	5-4-87
26408	4-30-87	ALLSTATE GROUP INSURANCE	\$10,000.00	5-1-87
26417	4-30-87	CONNECTICUT GENERAL LIFE INS. CO.	\$12,079.23	5-18-87
26432	4-30-87	JUDD'S INCORPORATED	\$86,500.00	5-21-87
26465	4-30-87	AMERICAN EXPRESS	\$56,424.74	5-4-87
26500	5-1-87	HELEN HARDENBROOK	\$12,984.76	5-5-87
26533	5-5-87	IDS FINANCIAL SERVICES INC.	\$6,000.00	5-11-87
26554	5-5-87	DOUBLE ENVELOPE CORPORATION	\$5,705.00	5-11-87
26569	5-5-87	PET ACTION LINE	\$37,404.20	5-22-87
26597	5-6-87	V CHIRAMONTE	\$10,000.00	5-11-87
26600	5-11-87	PHYLLIS WRIGHT	\$13,720.00	5-11-87
26631	5-12-87	JANE GOODALL INSTITUTE	\$60,000.00	5-11-87
26633	5-12-87	GRAPHIC INNOVATIONS	\$10,000.00	5-26-87
26634	5-12-87	ALANIZ & SONS	\$10,388.84	5-20-87
26640	5-18-87	AMERICAN SECURITY BANK	\$17,097.71	5-18-87
26646	5-18-87	ALANIZ & SONS	\$26,324.23	5-19-87
26648	5-18-87	BOND OFFICE SERVICES, INC.	\$18,371.93	5-26-87
26674	5-21-87	POSTMASTER, WASHINGTON, D.C.	\$8,642.31	5-26-87
26520	5-4-87	AMERICAN SECURITY BANK	\$41,551.00	5-29-87
			\$25,680.37	5-4-87

JUNE 1987

20932894	6-26-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$9,000.00	6-26-87
21620926	6-2-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$190,000.00	6-2-87
21320949	6-4-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$140,000.00	6-4-87
21139280	6-5-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$75,000.00	6-5-87
20819279	6-11-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$18,000.00	6-11-87
21105060	6-12-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$5,000.00	6-12-87
20909047	6-22-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$65,000.00	6-22-87
20619747	6-24-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$17,000.00	6-24-87
20600245	6-25-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$60,000.00	6-25-87
20533267	6-29-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$5,000.00	6-29-87
20459011	6-30-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$13,000.00	6-30-87
26722	5-26-87	CORPORATE PRESS	\$6,118.76	6-2-87
16127	6-23-87	PAUL G. IRWIN	\$5,490.57	6-25-87
26680	5-29-87	AMERICAN SECURITY BANK	\$26,733.59	6-2-87
26682	5-29-87	POSTMASTER, WASH., D.C.	\$5,619.19	6-3-87
26735	5-26-87	HOMART PRESS & ENVELOPE	\$19,939.95	6-3-87
26786	5-29-87	AMERICAN EXPRESS	\$9,103.51	6-5-87
26807	5-29-87	PET ACTION LINE	\$10,000.00	6-5-87
26839	6-2-87	IDS FINANCIAL SERVICES INC.	\$5,595.00	6-11-87
26847	6-2-87	CORNET/ MTI FILM AND VIDEO, INC.	\$8,332.50	6-8-87
26863	6-2-87	HELEN HARDENBROOK	\$6,000.00	6-12-87
26894	6-2-87	COLUMBIA DIRECT MARKETING CORP	\$7,513.16	6-5-87
26896	6-2-87	ALLSTATE GROUP INSURANCE	\$11,815.14	6-11-87
26966	6-9-87	EDITORS PRESS	\$18,518.41	6-16-87
26968	6-10-87	ALANIZ & SONS	\$18,708.97	6-22-87

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

DRAFT

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
27010	6-15-87	NBI		
27025	6-16-87	AMERICAN SECURITY BANK	\$20,759.00	6-19-87
27030	6-23-87	THOMAS HAVEY & CO., CPAs	\$27,095.45	6-16-87
27036	6-23-87	BOND OFFICE SERVICES	\$17,000.00	6-25-87
27041	6-23-87	COLUMBIA DIRECT MARKETING CORP	\$8,686.40	6-25-87
27065	6-23-87	POSTMASTER, WASH., D.C.	\$23,438.24	6-29-87
27094	6-23-87	PET ACTION LINE	\$8,025.61	6-26-87
27107	6-24-87	POSTMASTER, STRASBURG, VA	\$10,000.00	6-25-87
27118	6-24-87	TRI-STATE ENVELOPE	\$17,000.00	6-30-87
27119	6-24-87	PRINTERS II INC.	\$10,256.77	6-30-87
27070	6-23-87	PET ACTION LINE	\$5,676.75	6-30-87
			\$10,000.00	6-30-87

JULY 1987

20904610	7-3-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$16,000.00	7-3-87
21133504	7-7-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$51,000.00	7-7-87
20911176	7-8-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$30,000.00	7-8-87
20807405	7-9-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$66,000.00	7-9-87
20631054	7-10-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$5,000.00	7-10-87
21112038	7-13-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$130,000.00	7-13-87
21204466	7-16-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$270,000.00	7-16-87
20615702	7-22-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$50,000.00	7-22-87
10126174	7-28-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$10,000.00	7-28-87
27039	6-23-87	CORPORATE PRESS	\$12,329.95	7-1-87
27113	6-24-87	AMERICAN EXPRESS	\$19,488.93	7-3-87
27115	6-24-87	ALANIZ & SONS	\$28,702.33	7-2-87
27143	6-30-87	QLES ENVELOPE CORPORATION	\$7,380.23	7-3-87
27189	6-30-87	AMERICAN SECURITY BANK	\$27,494.01	7-1-87
27215	7-1-87	HELEN HARDENBROOK	\$6,000.00	7-16-87
27245	7-7-87	AETNA LIFE & CASUALTY	\$16,000.00	7-10-87
27246	7-7-87	ALLSTATE GROUP INSURANCE	\$12,753.44	7-13-87
27263	7-7-87	IDS FINANCIAL SERVICES	\$5,329.00	7-13-87
27271	7-7-87	QLES ENVELOPE CORPORATION	\$6,411.25	7-9-87
27272	7-7-87	PET ACTION LINE	\$10,000.00	7-23-87
27303	7-9-87	POSTMASTER, WASH., D.C.	\$7,270.00	7-13-87
27326	7-14-87	TRANSAMERICA TELEMARKETING, INC.	\$6,227.67	7-17-87
27345	7-14-87	COLUMBIA DIRECT MARKETING	\$18,572.19	7-16-87
27358	7-14-87	ALANIZ & SONS	\$13,296.59	7-20-87
27366	7-15-87	AMERICAN SECURITY BANK	\$26,329.98	7-17-87
27380	7-16-87	POSTMASTER, WASH., D.C.	\$15,709.76	7-20-87
27383	7-16-87	WORLD SOC. FOR THE PROT. OF ANIMALS	\$5,100.00	7-31-87
27384	7-16-87	WORLD SOC. FOR THE PROT. OF ANIMALS	\$15,000.00	7-31-87
27403	7-21-87	ALANIZ & SONS	\$25,373.33	7-30-87
27419	7-23-87	RPOPETS	\$5,000.00	7-28-87
27511	7-31-87	AMERICAN SECURITY BANK	\$27,428.22	7-31-87

AUGUST 1987

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
21323523	8-5-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$17,000.00	8-5-87
20903566	8-5-87	DEBIT FOR DEPOSIT OF NON-NEGOT. ITEM	\$27,675.00	8-5-87
20809360	8-6-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$42,000.00	8-6-87
21227256	8-7-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$12,000.00	8-7-87
99717669	8-7-87	documentation unlocated (ret. check)	\$15,000.00	8-12-87
20601319	8-20-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$7,000.00	8-20-87
21007038	8-24-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$200,000.00	8-24-87
20814660	8-25-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$16,000.00	8-25-87
20532291	8-28-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$37,000.00	8-28-87
27396	7-21-87	PET ACTION LINE	\$10,000.00	8-4-87
27418	7-21-87	SCHLOTT REALTORS	\$8,027.50	8-21-87
27423	7-21-87	MARGARET LUSZKI	\$5,882.86	8-20-87
27461	7-28-87	HELEN HARDENBROOK	\$6,000.00	8-10-87
27506	7-28-87	NBI INC.	\$32,281.60	8-3-87
27507	7-28-87	AMERICAN EXPRESS	\$18,903.53	8-7-87
27577	8-4-87	PRINTERS II INCORPORATED	\$6,289.49	8-12-87
27599	8-4-87	IBM	\$21,000.00	8-13-87
27603	8-4-87	ALLSTATE LIFE INSURANCE	\$11,319.38	8-12-87
27604	8-4-87	IDS FINANCIAL SERVICES	\$5,279.00	8-11-87
27631	8-11-87	POSTMASTER, WASH., D.C.	\$48,165.07	8-12-87
27638	8-11-87	POSTMASTER, SACRAMENTO, CA	\$6,563.11	8-31-87
27650	8-11-87	PET ACTION LINE	\$10,000.00	8-18-87
27706	8-17-87	AMERICAN SECURITY BANK	\$27,550.81	8-17-87
27759	8-21-87	ANIMAL RIGHTS INTERNATIONAL	\$10,000.00	8-26-87
27782	8-25-87	NBI	\$6,850.83	8-31-87
27790	8-25-87	AMERICAN SECURITY BANK	\$81,247.50	8-26-87

SEPTEMBER 1987

20529048	9-16-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$10,000.00	9-16-87
21125981	9-3-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$30,000.00	9-3-87
20743117	9-14-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$100,000.00	9-14-87
20705424	9-17-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$30,000.00	9-17-87
10127573	9-22-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$150,000.00	9-22-87
20518723	9-24-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$85,000.00	9-24-87
20617177	9-28-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$200,000.00	9-28-87
20710621	9-29-87	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$110,000.00	9-29-87
27655	8-11-87	NORTHERN TELECOM	\$10,000.00	9-8-87
27713	8-18-87	THOMAS HAVEY & CO.	\$5,200.00	9-14-87
27770	8-25-87	POSTMASTER, STIRLING, NJ	\$9,149.32	9-2-87
27779	8-25-87	M&B PRINTING	\$11,147.70	9-1-87
27789	8-25-87	PET ACTION LINE	\$10,000.00	9-1-87
27833	9-1-87	ALANIZ & SONS	\$53,074.87	9-8-87
27882	9-1-87	ALANIZ & SONS	17764.22	9-11-87
27892	9-1-87	HELEN HARDENBROOK	\$6,000.00	9-9-87
27921	9-1-87	D.C. TREASURER	\$23,466.80	9-28-87
27933	9-1-87	AMERICAN SECURITY BANK	\$26,592.56	9-3-87
27944	9-1-87	TRI-STATE ENVELOPE	\$18,897.50	9-9-87

DRAFT

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

DRAFT

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
27951	9-1-87	UNEXPECTED WILDLIFE REFUGE.		
27977	9-8-87	AMERICAN EXPRESS	\$5,000.00	9-10-87
27979	9-8-87	COLUMBIA DIRECT MARKETING CORPORATION	\$10,883.50	9-15-87
28032	9-8-87	PEAKE PRINTERS	\$21,500.05	9-16-87
28035	9-9-87	POSTMASTER, WASH. . D.C.	\$44,145.00	9-18-87
28046	9-16-87	AMERICAN SECURITY BANK	\$10,051.31	9-11-87
28055	9-15-87	IDS FINANCIAL SERVICES	\$26,640.62	9-17-87
28063	9-15-87	ALLSTATE LIFE INSURANCE CO.	\$5,279.00	9-22-87
28066	9-15-87	DESKS & FURNISHINGS	\$12,404.48	9-22-87
28087	9-15-87	CREATIVE PROCESSING SYSTEMS, INC.	\$5,726.57	9-29-87
28093	9-15-87	XEROX CORPORATION	\$10,713.13	9-25-87
28144	9-15-87	POSTMASTER, WASH. . D.C.	\$11,073.29	9-22-87
28147	9-15-87	AMERICAN FILM STUDIOS, INC.	\$31,454.41	9-23-87
28224	9-15-87	POSTMASTER, WASH. . D.C.	\$5,000.00	9-29-87
28225	9-15-87	POSTMASTER, STRASBURG, VA	\$8,511.30	9-24-87
			\$13,000.00	9-29-87

OCTOBER 1987

16008	10-5-87	DEBIT MEMO TRANSFER TO AC [REDACTED]		
12487	10-13-87	DEBIT MEMO TRANSFER TO AC [REDACTED]	\$133,000.00	10-5-87
5712	10-14-87	DEBIT MEMO TRANSFER TO AC [REDACTED]	\$40,000.00	10-13-87
5332	10-21-87	DEBIT MEMO TRANSFER TO AC [REDACTED]	\$24,000.00	10-14-87
0466	10-22-87	DEBIT MEMO TRANSFER TO AC [REDACTED]	\$18,000.00	10-21-87
5584	10-27-87	DEBIT MEMO TRANSFER TO AC [REDACTED]	\$11,000.00	10-22-87
1734	10-29-87	DEBIT MEMO TRANSFER TO AC [REDACTED]	\$45,000.00	10-27-87
1054	9-15-87	VAUGHAN AND DALE	\$5,000.00	10-29-87
074	9-15-87	PET ACTION LINE	\$6,317.50	10-1-87
155	9-22-87	COLUMBIA DIRECT MARKETING CORP.	\$10,000.00	10-7-87
197	9-22-87	ESSEX PRINTING COMPANY	\$23,246.07	10-6-87
206	9-22-87	TROPLEX DIRECT MARKETING CORP	\$5,140.80	10-5-87
227	9-25-87	EXECUTIVE LIFE INSURANCE COMPANY	\$7,903.18	10-8-87
40	9-29-87	USA TODAY	\$60,000.00	10-9-87
06	10-1-87	HELEN HARDENBROOK	\$17,958.00	10-16-87
26	10-1-87	AMERICAN EXPRESS	\$6,000.00	10-8-87
43	10-1-87	AMERICAN SECURITY BANK	\$11,638.35	10-5-87
7	10-6-87	ALANIZ & SONS INCORPORATED	\$31,656.82	10-5-87
12	10-6-87	ALLSTATE LIFE INSURANCE CO.	\$70,089.44	10-15-87
0	10-6-87	THE CONDE NAST PUBLICATIONS	\$12,906.55	10-14-87
4	10-6-87	IDS FINANCIAL SERVICES	\$8,729.84	10-15-87
8	10-6-87	PEAKE PRINTERS	\$5,179.00	10-14-87
0	10-6-87	TRISTATE ENVELOPE CORPORATION	\$7,661.00	10-15-87
3	10-13-87	BOND OFFICE SERVICES, INC.	\$10,105.00	10-15-87
0	10-13-87	COLUMBIA DIRECT MARKETING CORP.	\$10,004.91	10-21-87
1	10-13-87	DIRECT MAIL LITHOGRAPHERS, INC.	\$5,188.38	10-16-87
	10-14-87	POSTMASTER, WASH. D.C.	\$13,418.39	10-23-87
	10-16-87	AMERICAN SECURITY BANK	\$10,218.48	10-16-87
	10-20-87	DESKS & FURNISHINGS	\$27,419.97	10-19-87
	10-22-87	PAUL G. IRWIN	\$8,972.16	10-27-87
			\$50,000.00	10-23-87

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

DRAFT

CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
10-23-87	POSTMASTER, WASH. D.C.	\$8,300.68	10-27-87
10-26-87	PAUL G. IRWIN	\$35,000.00	10-29-87
10-28-87	PET ACTION LINE	\$10,000.00	10-30-87

NOVEMBER 1987

11-6-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$53,000.00	11-6-87
11-10-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$13,000.00	11-10-87
11-19-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$5,000.00	11-19-87
11-20-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$17,000.00	11-20-87
11-30-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$630,000.00	11-30-87
10-20-87	GRAPHIC INNOVATIONS	\$5,631.93	11-2-87
10-27-87	AMERICAN EXPRESS	\$11,141.55	11-13-87
10-27-87	NORTHERN TELECOM	\$13,870.00	11-2-87
10-27-87	RENEWABLE NATURAL RESOURCES FOUND.	\$5,782.51	11-3-87
10-27-87	POSTMASTER, NEW HYDE PARK, NY	\$45,500.99	11-3-87
10-27-87	TRAY BUSINESS SYSTEMS	\$13,148.16	11-10-87
11-1-87	HELEN HARDENBROOK	\$6,000.00	11-12-87
10-30-87	PET ACTION LINE	\$10,000.00	11-10-87
11-2-87	AMERICAN SECURITY BANK	\$25,497.80	11-3-87
11-3-87	CORPORATE PRESS, INC.	\$6,884.95	11-10-87
11-3-87	JUDD'S INCORPORATED	\$75,243.92	11-10-87
11-3-87	POSTMASTER, NEW HYDE PARK, NY	\$86,467.75	11-13-87
11-3-87	DONIHE GRAPHICS, INC.	\$21,679.00	11-5-87
11-3-87	ALLSTATE LIFE INSURANCE COMPANY	\$21,116.26	11-13-87
11-3-87	IDS FINANCIAL SERVICES, INC.	\$5,179.00	11-10-87
11-5-87	POSTMASTER, WASH. D.C.	\$10,000.00	10-9-87
11-5-87	WALTER J. KLIEN	\$36,667.00	11-24-87
11-10-87	PET ACTION LINE	\$10,000.00	11-17-87
11-10-87	POSTMASTER, NEW HYDE PARK, NY	\$257,617.37	11-16-87
11-12-87	COLUMBIA DIRECT MARKETING CORP.	\$14,701.68	11-13-87
11-12-87	AMERICAN SECURITY BANK	\$24,000.00	11-17-87
11-16-87	AMERICAN SECURITY BANK	\$25,501.03	11-27-87
11-17-87	POSTMASTER, NEW HYDE PARK, NY	\$35,117.06	

DECEMBER 1987

12-3-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$100,000.00	12-3-87
12-11-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$47,000.00	12-11-87
12-14-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$46,000.00	12-14-87
12-21-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$69,000.00	12-21-87
12-23-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$100,000.00	12-23-87
12-29-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$56,000.00	12-29-87
12-30-87	DEBIT MEMO TRANSFER TO ACC [REDACTED]	\$29,000.00	12-30-87
12-24-87	NATIONAL ENQUIRER	\$10,404.17	12-7-87
12-10-87	STATE MUTUAL	\$7,500.00	12-30-87
12-10-87	check unlocated (POSTMASTER, WDC)	\$5,434.00	12-3-87

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

DRAFT

CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
12-4-87	IMPRESSIONS	\$7,765.00	12-4-87
12-7-87	RENEWABLE NATURAL RESOURCES	\$11,775.25	12-7-87
12-9-87	HELEN HARDENBROOK	\$6,000.00	12-9-87
12-7-87	AMERICAN EXPRESS	\$27,240.05	12-7-87
12-4-87	COLUMBIA DIRECT MARKETING CORPORATION	\$40,000.00	12-4-87
12-7-87	COLUMBIA DIRECT MARKETING CORPORATION	\$60,569.10	12-7-87
12-9-87	V. CHIARAMONTE	\$14,932.00	12-9-87
12-9-87	ADMIRAL PACKAGING, INC.	\$31,524.00	12-9-87
12-8-87	SPECIALTY PRINTERS OF AMERICA	\$36,706.02	12-8-87
12-9-87	THE OFFSET HOUSE	\$31,200.00	12-9-87
12-10-87	TRIPLEX DIRECT MARKETING CORPORATION	\$45,491.26	12-10-87
12-8-87	UARCO INCORPORATED	\$46,276.46	12-8-87
12-8-87	DAVID J. THOMPSON MAILING CORP	\$14,191.15	12-8-87
12-9-87	WESTVACO US ENVELOPE DIVISION	\$36,723.22	12-9-87
12-8-87	IBM	\$12,820.00	12-8-87
12-3-87	AMERICAN SECURITY BANK	\$26,572.51	12-3-87
12-4-87	POSTMASTER, WASH. , D.C.	\$25,313.96	12-4-87
12-11-87	POSTMASTER, NEW HYDE PARK, NY	\$36,686.03	12-11-87
12-14-87	COLUMBIA DIRECT MARKETING CORPORATION	\$60,000.00	12-14-87
12-17-87	ADMIRAL PACKAGING INC.	\$31,827.00	12-17-87
12-23-87	ADAMS HILTON	\$18,514.64	12-23-87
12-14-87	COLUMBIA DIRECT MARKETING CORPORATION	\$74,273.60	12-14-87
12-14-87	COLUMBIA DIRECT MARKETING CORPORATION	\$160,330.40	12-14-87
12-14-87	COLUMBIA DIRECT MARKETING CORPORATION	\$16,690.07	12-14-87
12-10-87	POSTMASTER, WASH. , D.C.	\$18,775.88	12-10-87
12-15-87	IDS FINANCIAL SERVICES, INC	\$5,179.00	12-15-87
12-15-87	PET ACTION LINE	\$10,000.00	12-15-87
12-18-87	PET ACTION LINE	\$10,000.00	12-18-87
12-16-87	RENEWABLE NATURAL RESOURCES FOUND.	\$11,775.25	12-16-87
12-23-87	THE OFFSET HOUSE	\$31,200.00	12-23-87
12-23-87	SPECIALTY PRINTERS OF AMERICA	\$36,706.02	12-23-87
12-17-87	COLUMBIA DIRECT MARKETING CORPORATION	\$54,850.00	12-17-87
12-21-87	DAVID J. THOMPSON MAILING CORP	\$136,740.57	12-21-87
12-21-87	DAVID J. THOMPSON MAILING CORP	\$10,457.78	12-21-87
12-17-87	COLUMBIA DIRECT MARKETING CORPORATION	\$24,444.71	12-17-87
12-21-87	DOUBLE ENVELOPE CORPORATION	\$11,856.78	12-21-87
12-22-87	DONIHUE GRAPHICS	\$66,595.08	12-22-87
12-24-87	VORYS, SATTR, SEYMORE & PEASE	\$13,662.76	12-24-87
12-21-87	AMERICAN SECURITY BANK	\$25,584.69	12-21-87
12-23-87	POSTMASTER, WASH. , D.C.	\$14,631.60	12-23-87
12-30-87	POSTMASTER, STRASBURG, VA	\$21,000.00	12-30-87

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

DRAFT

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
JANUARY 1988				
21125048	1-11-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$49,000.00	1-11-88
10102780	1-4-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$170,000.00	1-4-88
20715458	1-14-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$40,000.00	1-14-88
20728893	1-15-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$64,000.00	1-15-88
21010512	1-19-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$130,000.00	1-19-88
20836479	1-21-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$100,000.00	1-21-88
20633991	1-22-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$100,000.00	1-22-88
21005001	1-25-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$200,000.00	1-25-88
20707241	1-26-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$110,000.00	1-26-88
20540201	1-27-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$125,000.00	1-27-88
20734014	1-28-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$25,000.00	1-28-88
20829476	1-29-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$60,000.00	1-29-88
29598	1-12-88	TRISTATE ENVELOPE CORPORATION	\$19,361.37	1-29-88
17456	12-24-87	MURDAUGH MADDEN	\$5,000.00	1-6-88
17579	1-20-88	JOHN HOYT	\$13,873.50	1-20-88
17580	1-20-88	PAUL G. IRWIN	\$13,873.50	1-20-88
29396	12-22-87	XEROX CORP	\$7,182.15	1-4-88
29400	12-22-87	KENNETH HARRIS & HIS ATTY JAS E SHEETS	\$12,500.00	1-7-88
29409	12-23-87	POSTMASTER, WASH., D.C.	\$5,000.00	1-5-88
29425	12-22-87	AMERICAN EXPRESS	\$9,622.46	1-5-88
29430	12-29-87	COLUMBIA DIRECT MARKETING CORP	\$14,098.34	1-4-88
29437	12-29-87	DPC CORPORATION	\$7,076.60	1-5-88
29438	12-29-87	COLUMBIA DIRECT MARKETING CORP	\$45,295.40	1-4-88
29451	12-29-87	THE OFFSET HOUSE	\$31,200.00	1-14-88
29453	12-29-87	PET ACTION LINE	\$10,000.00	1-12-88
29462	12-29-87	SPECIALTY PRINTERS OF AMERICA	\$36,706.61	1-8-88
29469	12-29-87	TRIPLEX DIRECT MARKETING	\$17,745.63	1-11-88
29470	12-29-87	TRIPLEX DIRECT MARKETING	\$6,387.62	1-11-88
29471	12-29-87	WESTVACO US ENVELOPE DIVISION	\$18,361.62	1-6-88
29484	12-29-87	UARCO	\$63,580.79	1-11-88
29486	12-29-87	COMPUGRAPHIC CORPORATION	\$5,621.15	1-12-88
29487	1-4-88	AMERICAN SECURITY BANK	\$27,569.06	1-5-88
29495	12-31-87	CORPORATE PRESS	\$10,027.95	1-19-88
29538	12-31-87	POSTMASTER, WASH., D.C.	\$11,508.90	1-7-88
29580	1-4-88	IMPRESSIONS	\$10,860.00	1-21-88
29592	1-12-88	DAVID J THOMPSON MAILING CORP	\$24,952.20	1-28-88
29594	1-12-88	PRINTERS II	\$6,483.46	1-27-88
29613	1-20-88	DPC CORPORATION	\$10,036.55	1-26-88
29650	1-20-88	POSTMASTER, WASH., D.C.	\$16,747.61	1-22-88
29765	1-4-88	HELEN HARDENBROOK	\$6,000.00	1-12-88
29784	1-4-88	MONETA P. MORGAN	\$5,000.00	1-13-88
29794	1-4-88	RENEWABLE NATURAL RESOURCES	\$11,775.25	1-7-88
29795	1-4-88	POSTMASTER	\$27,315.05	1-11-88
29798	1-6-88	JANE GOODALL INSTITUTE	\$5,000.00	1-25-88
29800	1-5-87	NAT'L ASSOC FOR THE ADVMT OF HUMANE EDUC	\$5,000.00	1-14-88
29813	1-12-88	AETNA LIFE INSURANCE & ANNUITY CO.	\$16,000.00	1-19-88

HUMANE SOCIETY OF THE UNITED STATES
AMERICAN SECURITY BANK
ACCOUNT [REDACTED]

DRAFT

CHECK NUMBER	CHECK DATE	PAYEE	CHECK AMOUNT	CLEARING DATE
29825	1-12-88	IDS FINANCIAL SERVICES, INC.	\$5,479.00	1-21-88
29865	1-20-88	AMERICAN SECURITY BANK	\$29,996.01	1-21-88

