

SEAWOLF
HAL-3
ASSOCIATION

HAL-3 SEAWOLF ASSOCIATION-TOM OLBY -PRESIDENT-

April 15, 1994

Dear Seawolf Association Officer:

As a matter of policy, I have always attempted to routinely update the Seawolf Association Officers on information received. Most of those updates were positive and informative in nature. This update is not positive and it brings me no pleasure to have to write this letter. Unfortunately, we can only play the cards we are dealt.

Our Secretary/Treasurer, Dan Calvert and I have had a recent significant difference of opinion. This can be characterized as a difference of opinion (at best) and a personality conflict (at worse) or a combination of the two, or something.

Dan had recently telephoned me about the possibility of paying his secretary for doing Seawolf Association business. I informed Dan at the time that I did not like the idea but that I would think about it. The amount of money was significant and not pocket change.

In the past, Dan and I have had problems recalling the content of what was spoken to each other on the telephone regarding some **significant** endeavors, including the Quartermaster program. Because of some of these prior differences, I decided to respond to Dan's request in writing. I did not send copies of my response to the other Seawolf Association Officers since I thought the issue was between Dan and I at the time. I have since learned that Dan's response to my original letter on this subject was sent to some Seawolf Association Officers.

Attached you will find all of the written correspondence between Dan and I regarding this matter. It is my hope that by sharing this information we will all be on the same page, even though it is not a very pretty page. Please read the attached correspondence and come to your **own** conclusions and recommendations.

I sincerely believe that Dan has many talents and abilities that have served our Association well over the last three years. He has forgot more about computers and programs than most of us will ever learn. There is no question that he has contributed significantly to our Association.

Unfortunately, conflicts are part of many organizations and they must be confronted! I suspect a full debate of this issue in front of our membership at our business meeting would be divisive and inappropriate. However, if need be, I will be fully prepared to debate this issue with Dan for our membership, at the business meeting. Quite frankly, I don't think this should be a debatable issue at the reunion and I suspect there will be more important things to talk about.

I know that all of you are busy getting ready for the reunion in May and I hope this letter takes nothing away from your efforts. To have this conflict come to a head before the reunion is demoralizing to me, at best. Like the rest of you, I have more urgent things to be involved with before the reunion. I truly believe that the Seawolf Officers can and need to address this issue and come to a **conclusion** before the reunion.

Suggestions are welcome and I appeal to you keep this conflict and correspondence **confidential**. (Seawolf Association Officers only) In my opinion, it would serve no useful purpose to have this conflict aired to the general membership.

I believe that we have all worked extremely hard and have a very strong Association that serves its members well. As a team, I believe we have come a long way in the last three years. Without all of your hard work and **support**, none of our accomplishments could have been possible.

Respectfully,

Tom



SEAWOLF ASSOCIATION

Office of the Treasurer

April 3, 1994

Mr. Tom Olby, President
SEAWOLF ASSOCIATION

Dear Tom:

When I returned from this last of my many trips out of the Sacramento area, I was surprised, puzzled and then downright angry at finding your letter/fax. Since reading it and I hope digesting the meaning of it, I would like to respond to each of what I consider the salient points.

First, it is obvious to me that you do not fully understand the workings of a small business. I am in the line of work that I am in to make a profit. Period. In order to do that, I must employ a clerical assistant to help me with the day to day office operations such as answering the telephone, filing, accounting, taking inventory, shipping and receiving, and performing a hundred or so other things that, if I had to do them for myself, would probably never get done. For providing these services, I must pay the person a wage or salary in compensation.

In order to better analyze the performance of employees and to effectively evaluate the costs of doing business, each task performed has a job code in the payroll program. While this may not seem important, I assure you that it is. Since the SEAWOLF ASSOCIATION is a not for profit 501. (c). (19). organization, any money that I spend out of my own pocket that is not reimbursed is a deductible expense on my own corporate or personal income tax returns. In addition, clerical support carries a worker's compensation rate that is lower than that for warehouse workers and if I require a person to work in the warehouse, I must account for those hours and pay the higher insurance rate. It is for these reasons that my all of my secretaries/assistants have been asked to separate the time spent on SEAWOLF activities from the rest of their hours. I have been doing this for the past 3 years since assuming the role as Treasurer. It should be noted that I was elected as Treasurer, not Secretary/Treasurer, but if being Association Secretary is a required adjunct duty, then so be it.

