

KEY POINTS FOR THE MEDIA:

Grand Strand Humane Society Discourse Position/Analysis: Evidentiary Support and Recommendations for Dissolution and/or Replacement of the Board of Directors of the Grand Strand Humane Society by Frank Espinal

PURPOSE

Why was this paper created?

The disruptive public meeting that took place last year on March 28, 2018 and the resulting resignations and social media firestorm surrounding false information released to the public prior to and during that meeting was unfortunate and do not pass my moral compass as an individual, business leader and tax paying citizen. As a nonprofit business serving the people and animals of Myrtle Beach and surrounding area, the public has a right to know how the organization is being run and how it impacts shelter operations.

Why would the media care?

This paper provides evidence, follow-up details, and information not available to the media or the public at the time of last year's meeting or in the months following that meeting. Having already reported on the events that took place during the March 28, 2018 meeting and the fall-out of that meeting, the paper and evidence provides additional context and information regarding this ongoing news story.

Why would the public care?

The public has been lied to by certain members of the Board of Directors of the Grand Strand Humane Society. This organization exists to serve the people and animals of Myrtle Beach and surrounding areas and the public deserves to know the truth.

Key Points:

- Grand Strand Humane Society Board of Directors are Unable to Adequately Meet the Mission Statement
- Grand Strand Humane Society receives City tax revenue in order to operate
- Grand Strand Humane Society solicits and receives donations administered through the City water/sewage bill (R.A.I.N.)
- Grand Strand Humane Society Building is Owned by the City of Myrtle Beach
- Grand Strand Humane Society Board of Directors has Improperly Managed Revenues for Several Years
- Dysfunction of the Board of Directors Puts the Grand Strand Humane Society on Course for Organizational Failure

BACKGROUND

The Background section of the paper provides the media and the public with vital information on how a successful nonprofit business should run. Having a general understanding of key business standards helps foster understanding when analyzing if and how the Board of Directors of the GSHS is meeting those standards.

This section covers two main sets of standards:

- **Roles and Responsibilities:** Fiduciary Duties that outline the financial, legal and ethical requirements that all Board Members must follow--Duty of Care, Duty of Loyalty and Duty of Obedience.
- **Good Governance:** Key Principles of the Operations of a Board of Directors that when met overall as a whole, provide a pathway for organizational success. When not met sufficiently, the Board of Directors is steering the nonprofit toward organizational failure--Accountable, Consensus Oriented, Efficient, Follows the Rule of Law (and Bylaws), Inclusive, Participatory, Responsive, Stewardship and Transparency.

ANALYSIS

This section of the paper holds the Board of Directors of the GSHS against the measures and standards of the previous section and provides analysis and evidence demonstrating how the Board of Directors does or does not meet those standards. Evidence is provided in the form of transcripts of meetings (with audio files provided), email threads, financial assessments and images.

EVIDENCE

The Evidence section of the paper provides evidentiary support for a number of operational failures and acts of malfeasance on the part of certain members of the Board of Directors of the GSHS.

Key Points:

- Lack of Long-Term Planning and Failure to Implement Approved Plans
- Poor Leadership and Disengaged Board Members
- Lack of Financial and Business Discipline (Including Evidence of Ongoing Problems in Day-to-Day Shelter Operations)
- Acts of Malfeasance by Members of the Board of Directors

RECOMMENDATIONS

The Recommendations section offers two specific remedies for the issues raised throughout this paper.

- First Recommendation - Assign a NEW Functional Board
- Second Recommendation - City Takes Over the Shelter Operations and Assumes Care of Homeless Animals in the City of Myrtle Beach

UNANSWERED QUESTIONS

List of questions that remain unanswered for the public.

1. It has been a year since the public meeting on March 28, 2018. Where are we now? What, if anything, has changed?
2. Has the GSHS facility's state of disrepair been addressed satisfactorily?
3. Did the Board find the origination paperwork and resolve the issues with The Cotton Fund/Endowment?
4. Has the GSHS Board followed through on having employee manuals and operating procedures documents created and provided to employees?
5. Are there procedures in place now for proper training of employees and volunteers? Have animal safety issues been addressed to avoid additional injuries and unnecessary deaths like Jack's in December 2018?
6. Did the Board put an inventory control system in place to account for all incoming and outgoing donations and products/purchases? For example, are controlled substances now being properly inventoried and monitored per the laws and requirements set forth by the DHEAC/DEA?
7. What were the findings or accomplishments of the Business Consultant hired by the City of Myrtle Beach?
8. Did the City of Myrtle Beach conduct a final audit as they committed to? How does their audit compare to the Smith Sapp audit that was done in 2017?
9. Are the personnel who are conducting euthanasia being trained and certified as required by law?
10. The GSHS operates as a nonprofit, however, they sell novelty items and other merchandise to the public. Are they paying the sales tax as legally required?