FEBRUARY 1988

20807703	2-1-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$9,000.00	2-1-88
21230364	2-3-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$175,000.00	2-3-88
20936731	2-8-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$11,000.00	2-8-88
20773522	2-9-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$14,000.00	2-9-88
20529884	2-16-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$85,000.00	2-16-88
20818111	2-23-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$50,000.00	2-23-88
20707857	2-24-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$26,000.00	2-24-88
20406962	2-29-88	DEBIT MEMO TRANSFER TO ACCT [REDACTED]	\$6,000.00	2-29-88
29687	1-28-88	PROLITH INTERNATIONAL INC	\$5,278.50	2-4-88
29688	1-28-88	DAVID J THOMPSON MAILING CORP	\$10,112.81	2-5-88
29689	1-28-88	COMMUNICATIONS CORPORATION OF AMERICA	\$22,312.26	2-4-88
29691	1-28-88	DPC CORPORATION	\$5,775.94	2-3-88
29698	1-28-88	JUDD'S INCORPORATED	\$62,332.36	2-4-88
29703	1-28-88	THE ACTION LINE GROUP, INC.	\$8,333.33	2-5-88
29731	1-28-88	MARGARET LUSZKI	\$10,000.00	2-11-88
29733	2-1-88	RENEWABLE NATURAL RESOURCES FOUNDATION	\$11,775.25	2-5-88
29743	2-1-88	HELEN HARDENBROOK	\$6,000.00	2-4-88
29881	1-20-88	COLUMBIA DIRECT MARKETING CORP	\$37,551.12	2-4-88
29910	2-1-88	POSTMASTER, WASH., D.C.	\$52,827.97	2-2-88
29922	2-1-88	IDS FINANCIAL SERVICES, INC.	\$5,479.00	2-8-88
29929	2-1-88	AMERICAN EXPRESS	\$7,131.59	2-8-88
29934	2-2-88	AMERICAN SECURITY BANK	\$34,070.13	2-3-88
29943	2-2-88	ADMIRAL PACKAGING, INC.	\$43,160.03	2-9-88
29950	2-4-88	POSTMASTER	\$26,891.76	2-10-88
29956	2-16-88	POSTMASTER, WASH., D.C.	\$5,000.00	2-17-88
29960	2-9-88	POSTMASTER, SACRAMENTO, CA	\$8,172.33	2-26-88
29966	2-8-88	ALANIZ & SONS	\$38,880.10	2-19-88
29974	2-8-88	COLUMBIA DIRECT MARKETING CORP	\$9,144.60	2-12-88
30074	2-17-88	AMERICAN SECURITY BANK	\$30,895.24	2-18-88
30085	2-17-88	THE ACTION LINE GROUP, INC.	\$8,333.00	2-19-88
30088	2-17-88	COLUMBIA DIRECT MARKETING CORP	\$17,578.52	2-19-88
30117	2-23-88	STATE MUTUAL LIFE ASSURANCE CO OF AMERICA	\$8,660.73	2-29-88
30141	2-22-88	PRINTERS II	\$7,641.81	2-29-88
30144	2-24-88	POSTMASTER, WASH., D.C.	\$5,000.00	2-5-88

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

Statement Date	Transaction Date	Disbursement Amount	Description

SOVRAN BANK			
Account [REDACTED] 3569			
10/31/87 (1st stmt)		No disbursements greater than \$5,000	
11/30/87		No disbursements greater than \$5,000	
12/31/87		No disbursements greater than \$5,000	
1/31/88		No disbursements greater than \$5,000	
2/29/88		No disbursements greater than \$5,000	

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No other statements available for examination

HUMAN SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

APPENDIX B
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Statement Date	Transaction Date	Disbursement Amount	Description
<hr/>			
AMERICAN SECURITY BANK			
Account [REDACTED] 478			
12/31/87		No disbursements greater than \$5,000	
1/29/88		No disbursements greater than \$5,000	
2/29/88		No disbursements greater than \$5,000	

No other statements available for examination

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HUMAN SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

Statement Date	Transaction Date	Disbursement Amount	Description
<hr/>			
AMERICAN SECURITY BANK			
Account ████████-263			
1/1/87-3/31/87		No disbursements greater than \$5,000	
4/1/87-6/30/87		No disbursements greater than \$5,000	
7/1/87-9/30/87		No disbursements greater than \$5,000	
9/30/87-12/31/87		No disbursements greater than \$5,000	

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No other statements available for examination

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

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Statement Date	Transaction Date	Disbursement Amount	Description
COLUMBIA FIRST FS&L			
Account: [REDACTED] 07-8			
Savings book for FY'86 & FY'87		No disbursements greater than \$5,000	
Account: [REDACTED] 6-87			
Savings book for FY'86 & FY'87	1/13/86	9,000.00	Represents additional salary incentives paid to P. Irwin and J. Hoyt. Funds transferred in from Mellon Bank and checks paid to P. Irwin and J. Hoyt.
	1/23/86	14,000.00	
	1/13/87	14,000.00	
	1/20/87	10,000.00	
	1/19/88	24,000.00	

Account [REDACTED] 240-6

FY'86 & FY'87 No disbursements greater than \$5,000

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

Statement Date	Transaction Date	Disbursement Amount	Description

AMERICAN SECURITIES BANK			
Account [REDACTED] 890			
3/31/87-4/30/87		No disbursements greater than \$5,000	
4/30/87-5/30/87		No disbursements greater than \$5,000	
5/30/87-6/30/87		No disbursements greater than \$5,000	
6/30/87-7/31/87		No disbursements greater than \$5,000	
7/31/87-8/31/87		No disbursements greater than \$5,000	
8/31/87-9/30/87		No disbursements greater than \$5,000	
9/30/87-10/31/87		No disbursements greater than \$5,000	
10/31/87-11/30/87		No disbursements greater than \$5,000	
11/30/87-12/31/87		No disbursements greater than \$5,000	

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No other statements available for examination

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

APPENDIX B
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Statement Date	Transaction Date	Disbursement Amount	Description
AMERICAN SECURITY BANK			
Account 9875			
12/31/85-1/31/86	1/21/86	100,000.00	Transfer to checking account 920
1/31/86-2/28/86	2/5/86	90,000.00	Transfer to checking account 920
	2/13/86	75,000.00	Transfer to checking account 920
2/28/86-3/31/86	3/07/86	150,000.00	Transfer to checking account 920
3/31/86-4/30/86	4/01/86	50,000.00	Transfer to checking account 920
	4/18/86	360,000.00	Transfer to checking account 920
	4/21/86	200,000.00	Transfer to checking account 920
4/30/86-5/31/86	5/2/86	40,000.00	Transfer to checking account 920
	5/5/86	30,000.00	Transfer to checking account 920
	5/9/86	815,000.00	Transfer to checking account 920
	5/14/86	150,000.00	Transfer to checking account 920
	5/23/86	20,000.00	Transfer to checking account 920
5/31/86-6/30/86	6/11/86	100,000.00	Transfer to checking account 920
	6/13/86	140,000.00	Transfer to checking account 920
6/30/86-7/31/86	7/1/86	150,000.00	Transfer to checking account 920
	7/9/86	28,000.00	Transfer to checking account 920
	7/16/86	17,000.00	Transfer to checking account 920
	7/18/86	50,000.00	Transfer to checking account 920
	7/30/86	6,000.00	Transfer to checking account 920
7/31/86-8/31/86	8/1/86	21,000.00	Transfer to checking account 920
	8/4/86	17,000.00	Transfer to checking account 920
	8/7/86	70,000.00	Transfer to checking account 920
	8/18/86	30,000.00	Transfer to checking account 920
	8/21/86	31,000.00	Transfer to checking account 920
	8/20/86	55,000.00	Transfer to checking account 920
	8/26/86	50,000.00	Transfer to checking account 920
	8/28/86	56,000.00	Transfer to checking account 920
	8/29/86	7,000.00	Transfer to checking account 920
8/31/86-9/30/86	9/2/86	20,000.00	Transfer to checking account 920
	9/3/86	100,000.00	Transfer to checking account 920
	9/4/86	198,000.00	Transfer to checking account 920
	9/9/86	30,000.00	Transfer to checking account 920
	9/17/86	110,000.00	Transfer to checking account 920
	9/18/86	25,000.00	Transfer to checking account 920
9/30/86-10/31/86	10/3/86	51,000.00	Transfer to checking account 920
	10/6/86	26,000.00	Transfer to checking account 920
	10/9/86	50,000.00	Transfer to checking account 920
	10/16/86	28,000.00	Transfer to checking account 920
	10/17/86	50,000.00	Transfer to checking account 920
	10/21/86	30,000.00	Transfer to checking account 920
10/31/86-11/30/86	11/3/86	29,000.00	Transfer to checking account 920
	11/5/86	100,000.00	Transfer to checking account 920
	11/6/86	98,000.00	Transfer to checking account 920
	11/14/86	125,000.00	Transfer to checking account 920
	11/17/86	70,000.00	Transfer to checking account 920

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

APPENDIX B
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AMERICAN SECURITY BANK

DRAFT

Account	Transaction Date	Disbursement Amount	Description
75 (continued)			
	11/18/86	40,000.00	Transfer to checking account -920
	11/19/86	49,000.00	Transfer to checking account -920
	11/20/86	99,000.00	Transfer to checking account -920
11/30/86-12/31/86	11/28/86	100,000.00	Transfer to checking account -920
	12/1/86	20,000.00	Transfer to checking account -920
	12/2/86	99,000.00	Transfer to checking account -920
	12/17/86	21,000.00	Transfer to checking account -920
	12/22/86	75,000.00	Transfer to checking account -920
12/31/86-1/31/87	1/19/87	65,000.00	Transfer to checking account -920
	1/30/87	30,000.00	Transfer to checking account -920
1/31/87-2/28/87	2/3/87	35,000.00	Transfer to checking account -920
	2/4/87	50,000.00	Transfer to checking account -920
	2/5/87	8,000.00	Transfer to checking account -920
	2/11/87	59,000.00	Transfer to checking account -920
	2/12/87	60,000.00	Transfer to checking account -920
	2/17/87	24,000.00	Transfer to checking account -920
2/28/87-3/31/87	2/18/87	60,000.00	Transfer to checking account -920
	3/17/87	75,000.00	Transfer to checking account -920
3/31/87-4/30/87	3/31/87	35,000.00	Transfer to checking account -920
	4/1/87	35,000.00	Transfer to checking account -920
	4/6/87	56,000.00	Transfer to checking account -920
	4/9/87	35,000.00	Transfer to checking account -920
	4/15/87	7,000.00	Transfer to checking account -920
	4/17/87	24,000.00	Transfer to checking account -920
	4/20/87	13,000.00	Transfer to checking account -920
	4/22/87	85,000.00	Transfer to checking account -920
	4/30/87	1,146,000.00	Paid the the Humane Society of the United States -920
4/30/87-5/31/87	5/1/87	400,000.00	Transfer to fund new trust account -920
	5/4/87	220,000.00	Transfer to checking account -920
	5/5/87	100,000.00	Transfer to checking account -920
	5/12/87	80,000.00	Transfer to checking account -920
	5/19/87	11,000.00	Transfer to checking account -920
	5/20/87	50,000.00	Transfer to checking account -920
	5/22/87	38,000.00	Transfer to checking account -920
	5/26/87	32,000.00	Transfer to checking account -920
5/31/87-6/30/87	5/27/87	50,000.00	Transfer to checking account -920
	6/1/87	50,000.00	Transfer to checking account -920
	6/3/87	50,000.00	Transfer to checking account -920
	6/9/87	12,000.00	Transfer to checking account -920
	6/10/87	15,000.00	Transfer to checking account -920
	6/16/87	27,000.00	Transfer to checking account -920
	6/17/87	52,000.00	Transfer to checking account -920
	6/23/87	23,000.00	Transfer to checking account -920
6/30/87-7/31/87	6/8/87	11,000.00	Transfer to checking account -920
	7/1/87	35,000.00	Transfer to checking account -920
	7/2/87	36,000.00	Transfer to checking account -920
	7/6/87	35,000.00	Transfer to checking account -920
	7/14/87	10,000.00	Transfer to checking account -920
	7/20/87	50,000.00	Transfer to checking account -920

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

AMERICAN SECURITY BANK

APPENDIX B
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Account	Transaction Date	Disbursement Amount	Description	
7/31/87-8/31/87	7/21/87	17,000.00	Transfer to checking account	920
	7/31/87	100,000.00	Transfer to checking account	920
	8/3/87	20,000.00	Transfer to checking account	920
	8/4/87	55,000.00	Transfer to checking account	920
	8/13/87	150,000.00	Transfer to checking account	920
	8/14/87	80,000.00	Transfer to checking account	920
	8/17/87	16,000.00	Transfer to checking account	920
	8/18/87	55,000.00	Transfer to checking account	920
	8/27/87	74,000.00	Transfer to checking account	920
8/31/87-9/30/87	8/31/87	6,000.00	Transfer to checking account	920
	9/1/87	23,000.00	Transfer to checking account	920
	9/2/87	50,000.00	Transfer to checking account	920
	9/4/87	34,000.00	Transfer to checking account	920
	9/9/87	58,000.00	Transfer to checking account	920
	9/10/87	23,000.00	Transfer to checking account	920
	9/18/87	50,000.00	Transfer to checking account	920
	9/21/87	20,000.00	Transfer to checking account	920
	9/23/87	25,000.00	Transfer to checking account	920
9/30/87-10/31/87	9/30/87	32,000.00	Transfer to checking account	920
	10/1/87	12,000.00	Transfer to checking account	920
	10/6/87	25,000.00	Transfer to checking account	920
	10/7/87	21,000.00	Transfer to checking account	920
	10/8/87	12,000.00	Transfer to checking account	920
	10/15/87	24,000.00	Transfer to checking account	920
	10/16/87	109,000.00	Transfer to checking account	920
	10/19/87	13,000.00	Transfer to checking account	920
	10/23/87	5,000.00	Transfer to checking account	920
10/31/87-11/30/87	10/26/87	35,000.00	Transfer to checking account	920
	11/2/87	37,000.00	Transfer to checking account	920
	11/3/87	37,000.00	Transfer to checking account	920
	11/4/87	96,000.00	Transfer to checking account	920
	11/12/87	159,000.00	Transfer to checking account	920
	11/13/87	6,000.00	Transfer to checking account	920
	11/16/87	210,000.00	Transfer to checking account	920
	11/17/87	7,000.00	Transfer to checking account	920
11/30/87-12/31/87	11/18/87	251,000.00	Transfer to checking account	920
	12/1/87	20,000.00	Transfer to checking account	920
	12/2/87	13,000.00	Transfer to checking account	920
	12/7/87	128,000.00	Transfer to checking account	920
	12/8/87	62,000.00	Transfer to checking account	920
	12/9/87	117,000.00	Transfer to checking account	920
	12/10/87	50,000.00	Transfer to checking account	920
	12/15/87	249,000.00	Transfer to checking account	920
	12/16/87	14,000.00	Transfer to checking account	920
	12/17/87	14,000.00	Transfer to checking account	920
	12/22/87	80,000.00	Transfer to checking account	920

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

DRAFT

Statement Date	Transaction Date	Disbursement Amount	Description

PERPETUAL SAVINGS BANK			
Account [REDACTED] 567			
3/31/87		No disbursements greater than \$5,000	
6/30/87		No disbursements greater than \$5,000	
12/31/87		No disbursements greater than \$5,000	

No other statements available for examination

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

APPENDIX B
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Statement Date	Transaction Date	Disbursement Amount	Description
RIGGS NATIONAL BANK			
Account [REDACTED] 7-01 reserve fund			
1/30/87	1/30/87	9,738.84	Remit to HSUS reserve fund
2/27/87	2/5/87	37,537.50	Riggs Money Mkt - time deposit
2/27/87	2/26/87	14,093.99	Riggs Money Mkt - time deposit
2/27/87	2/27/87	4,360.07	Remit to HSUS reserve fund
3/31/87	3/5/87	30,366.59	Riggs Money Mkt - time deposit
3/31/87	3/10/87	36,904.64	Riggs Money Mkt - time deposit
3/31/87	3/31/87	55,693.13	Riggs Money Mkt - time deposit
3/31/87	3/16/87	54,298.13	Riggs Money Mkt - time deposit
3/31/87	3/26/87	12,770.77	Riggs Money Mkt - time deposit
3/31/87	3/31/87	9,517.92	Remit to HSUS reserve fund
4/30/87	4/30/87	5,108.47	Remit to HSUS reserve fund
5/30/87	5/29/87	22,280.79	Remit to HSUS reserve fund
6/30/87	6/30/87	166,556.97	Riggs Money Mkt - time deposit
6/30/87	6/30/87	12,185.04	Remit to HSUS reserve fund
7/31/87	7/31/87	6,129.54	Remit to HSUS reserve fund
8/31/87	8/7/87	14,014.52	Riggs Money Mkt - time deposit
8/31/87	8/26/87	84,497.16	Riggs Money Mkt - time deposit
9/30/87	9/30/87	164,032.27	Riggs Money Mkt - time deposit
9/30/87	9/24/87	10,887.49	Transfer to cover overdraft
10/30/87	10/22/87	99,746.31	Riggs Money Mkt - time deposit
10/30/87	10/30/87	7,725.18	Remit to HSUS reserve fund
11/27/87	11/27/87	15,702.56	Remit to HSUS reserve fund
12/31/87	12/31/87	7,617.48	Remit to HSUS reserve fund
1/31/88	No disbursements greater than \$5,000		
2/29/88	2/1/88	8,562.11	Remit to HSUS reserve fund
2/29/88	2/29/88	11,907.82	Remit to HSUS reserve fund
No other statements available for examination			

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

APPENDIX B
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Statement Date	Transaction Date	Disbursement Amount	Description

MORGAN STANLEY INVESTMENT ACCOUNT			
Account [REDACTED] 450			
1/31/87	1/5/87	8,187.50	Check #46989 to Riggs National Bank HSUS account
2/28/87			No disbursements greater than \$5,000
3/31/87			No disbursements greater than \$5,000
4/30/87	4/1/87	5,538.88	Check #142242
5/31/87	5/1/87	5,743.88	Check #51182 to Riggs National Bank HSUS dividends paid
6/30/87			No disbursements greater than \$5,000
7/31/87			No disbursements greater than \$5,000
8/31/87			No disbursements greater than \$5,000
9/30/87			No disbursements greater than \$5,000
10/31/87			No disbursements greater than \$5,000
11/30/87			No disbursements greater than \$5,000
12/31/87			No disbursements greater than \$5,000
1/31/88			No disbursements greater than \$5,000
2/29/88			No disbursements greater than \$5,000

No other statements available for examination

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

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Statement Date	Transaction Date	Disbursement Amount	Description
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PERPETUAL SAVINGS BANK

Account [REDACTED] 154

9/30/87	qtrly	No disbursements greater than \$5,000
12/31/87		No disbursements greater than \$5,000

No other statements available for examination

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

APPENDIX B
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Statement Date	Transaction Date	Disbursement Amount	Description

RIGGS NATIONAL BANK			
Account [REDACTED] 0-01 (Packwood Fund)			
1/30/87		No disbursements greater than \$5,000	
2/27/87		No disbursements greater than \$5,000	
3/31/87	3/31/87	5,477.79	Remit to HSUS Packwood Fund
4/30/87		No disbursements greater than \$5,000	
5/30/87		No disbursements greater than \$5,000	
6/30/87	6/12/87	100,000.00	Riggs Money Mkt - time deposit
7/31/87		Statement unavailable for examination	
8/31/87		No disbursements greater than \$5,000	
9/30/87	9/30/87	6,223.67	Remit to HSUS Packwood Fund
10/30/87		No disbursements greater than \$5,000	
11/27/87		No disbursements greater than \$5,000	
12/31/87		No disbursements greater than \$5,000	
No other statements available for examination			

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

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Statement
Date

Transaction
Date

Disbursement
Amount

Description

PERPETUAL AMERICAN

Account [REDACTED] 92-2

Savings book for
FY'86 & FY'87

No disbursements greater than \$5,000

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

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Statement Date	Transaction Date	Disbursement Amount	Description
MELION BANK			
<u>Account # [REDACTED] 246</u>			
2/31/85-3/31/86	1/6/86	23,000.00	Grant authorized by the Humane Society of the United States. Check #0041552 payable to the National Humane Education Center
3/31/86-6/30/86			No disbursements greater than \$5,000
6/30/86-9/30/86			No disbursements greater than \$5,000
9/30/86-12/31/86			No disbursements greater than \$5,000
12/31/86-3/31/87	1/87	24,000.00	Payment to the National Humane Education Center requested by P. Irwin. Check #0074795 payable to the National Humane Education Center
3/31/87-6/30/87			No disbursements greater than \$5,000
6/30/87-9/30/87			No disbursements greater than \$5,000
9/30/87-12/31/87			No disbursements greater than \$5,000

No other statements examined

Account # [REDACTED] 274

12/31/85-3/31/86	No disbursements greater than \$5,000
3/31/86-6/30/86	Statement not examined
6/30/86-9/30/86	No disbursements greater than \$5,000
9/30/86-12/31/86	No disbursements greater than \$5,000
12/31/86-3/31/87	No disbursements greater than \$5,000
3/31/87-6/30/87	No disbursements greater than \$5,000
6/30/87-9/30/87	No disbursements greater than \$5,000
9/30/87-12/31/87	No disbursements greater than \$5,000

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

APPENDIX B
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Statement Date	Transaction Date	Disbursement Amount	Description
RIGGS NATIONAL BANK			
Account [REDACTED] 0-01 (Pooled Income Fund)			
1/30/87		No disbursements greater than \$5,000	
2/27/87		No disbursements greater than \$5,000	
3/31/87		No disbursements greater than \$5,000	
4/30/87		No disbursements greater than \$5,000	
5/29/87		No disbursements greater than \$5,000	
6/30/87		No disbursements greater than \$5,000	
7/31/87		No disbursements greater than \$5,000	
8/31/87		No disbursements greater than \$5,000	
9/30/87		No disbursements greater than \$5,000	
10/30/87		No disbursements greater than \$5,000	
11/27/87		No disbursements greater than \$5,000	
12/31/87		No disbursements greater than \$5,000	
No other statements available for examination			

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HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

Statement Date	Transaction Date	Disbursement Amount	Description

BEAR STEARNS INVESTMENT ACCOUNT			
Account [REDACTED] 293			
1/30/87		No disbursements greater than \$5,000	
2/27/87		No disbursements greater than \$5,000	
3/27/87		No disbursements greater than \$5,000	
4/30/87		No disbursements greater than \$5,000	
5/29/87		No disbursements greater than \$5,000	
6/26/87		No disbursements greater than \$5,000	
7/31/87		No disbursements greater than \$5,000	
8/28/87		No disbursements greater than \$5,000	
9/25/87		No disbursements greater than \$5,000	
10/30/87		No disbursements greater than \$5,000	
11/27/87		No disbursements greater than \$5,000	
12/31/87		No disbursements greater than \$5,000	

No other statements available for examination

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

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Statement Date	Transaction Date	Disbursement Amount	Description

SHEARSON LEHMAN INVESTMENT ACCOUNT			
Account	[REDACTED] 4-160 (Luski Revocable Trust)		

2/27/87	No disbursements greater than \$5,000
3/29/87	No disbursements greater than \$5,000
4/26/87	No disbursements greater than \$5,000
5/31/87	No disbursements greater than \$5,000
6/28/87	No disbursements greater than \$5,000
7/31/87	No disbursements greater than \$5,000
8/30/87	No disbursements greater than \$5,000
9/27/87	No disbursements greater than \$5,000
10/31/87	No disbursements greater than \$5,000
11/29/87	No disbursements greater than \$5,000
12/31/87	No disbursements greater than \$5,000
1/31/88	No disbursements greater than \$5,000

No other statements available for examination

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

DRAFT

Statement Date	Transaction Date	Disbursement Amount	Description

MERRILL LYNCH INVESTMENT ACCOUNT			
Account	[REDACTED] 119		
1/30/87		No disbursements greater than \$5,000	
2/27/87		No disbursements greater than \$5,000	
3/27/87		No disbursements greater than \$5,000	
4/24/87		No disbursements greater than \$5,000	
5/29/87		No disbursements greater than \$5,000	
6/26/87		No disbursements greater than \$5,000	
7/87		Statements not examined	
8/87		Statements not examined	
9/87		Statements not examined	
10/87		Statements not examined	
11/87		Statements not examined	
12/31/87		No disbursements greater than \$5,000	
1/29/88		No disbursements greater than \$5,000	
2/26/88		No disbursements greater than \$5,000	

No other statements available for examination

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

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Statement Date	Transaction Date	Disbursement Amount	Description

SHEARSON LEHMAN INVESTMENT ACCOUNT			
Account # [REDACTED]-440			
2/28/87		No disbursements greater than \$5,000	
3/29/87		No disbursements greater than \$5,000	
4/87-7/87		Statements not examined	
8/30/87		No disbursements greater than \$5,000	
9/27/87		No disbursements greater than \$5,000	
10/31/87		No disbursements greater than \$5,000	
11/87		Statements not examined	
12/31/87		No disbursements greater than \$5,000	
No other statements available for examination			

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

APPENDIX B
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Statement Date	Transaction Date	Disbursement Amount	Description
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SHEARSON LEHMAN INVESTMENT ACCOUNT

Account # [REDACTED] 371

2/28/87 opening stmt	No disbursements greater than \$5,000
3/29/87	No disbursements greater than \$5,000
1987 year end stmt	No disbursements greater than \$5,000

No other statements available for examination

HUMAN SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

APPENDIX B
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Statement Date	Transaction Date	Disbursement Amount	Description
<hr/>			
AMERICAN SECURITY BANK			
Account: [REDACTED] 769			
3/31/87	3/17/87	5,000.00	Payable to Paul Irwin Note: this account was opened 3/11/87 with a \$5,000 deposit and then after the \$5,000 check to Mr. Irwin cleared, the account was represented to be closed.