In the first 2 years, the time spent on SEAWOLF ASSOCIATION duties comprised less than 4% of the total time and as such was insignificant as it relates to the overall scheme of things. We had fewer than 500 active members, little inventory -- left over hats,

patches & T-shirts -- and no reunion pending. Since January of this year, 37.8% of my secretary's time has been spent dealing with SEAWOLF matters, a significant increase over the prior 2 years. This, of course, is due primarily to the influx of telephone inquiries, FAX inquiries & registrations, dues and registration fees, inventory shipping and filing of the mountain of paperwork that is necessary to ensure that: 1) we have an organized and successful reunion; and 2) that we do not lose our tax exempt status.

In order to perform all of these fiduciary duties in a timely and efficient manner, I have had no choice but to use the assistance of my secretary. The primary purpose in delegating responsibility to her was to ensure that we have a successful reunion and that we have a smooth and orderly registration process. Having been through two registrations in prior years, I am confident that I have made the right decision, but only time will tell.

You stated that you were unaware that I was delegating so much responsibility to my secretary, yet on several occasions I have discussed that fact with you over the telephone, indicating not specific duties or responsibilities, but a rather general description of her assistance to the organization. Since I am on the road and out of the office for much of the time, how else would the necessary things get done, especially with the reunion so near? With regard to her pay, you are indeed correct -- she is expecting remuneration for her efforts. However, not from the SEAWOLF ASSOCIATION, but from me and I do exactly that. I pay her each week as I should.

In addition to the base salary that is paid, I as an employer am responsible for paying Social Security, Medicare, Worker's Compensation, Unemployment Insurance, and Disability Insurance. In California, this adds another 12% or more to the wages. And although I am willing to pay these additional costs, I cannot afford to absorb the entire salary which will amount to over \$750.00 by the time the reunion is over. In addition to the hours that my secretary has spent, I have invested over 175 hours this year to SEAWOLF ASSOCIATION matters. I am not complaining -- I volunteered for the job and will continue to gladly donate as much time as is required to do the job. But it is important to realize that it was for all of these reasons that I called and solicited your thoughts regarding reimbursing my company for all or some of the time spent on special matters such as the reunion or special mailings. My thinking was that if you responded favorably, I would bring it up at the business meeting in order to secure the approval or disapproval of the membership.

But it seems as though you have misinterpreted my intent. It is not that I am looking to "make money" from the SEAWOLF ASSOCIATION. On the contrary. I am doing what I think that I was elected to do -- save the organization as much as I can by wisely investing the funds, seeking out the best bargains and soliciting the donation of goods, services and money. I have purchased many office supplies, using my buying power to obtain the lowest price and passing those savings along to the organization. I have been reimbursed for UPS and Postal charges for expenses on my postage meter and UPS account and I have bought one case of copy paper -- 5,000 sheets -- to replenish some of the stock that I have used over the past 3 years. I have not asked for replacement laserjet

toner, copy machine toner, flow pak, labels or any number of other items that have come out of my supply locker. Nor will I ever.

In paragraph 3 of your letter, you address the issue of membership size versus volunteers and I agree with you. Since we are larger, there probably are more potential volunteers to do some of the work. But I submit to you that it is because of this increase in size that it becomes more important to accurately and efficiently track all of the transactions necessary.

In paragraph 5, you address your concern about my "stretching myself too thin" or "wearing too many hats". I assure you that if you can find reliable volunteer help from the local area to assist me in the administration of these tasks, I will be delighted to accept that help. But as long as I have the responsibility, I will perform my assigned tasks to the best of my ability using whatever resources that I have at my disposal. In our conversation, I pointed out that we have two viable options when it comes to mass mailings -- contract the work out which both you and Tom Thalman have done in the past, or to do it in-house, using volunteer or casual labor, which I have done quite successfully as well. If that means that next January when the membership dues bills need to be mailed I pay an additional \$100 to have it done professionally or hire a teenager or use my secretary, I will do so. The point is that the job will be done, done right and in a timely fashion. All of this presupposes that I remain on as Treasurer.

You also address the issue of a volunteer Quartermaster for the Association. In fact, you mentioned that Dan Higgins had volunteered. This is all well and good, provided that you have no significant inventory to administer. But to have another individual, located 120+ miles away from the center of accounting, trying to order, receive, ship, and provide accurate and timely information regarding inventory is pure folly. Not to mention the fact that Dan is a fireman for the California Department of Forestry and spends as much or more time away from the office than I do! The inventory represents a significant part of our assets and, as you and I have discussed often, requires constant attention as it relates to our overall financial picture, not to mention that the shipping of ordered merchandise to members should also be done as promptly as possible.