PULL QUOTES/KEY EVIDENCE OF INTEREST FOR THE MEDIA:

The following are quotes pulled from transcripts of meetings, emails and other documents that provide key evidence of interest for the media covering this ongoing story.

Evidence of malfeasance and toxic cronyism on the Board of Directors of the GSHS

Location in Paper: Figure 25

Explanation: The GSHS Bylaws are specific to the voting authority with registered members and the Board. This includes the authority to remove a member from the Board. The City and the GSHS agreed to have two City appointed members to the Board, since they were funding part of the revenue of the shelter. A City appointed Board member is not immune to being removed from the Board as established in the Bylaws. The City would just appoint another Board member if a vacancy would exist.

Evidence: Quote from Larry Bragg

BRAGG: There are rumors abounding that ones do not go quietly into that good night. And I've requested that all board members have copies of who our memberships are. I want to know who my neighbors are, my friends in the various clubs, that I can thank them or go after them, whatever. I also want to be able to call ten that I can be assured that for the annual meeting, they will show up. I want the room busting at the seams, because that is the thing I keep hearing time and time and time again -- the threat of "just wait until November."

No matter what great things we do now, I'll still be here. They have no control over me or my position. But if they showed up with ones, and we don't have good, solid people, who understand what all we're doing is the best and the brightest and the greatest for all the babies, it's all for naught. Always keep that in your mind. Okay, that's it.

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Evidence the Board of Directors was aware of what was happening at the GSHS despite their denial of this knowledge during the March 28, 2018 meeting

Location in Paper: Figure 24 and Figure 22

Explanation: The Board was made aware of the meetings between Dr. Michelle, Jess and Lisa and the activity at the shelter weeks before the March 28th meeting. This is made clear in the email thread listed in Figure 24 of the paper along with their denial of having any knowledge of these meetings in an excerpt of the transcript in Figure 22.

Evidence: Email Thread

From Figure 24:

From: Frank Espinal, BA, MBA <[REDACTED]>
Sent: Thursday, April 19, 2018 11:57 AM
To: Larry Bragg GSHS <[REDACTED]>; Carol Wallauer GSHS <[REDACTED]>; Yvette Caufield GSHS <[REDACTED]>; 'Lindsey Rankin' <[REDACTED]>; 'Terri Brobst' <[REDACTED]>
Subject: Meeting with the Vets

Good Morning Board Members,

I wanted to follow up on last evenings discussion with the GSHS Veterinarians.

Part of our discussion involved the lack of communication coming from Elena. I didn't quite understand where that was coming from, since all the emails I received from Elena had either everyone on the Board or on one of the Committees?

Last night, the Board responded to Dr. Michele that we didn't know anything about the meetings between Jess, Lisa and Dr. Michele. That information was not true.

Below is the email from Elena that everyone was copied on. It was sent on March 9th at 1:08:34 AM. It spells out what Dr. Michele was talking about last night.

I just want to make you aware of this falsehood. I think the Board needs to correct this statement with both Veterinarians and it should be reflected in the minutes, as a correction. This goes back to establishing credibility.

Frank

Begin forwarded message:

From: Elena Nicholas <[REDACTED]>
Date: March 9, 2018 at 1:08:34 AM EST
To: Larry Bragg <[REDACTED]>, 'Yvette Caufield' <[REDACTED]>, "Frank Espinal, BA, Mba" <[REDACTED]>, 'Susan Means' <[REDACTED]>, Carol Wallauer <[REDACTED]>
Subject: GSHS Organizational Function

All,

I have already spoken to Lisa, who is our Clinic Supervisor and Jess a few weeks ago, that if there is a daily problem with staff etc the two of them together are to discuss it and come to a mutual decision. If they cannot come to a decision that they both agree with they are to contact me and I would then bring it to the Board. If there is something that comes up that has to do with the well being of our animals, health/disease control, proper protocol with their care, it would be our Medical Director who is Dr Crull.

Dr. Crull, Lisa and Jess have been meeting together once a week after work on their own time to put together proper procedures about protocol to ensure that everything with the staff and our animals is done correctly and by best practices. They are discussing and following guidelines by the ASPCA. They are putting together a manual that will be issued to and signed by each staff member so they understand and agree to their job and their responsibilities. This not only will help our shelter to run smoothly but will help us moving forward so we can continue to strive for our "Best in Class" status until we hire a new ED.

This can be further discussed at our upcoming Board meeting at the end of this month.

Elena
Do All Things With Love

Evidence: Excerpt from Figure 22

>> Dr. MICHELLE: I just told you what happened. Myself, Lisa, and Jessica were making this SOP. Jessica came to us and said, "We really need this in place. I would like for us to meet so that we can discuss these and get these in place, so that moving forward, we will have this in place.

There's not an executive director at this point. I really think we need to do this."