HUMANE SOCIETY OF THE UNITED STATES
Disbursements greater than \$5,000

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Statement Date	Transaction Date	Disbursement Amount	Description

AMERICAN SECURITIES BANK			

Account [REDACTED] 644

6/30/87	No disbursements greater than \$5,000
9/30/87	No disbursements greater than \$5,000
12/31/87	No disbursements greater than \$5,000

No other statements available for examination

THE HUMANE SOCIETY OF THE UNITED STATES
List of real estate taxes paid during FY'86 and FY'87

APPENDIX C

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Check Date	Payee	Description	Amount	Property identified in general ledger
1-28-87	Township of Hamilton, NJ Tax Collector	Real Estate - Pleasantville, NJ	167.06	no
3-17-87	Valencia County Treasurer	Rio Grande estate unit #18	5.00	no
3-28-87	DC Treasurer	Property - 2100 L Street, Wash. DC	25,598.30	yes
5-05-87	Betty J. Swetland - County Treasurer	Real Estate - Clay County, MN	767.00	no
5-05-87	Rita A. Thompson - County Treasurer	Real Estate - Becker County, MN	18.00	no
5-26-87	Town of Nantucket Tax Collector	Real Estate - Nantucket, MA	1,566.38	no
5-30-87	JE to record tax on purchase of property	Property located Montgomery County	502.34	yes
9-01-87	DC Treasurer	Property - 2100 L Street, Wash. DC	23,466.80	yes
9-08-87	PG County, Seabrook	Real Estate - Seabrook, MD	20.12	no
9-08-87	PG County, Seabrook	Real Estate - Seabrook, MD	3,664.90	no
9-22-87	Montgomery County, MD	Real Estate - Germantown, MD	3,350.06	yes
9-22-87	Montgomery County, MD	Real Estate - Germantown, MD	94.63	yes
10-06-87	Betty J. Swetland - County Treasurer	Real Estate - Clay County, MN	767.00	no
10-20-87	James Lee Kirk - Pima County Treasurer	Real Estate - Tuscon, AZ	100.67	no
10-20-87	Raymond J. Beckman - Tax Collector	Real Estate	88.68	no
12-08-87	Treasurer - San Bernardino County	Real Estate - San Bernardino, CA	377.99	no
12-08-87	Beatrice Chronister - County Treasurer	Real Estate - Oklahoma	10.81	no
12-23-87	Valencia County Treasurer	Real Estate - New Mexico	5.00	no
12-29-87	L. Victor Desguin - Tax Collector	Real Estate - Port Charlotte, FL	92.65	no
3-14-86	DC Treasurer	Real Estate - 2100 L Street, Wash DC	23,060.80	yes
5-14-86	Betty J. Swetland - County Treasurer	Real Estate - Morehead, MN	722.00	no
6-24-86	Tax Collector - Salem, CT	Real Estate - Pleasantville, NJ	380.58	no
7-03-86	Tax Collector - Pleasantville, NJ	Real Estate - Salem, CT	297.60	no
7-10-86	Irene Weisenstein - Tax Collector	Real Estate - Hamilton, NJ	169.29	yes
7-10-86	Ski Bryce Association	Real Estate - Bryce, VA	79.00	no
8-25-86	Sacramento County - Tax Collector	Real Estate - West Coast Reg Office	114.63	no
8-25-86	DC Treasurer	Real Estate - 2100 L Street, Wash DC	25,598.30	yes
8-25-86	PG County, MD	Real Estate - Seabrook, MD	3,597.61	no
9-23-86	DC Treasurer	Real Estate - P Street, Wash DC	2,627.21	yes
9-24-86	James Lee Kirk - Pima County Treasurer	Real Estate - Pima County - Tuscon AZ	190.06	no
9-30-86	Joint Tax Office Corpus Christi, TX	Real Estate - Gulf States Reg Office	1,154.49	no
9-30-86	Richard D. Magee - Nueces County Treas	Real Estate - Gulf States Reg Office	316.72	no
10-2-86	Betty J. Swetland - County Treasurer	Real Estate - Morehead, MN	722.00	no
10-15-86	Joe Bell - County Treasurer	Real Estate - San Bernadino, CA	686.27	no
10-15-86	Joe Bell - County Treasurer	Real Estate - San Bernadino, CA	65.87	no
10-31-86	Terry Lyda - Tax Collector	Real Estate - Henderson County, NC	25.75	no
11-04-86	L. Victor Desguin - Tax Collector	Real Estate - Port Charlotte, FL	89.88	no
11-04-86	Stanley Harrison, Treasurer	Real Estate - Albuquerque, NM	77.08	no
11-04-86	Dick Steele, Tax Collector	Real Estate - Lighthouse Acres, FL	215.85	no
11-11-86	Beatrice Chronister, County Treasurer	Real Estate - Oklahoma	13.10	no
12-18-86	John Jacoby, County Treasurer	Real Estate - Detroit Lakes, MN	17.92	no

Humane Society of the United States
Disbursements to Directors and Officers

APPENDIX D
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Director/Officer	Check Number	Check Date	Amount	Description
OFFICERS				
K. William Wiseman Chairman of the Board	No Disbursements located			
Coleman Burke, Esq Chairman Emeritus	No Disbursements located			
O.J. Ramsey, Esq Vice Chairman	No Disbursements located			
Dr. Amy Freeman Lee Secretary	No Disbursements located			
John A. Hoyt President	26974	6-15-87	261.30	Travel Expense
	28577	10-20-87	107.89	Travel Expense
	25959	3-18-87	20.74	Travel Expense
	26671	5-20-87	1,000.00	Travel Advance
	27851	8-26-87	20.00	Travel Expense
	28124	9-16-87	37.00	Travel Expense
	27483	7-28-87	167.21	Travel Expense
	26479	4-30-87	22.51	Travel Expense
	26251	4-8-87	130.10	Travel Expense
	28349	10-6-87	500.00	Travel Advance
	28425	7-24-87	1,000.00	Travel Advance
	25762	3-3-87	4,000.00	Travel Allowance 1987
	25305	1-14-87	2,000.00	Travel Advance
Paul G. Irwin Exec. V.P./Treasurer	28597	10-26-87	35,000.00	Real Estate Partnership
	28594	10-22-87	50,000.00	Real Estate Partnership
	29216	10-8-87	54.21	Travel Expense
	27872	8-27-87	14.15	Travel Expense
	28125	9-16-87	78.98	Travel Expense
	26252	4-8-87	27.2	Travel Expense
	26480	4-30-87	138.01	Travel Expense
	25956	3-18-87	181.65	Travel Expense
	25509	2-4-87	121.98	Travel Expense
Patricia Forkan Senior Vice President	25688	2-27-87	191.53	Travel Expense
	26248	4-8-87	65.95	Travel Expense
	26973	6-15-87	290.37	Travel Expense
	27241	7-7-87	316.87	Travel Expense
	27855	8-26-87	9.00	Travel Expense
	28118	9-16-87	47.95	Travel Expense
	26476	4-30-87	47.25	Travel Expense
	29546	12-31-87	19.60	Travel Expense
Murdaugh Madden, Esq V.P./General Counsel	28918	11-12-87	75.98	Travel Expense
	27847	8-26-87	224.94	Travel Expense

Humane Society of the United States
Disbursements to Directors and Officers

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Director/Officer	Check Number	Check Date	Amount	Description
Patrick B. Parkes V.P./Field Services	25686	2-27-87	109.23	Travel Expense
	25512	2-4-87	60.65	Travel Expense
	25975	3-23-87	173.11	Travel Expense
	26482	4-30-87	67.06	Travel Expense
	26261	4-8-87	112.73	Travel Expense
	26775	5-29-87	182.28	Travel Expense
	27099	6-24-87	150.97	Travel Expense
	27183	6-30-87	92.39	Travel Expense
	27439	7-24-87	49.75	Travel Expense
	27843	8-26-87	98.20	Travel Expense
	28584	10-20-87	184.65	Travel Expense
	29221	12-8-87	200.29	Travel Expense
	29418	12-29-87	316.19	Travel Expense
Dr. John Grandy V.P./Wildlife & Environ	25689	2-27-87	333.66	Travel Expense
	25958	3-18-87	146.31	Travel Expense
	26477	4-30-87	338.98	Travel Expense
	26766	5-29-87	124.07	Travel Expense
	26971	6-12-87	300.00	Travel Expense
	27175	6-30-87	49.50	Travel Expense
	27874	8-27-87	93.77	Travel Expense
	28121	9-16-87	36.50	Travel Expense
	28574	10-20-87	49.00	Travel Expense
	28908	11-12-87	86.22	Travel Expense
	29213	12-8-87	62.67	Travel Expense
	29417	12-30-87	287.36	Travel Expense
	29549	12-31-87	47.40	Travel Expense
Phyllis Wright V.P./Companion Animals	25502	2-4-87	318.27	Travel Expense
	26600	5-11-87	60,000.00	Personal loan
	25962	3-18-87	29.00	Travel Expense
	26783	5-29-87	194.69	Travel Expense
	26976	6-15-87	176.00	Travel Expense
	27836	8-26-87	120.82	Travel Expense
	28139	9-16-87	50.00	Travel Expense
	28930	11-12-87	217.15	Travel Expense
Dr. Michael Fox V.P./Farm Animals	25899	3-10-87	157.55	Travel Expense
	26765	5-29-87	315.00	Travel Expense
	27097	6-24-87	88.77	Travel Expense
	27810	8-25-87	183.56	Travel Expense
	27854	8-26-87	52.00	Travel Expense
	28119	9-16-87	29.15	Travel Expense
	29547	12-31-87	26.55	Travel Expense
	26212	4-7-87	75.3	Photo Expense
	28367	10-6-87	155.00	Cash Advance

Humane Society of the United States
Disbursements to Directors and Officers

DRAFT

Director/Officer	Check Number	Check Date	Amount	Description
DIRECTORS				
Samuel A. Bowman	No Disbursements located			
Dr. Carol Browning	No Disbursements located			
Irene Evans	No Disbursements located			
Regina Bauer Frankenberg	No Disbursements located			
Harold Gardiner	No Disbursements located			
Alice Garey	26709	5-25-87	491.00	Travel Expense
	28705	10-30-87	1,081.00	Travel Expense
Jane Goodall	No Disbursements located			
Paul Heneks	No Disbursements located			
Gisela Hunnicutt	No Disbursements located			
John Kelly	No Disbursements located			
William Kerber	No Disbursements located			
Jack Lydman	No Disbursements located			
Virginia Lynch	No Disbursements located			
John W. Mettler III	No Disbursements located			
Susan Pepperdine	26571	5-5-87	205.12	Travel Expense
	28297	9-29-87	94.10	Travel Expense
	28863	11-10-87	609.56	Travel Expense
Marilyn G. Seyler	26565	5-5-87	298.50	Travel Expense
	28864	11-10-87	869.86	Travel Expense
	29383	12-22-87	235.54	Travel Expense
Robert Sorock	No Disbursements located			
Brook Speidel	No Disbursements located			
Viola Weber	No Disbursements located			
Robert Welborn	No Disbursements located			

Humane Society of the United States
Credit Card Charges from Directors and Officers
For the Year Ended December 31, 1987

APPENDIX E
Page 1 of 2

DRAFT

Director/Officer	J.A. Hoyt	P.G. Irwin	P.Forkan	M.Madden	P.Parkes	J.W. Grandy	P. Wright	M. Fox
American Express								
January	\$354.95		\$540.94	\$27.00	\$148.00	\$430.54		
February	9,541.53	\$42.35	272.81	1,035.00	255.22	97.22		
March	363.21	54.83	369.00	(30.00)	280.97	628.05	\$657.25	
April	446.74	42.75	1,203.70	300.00	856.66	889.93	33.00	
May	403.76	30.45	676.00	199.00		72.52	18.48	
June	1,361.32	561.97	1,895.20	1,999.90	1,515.03	378.28	9.59	
July	477.94	1,401.54	682.84	632.60	1,465.61	619.42	341.55	
August		246.22	472.00		1,127.67	1,577.55		
September	457.33		558.50	2,358.97		478.11	196.76	\$61.90
October	241.35		508.00	84.01	253.05	215.85	2,440.70	108.20
November	16.58		1,454.75	1,338.36	705.80	751.78	62.12	338.59
December	1,640.75		475.09	520.09	538.41	245.39	49.79	48.28
Total American Express	15,305.46	2,380.11	9,108.83	8,464.93	7,126.42	6,384.64	3,809.24	556.97

Mastercard - 1st Chicago

September		968.72						
October		475.06						
November		2,100.67						
December		840.50						
Total Mastercard	0.00	4,384.95	0.00	0.00	0.00	0.00	0.00	0.00

VISA - Citibank

September	693.55							
October	827.61							
November	1,352.32							
December	1,007.46							
Total VISA	3,880.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00

VISA GOLD - UNB

January	82.03	982.96
February	1,906.22	1,384.77
March	565.52	1,611.98
April	1,367.30	385.64
May	118.06	1,587.99
June	353.37	2,630.88
July	858.67	625.44

Marine Society of the United States
Credit Card Charges from Directors and Officers
For the Year Ended December 31, 1987

APPENDIX E
Page 2 of 2

DRAFT

Director/Officer	J.A. Hoyt	P.G. Irwin	P.Forkan	M.Madden	P.Parkes	J.W. Grandy	P. Wright	M. Fox
August	1,020.00	1,568.50						
September	158.00	657.00						
October	230.79							
November								
December								
Total VISA Gold	6,659.96	11,435.12	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTAL	\$25,846.36	\$18,200.18	\$9,108.83	\$8,464.93	\$7,126.42	\$6,384.64	\$3,809.24	\$556.97

DRAFT

THE HUMANE SOCIETY OF THE UNITED STATES
Inventory of safe deposit boxes at American Security Bank

APPENDIX F
Page 1 of 3

Box # [REDACTED]

- * 51 Computer Diskettes

Box # [REDACTED]

- * Empty

Box # [REDACTED]

- * First Day Issue Stamps - 1776- Bicentennial
Donated by Charles Hermann
- * 2500 Share Certificate for South Carolina Electric & Gas Co.
- * \$15,000 1st Mortgage Bond 9% series - Iowa Power & Light Co.
- * Deed of Trust dated 4/9/62 for Mellon Trust Agreement \$10,801
- * 2700 Share Certificate for American Electric Power Company
- * Warranty Deed Agreement with Anne Pickard dated 12/21/72
Real Estate in Albuquerque, NM
- * Trust Agreement - Corrine Campbell for \$15,000
Iowa Power & Light
- * Deed of Trust dated 7/8/74
- * Deed of Trust dated 8/13/74
- * Deed of Trust dated 8/12/74
- * Promisory Notes from HSUS-California Branch
- * Deed of Trust dated 11/28/62 with Elsa Horne Foundation
- * Agreement with HSUS-California Branch dated 1/18/75
- * Trust Agreement dated 12/30/64
Alice Morgan Write Edith Goode Fund

Box # [REDACTED]

- * 83 Computer Diskettes

DRAFT

THE HUMANE SOCIETY OF THE UNITED STATES
Inventory of safe deposit boxes at American Security Bank

APPENDIX F
Page 2 of 3

* Silver Dollars

Year	Quantity
1880s	180
1881s	120
1881o	20
1882	20
1883	20
1883o	80
1887	20
1888	20
1889	40
1890	20
1898o	60
1924s	7
1899s	11
1904s	1

* Silver Quarters

Year	Quantity
1834	1

* 100 Pesos

* 25 Kruggeranes

* Twenty Dollar Gold Coins

Year	Quantity
1899	2
1904	3
1907	2
1910s	1
1914d	1
1914s	2
1915s	1

* One Dollar Gold Coin Year 1853

* Indian Head Ten Dollar Coins

Year	Quantity
1926	1
1932	2

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

DRAFT

THE HUMANE SOCIETY OF THE UNITED STATES
Inventory of safe deposit boxes at American Security Bank

APPENDIX F
Page 3 of 3

* U.S. Gold Type Set

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

DRAFT

- * Womens Elaga Watch
- * Diamond Ring and Pin
- * Diamond Chain
- * Gold Krugerrand
- * Set Pearl Earring
- * Birthday Charm
- * 2 Rings
- * Diamond Ring
- * Pendant Necklace and Ring
- * Bracelet
- * Necklace
- * 4 Rings
- * 2 Pins
- * Diamond Ring
- * Womens Waltham Watch
- * Large bag of Silver Quarters (2,000 coins)
- * Hand Gun - Beretta .26 cal
- * Fraternity Badge and Tie Pin
- * 14K Gold Cameo Ring
- * Crystal Necklace
- * 2 Pieces of Gold
- One 7 1/2 Penny wts
- One 6 Penny wts
- * Mens Timex Watch
- * Womens Tissot Watch

DRAFT

- * 4 Rings
- * 3 Broaches
- * 5 Necklaces
- * Womans Carravelle Watch
- * Necklace Watch Bulova
- * Necklace Single Pearl
- * 2 Silver Rings - No Setting
- * 14K Gold Ring - Diamond Setting
- * 2 Necklaces
- * Necklace - Gold
- * 2 Cameo Items - Ring and Pendant

* Two Dollar Bills

Year	Quantity
1953	8
1963	5
1928	2

* Twenty Dollar Bill

Year	Quantity
1934	1

* One Dollar Bills

Year	Quantity
1969	10
1974	1

DRAFT

* One Dollar Silver Certificates

Year	Quantity
------	----------

1957	11
------	----

1935	6
------	---

* Two Dollar Bills

Year	Quantity
------	----------

1976	51
------	----

DRAFT

* One Dollar Silver Certificates

Year	Quantity
------	----------

1957	11
------	----

1935	6
------	---

* Two Dollar Bills

Year	Quantity
------	----------

1976	51
------	----

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

April 4, 1988

Paul Irwin
The Humane Society of the
United States
2100 L Street, N.W.
Washington, D.C. 20036

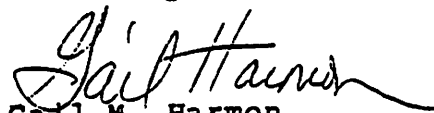
Dear Mr. Irwin:

In a letter dated March 29, 1988, Mr. Wiseman stated "HSUS received ... several federal and state tax audits which imposed no penalties." It is not clear exactly to what period he is referring, but I assume it is the last eight years.

Please provide me with documentation to support this assertion, particularly regarding the scope of the audits and the closing letters.

This information only came to my attention today but is presumably readily available to you. Please provide as much information as possible by the close of business tomorrow.

Sincerely


Gail M. Harmon

cc: audit committee
Mr. Madden

HARMON & WEISS

2001 S STREET, N.W.

SUITE 430

WASHINGTON, D.C. 20009-1125

GAIL MCGREEVY HARMON
ELLYN R. WEISS
DIANE CURRAN
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ANDREA C. FERSTER

TELEPHONE
(202) 328-3500

April 4, 1988

PERSONAL AND CONFIDENTIAL

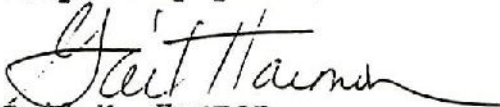
Messrs. Hoyt & Irwin
The Humane Society of the
United States
2100 L Street, N.W.
Washington, D.C. 20037

Dear Messrs. Hoyt & Irwin:

As I understand it, from time to time, over the last ten years, one or more of your children have worked for the HSUS. Please identify or ask Sam Trevino to identify the person, date of employment, rate of pay, total payments made for each such person, along with a description of the duties performed.

We would appreciate an immediate response to these inquiries and need a response by close of business April 6, 1988.

Very truly yours,


Gail M. Harmon

cc: Audit Committee
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

April 4, 1988

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

Dear Messrs. Hoyt & Irwin:

Please inform me whether or not Mr. Greg Hrones, or any of his affiliated or connected companies or sub-contractors have performed any work on the personal residences or grounds of Mr. Hoyt or Mr. Irwin, or on the Irene Evans house in Georgetown.

If so, could you please list the dates of such work, a description of the work accomplished, the charges made for the work, and the form of payment for such work.

Excluded from this request at this time will be records pertaining to work done by Mr. Hrones or any of his affiliates or sub-contractors on the HSUS headquarters building in Washington, D.C. or the new Bethesda facility.

I would appreciate an immediate response to this inquiry.

Very truly yours,


Gail M. Harmon

cc: Audit Committee
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

April 4, 1988

Murdaugh S. Madden, Esq.
Humane Society of the United States
2100 L Street, NW
Washington, D.C. 20036


Dear Mr. Madden:

Mr. Wiseman, the chairman of the Board of the HSUS, in a letter relating to the action of the Deferred Compensation Committee approving the transfer of certain life insurance policies to Messrs Hoyt and Irwin and the purchase of Mr. Hoyt's house stated "I am advised he (the general counsel) was informed of the proposed transaction prior to its consumation."

Please let me know if you knew of either of these two transactions prior to their consumation, whether your legal advice was ever sought on either of these matters, and when and how you learned about these transactions.

Because the Committee is trying to complete its work, I would appreciate your response by the close of business tomorrow.

Sincerely,



Gail M. Harmon

cc: audit committee

HARMON & WEISS

To: HSUS Audit Committee
From: Gail M. Harmon
Re: Meeting scheduled for April 7, 1988.

Enclosed you will find various documents for our meeting tomorrow.

In reviewing the information which we had and that which had not been provided, I became concerned about the ability of this Committee to draw meaningful conclusions. Accordingly, I felt that I had to list the major unanswered questions and ask you to consider whether or not the Committee should postpone its report and continue its work.

In addition you will find an Executive Summary, a revised Table of Contents for the notebook used at our last meeting and additional papers to insert in the notebook. I am providing a new notebook for Mr. Wiseman.

We will meet at 8:00 am at 2001 S. N.W. in Room 530.

I look forward to seeing you then.

HARMON & WEISS

To: HSUS Audit Committee
From: Gail M. Harmon
RE: Inability to complete our inquiries

In preparation for the Committee meeting to be held April 7, 1988, I have reviewed the large number of questions which had not been answered. On the basis of our failure to obtain important pieces of information, I believe the Committee should seriously consider postponing its report.

The following items of information are missing or incomplete:

1) An analysis of the checks over \$5,000 with particular attention to those payable to Mr. Hoyt and Mr. Irwin which were only recently identified by Deloitte, Haskins and Sells.

2) An examination of those bank statements which were not made available to DH&S.

3) The value of the various insurance policies for the benefit of Mr. Hoyt and Mr. Irwin (some owned by Mr. Hoyt and Mr. Irwin, others by HSUS) for which HSUS pays the premiums. This was asked in a letter to Mr. Irwin and Mr. Trevino on March 2 and again by DH&S but the information has never been provided.

4) An explanation of transfers of hundreds of thousands of dollars into and out of the Annuity account kept at the Mellon Bank.

5) More information on how Mr. Irwin was able to make withdrawals from the annuity account at Mellon bank in apparent violation of the terms of the trust agreement. In addition, we have never received an answer to the simple question whether or not he was ever elected by the Board of Directors to the Investment Committee.

6) We have never received a list of the real estate given to HSUS in the last ten years. We now know from DH&S that many pieces of property for which real estate taxes are paid by HSUS are not recorded in HSUS financial records. What we do not know is when they were given, what has happened to them, why they were never entered on the books of the corporation and why they were hidden from the auditors. How is the Committee to conclude whether this is grossly negligent record keeping or something more serious?

7) We have never received a list of the tangible personal property given to HSUS in the last ten years. We now know that it is not recorded in any systematic way on the financial records of the corporation, but as in the case of real estate, we do not know when it was given, whether it has been used by anyone, what has happened to it, why it was never recorded on the books of the corporation and why it was hidden from the auditors. Again, as in the case of the real estate, on what basis is the Committee to evaluate this failure to institute appropriate financial management procedures?

8) The Committee still does not know the date the \$100,000 note from Mrs. Evans was given to the HSUS and why there is so much controversy about it. The major reason for believing that it was in fact given in 1987 is the testimony of Mr. Irwin to

HARMON & WEISS

that effect accompanied with the explanation that he backdated the receipt to 1986 at the request of Mrs. Evans' tax accountant; now an early 1987 memo (not prepared for purposes of the work of this Committee) from Roger Kindler of a conversation with the accountant throws this into question by stating that the accountant said that the timing of various other gifts was irrelevant because before her gift of the \$100,000 note Mrs. Evans had already exceeded the amount of gifts which she could deduct for federal income tax purposes in 1986

9) We have not received information on gifts by Regina Frankenberg in the last five years. The incomplete information we have on this matter directly calls into question the assertion by Mr. Hoyt in a letter to Mr. Wiseman which was provided to this committee that Ms. Frankenberg donated money to pay for Mrs. Hoyt's travel at HSUS expense. Complete information would help in evaluating Mr. Hoyt's response.

10) In his letter of March 29, Mr. Wiseman pointed to successful IRS and state tax audits as evidence of adequate internal financial management practices at HSUS. In order to evaluate this I have requested more detailed information on these audits but only learned to date that they have not occurred within the last five years.

11) It would be helpful to have more information on restrictions on the gift from the Joyce Gilmore Mertz Foundation. It is carried as a restricted gift in the building fund; according to Mr. Voorhees this was at the request of HSUS, but during a discussion when it became clear that the gift had not been earmarked for building purposes, Mr. Irwin denied that HSUS had ever asked the auditors to put it in a restricted account. The significance of characterizing the gift as restricted is that it would enable the officers to circumvent any Board of Directors' review of its use.

12) Reports of success of various direct mail campaigns. This has been requested for months; the failure to provide it reinforces my concern that the direct mail consultant who is not paid a monthly or per job fee but is paid a few cents for every piece that is mailed, may be tempted to increase his fee by engaging in some mailings which are not very effective.



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

June 20, 1988

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Chairman Emeritus

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Secretary

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President

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K. William Wiseman

HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

UPS NEXT-DAY AIR

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

Re: The HSUS

Dear Mr. Webb:

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

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

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

Very truly yours,

O. J. Ramsey

OJR:jr

cc: John Hoyt
Bill Wiseman
Harold Gardiner
John Mettler
~~Robert Sorock~~
Robert Sorock

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

JUN 06 1988

RMK & W

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

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

June 3, 1988

Dear Mr. Ramsey:

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

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

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

- a. Transactions are executed in accordance with management's general or specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principals and (2) to maintain accountability for assets.