In the last paragraph, you make some observations that I feel are absolutely without merit or foundation. In the first place, we are not now paying, have never paid, nor will we ever pay anyone for doing volunteer work. That, by any definition I know of, is a conflict in terminology. Secondly, to suggest that we would be inundated with claims for hours spent for a variety of services rendered is equally ridiculous. As long as you, Con or I sign the checks, that would never be approved. To do so would be a serious breach of ethics and violate our fiduciary responsibility. Again I submit that you do not have a clear picture of what is involved in the administration of this or any other non-profit organization. I currently providing accounting services for two such organizations and have a fairly good idea of that which is right and proper and that which is not. At no time would I knowingly conduct myself, my business, or my volunteer activities in any manner that would be questionable or not withstand the highest scrutiny.

In the event that we are unable to resolve these issues, then I see no alternative but to submit my resignation, which I will do, effective upon concurrence of the board. I will surrender all records and moneys along with the reunion information collected to date. You will be on your own to provide custom computer programs and accounting software. Be prepared for an unbelievable amount of work that for the most part goes unacknowledged, misunderstood and unappreciated.

When I called, I was only asking for your thoughts about reimbursement for professional services provided over and above the day to day routine administration that would under other circumstances be contracted for outside of the organization. I will gladly continue to provide the kind of routine services at no cost to the organization, as I have in the past. Having read your response to the question, it appears that I have my answer.

Sincerely,

A handwritten signature in black ink, appearing to be 'DRC', followed by a long horizontal line that ends in a small upward curve.

Daniel R. Calvert

copy to:

Con Jaburg
Don Thomson
Rich Lambert

SEAWOLF
HAL-3
ASSOCIATION

HAL-3 SEAWOLF ASSOCIATION-TOM OLBY -PRESIDENT-

March 29, 1994

Mr. Dan Calvert
Secretary/Treasurer

Dear Dan:

This letter is in reference to our telephone conversation and your facsimile received by me on Monday, March 28, 1994. In our telephone conversation you stated upon review of your secretary's coded job codes, your secretary was paid over \$500.00 for Seawolf Association clerical support. You requested that we pay your personal secretary with Seawolf Association funds for this clerical support. This causes a dilemma for both me and the HAL-3 Association.

After our conversation I was perplexed as to what comes first, the cart or the horse. I was never aware that your personal secretary had a time code for clerical support for the Seawolf Association. It seems apparent to me that if your secretary is keeping time codes for clerical support for our organization, she is expecting monetary consideration. In reviewing all of the financial forms that you have provided me, I cannot find any reference to paying your secretary for any past clerical support. For what period of time has your secretary been keeping job codes for any clerical support that she may have done for the organization?

The HAL-3 Seawolf Association is and has always been a volunteer organization. What has made this organization great is the amount of time and effort that the members have contributed. You made the point in our telephone conversation that the membership is much larger than in the past and this fact is not in dispute. The Association also has more members who are able to contribute and volunteer their skills.

At our business meeting in San Diego it was never mentioned to the membership that the Seawolf Association Officers would be employing clerical support personnel at a reduced rate of \$8.00 per hour. I have not seen any written request nor has there been a verbal request to employ and remunerate clerical support personnel. If another Association Officer has received such a request, it has never been forwarded to me in writing or verbally.

Historically, we have had several telephone conversations concerning your numerous responsibilities with the Association. I was always concerned that you were wearing too many hats and stretching yourself too thin. You have consistently informed me that it was no problem and you enjoyed doing it. Other qualified members have in the past volunteered to help. In fact, Dan Higgins offered to be the Association Quartermaster and I believe he would have done a outstanding job. I was never aware that you have delegated so much responsibility to your secretary

The HAL-3 Association has many dedicated members, along with significant others, who have volunteered their time and services. Their efforts have never been remunerated for their time or services rendered nor, I suspect would they want them to be. I find it hard to justify not paying them and now paying your personal secretary for what you volunteered to do.

A request for twenty or thirty dollars is one thing but a request to pay \$514.00 for clerical support to the Association, without prior authorization and or discussion is completely unacceptable. I believe we must avoid any appearance of impropriety.

It is apparent to me that the Association needs a full time volunteer Secretary and Quartermaster. This should be on the agenda at our business meeting and in the interim we can certainly obtain some qualified help. Let me know what I or other Association Officers can do.

It is my opinion that whatever clerical support your secretary has done for you in the past per Seawolf clerical support, is your obligation. If you want to bring this matter up at the business meeting, feel free. I will lobby against remuneration for clerical support for volunteer commitments.

I suspect that if word ever got out that we were paying people to do our volunteer work, we would be inundated with hours claimed for a variety of services rendered. Dan, you have contributed much time and effort and have a excellent computer program. Your efforts have significantly contributed to making this Association a cut above many of the others. I truly believe that if you have to pay your secretary to do Association business, you have taken on to much responsibility. We have too many qualified members who can and have volunteered to assist. With over 700 members there is absolutely no reason for you to overburden and overextend yourself like you have.

Respectfully,

Tom