>> BRAGG: So you think Jessica is the heavy in it now?

>> Dr. MICHELLE: No, I am not saying that at all. I'm not putting the blame on anybody. It did

need to be done. I'm just saying that she was the original one who suggested it. I'm not blaming anyone for anything.

>> BROBST: Suggested the SOP?

>> Dr. MICHELLE: We all discussed it.

>> BROBST: Is that what you mean?

>> Dr. MICHELLE: I beg your pardon?

>> BROBST: She's the one --

>> Dr. MICHELLE: She's the one that suggested, "Why don't we all get together and meet and discuss these." I'm not trying to say that anybody did anything wrong, so don't misunderstand me.

>> BROBST: Okay.

>> ESPINAL: There's nothing wrong with that. That's actually what you should be doing.

>> Dr. MICHELLE: That's actually -- absolutely what we should be doing, and been trying to accomplish for years. So we finally decided, "You know what? Let's do this." We started meeting. We were told that the Board was aware that we were meeting, and they were happy we were all meeting together and working together.

>> BROBST: We were -- not true. We didn't know anything about it.

>> Dr. MICHELLE: Where the authority was given to myself came in, I have no idea. But yeah. As I said in the e-mail that I sent you guys, it was myself, Lisa, and Jessica who were meeting together, having these discussions about the proper way to proceed. It was never suggested -- again, we were trying to get everything in order, so that moving forward, we would be able to safely treat these things. That was what we were trying to establish.

>> CAUFIELD: What I'm going to say, I am going blame our president of the Board, because they never told us all that. If we had known all that in the first place, we would have not been in this predicament, period.

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Evidence of disengagement of certain members of the Board of Directors

Location in Paper: Figure 11

Explanation: City-Appointed Member, Susan Means, calls out Yvette Caufield in an email thread regarding her disengagement. Yvette Caufield is currently the Vice President of the Board of Directors.

Evidence: Statement from Email Thread

I do not believe that you have been involved enough in the operations of the shelter to criticize the board members who have worked hard to try to keep things on track. Maybe you should consider your words before you are so quick to judge others.

Susan

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Evidence of lack of financial aptitude and actions that demonstrate lack of appropriate stewardship

Location in Paper: Figure 6

Explanation: Larry Bragg comes to the realization of the liability and gravity of the situation regarding the Cotton Fund/Endowment.

Evidence: Statement from Transcript/Audio of Meeting

BRAGG: That would scare the hell out of me. There is no legal defense. If it said the money was there to be built upon, and then the residual amount after the 1 million came along, we were able to use for expenses -- and we were borrowing hither and yonder whatever amount every year, plus not paying it back, plus no interest, we shouldn't have been allowed to draw out the first little -- we did of it, because it hadn't reached a million. But if it did, we sure would have started paying it back, plus the interest. Oh, my god, that's a crime.

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Evidence showing the public was lied to about the euthanization of the three puppies whose photos were displayed at the March 28, 2018 meeting by members of the Board of Directors of the GSHS.

Location in Paper: Figure 23

Explanation: Members of the Board knew the puppies in question were part of a court case, were being fostered by Board Member Wallauer and were never in danger of being euthanized. Yet, the members with this knowledge allowed misinformation to be released to the public, creating a social media firestorm and massive public outcry over events that had never happened. They lied to the public and allowed that lie to be perpetuated by others.

Evidence: Discussion from Transcript/ Audio of Meeting

>> ESPINAL: I have a question about the three puppies. How are they doing?

>> WALLAUER: They're all right. They all got sick, but they're right.

>> ESPINAL: We have one that had the parvo?

>> WALLAUER: Nope, they all got it.

>> ESPINAL: But I thought during the Board, that one of the clinic people said --

>> WALLAUER: Right, but you probably don't understand.

>> ESPINAL: No, I understand, it's very contagious. At the time --

>> WALLAUER: At the one time --

>> ESPINAL: There was just the one?

>> WALLAUER: The one tested positive, yeah, at the time, yes.

>> ESPINAL: And they're all doing okay?

>> WALLAUER: They're great, yeah.

>> ESPINAL: Okay. Were they part of a court case or something like that?

>> WALLAUER: Originally, yes.

>> ESPINAL: Are they still part of a court case?

>> WALLAUER: No. Grand Strand won the court case, yes.

>> ESPINAL: Okay, so that was something that was -- how far back, do we know?

>> WALLAUER: Just recently.

>> BRAGG: Recently.

>> WALLAUER: Because I think by the time she -- I don't know how long -- what date they came in here. But all of the events of them getting sick and everything kind of happened fairly quickly.

>> BRAGG: Have they been adopted out?

>> WALLAUER: They went to rescue.

>> BRAGG: Did you send the photos with them?

>> WALLAUER: I don't have the photos. I don't know where those are.

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