- c. Access to assets is permitted only in accordance with management's authorization.
- d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

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

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

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

Scheduling

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

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

Mr. Joe Ramsey

June 3, 1988


3

Fees

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

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

Sincerely,


Nile J. Webb
Partner

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

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

Management's Responsibility

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

Objectives

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

Limitations

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

Material Weakness

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



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

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JUN 16 1988

RMK & W

June 13, 1988

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Chairman Emeritus

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

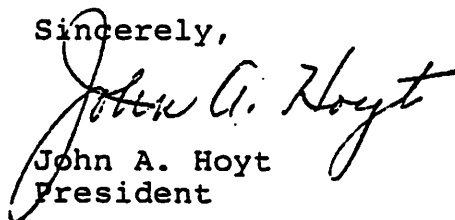
Dear Jake:

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

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

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

Sincerely,


John A. Hoyt
President

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

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

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

The HSUS vis-a-vis the American Humane Association

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Exhibit I

Addendum

Animal Protection vis-a-vis Animal Rights

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

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

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

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

Personal:

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

Education:

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

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

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

Employment Record:

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

Positions Within The Animal Protection Movement:

- 1986-Present: President, World Society for the Protection of Animals. Headquarters, London, England
- 1981-Present: Member, Executive Committee and Board of Directors, World Society for the Protection of Animals
- 1971-1981: Member, Board of Directors, World Federation for the Protection of Animals, now merged into the WSPA
- 1978-1981: Member, Board of Directors, International Society for the Protection of Animals, now merged into the WSPA
- 1985-1987: Chairman, The National Coalition to Protect Our Pets (ProPets), a coalition of ten major animal-protection organizations working to prevent the use of shelter animals for research
- 1971-Present: Member, Board of Directors, Council for Livestock Protection
- 1976-1982: Member, Board of Directors, Monitor, Inc.
- 1985-Present: President, National Trust for Animal Protection

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

Positions Outside Animal Protection Movement

- 1986-1988: Member, Board of Trustees, Lake Erie College
- 1979-1986: Member, Board of Trustees, Rio Grande College
- 1967-1968: Represented Detroit Council of Churches and Protestant point of view in award-winning television series with a Roman Catholic priest, entitled "Dialogue"
- 1967: Moderator, television series of programs exploring causes and aftermath of Detroit riots of 1967 entitled "The Church Looks At The Riots."

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

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

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

Specific Accomplishments As President of The HSUS

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

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

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

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

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



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

(202) 452-1100

June 8, 1988

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

Dear Jake:

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

- Item #1: I am enclosing a copy of a memorandum which was prepared for me by Mr. Sam Trevino. (Appendix A)
- Item #2: I am enclosing a memorandum from Mr. Trevino regarding missing bank statements. (Appendix B)
- Item #3: I am enclosing the material from my letter to you and Joe Ramsey relating to insurance policies for myself and Mr. Hoyt. (Appendix C)
- Item #4: As I have explained to you before, The HSUS has a charitable gift annuity program. The Mellon Bank of Pittsburg serves as trustee. In summary, the charitable gift program receives gifts from various donors and provides lifetime income to those donors and survivor beneficiaries, if such should be designated. When the beneficiaries are deceased, the principal of the gift becomes the unencumbered property of The HSUS. Much activity is involved in this account. We have provided statements regarding this activity.
- Item #5: The HSUS, at it's annual organizational meeting, passes ~~enabling resolutions~~. These enabling resolutions authorized me to act on behalf of The HSUS. Such a resolution has been filed with the Mellon Bank. Further, I was first elected to the Investment

Jacob A. Stein, Esq.
June 8, 1988
Page 2

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

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

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

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

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

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

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

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

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

Jacob A. Stein, Esq.
June 8, 1988
Page 3

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul G. Irwin".

Paul G. Irwin
Executive Vice President
and Treasurer

PGI:jps

Enclosures: Appendices A through I



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

June 20, 1988

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

Re: HSUS Select Committee

Dear Jack:

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

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

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

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

Very truly yours,

O. J. Ramsey

OJR:jr
Enclosures

M E M O R A N D U M

TO: Paul Irwin
FROM: Sam Trevino
RE: Response to Deloitte, Haskins, & Sells Findings

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

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

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

SAT/pjh

Appendix B

MEMORANDUM

June 7, 1988

To: Paul Irwin

From: Sam Trevino

Re: Response to Deloitte Haskins & Sells Findings

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

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

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

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

Appendix B

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

ACCOUNT NAME HUMANE SOCIETY OF US PACKWOOD FUND

ACCOUNT NO. [REDACTED] 0-01

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

PERIOD ENDED 07/31/87

20037

PAGE NO. 1

RY TE	ENTRY DESCRIPTION	INCOME CASH	PRINCIPAL CAS-
'01	BALANCE AT BEGINNING OF PERIOD	.00	511.0 O/D
'01	RIGGS NATIONAL BANK MONEY MARKET ACCOUNT RCPTS REDEEMED \$511.02		511.0
'02	RIGGS NATIONAL BANK MONEY MARKET ACCOUNT 5.270% INTEREST ON AVG CASH BALANCE OF 8,203.19 FOR MONTH OF 0687	35.53 I	See R155
'15	RIGGS NATIONAL BANK MONEY MARKET ACCOUNT RCPTS RIGGS NATL BANK MONEY MARKET ACCOUNT INTEREST FOR THE MONTH OF JUNE 1987	2,525.46 I	
'31	REMIT HUMANE SOCIETY OF U S PACKWOOD FUND	2,560.99-	
	BALANCE AT END OF PERIOD	.00	.00
CASH TRANSACTION SUMMARY			
	INCOME	PRINCIPAL	
RECEIPTS	2,560.99	511.02	
DISBURS	2,560.99	.00	
<p style="text-align: center;">O/D INDICATES AN OVERDRAFT (-) SYMBOL INDICATES A DISBURSEMENT</p>			

WELLS BANK N.P.

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

TRUST AND INVESTMENT DEPARTMENT
ACCOUNT NUMBER 274 PAGE 1

STATEMENT OF INCOME AND PRINCIPAL TRANSACTIONS.

TRUST OFFICER: BARBARA BOGREN
(412)234-5786INVESTMENT OFFICER: JOHN GALL
(412)234-5576TRUSTEE UNDER DEED OF TRUST OF THE
HUMAN SOCIETY OF THE UNITED STATES
DATED APRIL 9 1962 - 320246 - BOLANER
COLORADO HUMAN SOCIETY

SB-0225390-1

WELLS BANK N.A.

MEMPHIS SOCIETY 61-BOWLING RD-376266

FROM 3/31/86 THROUGH 6/30/86

TRUST AND INVESTMENT DEPARTMENT
ACCOUNT NUMBER 276 PAGE 2

SUMMARY STATEMENT OF INCOME AND PRINCIPAL TRANSACTIONS

TRUST OFFICER: SANDRA JOHNSON
(412)236-5786INVESTMENT OFFICER: JOHN WALL
(412)236-5576

INCOME CASH OPENING BALANCE 3/31/86				NONE	
SINCE THEN INCOME CASH HAS BEEN RECEIVED AS FOLLOWS:					
INTEREST	0	3,191.43-	0	3,191.43-	
TOTAL					
INCOME CASH HAS BEEN DISBURSED AS FOLLOWS:					
BENEFICIARY PAYMENTS	0	3,054.26-			
WELLS BANK COMPENSATION	0	137.19-			
TOTAL					
LEAVING AN INCOME CASH BALANCE ON 6/30/86		0	3,191.43-		NONE

PRINCIPAL CASH OPENING BALANCE 3/31/86				0	1,461.85-
SINCE THEN PRINCIPAL CASH HAS BEEN RECEIVED AS FOLLOWS:					
TOTAL					NONE
PRINCIPAL CASH HAS BEEN DISBURSED AS FOLLOWS:					
TOTAL					NONE
LEAVING A PRINCIPAL CASH BALANCE ON 6/30/86				0	1,461.85-

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

93-0229396-1

MILLOW BOND D.O.

MILLOW BOND D.O. CO-326240

FROM 3/31/86 THROUGH 6/30/86

TRUST AND INVESTMENT DEPARTMENT
ACCOUNT NUMBER 276 PAGE 3

STATEMENT OF INCOME AND PRINCIPAL TRANSACTIONS

DATE	PAY VALUE OR DEDUCTION	INVESTMENT TRANSACTIONS	INCOME (DEBIT)	PRINCIPAL (DEBIT)	TAX COST (DEBIT)	INCOME/LOSS
3/15/86		USA BOND MTS 100 & 200 9-7-82 PRIOR 11-15-1987 RATE 12.875 INTEREST DUE 03-15-86 ON 850,000 PAR	3,156.25			
4/07/86		AUTOMATIC INCOME CASH INVESTMENT RETURN ON INVESTED INCOME FOR PERIOD 02-28-86 THROUGH 03-30-86 ON AN AVERAGE INVESTED BALANCE OF 849.85 GROSS RETURN 02-30 LESS SWEEP FEE .17	2.33			
5/06/86		AUTOMATIC INCOME CASH INVESTMENT RETURN ON INVESTED INCOME FOR PERIOD 03-31-86 THROUGH 04-29-86 ON AN AVERAGE INVESTED BALANCE OF 83.63 GROSS RETURN 04-30 LESS SWEEP FEE .01	0.04			
6/05/86		AUTOMATIC INCOME CASH INVESTMENT RETURN ON INVESTED INCOME FOR PERIOD 04-30-86 THROUGH 05-30-86 ON AN AVERAGE INVESTED BALANCE OF 81,556.43 GROSS RETURN 05-31 LESS SWEEP FEE .89	0.66			
6/07/86		AUTOMATIC PRINCIPAL CASH INVESTMENT RETURN ON INVESTED PRINCIPAL FOR PERIOD 02-28-86 THROUGH 03-30-86 ON AN AVERAGE INVESTED BALANCE OF 87,440.85 GROSS RETURN 03-30 LESS SWEEP FEE .30	0.15			
5/06/86		AUTOMATIC PRINCIPAL CASH INVESTMENT RETURN ON INVESTED PRINCIPAL FOR PERIOD 03-31-86 THROUGH 04-29-86 ON AN AVERAGE INVESTED BALANCE OF 87,401.85 GROSS RETURN 04-30 LESS SWEEP FEE .01	7.07			

33-6225390-1

WELLS BANK N.A.

MUMANE SOCIETY US-DENVER CO-526746

FROM 3/31/86 THROUGH 6/30/86

TRUST AND INVESTMENT DEPARTMENT
ACCOUNT NUMBER 74 PAGE 4

STATEMENT OF INCOME AND PRINCIPAL TRANSACTIONS

DATE	PAR VALUE OR SHARES	INVESTMENT TRANSACTIONS	INCOME (LOSS)	PRINCIPAL (LOSS)	TAX COST (BENEFIT)	(C)CASH/(LOSS)
6/03/86		AUTOMATIC PRINCIPAL CASH INVESTMENT RETURN ON INVESTED PRINCIPAL FOR PERIOD 01-30-86 THROUGH 03-30-86 ON AN AVERAGE INVESTED BALANCE OF \$1,461.85 GROSS RETURN 68.78 LESS SWEEP FEE .61	8.13+			
		OTHER TRANSACTIONS				
6/30/86		NET INCOME THROUGH 06/27/1986 PAID TO DENVER COLORADO MUMANE SOCIETY MAILED TO DENVER COLORADO MUMANE SOCIETY	3,036.24-			
4/30/86		QUARTERLY COMPENSATION FOR PERIOD 01-01-86 TO 03-31-86 BASED ON RELATED ACCOUNTS 710-787 WELLS BANK COMPENSATION	137.10-			
OPENING BALANCE	3-31-86		NONE	1,461.85+	50,837.12+	
CLOSING BALANCE	6-30-86		NONE	1,461.85+	50,837.12+	

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

53-0283300-1

6/30/86

• Appendix C •

Connecticut Mutual Life Insurance Company

Policies:

John A. Hoyt Policy [REDACTED] 752
Cash value: \$63,330.07
(4-8-88)

Paul G. Irwin Policy [REDACTED] 191
Cash value: \$26,228.25
(4-8-88)

INDIVIDUAL LIFE POLICIES

FLEXIBLE PREMIUM ADJUSTABLE LIFE INSURANCE

Insured:	John A. Hoyt	Paul G. Irwin
Owner:	John A. Hoyt	Paul G. Irwin
Ins.Co.:	Manhattan Life	Manhattan Life
Policy #:	ML3605293	ML3605294
Beneficiary :	Trudy Hoyt - Spouse	Jean H. Irwin - Spouse
Annual Premium:	\$4,000.00	\$2,700.00
Face Amount :	\$237,810	\$50,000
Cash Value :	\$432.00 (9-30-87)	\$311.00 (9-30-87)

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

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

BEGINNING BALANCE	CONTRIBUTIONS	WITHDRAWALS	MISCELLANEOUS TRANSACTIONS	FEES	CHANGE IN INVT. VALUE	ENDING BALANCE
P T NUMBER: 00167357598 7.775.15	A 0.00	0.00	0.00	0.00	275.31+	\$18.051.46
JOHN T NUMBER: 00225594701 7.775.15	W 0.00	0.00	0.00	0.00	275.31+	\$18.051.46
JOHN T NUMBER: 00287261381 3.167.15	A 0.00	0.00	0.00	0.00	5.105.15-	\$23.052.00
PAUL T NUMBER: 00077325725 5.800.87	G 0.00	0.00	0.00	0.00	6.488.73-	\$29.312.14
PATRICK T NUMBER: 00579403761 7.775.15	B 0.00	0.00	0.00	0.00	275.31+	\$18.051.46
PHYLLIS T NUMBER: 00212243887 5.718.77	E 0.00	0.00	0.00	0.00	415.35+	\$27.134.12
-----	-----	-----	-----	-----	-----	-----
4.012.24	0.00	0.00	0.00	0.00	10.349.60-	\$133.652.54

BILLING GROUP:



(HOYT)

CASH VALUE QUOTATION

POLICY NUMBER [REDACTED] 752

CURRENT AGENCY 125

INSURED HOYT

GROSS POLICY FACE AMOUNT 100000

AGENT CODE 34670

CURRENT PREMIUM PAID-TO-DATE 89/01/01

GROSS PREMIUM (ANN) 4196.00

FACE AMOUNT OF ADDITIONS 39446.98

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

PLUS

GROSS CASH VALUE	39579.00	APPLIED DIVIDEND	.00
PLUS CASH		DIVD ACCUMULATIONS	.00
VALUE ADDITIONS	23540.77	FINAL DIVIDEND	.00
MINUS LOAN	.00	(MODIFIED	
MINUS INTEREST	.00	MATURITY POLICIES)	
		INTEREST ON	
		ACCUMULATIONS	.00
		COST 1 YEAR TERM INS	210.30

NET CASH VALUE	\$63,119.77	TOTAL CASH VALUE AND DIVIDENDS	\$63,330.07
----------------	-------------	--------------------------------	-------------

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

01/01 THAD REG

PRIMARY OWNER: THE HUMANE SOCIETY OF THE UNITED STATES

PRIMARY BENEFICIARY: THE HUMANE SOCIETY OF THE UNITED STATES

(Irwin)

CASH VALUE QUOTATION

POLICY NUMBER [REDACTED] 191

CURRENT AGENCY 125

INSURED IRWIN

GROSS POLICY FACE AMOUNT 100000

AGENT CODE - 34670

CURRENT PREMIUM PAID-TO-DATE 88/10/03

GROSS PREMIUM (ANN) : 2877.00

FACE AMOUNT OF ADDITIONS 12377.22

1. VALUES QUOTED AS OF 88/04/08 BASED ON PREMIUM PAYMENTS TO 88/10/03

PLUS

GROSS CASH VALUE	20281.00	APPLIED DIVIDEND	.00
PLUS CASH		DIVD ACCUMULATIONS	.00
VALUE ADDITIONS	5947.25	FINAL DIVIDEND	.00
MINUS LOAN	.00	(MODIFIED	
MINUS INTEREST	.00	MATURITY POLICIES)	
		INTEREST ON	
		ACCUMULATIONS	.00
		COST 1 YEAR TERM INS	.00

NET CASH VALUE	\$26,220.25	TOTAL CASH VALUE AND DIVIDENDS	\$26,220.25
----------------	-------------	-----------------------------------	-------------

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

10/03 ADDN REG

PRIMARY OWNER: THE HUMANE SOCIETY OF THE UNITED STATES

PRIMARY BENEFICIARY: THE HUMANE SOCIETY OF THE UNITED STATES

Appendix D

1. The following information is for your information only.

M E M O R A N D U M

June 8, 1988

To: Paul Irwin

From: Sam Trevino

Re: Real Estate owned by the HSUS

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

Appendix D

**THE HUMANE SOCIETY OF THE UNITED STATES
REAL PROPERTY HOLDINGS**

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

Appendix E

M E M O R A N D U M

June 8, 1988

To: Paul Irwin

From: Sam Trevino

Re: Personal property owned by the HSUS

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

Appendix E

THE HUMANE SOCIETY OF THE UNITED STATES
PERSONAL PROPERTY HOLDINGS

FORD THUNDERBIRD - 1956

American Security Bank -
Safe Deposit box:

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

Box # [REDACTED] Silver Dollars

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

Silver Quarter - year 1834

100 Pesos

25 Krugeranes

Twenty Dollar Gold Coins

<u>Year</u>	<u>Quantity</u>
1899	2
1904	3
1907	2
1910S	1
1914D	1
1914S	2
1915S	1

One Dollar Gold Coin - year 1853

Indian Head Ten Dollar Coins -

<u>Year</u>	<u>Quantity</u>
1926	1
1932	2

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

U.S. Gold Type Set -

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

Safe at 2100 L Street Office:

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

Safe at 2100 L Street Office (continued):

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

<u>Year</u>	<u>Quantity</u>
1953	8
1963	5
1928	2

Twenty Dollar Bill - 1934.
One Dollar Bills -

<u>Year</u>	<u>Quantity</u>
1969	10
1974	1

One Dollar Silver Certificates -

<u>Year</u>	<u>Quantity</u>
1957	11
1935	6

Two Dollar Bills -

<u>Year</u>	<u>Quantity</u>
1976	51

Safe in Sam Trevino's Office:

Ladies Waltham Watch with diamonds
Ladies Diamond Ring

Safe Deposit Box at Guardian Safe Deposit:

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

• Appendix F •

M E M O R A N D U M

June 1, 1988

To: Paul Irwin

From: Sam Trevino *Sam*

Re: Evans' Note

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

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

 AMERICAN SECURITY BANK

April 20, 1988

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

Dear Mr. Irwin:

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

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

Sincerely,

Mary McCain

Marny McCain
Assistant Vice
President & Trust
Officer

HEIRU-Keally Title Insurance Corporation

SECURED BY DEED OF TRUST

TO Samuel R. Gillman and Michael J. Patchan

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

TRUSTEES:

\$100,000.00

Washington, D. C., November 12, 1981

FOR VALUE RECEIVED being all due and payable Six (6) years after

date or upon sale of property whichever occurs first, we, jointly and severally

promise to pay to the order of Irene C. Evans

the principal sum of

One Hundred Thousand and no/100 Dollars,

with interest at the rate of Ten (10%) per centum per annum until paid,

payable semi-annual, first payment of interest due Six (6) months from date hereof

after maturity, if not then paid, at the rate aforesaid.

John A. Hoyt

Gertrude M. Hoyt

No. 1 of 1

RETAIN THIS NOTE AFTER PAYMENT UNTIL RELEASE IS OBTAINED

DUE

AT

This

desc

here

and

by

DISC

By

Pay to
U/T/D
may be

Witness

Acknow

Witness

State of District of Columbia

County of _____

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

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

My Commission Expires:

Ellen C. Truong
Notary Public

My Commission Expires October 31, 1990

County of _____

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

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

My Commission Expires:

Ellen C. Truong
Notary Public

My Commission Expires October 31, 1990

State of MISSISSIPPI

County of COLUMBIA

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

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

My Commission Expires:

MAY 31, 1989

BARBARA B. SMITH
Notary Public

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

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

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

John A. Hoyt
Gertrude M. Hoyt
Irene C. Evans



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

R E C E I P T

OFFICERS

Coleman Burke
Chairman of the Board
K. William Wiseman
Vice Chairman
Dr. Amy Freeman Lee
Secretary
John A. Hoyt
President
Paul G. Irwin
*Executive Vice President/
Treasurer*
Murdaugh Stuart Madden
*Vice President/
General Counsel*
Patrick B. Parkes
Vice President/Field Services
Patricia Forkan
*Vice President/Program
and Communications*
Dr. John W. Grandy
*Vice President/
Wildlife and Environment*
Phyllis Wright
*Vice President/
Companion Animals*
Dr. Michael W. Fox
Scientific Director

DIRECTORS

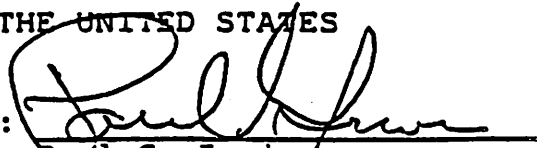
Samuel A. Bowman
Dr. Carol Browning
Coleman Burke
Jack Conlon
Irene Evans
Anna Fesmire
Regina B. Frankenberg
Harold H. Gardiner
Alice R. Garey
Gisela H. Karlan
William Kerber
Dr. Amy Freeman Lee
Jack W. Lydman
Virginia Lynch
Chene Mason
John W. Mettler, III
John G. Mosher
Susan Peppercine
O.J. Ramsey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

HONORARY DIRECTORS

Alda Flemming
Virginia Milliken
Andrew Wyeth

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

THE HUMANE SOCIETY OF
THE UNITED STATES

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

ASSIGNMENT AND RECEIPT

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

Irene C. Evans
Irene C. Evans

Dated: DECEMBER 31, 1986

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

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

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

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

Nor was it anywhere pointed out that Mrs. Hoyt's travel expenses were minimal (less than \$5,000) when compared to the \$330,000 given by Miss Frankenberg. Likewise, no effort was made to explain the value and benefits deriving from Mrs. Hoyt accompanying me on certain trips to meet with benefactors or to various meetings of significance to The HSUS. 11

Appendix II

MEMORANDUM

TO: Paul G. Irwin
FROM: John A. Hoyt
DATE: June 6, 1988

RE: Joyce Mertz-Gilmore Foundation Contribution

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

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

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

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

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

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

"You will recall that Paul Irwin and I discussed with you the possibility of using this grant or a portion thereof for a new building to house a segment of our expanding staff and program operations. We are currently in negotiation for such a facility located in Bethesda, Maryland, and would like to reserve the possibility of utilizing at least a part of this grant for that purpose if such is acceptable to the Trustees of the Joyce Mertz-Gilmore Foundation. I shall be pleased to be in touch with you when our plans are more definite but would welcome your response to this possibility. If utilized for this purpose, appropriate recognition of Joyce would be made within the facility.

"Otherwise, it would be our intention to use this grant for the general purposes of the Society in its efforts to prevent abuse and cruelty to animals. We shall, of course, use it in such a way as to conform to the Foundation's terms and conditions as set forth in the Terms and Conditions letter, which I am returning, as well as the Appendix to Grant Letter."

Appendix I

PET INFO	1987 AUG	12,151	078	0.51%	37,829	11.33	25,413	12,385
NAME LABEL	1987 MAR	82,688	3,338	1.04%	52,188	11.15	19,315	2,813
NAME LABEL	1987 JUL	171,169	4,679	2.73%	110,220	11.38	68,151	11,766
NAME LABEL	1987 JUN	212,031	9,689	4.00%	30,461	11.08	29,261	1,200
NAME LABEL	1987 SEP	97,447	2,748	2.82%	3,333	13.77	13,618	18,685
TRAPPING	1987 MAR	14,973	242	0.54%	140,678	11.11	81,503	58,175
NAME LABEL	1987 AUG	420,073	9,948	2.37%	175,361	11.32	132,071	16,710
NAME LABEL	1987 SEP	605,137	15,495	2.56%				

1987 PROSPECT SUBTOTAL		2,211,299	62,253	2.78%	738,039	11.86	615,317	122,692
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1986 H/A	1986 NOV	5,645,297	160,031	2.83%	2,172,291	15.15	1,381,567	1,090,721
FACE BRAND(HF)	1986 APR	302,989	19,738	6.51%	337,223	17.08	82,611	251,612
FACE BRAND(HF)	1986 MAY	439	216	49.20%	5,443	25.20	3,653	1,790

1986 HOUSEFILE SUBTOTAL		5,948,725	179,985	3.03%	2,814,957	15.61	1,167,831	1,317,126
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MEMB RENEW	1987 MAY	129,153	11,042	8.55%	183,799	16.05	51,608	129,191
MEMB RENEW	1987 MAY	1,733	403	23.25%	8,489	21.06	6,227	2,262
MEMB RENEW	1987 JUL	40,283	1,838	4.56%	23,576	12.83	16,465	7,111
MEMB RENEW	1987 FEB	170,493	16,885	9.90%	252,027	14.93	68,113	183,911
1987 H/A	1987 NOV	8,418,124	208,166	2.47%	2,992,744	11.38	2,063,129	929,615

1987 SUBTOTAL		8,760,086	238,334	2.72%	3,460,635	11.52	2,208,512	1,252,093
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GRAND TOTAL		19,387,132	516,008	2.66%	7,502,766	14.51	1,811,168	2,661,298
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HUMANE SOCIETY OF THE US
SUMMARY OF ALL DIRECT MAIL
JAN, 1986 - DEC, 1987
BY YEAR - SORTED BY PROSPECT/HOUSEHOLD

PACKAGE	YEAR	MO.	QTY MAILED	# DONORS	% RESP	GROSS REVENUE	\$ AVG	TOTAL COST	NET PROFIT
SLAVE TRADE	1986	SEP	28,053	565	2.01%	8,012	14.18	6,117	1,595
SLAVE TRADE	1986	JAN	180,374	1,955	1.08%	28,560	14.61	36,267	(7,707)
SLAVE TRADE	1986	MAR	119,206	2,188	1.84%	28,818	13.18	26,185	2,663
SLAVE TRADE	1986	MAR	127,989	1,736	1.36%	21,670	11.21	21,537	(2,867)
TRAPPING	1986	OCT	56,400	591	1.05%	8,168	11.33	11,937	(6,169)
FACE BRAND	1986	APR	157,831	3,199	2.03%	12,957	13.43	35,307	7,650
SLAVE TRADE	1986	MAR	130,758	1,618	1.26%	23,389	14.19	25,113	(11,751)
TRAPPING	1986	JUL	108,018	1,977	1.83%	27,590	13.96	25,801	1,789
TRAPPING	1986	DEC	191,571	1,961	1.02%	27,123	13.83	18,835	(21,712)
TRAPPING	1986	SEP	66,414	795	1.20%	11,585	11.57	10,316	(5,231)
SLAVE TRADE	1986	MAR	151,717	2,777	1.79%	37,792	13.61	31,599	3,202
TRAPPING	1986	JUN	60,161	1,295	2.14%	16,121	12.45	13,964	2,160
SLAVE TRADE	1986	JUN	77,467	1,022	1.32%	13,371	13.08	15,277	(1,906)
SLAVE TRADE	1986	AUG	41,720	596	1.43%	7,999	13.42	9,293	(1,799)
SLAVE TRADE	1986	JUN	128,232	1,540	1.20%	22,996	11.93	30,771	(7,778)
SLAVE TRADE	1986	JUN	128,228	1,471	1.15%	20,701	11.07	31,119	(10,115)
TRAPPING	1986	AUG	82,624	1,246	1.51%	17,382	13.95	20,363	(2,981)
SLAVE TRADE	1986	MAY	38,101	410	1.15%	6,912	15.78	9,124	(2,182)
SLAVE TRADE	1986	OCT	30,000	259	0.86%	4,060	15.68	7,559	(3,199)
SLAVE TRADE	1986	MAY	119,843	2,347	1.96%	30,204	12.87	25,936	1,218
SLAVE TRADE	1986	AUG	48,636	623	1.28%	7,861	12.62	10,600	(2,736)
SLAVE TRADE	1986	JUL	68,115	1,100	1.61%	11,839	13.19	15,060	(7,221)
SLAVE TRADE	1986	SEP	47,287	699	1.48%	8,881	12.71	12,159	(3,578)
SLAVE TRADE	1986	JAN	163,887	2,011	1.23%	30,115	11.98	31,724	(1,669)
SLAVE TRADE	1986	JUN	66,415	1,116	1.68%	11,967	13.41	11,815	152
SLAVE TRADE	1986	JUL	11,672	279	1.90%	3,693	13.21	3,401	292
1986 PROSPECT SUBTOTAL			2,437,022	35,436	1.45%	489,135	13.80	519,718	(69,613)
PET INFO	1987	MAR	76,476	904	1.18%	11,911	13.18	15,901	(3,990)
NAME LABEL	1987	APR	111,355	4,270	3.83%	47,613	11.15	36,732	10,831
SLAVE TRADE	1987	MAR	13,675	367	0.84%	1,492	12.21	11,613	(7,151)

RECEIVED

JUL 25 1988

LAW OFFICES
SILVERSTEIN AND MULLENS

1776 K STREET, NORTHWEST
WASHINGTON, D.C. 20006

(202) 452-7900

CABLE "SIMUL WASH"

TELEX: 64426

TELECOPIER: (202) 452-7989

WRITER'S DIRECT DIAL NUMBER

(202) 452-7911

July 19, 1988

LEONARD L. SILVERSTEIN
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ROBERT C. 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

RMK & W
PATRICIA M. DOUGHER
JAMES F. MILLER
HARRISON B. MCCAWLEY
DONALD J. MATHISON
PATRICIA R. LESSER
DEBORAH H. BEERS
SAMUEL M. HARUCA
JOHN F. LEFEVERE
JANE M. ELDREDE
GEORGE B. DELTA
MARILYN E. NELSON
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ERIC S. KRACOV
RICHARD B. TREANOR
STUART A. STREICHLER
LAURA A. GLASSMAN
JEROME M. HESCH
VICTORIA W. GIRARD

* NOT ADMITTED IN D.C.

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

Re: HSUS

Dear Joe:

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

Sincerely,

SILVERSTEIN AND MULLENS

Bardyl R. Tirana
Bardyl R. Tirana

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

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

<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	6,624.67
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	21,162.17
Jan.	BRT	6.25	215	1,343.75	357.56	22,863.48
Feb.	BRT	3.00	215	645.00	29.97	23,538.45
Mar.	BRT	3.50	215	752.50	38.34	24,329.29
Apr.	BRT	46.25	215	9,943.75	437.95	34,710.99
May	BRT	10.25	215	2,203.75	338.45	37,253.19
June	BRT	16.00	215	3,440.00	190.18	40,883.37
Total to 6/30/88		<u>186.75</u>		<u>37,342.49</u>	<u>3,540.88</u>	<u>40,883.37</u>

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

brt/0743/5.10.8a

Ramsey, Morrison, Keddy & Wallis

GENERAL LITIGATION

O.J. RAMSEY
THEODORE H. MORRISON
MICHAEL F. KEDDY
DAVID A. WALLIS
MARCE ABRAMSON
JODI CLARY
BRIAN J. STONE

PROFESSIONAL CORPORATION • ATTORNEYS AT LAW

10399 OLD PLACERVILLE ROAD
SACRAMENTO, CALIFORNIA 95827

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

WORKER'S COMPENSATION

THEODORE H. MORRISON

May 28, 1988

Bardyl R. Tirana
SILVERSTEIN AND MULLENS
1776 K Street, N.W.
Washington, D.C. 20006

Re: Your May 11, 1988, Response to Select Committee

Dear Bardyl:

This will acknowledge receipt on May 16, 1988, of your letter of May 11, 1988, in response to my request of April 29, 1988, that you write on behalf of your clients, listing any special concerns they might still have and want the Select Committee to be sure to consider.

Thank you for listing those concerns. The committee did intend carefully to consider all of the questions you raise, but it is helpful to have your letter confirming such matters of special interest to your clients.

You are, of course, correct that your letter does not limit your clients to any additional concerns which may occur to them in the future. It is self-evident that no such limitation is possible, and I did not intend to indicate to the contrary in my April 29, 1988, letter to you. However, I am sure you understand the need to establish a reasonable time table for the Select Committee to complete its work. Will you please advise how much more time your clients may need to give us as comprehensive a list of concerns as reasonably possible.

Mr. Tirana
Re: Select Committee

May 28, 1988
Page -2-

In your May 11, 1988, letter, you mention, among other things, the possibility that Brook Speidel and/or Sam Bowman may contact Jake Stein directly concerning matters that may still trouble them. I am puzzled about why they would not want to share those concerns with the Select Committee which was created by the Board for the very purpose of dealing with such concerns and keeping a record of them in minutes and correspondence. If the Select Committee is not included in the informational circuit, they will be unable to perform the function for which they were appointed. If your clients continue to have concerns which they have not yet voiced, I would urge that they be directed to me as chairman of the Select Committee. I can and do assure you that I will communicate any such concerns to the full Select Committee and, as necessary, to Jake Stein as outside counsel for the HSUS.

I found it surprising, disappointing, and, frankly, inappropriate that you chose to use my good-faith invitation to specially treat your clients' concerns as a basis for volunteering their unsolicited views that "a majority of the Board" (including certain named individual directors) and the president and treasurer of HSUS have been derelict in their duties and to threaten the HSUS and certain of those directors and officers with a lawsuit.

Mr. Tirana
Re: Select Committee

May 28, 1988
Page -3-

I do not intend to dignify these accusations and threats with any detailed response in this letter; however, I feel that some comment is necessary and appropriate.

Regarding your clients' criticisms of their fellow Board members, it is sufficient to state here "for the record" only that such accusations are considered by the Select Committee to be denied by those named. I do feel that, since you have threatened a lawsuit against such directors and officers, I must notify them of such threat and will do so by copy of your letter to me of May 11, 1988, and this response to you. However, I intend to encourage those you accuse to restrain themselves from responding directly to you or your clients, at least at this time. Otherwise, I am concerned that the function of the Select Committee to fully and fairly consider and hopefully resolve all problems which have been raised since last fall might be jeopardized.

Regarding your demand for immediate payment of attorney's fees and your threat to sue if you are not paid, I feel I have no choice but to ask Jake Stein to deal with that matter.

Finally, since I felt I should use HSUS letterhead for committee work, you properly responded with your May 11, 1988, letter to the HSUS headquarters in Washington, D.C. This resulted in delay in my getting your letter. In the future I

Mr. Tirana
Re: Select Committee

May 28, 1988
Page -4-

would appreciate it if you would send material having to do with the Select Committee to me directly to my office address, even though I will be using HSUS letter head. My office address is as follows:

Ramsey, Morrison, Keddy & Wallis
10399 Old Placerville Road
Sacramento, CA 95827

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS


O. J. Ramsey

OJR:jr

Post Office Box 120
Woolwich, Maine 04579

February 10, 1988

Mr. Bardyl R. Tirana
SILVERSTEIN AND MULLENS
1776 K. Street, Northwest
Washington, D.C. 20006

Dear Mr. Tirana:

Thank you for your letter of January 26 in response to mine of January 15. Unfortunately, we seem to have a problem communicating our thoughts to one another. Your reply is so unresponsive to what I had in mind when I wrote my previous letter that it is obvious I did not make myself clear. I will, therefore, try again by making reference to a single specific topic.

Referring to paragraph eleven of your letter of December 4, 1987, the first sentence reads:

"It has come to my attention that HSUS has paid substantial sums for direct mail and membership communication and development, and that in so doing, valuable lists of members and contributors to HSUS and of their addresses have been created and maintained (the "Lists")."

This is clearly a statement of fact. The "Lists" are obviously valuable assets of HSUS which need to be protected.

In your next sentence you seek to inspect books and records of HSUS relating to such "Lists" and you then seek more specific information regarding Mr. Hoyt and Mr. Irwin and their family members including "any compensation, honoraria, expenses or other income or equity interest paid, sold or given to or received by" them.

Clearly the systems and procedures by which HSUS protects the valuable corporate asset represented by the lists is a matter of potential concern to the Audit Committee. Any clue that all is not well in this regard would be a valuable point of departure for further investigation. My questions are, therefore, as follows:

Mr. Bardyl R. Tirana
SILVERSTEIN AND MULLENS

- 2 -

February 10, 1988

Firstly, do you have any information which prompted you to raise this issue in general, and, if so, what is the nature of such information and its source.

Secondly, do you have any information which prompted you to focus the thrust of your inquiry to "Mr. Hoyt or Mr. Irwin or any of their family members" and, if so, what is the nature of such information and its source.

I hope this will make the reason for and nature of my inquiry more understandable so that any information you may have can be utilized by the Audit Committee. If you have no such information, that would be equally valuable to know.

Since I shall be out of the country for the next several weeks, I would appreciate your sending your reply to me care of Murdaugh Madden who will be able to see it reaches me.

Sincerely yours,



K. William Wiseman

KWW:MW

cc: Murdaugh Madden, Esq.
Mr. John W. Mettler, III
Ms. Susan Pepperdine
Mr. Robert Sorock

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

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ADELBERT L. SUWALSKY, JR.
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BRANT BABER
HARRISON B. McCRAWLEY

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

(202) 452-7900

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

WRITER'S DIRECT DIAL NUMBER

(202) 452-7911

January 26, 1988

JAVED A. KHOKHAR
DONALD J. MATHISON
PATRICIA R. LESSER
PATRICK G. DOOHER
DEBORAH M. BEERS
JAMES F. MILLER
JOHN FREEMAN BLAKE
SAMUEL M. MARUCA
JOHN F. LEFEVERE*
JANE M. ELDREDGE
TAINA E. EDLUND
GEORGE B. DELTA*
MARILYN E. NELSON
MARGO B. STERN
STEVEN C. WALLACE*
ERIC S. KRACOV

* NOT ADMITTED IN D.C.

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

Dear Mr. Wiseman:

This is in response to your letter of January 15, 1988 to Sam Bowman, asking for information pertaining to my letter of December 4, 1987. You characterized my letter as making "several serious accusations," and requested "facts on which such allegations were based."

Your letter to Mr. Bowman evidences a lack of understanding of the purpose of my December 4, 1987 letter. The letter constituted a demand under oath for inspection of the books and records of HSUS pursuant to 8 Del.C. §220. As required by Delaware law, my letter specified the purposes for my demand for inspection.

You apparently have failed to understand that my December 4, 1987 letter was a statutory demand. As far as I know, every statement of fact asserted in the letter was true and was subsequently corroborated both through document reviews and in the relevations at the December 12, 1987 HSUS board meeting.

Your letter to Mr. Bowman asks for specific information concerning what you characterize as the implications of my December 4, 1987 letter. The information which you request is or should be available through the books and records of HSUS and from Mr. Hoyt and Mr. Irwin. Any questions you may have concerning

SILVERSTEIN AND MULLENS

Mr. K. William Wiseman
January 26, 1988
Page 2

election of directors should be addressed to the general
counsel of HSUS, Mr. Madden.

Sincerely,

~~SILVERSTEIN AND MULLENS~~

Bardyl R. Tirana
Bardyl R. Tirana

BRT:she

cc: Murdaugh Madden, Esquire
Mr. John W. Mettler, III
Ms. Susan Pepperdine
Mr. Robert Sorock

LAW OFFICES
SILVERSTEIN AND MULLENS

1776 K STREET, NORTHWEST
WASHINGTON, D.C. 20006

(202) 452-7900

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WRITER'S DIRECT DIAL NUMBER

(202) 452-7911

December 17, 1987

LEONARD L. SILVERSTEIN
GERALD H. SHERMAN
ROBERT E. FALB
JERRY J. MCCOY
ADELBERT L. SUWALSKY, JR.
STUART M. LEWIS
RONALD D. ABRAMSON
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RICHARD A. MULLENS, PC
EDWARD L. MERRIGAN
COUNSEL

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DEBORAH M. BEERS
JAMES F. MILLER
JOHN FREEMAN BLAKE
SAMUEL M. MARUCA
JOHN F. LEFEVERE*
JANE M. ELDERIDGE
TAINA E. EDLUND
GEORGE B. DELTA*
MARILYN E. NELSON
MARGO B. STERN
STEVEN C. WALLACE*
ERIC S. KRACOV

* NOT ADMITTED IN D.C.

VIA FEDERAL EXPRESS

Mr. John W. Mettler, III
Seminole Asset Management, Inc.
950 Third Avenue
New York, New York 10022

Ms. Susan Pepperdine
Director of Administration
Marketing Resources Incorporated
8310 Nieman Road
Lenexa, Kansas 66214

Mr. Robert B. Sorock
Executive Vice President
Stone & Simons Advertising, Inc.
24245 Northwestern Highway
Southfield, Michigan 48075

Dear Speedy, Susan and Bob:

The attached information requests are being sent to you as a follow-up to the board meeting last Saturday, December 12, 1987, which created your committee. I anticipate that you will be making inquiries of the auditors, Thomas Havey & Co., concerning certain matters, and that you might end up retaining outside auditing advice and assistance. I also anticipate you will seek the advice of outside independent counsel on some of the issues and questions raised.

Accordingly, with relation to some of the specific matters as to which the board showed concern, I have set forth some suggestions as to how to go about gathering

SILVERSTEIN AND MULLENS

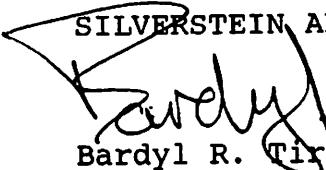
Mr. John W. Mettler, III, et al.
December 17, 1987
Page 2

the information and advice which your committee would appear to be seeking. Each request for information should make it clear that it is only an initial inquiry, part of an ongoing review of a variety of internal HSUS matters.

You should ask that the answers to these inquiries, plus whatever further questions are propounded, be submitted in writing to all three of you, with copies of supporting documents. Draft letters to Mr. Wiseman and Thomas Havey & Co. are attached for your convenience. I have gone over this letter and enclosures with Murdaugh Madden and he concurs.

Sincerely,

SILVERSTEIN AND MULLENS



Bardyl R. Tirana

BRT:she
Enclosures
brt/0743/12.17.7a

Requests for Information from Thomas Havey & Co.

1. All transactions in and out of each of the "Board-designated" accounts, plus any information in their records which speaks to the question of what the Board designated as to restrictions, limitations, or guidance as to the utilization of the funds; copies of checks evidencing disbursements from these funds from 1983 to date, along with any authorizing memoranda which were part of the file before the checks were drawn.

2. Copies of all financial records, including the checks evidencing deposits and disbursements, of the National Humane Education Center, for years 1983 to date.

3. Copies from the financial records of the National Association for the Advancement of Humane Education of checks, for years 1983 to date, evidencing disbursements to John Hoyt and/or Paul Irwin with whatever explanatory or authorizing memoranda which were attached thereto prior to the issuance of said checks.

4. Copies of the check utilized in supporting or creating the Amy Freeman Lee Chair at the Incarnate Word College, along with any memoranda or other explanatory materials that were in existence at the time the check was issued.

5. Identification of any other funds which came from HSUS or any of its related corporations to Mr. Hoyt or Mr. Irwin for whatever reason, whether in the form of compensation, reimbursement, or any other purpose, along with any other explanatory material in existence at the time of such disbursement.

6. Copies of any memoranda or other information upon which it is estimated that \$600 monthly rental on Mr. Hoyt's home following its purchase by the HSUS, and whatever the records reflect as to whether this or any amount was actually to be paid, or was simply to be assumed as income on Mr. Hoyt's income tax return.

7. Copies of all records of the taxes and major upkeep and/or capital expenses on the said home incurred for the three years prior to the HSUS purchase.

8. With reference to any reimbursement to Mr. Irwin for advances in connection with the Brightwater property in Maine, copies of all records in the file upon which the reimbursement to Mr. Irwin was based.

9. Copies of the IRS Form 990 filed on behalf of the HSUS from 1980 through 1986.

10. Copies of the audited Financial Statements prepared for the years 1980 through 1986.

brt/0743/12.17.7b

Request for Information from HSUS

1. Copies of further documents, if any, utilized or available in connection with the minutes of the Deferred Compensation Committee.

2. A statement as to when the minutes of that committee, in the form submitted to the Board on December 12, 1987, were prepared and typed, a statement as to who drafted such minutes, and copies of any such drafts and previous notes and other documents available to the committee at the time of each meeting. (This question arises because Mr. Lydman, the secretary of the committee, was uncertain as to when the minutes had been prepared.)

3. A description of the makeup of the committee from its inception to the present time, including any materials bearing on the manner in which the members were elected, together with the dates, times, persons present and places for each meeting of the committee. (This, too, arises because Mr. Lydman was initially uncertain that he was on the HSUS Board at the time of the first meeting.)

brt/0743/12.17.7c

DRAFT

December 17, 1987

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

Dear Bill:

The Audit Committee requests that the HSUS board of directors furnish the three members of the Audit Committee, in writing, the initial information on the attached schedule pertaining to the Deferred Compensation Committee, together with supporting documents. Since the Audit Committee wishes to report to the board by March 31, we hope to have received the information by January 8.

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

Sincerely,

brt/0743/12.17.7e

DRAFT

December 17, 1987

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

Re: The Humane Society of the United States

Gentlemen:

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

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

John W. Mettler, III
Seminole Asset Management, Inc.
950 Third Avenue
New York, New York 10022

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

Robert B. Sorock
Stone & Simons Advertising, Inc.
24245 Northwestern Highway
Southfield, Michigan 48075

Please call if you have any questions.

Sincerely,

brt/0743/12.17.7f



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

April 29, 1988

OFFICERS

K. William Wiseman
Chairman of the Board

Coleman Burke, Esq.
Chairman Emeritus

O.J. Ramsey, Esq.
Vice Chairman

Dr. Amy Freeman Lee
Secretary

John A. Hoyt
President

Paul G. Irwin
*Executive Vice President/
Treasurer*

Patricia Forkan
Senior Vice President

Murdaugh Stuart Madden, Esq.
Vice President/General Counsel

Patrick B. Parkes
Vice President/Field Services

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

Phyllis Wright
Vice President/Companion Animals

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

DIRECTORS

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Dr. Carol Browning
Coleman Burke, Esq.
Irene Evans
Regina Bauer Frankenberg
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John Kelly
William Kerber
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Jack W. Lydman
Virginia Lynch
John W. Mettler III
Susan Pepperdine
O.J. Ramsey, Esq.
Marilyn G. Seyler
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Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

HONORARY DIRECTORS

Aida Fleming
Virginia Milliken
Andrew Wyeth

Bardyl Tirana
SILVERSTEIN & MULLENS
1176 K Street, Suite 800
Washington, D.C. 20006

UPS Next-Day Air

Re: HSUS

Dear Mr. Tirana:

This will confirm my telephone conversation with you of Thursday, April 21, 1988.

You stated on behalf of all three of your clients (Sam Bowman, John Mettler, and Brook Speidel) that you had no objection to Jake Stein representing the HSUS with respect to all matters considered by the Audit Committee and with respect to any remaining concerns which will be dealt with by the Select Committee created by vote of the Board of Directors on Wednesday, April 20, 1988.

You also indicated on behalf of your clients that they wanted HSUS to pay their legal fees to you in connection with work you have done for them since last fall when they first retained you. You and I discussed what the proper vehicle might be for your submission of this claim for attorney's fees to the HSUS. We both felt that since this claim relates to the concerns reflected by the Audit Committee, the claim would perhaps properly be considered by the Select Committee. I tend to think that the Select Committee is the proper vehicle to initiate consideration of this claim. However, I cannot make that decision unilaterally and will discuss it with other committee members, including Mr. Hoyt as President and Mr. Wiseman as chairman of the Board.

Whether the Select Committee is the proper vehicle for consideration of your clients' claims for reimbursement of attorney's fees incurred, the claim will be considered one way or the other. I understand that you believe total fees incurred by all three of your clients will probably be a little less than and will not exceed \$30,000.00 unless something unforeseen arises. As of the time we spoke, you were not sure but felt that there probably would not be any

Bardyl Tirana
Re: HSUS

Page 2
April 29, 1988

further legal work done as a result of the concerns of your clients about the manner in which the HSUS has been run.

Finally, this will also confirm that I said I would be writing you asking you to send me a letter listing any remaining concerns which your clients may have following the preparation by Gail Harmon of her report. I would appreciate your writing me with such a list as soon as reasonably possible and by no later than Wednesday, May 11, 1988. The Select Committee does intend to consider the matters raised in the Harmon report, but I want to be especially sure that the committee considers all matters therein of any remaining concern to your clients, because once the Select Committee's work is done and its report is submitted for Board consideration, I believe everyone hopes to have the entire matter behind us once and for all.

Thank you in advance for your courtesy and cooperation.

Very truly yours,

RAMSEY, MORRISON, KEDDY & WALLIS

O. J. Ramsey

OJR:jr

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

RECEIVED
MAY 16 1988

RMK & W

LAW OFFICES
SILVERSTEIN AND MULLENS

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WASHINGTON, D C 20006

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CABLE "SIMUL WASH"
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WRITERS 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
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RICHARD A. MULLENS, P.C.
EDWARD L. MERRIGAN
COUNSEL

PATRICK G. DOOHER
JAMES F. MILLER
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DONALD J. MATHISON
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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.

SILVERSTEIN AND MULLENS

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.

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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

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	6,624.67
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	21,162.17
Jan.	BRT	6.25	215	1,343.75	357.56	22,863.48
Feb.	BRT	3.00	215	645.00	29.97	23,538.45
Mar.	BRT	3.50	215	752.50	38.34	24,329.29
Apr.	BRT	46.25	215	9,943.75	437.95	34,710.99
Total to 4/30/88		<u>160.50</u>		<u>31,698.74</u>	<u>3,012.25</u>	<u>34,710.99</u>

*/ BRT = Bardyl R. Tirana
 MEN = Marilyn E. Nelson
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brt/0743/5.10.8a

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WRITER'S DIRECT DIAL NUMBER

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May 11, 1988

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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.

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O.J. Ramsey, Esquire
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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.

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SILVERSTEIN AND MULLENS

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May 11, 1988

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SILVERSTEIN AND MULLENS

O.J. Ramsey, Esquire

May 11, 1988

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O.J. Ramsey, Esquire

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Page 5

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Sincerely,

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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

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brt/0743/5.10.8a

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WRITER'S DIRECT DIAL NUMBER

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December 4, 1987

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ADELBERT L. SUWALSKY, JR.
STUART M. LEWIS
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* NOT ADMITTED IN D.C.

BY HAND

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

Re: Demand for Inspection of Books and Records

Dear Sirs:

I have been nominated, constituted and appointed by Samuel A. Bowman ("Bowman"), a member and a director of The Humane Society of the United States ("HSUS"), as Bowman's attorney and agent for the purpose of inspection of books and records of HSUS pursuant to 8 Del.C. §220. This letter constitutes my demand under oath for inspection of the books and records of HSUS pursuant to 8 Del.C. §220. I am enclosing herewith a Power of Attorney and Appointment of Agent duly executed by Bowman on December 2, 1987 authorizing me to so act on his behalf. I seek to inspect the books and records of HSUS (and to make copies or extracts as I deem appropriate) during the usual hours for business of HSUS for the proper purposes set forth below:

1. A special meeting of the board of directors has been scheduled for December 12, 1987, at which functions, duties and responsibilities will be addressed. By letter dated November 30, 1987 to directors, K. William Wiseman, chairman of the board, distributed a copy of the Bylaws of HSUS dated at Washington, D.C., October, 1980. I seek to inspect the

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Page 2

certificate of incorporation filed with the Secretary of State of Delaware on November 22, 1954, with the certificate of amendment filed with the Secretary of State of Delaware on January 14, 1957, and any other amendments to the certificate of incorporation to determine the functions, duties and responsibilities of board members to be addressed at the special meeting of the board of directors scheduled to be held on December 12, 1987. I further seek to inspect the Bylaws as originally adopted by the board of directors pursuant to Article NINTH of the certificate of incorporation and any and all alterations, amendments or repeals of the Bylaws from the date the original Bylaws were adopted, together with all documents constituting referenda submitted to the members authorizing any such alterations, amendments or repeals, to determine the Bylaws which have been and are actually in effect and governing the past and present conduct of HSUS, its members, directors and officers.

2. I seek to inspect all books and records of any Nominating Committee constituted under Section 5, Article IV of the Bylaws, and of any Elections Committee constituted under Section 6, Article IV of the Bylaws, and of any and all elections to the board of directors of HSUS, from January 1, 1980 to the present, together with all books and records constituting notices to members pertaining to meetings and elections, including proxies and proxy materials, and any minutes of meetings of members and actions taken by members in person, by proxy or written consent, any and all membership dues, ledgers and member lists, and all minutes of the board of directors, in order to determine: (a) actions lawfully taken on behalf of HSUS by the members; (b) the identity of directors properly elected pursuant to the certificate of incorporation, as amended, and the Bylaws; and (c) the identity of those directors who are purporting to serve as directors but who may not have properly been elected pursuant to the certificate of incorporation, as amended, and the Bylaws.

3. I seek to inspect all books and records pertaining to meetings of directors from January 1, 1980 to the present to determine actions taken on behalf of

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Page 3

HSUS by the board of directors which were authorized by the certificate of incorporation, as amended, and the Bylaws then duly in effect, and those purported actions taken by properly elected or purported directors which were not authorized by the certificate of incorporation, as amended, or by the Bylaws then duly in effect.

4. I seek to inspect all of the books and records of the Executive Committee constituted under Section 1 of Article VII of the Bylaws, or of any committee purporting to act as the Executive Committee, for the period from January 1, 1980 to the present, to determine the extent to which the Executive Committee did take actions on behalf of HSUS or the board of directors which were duly authorized by the certificate of incorporation, as amended, and the Bylaws, and to determine those purported actions by the Executive Committee, or any committee purporting to act as the Executive Committee, which were not duly authorized on behalf of HSUS or the board of directors by the certificate of incorporation, as amended, or the Bylaws then duly in effect.

5. I seek to inspect all books and records of any committee of the board of directors provided for under Section 2 of Article VII of the Bylaws, and of any committee purporting to act as a committee of the board of directors, including minutes of the meetings thereof, from January 1, 1980 to the present, to determine: (a) whether any such committee was properly constituted in accordance with the certificate of incorporation, as amended, and the Bylaws then and subsequently duly in effect; (b) the extent to which any such committee acted on behalf of HSUS or the board of directors in accordance with the certificate of incorporation, as amended, and the Bylaws; and (c) the extent to which any purported actions of any such committee were not authorized by the certificate of incorporation, as amended, and the Bylaws.

6. It has come to my attention that the president of HSUS, John A. Hoyt, sold a house to HSUS for total consideration of \$310,000 during 1987, and that Paul G. Irwin, executive vice president and treasurer of HSUS,

The Humane Society of
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December 4, 1987
Page 4

wrote a check for \$210,000 on the account of HSUS to Mr. Hoyt in 1987, without authorization pursuant to the certificate of incorporation, as amended, and the Bylaws. The actions of Mr. Hoyt and Mr. Irwin were taken without prior notice to or the approval of the board of directors of HSUS. Furthermore, it appears that Mr. Hoyt obtained loans from two directors, acting in their fiduciary or individual capacity, namely Coleman Burke and Irene C. Evans, secured by deeds of trust on the house which Mr. Hoyt later sold to HSUS without authorization for \$310,000. The transactions involving the house date from March 13, 1970. It has further come to my attention that funds of HSUS may have been paid to or for the account of director Evans or affecting real property at P Street in the District of Columbia now or formerly owned by director Evans. The transaction involving the loan to Mr. Hoyt by director Evans appears to date from 1981. Accordingly, I seek to inspect: (a) all books and records of HSUS reflecting any compensation paid and any expenses reimbursed by HSUS, directly or indirectly to Mr. Hoyt and to Mr. Irwin, and to any of their respective family members, business associates or other persons acting in concert with Mr. Hoyt or Mr. Irwin in their individual capacity; (b) any and all records of HSUS pertaining to the house sold by Mr. Hoyt to HSUS and to its use since having been transferred to HSUS; and (c) any and all records of HSUS pertaining to transfers to or for the use of director Evans or affecting real property at P Street in the District of Columbia now or formerly owned by director Evans, to determine the extent to which assets of HSUS have been transferred directly or indirectly to Mr. Hoyt or Mr. Irwin, or to or for the use of director Evans or affecting real property at P Street in the District of Columbia now or formerly owned by director Evans, without authorization under the certificate of incorporation, as amended, and the Bylaws, and from the board of directors or the Executive Committee thereof.

7. It has come to my attention that in the last two years large unusual transfers of HSUS funds have been made, without prior notice to or approval of the board of directors, to certain insurance companies. Accordingly, I seek to inspect the books and records of

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Page 5

HSUS from January 1, 1980 to the present pertaining in any way to deferred compensation plans, pension plans, medical insurance, life insurance, and expenditures and receipts in respect to deferred compensation, pensions and insurance, particularly for John A. Hoyt and Paul G. Irwin, and generally for all HSUS employees, to determine: (a) allocation of benefits among Mr. Hoyt, Mr. Irwin and other employees; (b) the extent to which any such transfers or expenditures were duly authorized under the certificate of incorporation, as amended, the Bylaws and by action of the board of directors or the Executive Committee; and (c) the extent to which any such transfers or expenditures were without authorization under the certificate of incorporation, as amended, and the Bylaws, and from the board of directors or the Executive Committee.

8. It has come to my attention that there have been transfers made from restricted and unrestricted funds of HSUS, without advance authorization from or notice to the board of directors, to organizations in which John A. Hoyt has an interest, or holds a position as a director or officer, and that such transfers may have increased in size or number in recent years. It further has come to our attention that Mr. Hoyt and Mr. Irwin have traveled extensively, and that at least in one instance, Mr. Hoyt may have brought with him family members on intercontinental travel. The travel expenditures do not appear to be reflected in the financial statements of HSUS. Accordingly, I seek to inspect all books and records of HSUS, including books and records maintained by or for Mr. Hoyt and Mr. Irwin in any of their capacities, pertaining in any way to expenses of Mr. Hoyt and Mr. Irwin, and any of their family members, and from January 1, 1980 which were paid for by any organization receiving funds from HSUS.

9. By the four concluding paragraphs of a letter dated November 20, 1987, a copy of which is attached, Mr. Bowman and other directors requested certain information in order to prepare for the special meeting of directors scheduled for December 12, 1987. By letter dated November 30, 1987, a copy of which is attached, K. William Wiseman, chairman of the board, declined to

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produce the information at this time, denying Mr. Bowman the ability to prepare for the special meeting of directors. Accordingly, I seek to inspect all books and records of HSUS relating to the information demanded by the four concluding paragraphs of Mr. Bowman's letter of November 20, 1987.

10. It has come to my attention that during 1986 or 1987, Mr. Hoyt and others attempted to negotiate a contract for merger or union of HSUS with the Michigan Humane Society, whose president is David K. Wills. It has further come to our attention that David K. Wills was found guilty of breaking and entering by the Circuit Court of the County of Albemarle, Commonwealth of Virginia, on May 30, 1973, a fact known to Mr. Hoyt but not disclosed to the directors of HSUS. It has further come to our attention that on October 28, 1987, without prior notice to or authorization from the board of directors, Mr. Irwin directed First American Bank to transfer \$5,100 to the Michigan Humane Society to the attention of Mr. Wills, and that earlier transfers were initiated by Mr. Hoyt or Mr. Irwin to the Michigan Humane Society from restricted funds without authorization from the board of directors. Accordingly, I seek to inspect all books and records relating in any way to any transfers of funds, loans, or transfers of assets on a temporary or permanent basis, direct or indirect, by HSUS to the Michigan Humane Society, or from the Michigan Humane Society to HSUS, or between HSUS and Mr. Wills, or by and between, to or from any of them acting in concert with each other, in order to determine the nature and extent of any actions taken with resources of HSUS by Mr. Hoyt or by Mr. Irwin without authorization under the certificate of incorporation, as amended, and the Bylaws, and from the board of directors.

11. It has come to my attention that HSUS has paid substantial sums for direct mail and membership communication and development, and that in so doing valuable lists of members and contributors to HSUS and of their addresses have been created and maintained (the "Lists"). I seek to inspect all books and records of HSUS, including books and records maintained by or for

SILVERSTEIN AND MULLENS

The Humane Society of
the United States

December 4, 1987

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Mr. Hoyt and Mr. Irwin in any of their capacities, pertaining in any way to: (a) any sale, lease or use of the Lists by any person or entity at any time for any purpose, other than a communication or solicitation in the sole name of HSUS; and (b) any compensation, honoraria, expenses or other income or equity interest paid, sold or given to or received by Mr. Hoyt or Mr. Irwin or any of their family members or of anyone acting in concert with any of them by any person, company or entity providing services or supplies to HSUS, whether or not connected with the Lists.

Sincerely,

SILVERSTEIN AND MULLENS


Bardyl R. Tirana

DISTRICT OF COLUMBIA, ss:

On this 4th day of December, 1987, personally appeared the said BARDYL R. TIRANA, who under oath executed the foregoing Demand for Inspection of Books and Records and stated that it was true and correct to the best of his knowledge, information and belief.


Notary Public

My Commission Expires: My Commission Expires July 31, 1989

BRT:she

Enclosures

cc: Mr. Samuel A. Bowman

brt/docs/12.3.7i

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

The Audit Committee of
The Humane Society of the United States:

July 18, 1988

We have made a study and evaluation of the design of the system of internal accounting control of The Humane Society of the United States (the Society) in effect at July 1, 1988. Our study of the design of the system was made by (a) obtaining an understanding, through discussion with appropriate personnel and by reference to pertinent documents and records, of the flow of transactions through the accounting system, of the accountability of resulting assets, and of the related control procedures and (b) documenting such understanding and identifying the persons or organizational groups that perform critical functions.

The management of The Humane Society of the United States is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

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

Because the purpose of our study and evaluation was to report only on the design of the system, we did not test compliance with the control procedures prescribed in the design of the system; accordingly, we do not express an opinion on whether the system of internal accounting control of The Humane Society of the United States as of July 1, 1988, taken as a whole, meets the objectives stated above. Our study and evaluation, however, disclosed the following conditions that we believe are indicative of weaknesses in the design of the system as to which corrective action might be practicable, depending on management's cost-benefit evaluation.

ADMINISTRATIVE CONTROLS

EMPLOYEE MANUAL

Observation

The current employee manual contains detailed organizational charts and text which delineates areas of authority and responsibility. However, the manual is outdated and as the organization has grown, areas of authority have become blurred.

Recommendation

We believe that the Society would benefit from a review of its organizational structure and the assigned responsibilities of management. As an aid to defining personnel responsibilities, as well as budgeting and controlling personnel costs, the Society should prepare an official personnel chart showing areas of departmental responsibility and the number of personnel required in each department. We understand that the personnel manual is currently under revision and we recommend that the following topics be updated and/or included in the revised manual:

- . Employee job descriptions
- . Qualifications for employment and employment interview procedures
- . Procedures for investigating employee references
- . Orientation and training of new employees
- . Procedures for periodic evaluation of personnel and salary adjustments
- . Employment termination procedures
- . Business conduct policy statements which address employee conduct and expected compliance with Society policies, laws and regulations.

ACCOUNTING MANUAL

Observation

The Society does not maintain an accounting manual detailing such items as depreciation policies, capitalization policies, accounting conventions adopted or the general practices to be followed by the accounting department.

Recommendation

An accounting manual should be prepared with the objectives of documenting the accounting system, facilitating management objectives and providing a valuable tool in the training of new personnel. The manual should include, but not be limited to, the following:

- . Statement of accounting policies
- . Detailed accounting procedures
- . A descriptive chart of accounts
- . Procedures for the preparation and approval of documents supporting entries to the accounting records (payroll, cash receipts and disbursements, adjusting journal entries)
- . Description of standard monthly journal entries
- . Property capitalization policy
- . Daily, monthly, and annual closing schedules and detailed procedures
- . Job descriptions for accounting personnel.

MANAGEMENT COMMUNICATION

Background

The Deferred Compensation Committee of the Board of Directors has been responsible for determining the salaries and other benefits due to members of top management. No minutes of this Committee were distributed to the full Board of Directors and no report was made to the full Board. Therefore, it is not possible to determine if payments of benefits to top management are made with the proper authority.

Observation

We noted what appears to be a lack of communication between the Board of Directors, Committees of the Board of Directors, members of management and those individuals in the accounting department who are charged with the responsibility of properly accounting for transactions on a timely basis.

Recommendation

Matters which may have financial significance should generally be communicated to appropriate management and accounting personnel on a timely basis. Interim and preliminary year-end financial reports can be misstated when such timely information is unavailable or not communicated to those responsible for the preparation of financial data. It is imperative that meetings of special committees of the Board of Directors be documented and decisions made within those committees be communicated to the full Board. We suggest that important minutes of the Executive Committee meetings be given to a designated individual in the accounting department. The person should be assigned the task of maintaining a file of such minutes with supporting documentation of transactions identified.

BUDGETING PROCESS

Observation

Although the Society prepares a yearly budget which is approved by the Board of Directors, it does not appear that the budget is used as an effective management tool. The current system of monitoring actual expenditures with the budget needs to be reviewed and revised.

Recommendation

We recommend that the Society consider certain modifications to its budgeting process to make the budget a more effective management tool and to provide a stronger benchmark for responsibility accounting. Specifically, we recommend:

- . In order to adequately manage financial transactions according to approved budgeted expenditures, financial results should be reviewed in line-item, budget versus actual, detail at least quarterly by the Board of Directors and monthly by internal management
- . Increased emphasis should be placed on user departmental involvement as part of the budget process, with support from the accounting department for such items as existing and expected labor budget. The product should be reviewed and understood by the applicable department manager prior to the time the total budget is presented to the Board of Directors. In addition, during the course of the year, regular meetings between the Treasurer, the Controller and department managers should be held to review financial performance as compared to the budget
- . The Society should consider implementing zero-based budgeting techniques where each department manager is required to justify its budget request in total rather than the increase over the previous year's total.

MANAGEMENT INFORMATION SYSTEMS

Observation

The Society's management information system, developed in-house, consists of a stand-alone, non-integrated general ledger system to which all transactions are posted manually. The system does not allow for preparation of financial statements, only a trial balance. The program is not well documented and, in addition to the Director of Data Processing, only one part-time accounting employee has knowledge of the mechanics of the entire program.

The chart of accounts contains over 100 balance sheet items and an equally large number of income and expense accounts.

Management information needs are currently non-centralized and maintained by a number of different people. Under the current system, preparation of timely financial information is an arduous and time consuming process which results in only quarterly reporting. Quarterly reports are often incomplete in that balance sheet accounts are not always reconciled to manual supporting subsidiary journals. The constant analyses and reconciliations that must be performed as information flows from one source to another is usually not completed because of the enormity of the tasks involved.

Recommendation

Given the current growth of the Society and the inadequacy of its present financial reporting system, management should evaluate its informational requirements throughout the organization. After these requirements are defined, management should evaluate and select the computer software necessary to satisfy these information needs. We understand that the Society is investigating the acquisition of a new management information system to improve financial accounting.

The following would improve the control of financial reporting:

- . The system in use should be completely documented so that more than one person is able to process information and management is able to oversee the EDP function.
- . The chart of accounts should be reviewed periodically and simplified as appropriate. Accounts which maintain small balances should be combined into cost centers such as miscellaneous operations, maintenance, and general accounts.
- . At a minimum, the accounting department should prepare complete financial statements monthly, no more than 15 days following the close of a month. We believe that the timeliness and efficiency of closings can be significantly improved through increased planning and development of formal scheduling.

- . Under current procedures certain transactions and adjustments, (i.e., depreciation, accruals for receivables and payables), are booked only at year-end through audit adjustments. Therefore, statements, as they are now prepared, include amounts from the prior fiscal year (year-end accruals). We believe that all known transactions and adjustments should be recorded on a regular interim basis and prior year accruals should be reversed so that quarterly financial statements will not be misleading. As a result, the financial statements can become a more effective management tool, especially when they are compared to budget projections.
- . Currently there is no provision for reporting balance sheet analyses of significant account balance details and explanations of resulting fluctuations to Society management and the Board of Directors. The accounting department should be required to prepare, at least quarterly, an executive summary of significant balance sheet items and an overall analysis of changes in major balance sheet amounts. Such an analysis would provide valuable insight into the Society's changing financial position to Society management.

EDP CONTROLS

Observation

At present, access to the computerized general ledger is limited only by lack of knowledge and not by physical or logical access control. System passwords are not unique to the users to limit system entry, use or modification.

Recommendation

The Society should develop a password system so that access to certain controls and functions of the accounting applications will be limited to those individuals who have direct job responsibility to process information or to modify the system.

Observation

There is currently no detailed documentation of all automated accounting applications.

Recommendation

We recommend that the Society incorporate all automated accounting applications into a procedures manual to enable other personnel to understand and be able to perform accounting functions should the need arise.

INTERNAL ACCOUNTING CONTROLS

CASH RECEIPTS

Background

Approximately 60% of cash receipts are comprised of membership fees and contributions which are received as direct payments at the Society's Washington, DC office. Receipts of this nature are readily identifiable because of the color coded envelope in which they are mailed. These receipts are forwarded directly to the Bethesda office for processing. During periods of extraordinary volume some are taken unopened to an outside caging service which helps to process the data entry and batching of the receipts.

The Society has written policies detailing the in-house cash receipts procedures for processing the large volume of revenues that they receive in this manner.

Observation

The written policy for caging membership fees and contributions states that one person will process the checks and another will process the remittance advices, each providing a cross check on the other. We were informed that in practice, to save time, each processor opens the envelopes, restrictively endorses the checks, totals the checks and/or cash, totals the remittance advices, reconciles the totals and prepares the bank deposit slips. The work of the processors is not supervised or subjected to recount procedures on a surprise basis.

Recommendation

We recommend centralizing the cash receipt process for membership fees and contributions to improve cash management and controls over receipts of this nature. This could be accomplished through the exclusive use of a lock box system with either a bank or the outside caging service that would deposit receipts directly to the Society's bank. The detail of each deposit would be forwarded to the Society for recording and for membership/contributor list processing. A system such as this would strengthen internal control over the large volume of incoming cash receipts and would provide improved cash flow since receipts would be immediately deposited.

Observation

Receipts of lower volume, not readily identifiable by their envelope, are opened by the receptionist at the Washington, DC office and then forwarded to the Bethesda office for processing.

Recommendation

The receptionist, while opening the mail, should restrictively endorse all incoming checks and prepare a listing of such receipts. This listing should later be compared to the amount deposited by someone other than the person preparing the deposit.

Observation

Seminar and workshop receipts are initially collected by the branch offices which conduct the activities. These receipts are then forwarded to Bethesda for processing without restrictive endorsement or initial recording.

Other miscellaneous receipts which are received by mail directly at the Bethesda office are opened, endorsed, processed for deposit and recorded in the general ledger by the same individual.

Recommendation

The Society should review and revise its policies for processing all receipts for which the use of the lockbox would not be practicable. Care should be taken to see that receipts are restrictively endorsed and recorded by someone who has no other cash receipt responsibilities. Any employee who has physical access to cash receipts should not be charged with recording those receipts.

CASH MANAGEMENT

Observation

There are currently over 18 active cash accounts on the Society's general ledger. Additionally, there are at least two active cash accounts that are not recorded on the Society's books. We have been informed that these accounts are used to process bonus compensation payments to top management. Because of the variety of accounts (certificates of deposit, passbook savings, investment savings) and number of accounts, personnel in the accounting department have a difficult time reconciling cash balances.

Recommendation

We suggest that management investigate the terms of the various accounts and consolidate all cash accounts that are not required to be maintained by bequests or trust agreements. A single operating business account which draws down excess cash to an interest bearing investment account would facilitate cash management procedures. Additionally, all cash accounts, and the activity of each, that are the property of and listed in the name of the Society should be reflected on the general ledger.

BEQUESTS AND DONATED PROPERTY

Background

All bequests and donated property are originally processed through the Society's legal department. The legal department keeps detailed case files of all contributions received in this manner. However, no control procedures exist to determine that the receipt or disposition of all such property is communicated to the accounting department and properly recorded in the accounting records.

Observation

Several parcels of real property and a substantial amount of tangible personal property which belongs to the Society have not been recorded in the accounting records. Additionally, there appears to be little consensus among management as to what the eventual disposition of such property will be.

Recommendation

We believe that the following policies should be instituted to insure that all assets belonging to the Society are properly safeguarded and reflected in the financial records:

- . Top management, in conjunction with the Board of Directors, should formulate a policy which addresses the disposition of bequests and donated property. This policy should be communicated in writing to appropriate legal and accounting personnel.
- . The legal department should keep an accurate listing of settled bequests, those for which the Society has received all distributions, and of unsettled bequests, those for which the Society is awaiting a one-time distribution or for which distribution is on-going. The list should also contain the current status of the property.

- . Upon receipt of a bequest or donation of property, the legal department should notify, with a pre-numbered transmittal form, the proper accounting personnel. The notification should include a description of the property, its appraised value, and its current location and status. Accounting personnel should acknowledge receipt of transmittal and return an initialled copy to the legal department. After accounting personnel have been notified, the property should immediately be recorded in the Society's general ledger.
- . If the real and tangible personal property is to be liquidated, management and the Board should investigate hiring outside agents to arrange such sales.
- . A complete inventory of all real and personal property currently owned by the Society should be taken. Fair value should be assigned to all such donated property and it should then be properly recorded on the general ledger.

INVESTMENTS

Background

Currently, the majority of the Society's investments are held in investment accounts supervised by money managers. Other securities which have been donated, bequeathed, or purchased by the Society are held either in a Merrill Lynch account or in the Society's safe at the Bethesda office. Access to the safe is limited to the Treasurer and Assistant Treasurer. The Treasurer has full discretion over all purchases and sales of such securities.

Observation

Controls over donated securities could be improved. The lack of procedures regarding donated and bequeathed securities could permit them to go unrecorded.

Recommendation

To establish control over all investments and to maximize the return on investments, the Board of Directors should adopt a formal investment policy to serve as a guideline for management and handling of investments. This policy should address, but not be limited to the following:

- . Investment strategy
- . Custody of investments
- . Approval procedures for the purchase and sale of securities.

Investments currently held by the Society should be detailed in a subsidiary ledger and reconciled to amounts recorded in the general ledger. Additionally, the accounting and legal department should determine the location of all donated and bequeathed securities.

All brokerage statements and other documents supporting purchases and sales should be reconciled and tested independently of those with custody or authority over security transactions.

PROPERTY

Observation

Although the Board of Directors annually approves a capital expenditures budget, this budget is not compared to actual expenditures for property to ensure compliance with Board directives.

When equipment is purchased, no identification tags are issued to specifically identify the equipment.

Internal transfer of property between locations is not tracked, and no procedure exists to account for sales or disposals of property.

Detailed property records are kept by the Society's auditors, who determine estimated useful lives and depreciation methods. Depreciation is calculated by the auditors and recorded as a year-end adjustment. An inventory of property has never been taken.

Recommendation

We recommend that the Board of Directors formulate a policy concerning capital expenditures outlining procedures for approval, purchase and disposition of property. The Board should monitor compliance with these policies and determine that actual expenditures are within the approved budget.

The Society should take a physical inventory of all assets on hand. Property should be tagged and detailed property records prepared which include a description of the item, its cost, its tag number and its location. Additionally, such records should detail useful life, monthly or annual depreciation and accumulated depreciation amounts.

CASH DISBURSEMENTS

Observation

We noted that certain disbursements to the Treasurer are approved and signed by the Treasurer.

Expense account reimbursements to the Treasurer and the President are approved by those same two individuals for themselves and for each other.

Recommendation

Under no circumstances should approval and signatory authority for monies paid to top management rest with those same individuals. Expense accounts of top management should be periodically reviewed, perhaps quarterly, for propriety by the Board of Directors. Nonsalary disbursements made to top management should bear the approval and signature of a Board member.

DOCUMENT SECURITY

Observation

Society documents, including blank operating account and payroll account checks, are kept in unlocked supply closets.

Recommendation

To enhance security and safeguards over the Society's assets, blank checks, as well as other important documents, should be maintained in a locked cabinet at all times.

SUBSIDIARY ORGANIZATIONS

Observation

Over a period of years several smaller but related organizations have been merged into the Society. There are, however, a few subsidiary organizations which are separately incorporated, but accounted for on the Society's financial records. Additionally, one such organization, which is controlled by the Society and which processes certain salary payments to top management for the Society, is not recorded on the Society's books and no books are maintained for it. Generally accepted accounting principles indicate that similar organizations under common management should present consolidated financial statements. If consolidated financial statements were prepared, such salary payments would have been reflected as salary costs and not as "Contributions to other Organizations," which is currently the case.

Recommendation

The Board of Directors, in conjunction with the legal department of the Society, should review the organization of the entire consolidated entity and take whatever steps necessary to merge all related organizations with the Society. If this proves legally impractical, policies and procedures for processing and recording transactions between related entities should be established and implemented. Each organization under the control of the Society should maintain its own set of financial records and be subject to reporting procedures to the Society's Board of Directors.

INSURANCE

Observation

During the past year the Society transferred officers' life insurance policies for which the Society was paying premiums to the President and the Treasurer. Copies of the policies and authorization for the transfers were not available.

Recommendation

We recommend that the Board of Directors establish an insurance committee with the responsibilities of reviewing all insurance coverage both for the organization and its officers and approving insurance policies based on specific needs of the organization and the economic risks involved. Any transfers of coverage or policies should bear the Board's authorization and approval.

LEGAL MATTERS

Observation

At the present time no formal policy exists for accounting for contingencies or legal matters that might effect the Society's financial statements.

Recommendation

We recommend that the legal department and the finance department formulate a policy for the identification of and the accounting for contingencies. All legal matters that may affect the financial accounting of the Society should be identified and summarized by the legal department. Such summaries should include the details and the expected outcomes of outstanding legal matters and should be forwarded to the finance department on, at least, a quarterly basis.

BOARD OF DIRECTORS

Observation

The Board of Directors has a fiduciary responsibility to protect the interests of the public and is responsible to creditors for the Society's actions. However, the Society does not have a policy which would require the Board of Directors to approve transactions which are unusual in nature or in excess of an established dollar amount.

Recommendation

The Society should establish a policy which sets forth the types of transactions which require approval of the Board of Directors. Such approval should be documented in the Board minutes.

Observation

The Society's Board of Directors has recently appointed an audit committee.

Recommendation

The National Commission on Fraudulent Financial Reporting (Treadway Commission) was established in June 1985 in response to increased public awareness of financial reporting. The Commission is a private-sector initiative funded by the American Institute of Certified Public

Accountants, the American Accounting Association, the Financial Executives Institute, the Institute of Internal Auditors and the National Association of Accountants. The Commission issued its final report in October 1987. Although the Commission focused on public companies many of its findings and recommendations are applicable to not-for-profit charitable organizations who rely on public trust for their support. We have extracted the following from the Treadway Commission report regarding the duties and responsibilities of the audit committee:

- . An audit committee normally should consist of not fewer than three independent directors. The maximum size may vary, but the committee should be small enough so that each member is an active participant. The term of appointment is at the discretion of the Board of Directors, but it is desirable to have terms arranged to maintain continuity while bringing fresh perspectives to the work of the committee.
- . The committee should meet on a regular basis and special meetings should be called as circumstances require.
- . The committee should meet regularly with the Society's general counsel and outside counsel when appropriate, to discuss legal matters that may have a significant impact on the Society's financial statements.
- . The committee should review the annual audit plans with the independent public accountant. The committee should inquire as to the extent to which the planned audit scope can be relied upon to detect fraud or weaknesses in internal controls.
- . The committee should review in-house policies and procedures for regular review of officers' expenses and perquisites, including any use of Society assets, inquire as to the results of the review, and, if appropriate, review a summarization of the expenses and perquisites of the period under review.
- . The committee should instruct the independent auditor that the committee expects to be advised if there are any areas that require its special attention.

- . The primary responsibility of the committee should be the selection of an independent public accountant for the Society. The actual selection is usually proposed by management, with the audit committee confirming management's selection. The selection is then ratified by the entire Board of Directors.
- . After the audit, the committee should obtain from management explanations for all significant variances in the financial statements between years.
- . The committee should inquire about the existence and substance of any significant accounting accruals, reserves, or estimates made by management that had a material impact on the financial statements.
- . The committee should inquire of management and the independent auditor if there were any significant financial reporting issues discussed during the accounting period and if so, how they were resolved.
- . The committee should meet privately with the independent public accountant, to request his opinion on various matters including the quality of financial and accounting personnel.
- . The committee should ask the independent public accountant what his greatest concerns were and if he believes anything else should be discussed with the committee that has not been raised or covered elsewhere.
- . The committee should review the letter of management representations given to the independent auditor and inquire whether he encountered any difficulties in obtaining the letter or any specific representation therein.
- . The committee should discuss with management and the independent public accountant any significant issues raised by the general counsel or outside counsel concerning litigations, contingencies, claims or assessments. The committee should understand how such matters are reflected in the Society's financial statements.

- . The committee and the Board of Directors should consider whether the independent public accountant should meet with the full board to discuss any matters relative to the financial statements and to answer any questions that other directors may have.

This report is intended solely for the use of management and should not be used for any other purpose.

Yours truly,

Deloitte Haskins & Sells

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Property Description & Analysis				UNIFORM RESIDENTIAL APPRAISAL REPORT				File No. PRI006			
Property Address 14670 SENECA ROAD				Census Tract 7006.00				LENDER DISCRETIONARY USE			
City DARNESTOWN County MONTGOMERY State MD Zip Code 20878								Sale Price \$			
Legal Description LOT 21, PARTIAL LOT 22, DEAKINS RANGE								Date			
Owner/Occupant HUMANE SOCIETY / TENANT				Map Reference 21G13				Mortgage Amount \$			
Sale Price \$ N/A Date of Sale N/A				PROPERTY RIGHTS APPRAISED				Mortgage Type			
Loan charges/concessions to be paid by seller \$ N/A				<input checked="" type="checkbox"/> Fee Simple				Discount Points and Other Concessions			
R.E. Taxes \$ 3500 EST Tax Year 1988 HOA \$/Mo. N/A				<input type="checkbox"/> Leasehold				Paid by Seller \$			
Lender/Client DELOITTE HASKINS & SELLS				<input type="checkbox"/> Condominium (HUD/VA)							
APPRAISER: JAMES C. DUFF				<input type="checkbox"/> De Minimis PUD				Source			

LOCATION				NEIGHBORHOOD ANALYSIS				Good Avg. Fair Poor			
<input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural				Employment Stability				<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
BUILT UP <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%				Convenience to Employment				<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
GROWTH RATE <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow				Convenience to Shopping				<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
PROPERTY VALUES <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining				Convenience to Schools				<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
DEMAND/SUPPLY <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply				Adequacy of Public Transportation				<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
MARKETING TIME <input checked="" type="checkbox"/> Under 3 Mos. <input type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos.				Recreation Facilities				<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
PRESENT LAND USE % LAND USE CHANGE				SINGLE FAMILY HOUSING				Adequacy of Utilities			
Single Family 80 Not Likely <input type="checkbox"/>				PRICE \$ (000) AGE (yrs)				<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
2-4 Family 0 Likely <input type="checkbox"/>				95 Low NEW				Property Compatibility			
Multi-family 0 In process <input checked="" type="checkbox"/>				500+ High 40				<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
Commercial 0 To: RESIDENTIAL				Predominant				Protection from Detrimental Cond.			
Industrial 0				250+- 3				<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
Vacant 20								General Appearance of Properties			
								<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
								Appeal to Market			
								<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			

Note: Race or the racial composition of the neighborhood are not considered reliable appraisal factors.

COMMENTS: LOCATED SOUTH OF DARNESTOWN RD. (RT28) AND WEST OF DUFFIE MILL RD. THE AREA IS COMPRISED OF AVERAGE TO GOOD QUALITY HOUSES OF VARIOUS STYLES. ACCESS TO MAJOR SERVICES, EMPLOYMENT AND SHOPPING IS ADEQUATE. NO ADVERSE CONDITIONS WERE NOTED.

Dimensions IRREGULAR				Topography GENTLY ROLLING			
Site Area 3.48 ACRES				Size AVG. FOR NEIGH.			
Zoning Classification RESIDENTIAL				Shape IRREGULAR			
HIGHEST & BEST USE: Present Use "AS-IMPROVED"				Drainage ADEQUATE			
Public Other				View AVG. FOR NEIGH.			
Electricity <input checked="" type="checkbox"/>				Landscaping TYPICAL FOR NEIGH.			
Gas <input type="checkbox"/> OIL				Driveway ASPHALT			
Water <input type="checkbox"/> WELL				Apparent Easements SEE COMM. BELOW			
Sanitary Sewer <input type="checkbox"/> SEPTIC				FEMA Flood Hazard Yes* No X			
Storm Sewer <input type="checkbox"/>				FEMA Map/Zone 240049 0125 B			

COMMENTS (Apparent adverse easements, encroachments, special assessments, slide areas, etc.): A CIRCULAR ASPHALT DRIVEWAY LEADS TO A TWO CAR BUILT-IN GARAGE. SITE IS ADEQUATELY LANDSCAPED. NO ADVERSE EASEMENTS OR CONDITIONS NOTED.

GENERAL DESCRIPTION		EXTERIOR DESCRIPTION		FOUNDATION		BASEMENT		INSULATION	
Units ONE	Foundation CONC. BLCK	Slab NONE	Area Sq. Ft. 2448	Roof <input type="checkbox"/>	Stories ONE	Crawl Space NONE	% Finished 75%	Ceiling ASMD <input checked="" type="checkbox"/>	
Type (Det./Att.) DETACH.	Exterior Walls BRICK	Basement 100%W/GAR	Ceiling DRYWALL	Walls ASMD <input checked="" type="checkbox"/>	Design (Style) RAMBLER	Sump Pump NO	Walls DRYWALL	Floor <input type="checkbox"/>	
Existing YES	Gutters & Dwnspits. ALUMINUM	Dampness *	Floor CPT/TILE	None <input type="checkbox"/>	Proposed NO	Storm Sash YES	Outside Entry WALK/OUT	Adequacy ASMD <input checked="" type="checkbox"/>	
Under Construction NO	Window Type WOOD D-II	Settlement *		Energy Efficient Items:	Age (Yrs.) 25+	Screens YES		STORM	
Effective Age (Yrs.) 10	Manufactured House NO	Infestation *		WINDOWS					
		* NO EVIDENCE OBSERVED							

ROOMS	Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
Basement							X	2	1	X		2448
Level 1	X	X	X	X	X	X		4	3			2998
Level 2												

Finished area above grade contains: 9 Rooms; 4 Bedroom(s); 3 Bath(s); 2,998 Square Feet of Gross Living Area

SURFACES		HEATING		KITCHEN EQUIP.		ATTIC		IMPROVEMENT ANALYSIS		Good Avg. Fair Poor	
Floors HDWD/CP/TILE	Type F/A	Refrigerator <input checked="" type="checkbox"/>	None <input type="checkbox"/>	Quality of Construction <input checked="" type="checkbox"/>							
Walls DRYWALL	Fuel OIL	Range/Oven <input checked="" type="checkbox"/>	Stairs <input type="checkbox"/>	Condition of Improvements <input checked="" type="checkbox"/>							
Trim/Finish GOOD	Condition GOOD	Disposal <input checked="" type="checkbox"/>	Drop Stair <input type="checkbox"/>	Room Sizes/Layout <input checked="" type="checkbox"/>							
Bath Floor CERAMIC TILE	Adequacy ADEQ.	Dishwasher <input checked="" type="checkbox"/>	Scuttle <input checked="" type="checkbox"/>	Closets and Storage <input type="checkbox"/>							
Bath Wainscot CERAMIC TILE	COOLING	Fan/Hood <input checked="" type="checkbox"/>	Floor <input type="checkbox"/>	Energy Efficiency <input type="checkbox"/>							
Doors WOOD	Central YES	Compactor <input type="checkbox"/>	Heated <input type="checkbox"/>	Plumbing-Adequacy & Condition <input type="checkbox"/>							
ABOVE MATERIALS ARE	Other N/A	Washer/Dryer <input checked="" type="checkbox"/>	Finished <input type="checkbox"/>	Electrical-Adequacy & Condition <input type="checkbox"/>							
IN GOOD CONDITION	Condition GOOD	Microwave <input type="checkbox"/>	JNFIN. <input checked="" type="checkbox"/>	Kitchen Cabinets-Adequacy & Cond. <input type="checkbox"/>							
Fireplace(s) LR, FR, RR # 3	Adequacy ADEQ.	Intercom <input checked="" type="checkbox"/>		Compatibility to Neighborhood <input checked="" type="checkbox"/>							
CAR STORAGE: Garage <input checked="" type="checkbox"/>	Attached <input type="checkbox"/>	Adequate <input checked="" type="checkbox"/>	House Entry <input type="checkbox"/>	Appeal & Marketability <input checked="" type="checkbox"/>							
No. Cars 2 Carport <input type="checkbox"/>	Detached <input type="checkbox"/>	Inadequate <input type="checkbox"/>	Outside Entry <input type="checkbox"/>	Estimated Remaining Economic Life 50 Yrs.							
Condition AVERAGE None <input type="checkbox"/>	Built-In <input checked="" type="checkbox"/>	Electric Door <input type="checkbox"/>	Basement Entry <input checked="" type="checkbox"/>	Estimated Remaining Physical Life 55 Yrs.							

Additional features: HARDWOOD FLOORS, MASONRY FIREPLACES IN FAMILY ROOM, LIVING ROOM, AND REC ROOM. PORCH, LARGE PATIO, ENCLOSED PORCH.

Depreciation (Physical, functional and external inadequacies, repairs needed, modernization, etc.): THE IMPROVEMENTS ARE IN GOOD OVERALL CONDITION HAVING BEEN WELL MAINTAINED. NO MAJOR PHYSICAL, FUNCTIONAL, OR EXTERNAL INADEQUACIES NOTED AT TIME OF INSPECTION.

General market conditions and prevalence and impact in subject/market area regarding loan discounts, interest buydowns and concessions: INTEREST RATES ARE RANGING FROM 9.25% TO 10.5% FOR 30 YEAR FIXED RATE FINANCING, WITH SELLERS PAYING ONE TO TWO POINTS.

ESTIMATED REPRODUCTION COST - NEW - OF IMPROVEMENTS:

Dwelling	2,998 Sq. Ft. @ \$	70.00 = \$	209,860
BSMT:	2448 Sq. Ft. @ \$	15.00 =	36,720
Extras BSMT FINISH:	1,836 SF @ \$	8.00 =	14,688
Special Energy Efficient Items	SEE BELOW	=	5,000
Porches, Patios, etc.	SEE BELOW	=	10,000
Garage/Carport	575 Sq. Ft. @ \$	15.00 =	8,625
Total Estimated Cost New		= \$	284,893

	Physical 7%	Functional	External	
Less Depreciation	19,943	0	0	= \$ 19,943
Depreciated Value of Improvements				= \$ 264,950
Site Imp. "as is" (driveway, landscaping, etc.)				= \$ 15,000
ESTIMATED SITE VALUE				= \$ 120,000
(If leasehold, show only leasehold value.)				
INDICATED VALUE BY COST APPROACH				= \$ 399,950

Warranty Coverage Expires	N/A
---------------------------	-----

File Mac Form 70 10/86 100.H. AMERICAN REALTY FORMS, INC. • ALL 2 AND 3A, VIRGINIA • 10000 GARDEN • 711-1111 • Formulas Also Cover 100.4 100.5

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

CERTIFICATION AND STATEMENT OF LIMITING CONDITIONS

CERTIFICATION: The Appraiser certifies and agrees that:

1. The Appraiser has no present or contemplated future interest in the property appraised; and neither the employment to make the appraisal, nor the compensation for it, is contingent upon the appraised value of the property.
2. The Appraiser has no personal interest in or bias with respect to the subject matter of the appraisal report or the participants to the sale. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
3. The Appraiser has personally inspected the property, both inside and out, and has made an exterior inspection of all comparable sales listed in the report. To the best of the Appraiser's knowledge and belief, all statements and information in this report are true and correct, and the Appraiser has not knowingly withheld any significant information.
4. All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned affecting the analyses, opinions, and conclusions contained in the report).
5. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the appraisal organizations with which the Appraiser is affiliated.
6. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as "Review Appraiser." No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.

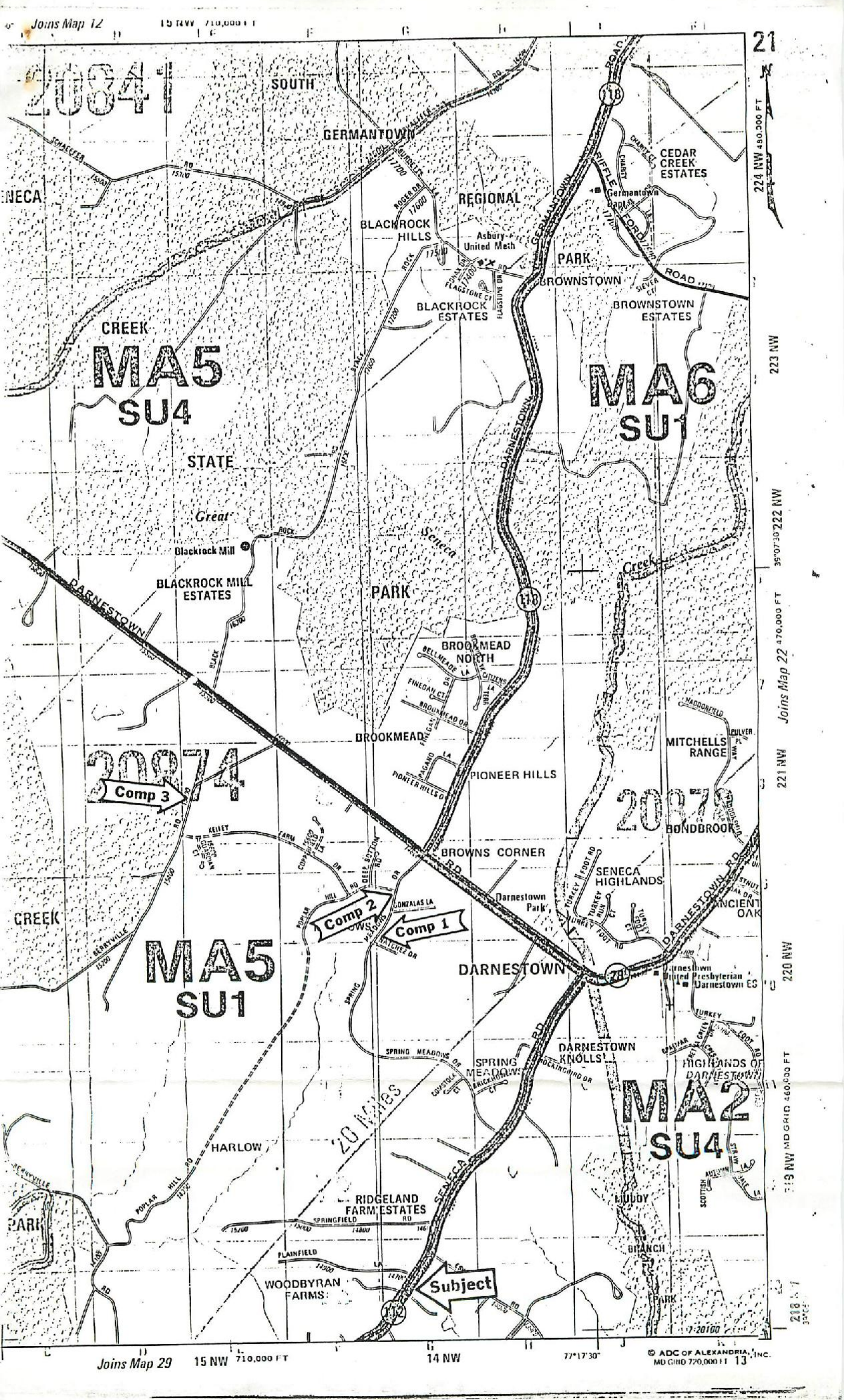
CONTINGENT AND LIMITING CONDITIONS: The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefor.
4. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.
7. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.
8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if appraisal fee paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency, or instrumentality of the United States or any state or the District of Columbia, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser.
9. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.

Date: 11/7/88

Appraiser(s)

James C. Duff



2084

MA5
SU4

MA6
SU1

MA5
SU1

MA2
SU4

20874
Comp 3

Comp 2
Comp 1

Subject

Joins Map 29

15 NW 710,000 FT

14 NW

77°17'30"

© ADC OF ALEXANDRIA, INC.
MD GRID 720,000 FT 13

21

224 NW 480,000 FT

223 NW

35°07'30" 222 NW

221 NW

Joins Map 22

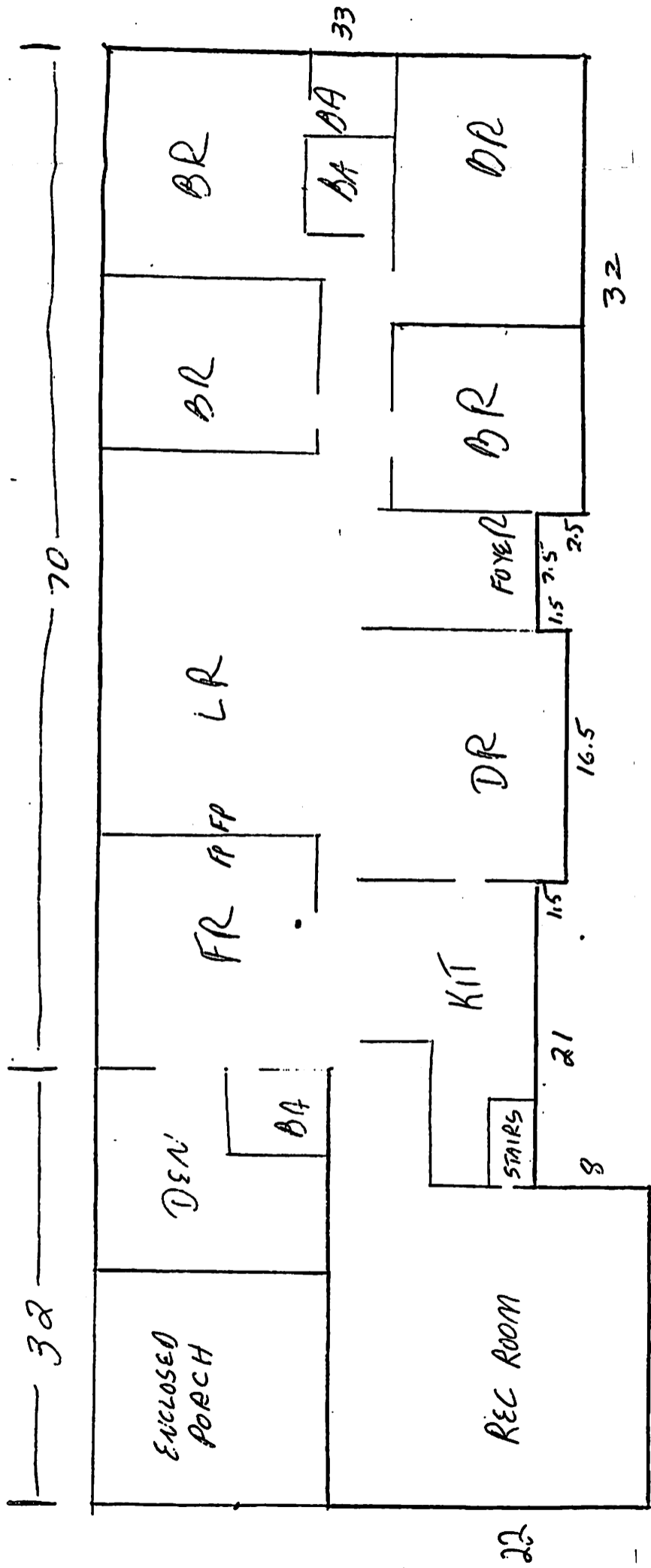
221 NW

220 NW

220 NW

719 NW MD GRID 460,000 FT

218 NW

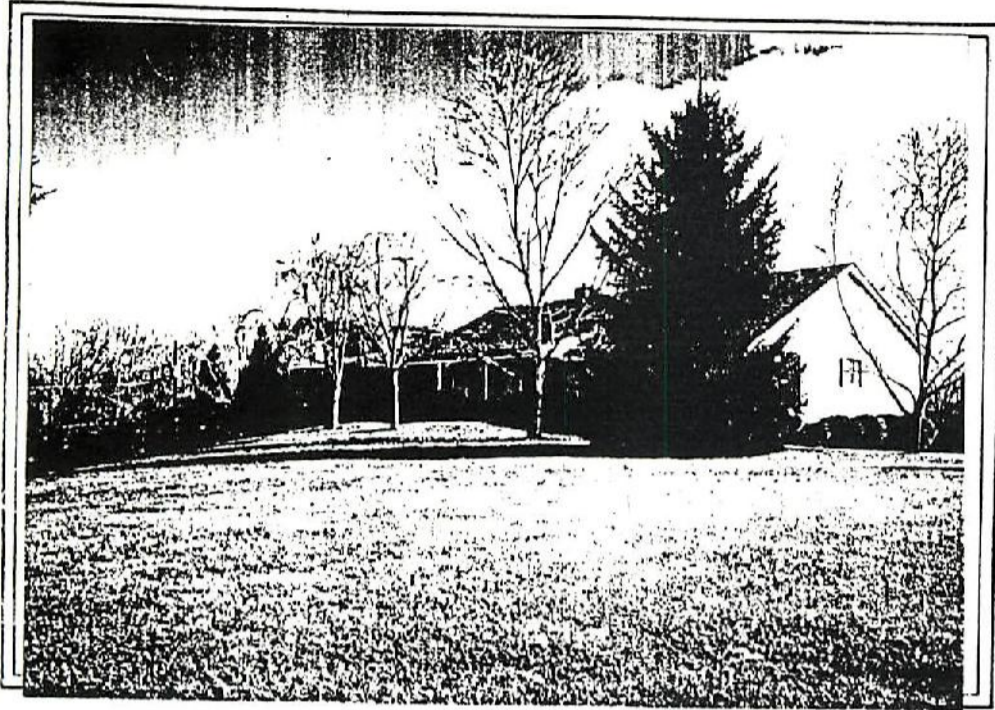


NOT TO SCALE

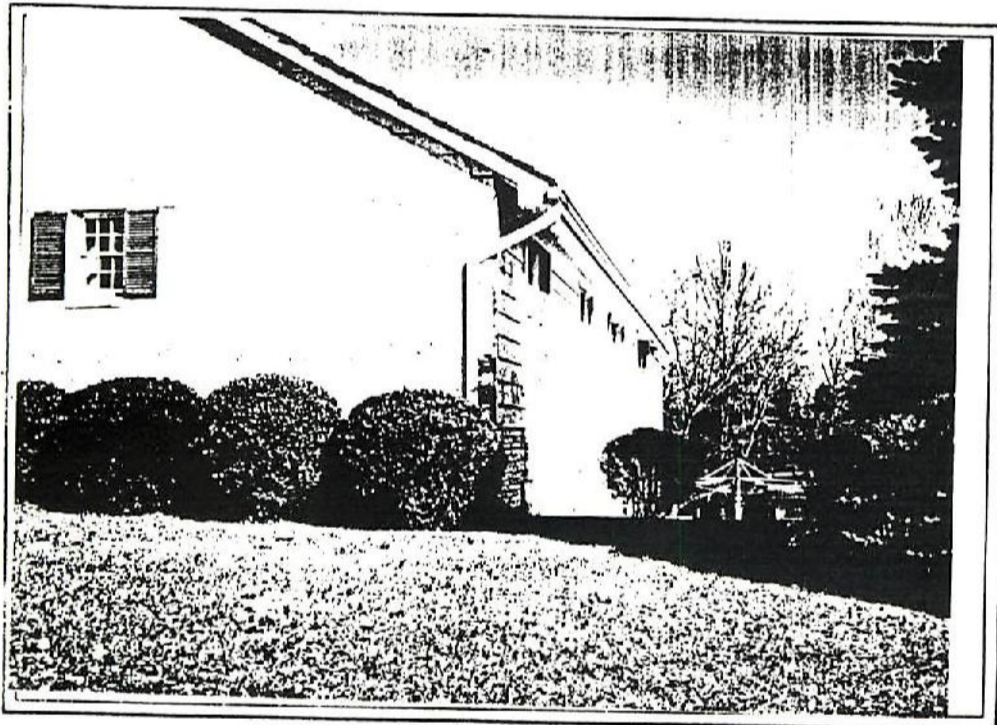
14670 SENECA ROAD

PHOTOGRAPH ADDENDUM

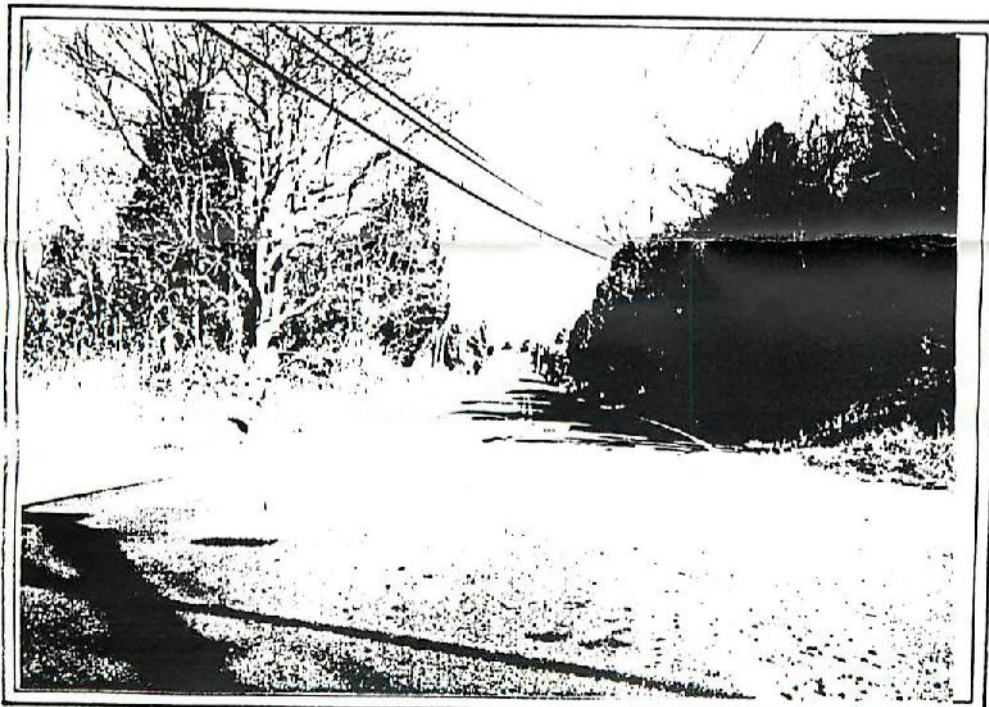
Borrower/Client			
Property Address			
City	County	State	Zip Code
Lender			



FRONT OF
SUBJECT PROPERTY



REAR OF
SUBJECT PROPERTY



STREET SCENE

☐ ADDITIONAL PHOTOGRAPHS ON REVERSE SIDE

PHOTOGRAPH ADDENDUM

Borrower/Client

Property Address

City

County

State

Zip Code

Lender



COMPARABLE SALE #1



COMPARABLE SALE #2



COMPARABLE SALE #3

☐ ADDITIONAL PHOTOGRAPHS ON REVERSE SIDE

Deloitte Haskins+Sells

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MAY 26 1988

RMK & W

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

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

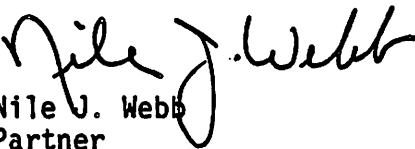
May 20, 1988

Dear Mr. Ramsey:

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

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

Sincerely,



Nile J. Webb
Partner



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

July 12, 1988

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VIA UPS

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

Re: The HSUS Report

Dear Mr. Webb:

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

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

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

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

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

Nile Webb
Re: The HSUS Report

Page 2
July 12, 1988

Susan Pepperdine
MARKETING RESOURCES
10551 Barkley
Overland Park, KS 66212

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

K. William Wiseman
Mill Island Road
Arrowsic, ME 04530

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

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

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

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


Thank you for your continuing service and help.

Very truly yours,

Joe Ramsey

OJR:jr

cc: Harold Gardiner
John Mettler


Bob Sorock
Bill Wiseman
Jake Stein
John Hoyt
Murdaugh Madden
Paul Irwin

Ramsey, Mettler, Sorock, Pepperdine,
 Gardiner, Wiseman, Stein
 11

1. Brightwater -
 note to disengage

Resolved ^{rescind} ~~that HSUS must not enter into partnership~~

① The comm. agrees
 in principle. HSUS will disengage from
 Gardiner ~~the partnership agreement~~

transaction involving Brightwater,
 including the repayment by Mr. (Rabin of the
 \$25,000. ~~to~~ 4 days, 1 abstention (Bill W)

In principle.

3-2
 Note page no 3-2
 Sorock + Gardiner
 Pepper + Mettler
 Wiseman

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

view favourably a plan to protect Rwin
 from loss, with the expectation that he
 continue to
 as part of disengagement terms the comm.
 wd fav. consider
 on the belief that Rwin entered into (Brightwater transaction
 as part of terms & which HSUS will
 diseng. its 2 / Br transaction
 and include a plan to safeguard Rwin
 from ^{reputationally limiting} ~~loss~~ as a result of
 transaction, & (exp. to Rwin)
 continue (exert) best efforts to
 assure future monetary benefit
 to the HSUS. Such terms sh. be negotiated
 by ~~HSUS counsel and Select Comm. w. advice~~
 by house counsel, ~~and Rwin~~



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

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JUL 22 1988

RMK & W

July 21, 1988

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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.

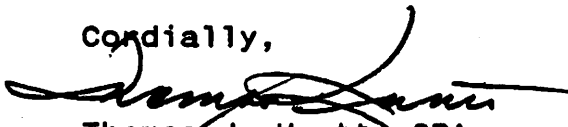
The response was prepared in close consultation with the Treasurer, Paul Irwin, and with the invaluable assistance of the accounting and EDP department staff.

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

Stone & Simons Advertising, Inc.
24245 Northwestern Highway
Southfield, Michigan 48075
/313/358-4800

****Revised****



March 28, 1988

Mr. David Theil
Deliotte Haskins & Sells
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2505

Dear Mr. Theil:

Attached is the signed letter authorizing you to proceed with the Humane Society of the United States assignment.

I have contacted Paul Irwin. Either Mr. Irwin, or Sam Trevino, will be expecting you on Monday morning at the HSUS offices in Bethesda.

If you need anything else, please let me know.

Very sincerely yours,

A handwritten signature in cursive script, reading "Robert B. Sorock".

Robert B. Sorock

RBS/wr

cc: Audit Committee
Gail Harmon

Deloitte Haskins + Sells

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

Mr. Robert B. Sorock
Director of the Humane Society of the United States
c/o Stone & Simons Advertising, Inc.
24245 Northwestern Highway
Southfield, MI 48075

March 24, 1988

Dear Mr. Sorock:

At the request of Ms. Gail Harmon, special counsel to the audit committee of the Humane Society of the United States (HSUS), we will perform certain procedures to assist your audit committee in evaluating specific areas relating to the internal financial management of HSUS. These special procedures were determined through discussion with Ms. Harmon and will include the following:

1. Completion of a list of disbursements of \$5,000 or over during 1986, 1987, and 1988 to the date of the most recent bank statement.
2. Other procedures as requested by Ms. Harmon for the purposes of evaluating other financial management matters.

Our procedures will not constitute an examination of HSUS financial statements or any financial statement element or account in accordance with generally accepted auditing standards and, therefore, we will not be in a position to express and will not express, an opinion as of any date. Further, our procedures will not comprehend an investigation of internal accounting controls, to any extent, and as such our procedures cannot be relied upon to detect errors that might exist but we will report to you any significant matters that we believe should be brought to your attention. Upon completion of our work, we will render our report documenting the detail of the procedures we were requested to perform and the results of such procedures. These procedures have been documented under a separate letter of agreement with Ms. Harmon. Additionally, we will keep you informed of our progress as we perform the work.

Mr. Robert B. Sorock

March 24, 1988

2

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

Please advise us if the proposed services as described above are in accordance with your wishes. You may do so by indicating your approval in the space provided below on the enclosed copy of this letter and returning it to us in the accompanying self-addressed stamped envelope.

Please call me if you have any questions.

Sincerely,


Nile J. Webb
Partner

APPROVED BY THE AUDIT COMMITTEE OF
THE HUMANE SOCIETY OF THE UNITED
STATES:



Name



Title

3/25/88

Date



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

July 21, 1988

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Robert Sorock
Brook Speidel
Viola Weber
Robert F. Welborn
K. William Wiseman

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The Audit Committee The Humane Society of the United States

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

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

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

ADMINISTRATIVE CONTROLS

EMPLOYEE MANUAL

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

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

Managements Response:

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

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

ACCOUNTING MANUAL

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

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

BUDGETING PROCESS

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

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

MANAGEMENT INFORMATION SYSTEMS

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

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

EDP CONTROLS

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

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

PROPERTY

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

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

Managements Response:

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

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

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

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

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

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

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

MANAGEMENT COMMUNICATION

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

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

Managements Response:

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

INTERNAL ACCOUNTING CONTROLS

CASH RECEIPTS

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

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

Managements Response:

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

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

CASH MANAGEMENT

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

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

Managements Response:

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

BEQUESTS AND DONATED PROPERTY

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

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

Managements Response:

Procedures will be developed between the Controllers Office and the Legal Department that will provide notification when the Society takes title to gifts in kind. This procedure will provide for the data that is recommended above.

The Board will be requested to adopt a policy to give guidance to management regarding the disposition of gifts in kind. Management will recommend to the Board that the use of expert appraisers be authorized to determine the fair market value of gifts when not available from reliable sources prior to disposition.

INVESTMENTS

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

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

Managements Response:

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

CASH DISBURSEMENTS

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

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

Managements Response

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

DOCUMENT SECURITY

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

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

Managements Response

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

SUBSIDIARY ORGANIZATIONS

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

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

Managements Response

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

INSURANCE

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

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

Managements Response

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

LEGAL MATTERS

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

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

Managements Response

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

BOARD OF DIRECTORS

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

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

Managements Response

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

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



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

July 21, 1988

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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

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HONORARY DIRECTORS

Aida Flemming
Virginia Milliken
Andrew Wyeth

**The Audit Committee
The Humane Society of the United States**

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

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

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

ADMINISTRATIVE CONTROLS

EMPLOYEE MANUAL

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

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

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Board

INTERNAL ACCOUNTING CONTROLS

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*Note:
also have
a copy
of this*

DRAFT

*John Mittelle,
fax 212/
832-2823*

The Audit Committee of
The Humane Society of the United States:

July 1, 1988

We have made a study and evaluation of the design of the system of internal accounting control of The Humane Society of the United States (the Society) in effect at July 1, 1988. Our study of the design of the system was made by (a) obtaining an understanding, through discussion with appropriate personnel and by reference to pertinent documents and records, of the flow of transactions through the accounting system, of the accountability of resulting assets, and of the related control procedures and (b) documenting such understanding and identifying the persons or organizational groups that perform critical functions.

The management of The Humane Society of the United States is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

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

Because the purpose of our study and evaluation was to report only on the design of the system, we did not test compliance with the control procedures prescribed in the design of the system; accordingly, we do not express an opinion on whether the system of internal accounting control of The Humane Society of the United States as of July 1, 1988, taken as a whole, meets the objectives stated above. Our study and evaluation, however, disclosed the following conditions that we believe are indicative of weaknesses in the design of the system as to which corrective action might be practicable, depending on management's cost-benefit evaluation.

**Preliminary
Draft**

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DRAFT

ADMINISTRATIVE CONTROLS

EMPLOYEE MANUAL

Observation

The current employee manual contains detailed organizational charts and text which delineates areas of authority and responsibility. However, the manual is outdated and as the organization has grown, areas of authority have become blurred.

Recommendation

We believe that the Society would benefit from a review of its organizational structure and the assigned responsibilities of management. As an aid to defining personnel responsibilities, as well as budgeting and controlling personnel costs, the Society should prepare an official personnel chart showing areas of departmental responsibility and the number of personnel required in each department. We understand that the personnel manual is currently under revision and we recommend that the following topics be updated and/or included in the revised manual:

- . Employee job descriptions
- . Qualifications for employment and employment interview procedures
- . Procedures for investigating employee references
- . Orientation and training of new employees
- . Procedures for periodic evaluation of personnel and salary adjustments
- . Employment termination procedures
- . Business conduct policy statements which address employee conduct and expected compliance with Society policies, laws and regulations.

ACCOUNTING MANUAL

DRAFT

Observation

The Society does not maintain an accounting manual detailing such items as depreciation policies, capitalization policies, accounting conventions adopted or the general practices to be followed by the accounting department.

Recommendation

An accounting manual should be prepared with the objectives of documenting the accounting system, facilitating management objectives and providing a valuable tool in the training of new personnel. The manual should include, but not be limited to, the following:

- . Statement of accounting policies
- . Detailed accounting procedures
- . A descriptive chart of accounts
- . Procedures for the preparation and approval of documents supporting entries to the accounting records (payroll, cash receipts and disbursements, adjusting journal entries)
- . Description of standard monthly journal entries
- . Property capitalization policy
- . Daily, monthly, and annual closing schedules and detailed procedures
- . Job descriptions for accounting personnel

MANAGEMENT COMMUNICATION

Background

The Compensation Committee of the Board of Directors is responsible for determining the salaries and other benefits due to members of top management. No minutes of the Compensation Committee are kept and the Committee makes no report to the full Board of Directors. Therefore, it is not possible to determine if payments of benefits to top management are made with the proper approval. Additionally, certain salary payments to top management appear to have been misclassified as "Contributions to Other Charitable Organizations" on the Society's general ledger.

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on IRS form

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Observation

We noted what appears to be a lack of communication between the Board of Directors, Committees of the Board of Directors, members of management and those individuals in the accounting department who are charged with the responsibility of properly accounting for transactions on a timely basis.

Recommendation

Matters which may have accounting significance should generally be communicated to appropriate management and accounting personnel on a timely basis. Interim and preliminary year-end financial reports can be misstated when such timely information is unavailable or not communicated to those responsible for the preparation of financial data. Additionally, meetings of special committees of the Board of Directors should be documented and decisions made within those committees should be communicated to the full Board. We suggest that important minutes of the Executive Committee meetings be given to a designated individual in the accounting department. The person should be assigned the task of maintaining a file of such minutes with supporting documentation of transactions identified.

BUDGETING PROCESS

Background

The Society prepares financial statements on a quarterly basis. Occasionally these statements consist only of an income statement with department results reported only as a single line item.

Observation

Although the Society prepares a yearly budget which is approved by the Board of Directors, it does not appear that the budget is used as an effective management tool. The current system of monitoring actual expenditures with budget needs to be reviewed and revised.

Recommendation

We believe that the Society should consider certain modifications to its budgeting procedure to make the budget a more effective management tool and to provide a stronger benchmark for responsibility accounting. Specifically, we believe:

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- . In order to adequately manage financial transactions according to approved budgeted expenditures, financial results should be reported in line-item, budget versus actual, detail at least quarterly to the Board of Directors and monthly to internal management
- . Increased emphasis should be placed on user departmental involvement as part of the budget process, with support from the accounting department for such items as existing and expected labor budget. The product should be reviewed and understood by the applicable department manager prior to the time the total budget is presented to the Board of Directors. In addition, during the course of the year, regular meetings between the Treasurer, the Controller and department managers should be held to review financial performance as compared to the budget.
- . The Society should consider implementing zero-based budgeting techniques where each department manager is required to justify its budget request in total rather than only the increase over the previous year's total.

*DH+S approved
draft of
Tom
Hunt.*

MANAGEMENT INFORMATION SYSTEMS

Observation

The Society's management information system, developed in-house, consists of a stand-alone, non-integrated general ledger system to which all transactions are posted manually. The system does not allow for preparation of financial statements, only a trial balance. The program is not well documented and only one part-time accounting employee has knowledge of the mechanics of the entire program.

*How many
Lewin + Freire
have knowledge*

The chart of accounts contains over 100 balance sheet items and an equally large number of income and expense accounts.

*Walt op?
Tinschert*

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Management information needs are currently non-centralized and maintained by a number of different people. Under the current system, preparation of timely financial information is an arduous and time consuming process which results in only quarterly reporting. Quarterly reports are often incomplete in that balance sheet accounts are not always reconciled to manual supporting subsidiary journals. The constant analyses and reconciliations that must be performed as information flows from one source to another is usually not completed because of the enormity of the tasks involved.

Recommendation

Given the current growth of the Society and the inadequacy of its present financial reporting system, management should evaluate its informational requirements throughout the organization. After these requirements are defined, management should evaluate and select the computer software necessary to satisfy these information needs.

Until such time as it is feasible to acquire new accounting software that would better meet the needs of the Society, the following would improve financial reporting control:

- . The present system should be completely documented so that more than one person is able to process information on the general ledger and management is able to oversee the EDP function.
- . The chart of accounts should be reviewed and simplified as appropriate. Accounts which maintain small balances should be combined into cost centers such as miscellaneous operations, maintenance, and general accounts
- . At a minimum, the accounting department should prepare complete financial statements monthly, no more than 15 days following the close of a month. We believe that the timeliness and efficiency of closings can be significantly improved through increased planning and development of formal scheduling.

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- Under current procedures certain transactions and adjustments, (i.e., depreciation, accruals for receivables and payables), are booked only at year-end through audit adjustments. Therefore, statements, as they are now prepared, include amounts from the prior fiscal year (year-end accruals). We believe that all known transactions and adjustments should be recorded on a regular interim basis and prior year accruals should be reversed so that quarterly financial statements will not be misleading and they can become a more effective management tool, especially when they are compared to budget projections.
- Currently there is no provision for reporting balance sheet analyses of significant account balance details and explanations of resulting fluctuations to Society management and the Board of Directors. The accounting department should be required to prepare, at least quarterly, an executive summary of significant balance sheet items and an overall analysis of changes in major balance sheet amounts. Such an analysis would provide valuable insight into the Society's changing financial position to Society management.

EDP CONTROLS

Observation

At present, access to the computerized general ledger is limited only by lack of knowledge and not by physical or logical access control. No actual password controls exists to limit entry, use or modification of the system.

*Hoyt says
they have
passwords*

Recommendation

The Society should develop a password system so that access to certain controls and functions of the accounting applications will be limited to those individuals who have direct job responsibility to process information or to modify the system.

Observation

There is currently no detailed documentation of all automated accounting applications.

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Recommendation We recommend that the Society incorporate all automated accounting applications into a procedures manual to enable other personnel to understand and be able to perform accounting functions should the need arise.

Observation The Society has no backup procedures to prevent the loss of financial data processed on the computerized general ledger or computerized payroll system.

Recommendation The Society should immediately implement a formal backup plan to include the use of daily incremental backups, weekly full system backups and a provision for monthly full system backups to be stored at an off-site premise to prevent the loss of financial information.

INTERNAL ACCOUNTING CONTROLS

CASH RECEIPTS

Background Approximately 60% of cash receipts are comprised of membership fees and contributions which are received as direct payments at the Society's Washington, DC office. Receipts of this nature are readily identifiable because of the color coded envelope in which they are mailed. These receipts are forwarded directly to the Bethesda office for processing. During periods of extraordinary volume some are taken unopened to an outside caging service which helps to process the data entry and batching of the receipts.

The Society has written policies detailing the in-house cash receipts procedures for processing the large volume of revenues that they receive in this manner.

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Observation

The written policy for caging membership fees and contributions states that one person will process the checks and another will process the remittance advices, each providing a cross check on the other. We were informed that in practice, to save time, each processor opens the envelopes, restrictively endorses the checks, totals the checks and/or cash, totals the remittance advices, reconciles the total and prepares the bank deposit slips. The work of the processors is not supervised or subjected to recount procedures on a surprise basis.

Recommendation

We recommend centralizing the cash receipt process for membership fees and contributions to improve cash management and controls over receipts of this nature. This could be accomplished through the exclusive use of a lock box system with either a bank or the outside caging service that would deposit receipts directly to the Society's bank. The detail of each deposit would be forwarded to the Society for recording and for membership/contributor list processing. A system such as this would strengthen internal control over the large volume of incoming cash receipts and would provide improved cash flow since receipts would be immediately deposited.

Observation

Receipts of lower volume, not readily identifiable by their envelope, are opened by the receptionist at the Washington, DC office and then forwarded to the Bethesda office for processing.

Recommendation

The receptionist, while opening the mail, should restrictively endorse all incoming checks and prepare a listing of such receipts. This listing should later be compared to the amount deposited by someone other than the person preparing the deposit.

Observation

Seminar and workshop receipts are initially collected by the branch offices which conduct the activities. These receipts are then forwarded to Bethesda for processing without restrictive endorsement or initial recording.

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Other miscellaneous receipts which are received by mail directly at the Bethesda office are opened, endorsed, processed for deposit and recorded in the general ledger by the same individual.

Recommendation

The Society should review and revise its policies for processing all receipts for which the use of the lockbox would not be practicable. Care should be taken to see that receipts are restrictively endorsed and recorded by someone who has no other cash receipt responsibilities. Any employee who has physical access to cash receipts should not be charged with recording those receipts.

CASH MANAGEMENT

Observation

There are currently over 18 active cash accounts on the Society's general ledger. Additionally, there are at least two active cash accounts that are not recorded on the Society's books. We have been informed that these accounts are used to process bonus compensation payments to top management. Because of the variety of accounts (certificates of deposit, passbook savings, investment savings) and number of accounts, personnel in the accounting department have a difficult time reconciling cash balances.

Recommendation

We suggest that management investigate the terms of the various accounts and consolidate all cash accounts that are not required to be maintained by bequests or trust agreements. A single operating business account which draws down excess cash to an interest bearing investment account would facilitate cash management procedures. Additionally, all cash accounts, and the activity of each, that are the property of and listed in the name of the Society should be reflected on the general ledger.

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BEQUESTS AND DONATED PROPERTY

Background

All bequests and donated property are originally processed through the Society's legal department. The legal department keeps detailed case files of all contributions received in this manner. However, no control procedures exist to determine that the receipt or disposition of all such property is communicated to the accounting department and properly recorded in the accounting records.

Observation

Because of the lack of communication between the legal and accounting departments, several parcels of real property and a substantial amount of tangible personal property which belongs to the Society has not been recorded in the accounting records. Additionally, there appears to be little consensus among management as to what the eventual disposition of such property will be.

Recommendation

We believe that the following policies should be instituted to insure that all assets belonging to the Society are properly safeguarded and reflected in the financial records:

- . Top management, in conjunction with the Board of Directors, should formulate a policy which addresses the disposition of bequests and donated property. This policy should be communicated in writing to appropriate legal and accounting personnel.
- . The legal department should keep an accurate listing of settled bequests, those for which the Society has received all distributions, and of unsettled bequests, those for which the Society is awaiting a one-time distribution or for which distribution is on-going. The list should also contain the current status of the property.

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- . Upon receipt of a bequest or donation of property, the legal department should notify, with a pre-numbered transmittal form, the proper accounting personnel. The notification should include a description of the property, its appraised value, and its current location and status. Accounting personnel should acknowledge receipt of transmittal and return an initialled copy to the legal department. After accounting personnel has been notified, the property should immediately be recorded in the Society's general ledger.
- . If the real and tangible personal property is to be liquidated, management and the Board should investigate hiring outside agents to arrange such sales.
- . A complete inventory of all real and personal property currently owned by the Society should be taken. Fair value should be assigned to all such property and it should then be properly recorded on the general ledger.

INVESTMENTS

Background

Currently, the majority of the Society's investments are held in investment accounts supervised by money managers. Other securities which have been donated, bequeathed, or purchased by the Society are held either in a Merrill Lynch account or in the Society's safe at the Bethesda office. Access to the safe is limited to the Treasurer and Assistant Treasurer. The Treasurer has full discretion over all purchases and sales of such securities.

Observation

Until June 1988, all such securities held by the Society were initially recorded on the general ledger at \$1 per share.

No accurate list of securities bought, sold, or held is maintained. Consequently, securities held by the Society cannot be reconciled to amounts recorded in the general ledger.

The lack of procedures regarding donated and bequeathed securities permits them to go unrecorded. Currently the Society is receiving dividend checks for securities that they have been unable to locate.

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Recommendation To establish control over all investments and to maximize the return on investments, the Board of Directors should adopt a formal investment policy to serve as a guideline for management and handling of investments. This policy should address, but not be limited to the following:

- . Investment strategy
- . Custody of investments
- . Approval procedures for the purchase and sale of securities.

Investments currently held by the Society should be detailed in a subsidiary ledger and reconciled to amounts recorded in the general ledger. Additionally, the accounting and legal department should determine the location of all donated and bequeathed securities.

All brokerage statements and other documents supporting purchases and sales should be reconciled and tested independently of those with custody or authority over security transactions.

PROPERTY

Observation Although the Board of Directors annually approves a capital expenditures budget, this budget is not compared to actual expenditures for property to ensure compliance with Board directives.

When property is purchased, no identification tags are issued to specifically identify the property, nor is it assigned to a specific department for responsibility over its custody.

Internal transfer of property between departments is not tracked, and no procedure exists to account for sales or disposals of property.

Detailed property records are kept by the Society's auditors, who determine estimated useful lives and depreciation methods. Depreciation is calculated by the auditors and recorded as a year end adjustment. An inventory of property has never been taken.

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Recommendation We recommend that the Board of Directors formulate a policy concerning capital expenditures outlining procedures for approval, purchase and disposition of property. The Board should monitor compliance with these policies and determine that actual expenditures are within the approved budget.

The Society should take a physical inventory of all assets on hand. Property should be tagged and detailed property records prepared which include a description of the item, its cost, its tag number and its location. Additionally, such records should detail useful life, monthly or annual depreciation and accumulated depreciation amounts.

CASH DISBURSEMENTS

Observation We noted that certain disbursements to the Treasurer are approved and signed by the Treasurer.

Expense account reimbursements to the Treasurer and the President are approved by those same two individuals for themselves and for each other.

Recommendation Under no circumstances should approval and signatory authority for monies paid to top management rest with those same individuals. Expense accounts of top management should be periodically reviewed, perhaps quarterly, for propriety by the Board of Directors. Nonsalary disbursements made to top management should bear the approval and signature of a Board member.

DOCUMENT SECURITY

Observation Society documents, including blank operating account and payroll account checks, are kept in unlocked supply closets.

Recommendation To enhance security and safeguards over the Society's assets, blank checks, as well as other important documents, should be maintained in a locked cabinet at all times.

SUBSIDIARY ORGANIZATIONS

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Observation

Over a period of years several smaller but related organizations have been merged into the Society. There are, however, a few subsidiary organizations which are separately incorporated, but accounted for on the Society's financial records. Additionally, one such organization, which is controlled by the Society and which processes certain salary payments to top management for the Society, is not recorded on the Society's books and no books are maintained for it.

Recommendation

The Board of Directors, in conjunction with the legal department of the Society, should review the organization of the entire consolidated entity and take whatever steps necessary to merge all related organizations with the Society. If this proves legally impractical, policies and procedures for processing and recording transactions between related entities should be established and implemented. Each organization under the control of the Society should maintain its own set of financial records and be subject to reporting procedures to the Society's Board of Directors.

INSURANCE

Observation

During the past year the Society transferred officers' life insurance policies for which the Society was paying premiums to the President and the Treasurer. Copies of the policies and authorization for the transfers were not available.

Recommendation

We recommend that the Board of Directors establish an insurance committee with the responsibilities of reviewing all insurance coverage both for the organization and its officers and approving insurance policies based on specific needs of the organization and the economic risks involved. Any transfers of coverage or policies should bear the Board's authorization and approval.

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LEGAL MATTERS

Observation

At the present time no formal policy exists for accounting for contingencies or legal matters that might effect the Society's financial statements.

Recommendation

We recommend that the legal department and the finance department formulate a policy for the identification of and the accounting for contingencies. All legal matters that may affect the financial accounting of the Society should be identified and summarized by the legal department. Such summaries should include the details and the expected outcomes of outstanding legal matters and should be forwarded to the finance department on, at least, a quarterly basis.

This report is intended solely for the use of management and should not be used for any other purpose.