

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION**

E. Kwan Choi,
individually and on behalf of
Urantia Foundation, *et al.*,
plaintiff,

v.

K. Richard Keeler, *et al.*,
defendants.

No. 02 CH 4053

Hon. Sophia H. Hall

**Suit for Injunction and Declaratory
Judgment**

**SUPPLEMENTARY AFFIDAVIT OF E. KWAN CHOI
IN OPPOSITION TO DEFENDANT TRUSTEES'
MOTION FOR SUMMARY JUDGMENT**

Now comes the affiant, E. Kwan Choi, and under the penalties as provided by law pursuant to §1-109 of the Code of Civil Procedure states as follows:

1. My name is E. Kwan Choi. I am the plaintiff in this suit. I am over 18 years of age and of sound mind. I have personal knowledge of the facts set forth in this affidavit. I could competently testify to the facts set forth herein if called to do so in court.

2. I was elected a trustee of the Urantia Foundation in March of 1997. At that time Richard Keeler and Georges Michelson-DuPont were already trustees. Mo Siegel and Gard Jameson were elected as trustees the following year to fill vacancies.

3. At the meeting held April 18 and 19, 1998, the trustees elected officers. A true and accurate copy of a document labeled "Trustee Notes" which was furnished to me by the Urantia Foundation is attached as Exhibit G.

- a. Immediately prior to this election Mr. Keeler had been Treasurer.
- b. At the election on April 18 or 19, 1998, Mr. Keeler was elected President, Mr. Michelson-DuPont was elected Vice President, and I was elected Secretary.

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- c. Neither Mr. Siegel nor Mr. Jameson were elected to any office.
- d. The agenda Mr. Keeler faxed me before the meeting called for election of a Treasurer, but no treasurer was elected.
- e. It is my understanding that Mr. Keeler, pursuant to Section 4.3 of the Bylaws, thereby retained the office of Treasurer to which he had previously been elected as no successor had been elected.
- f. It was decided that Mr. Jameson, because of his professional training, would be a "financial liaison" but not Treasurer. The Trustee Notes (Exhibit G) state, "Financial: Gard Jameson," and then list beneath that various functions to be performed by various trustees.
- g. Mr. Siegel and Mr. Jameson had ties to the Urantia Book Fellowship which, at the time, was a rival organization with which the Foundation had a constant struggle.
- h. As a new member on the Board, I did not fully understand the import of what had transpired at this meeting, but my impression was that, due to the ties Mr. Siegel and Mr. Jameson had to the Urantia Fellowship, Mr. Keeler did not want to relinquish his control over financial matters to Mr. Siegel and Mr. Jameson.

4. As fully explained in my affidavit filed in support of my Motion for a Temporary Restraining Order, during the period from September 1999 through at least September of 2000, Mr. Jameson and Mr. Siegel were often excluded from participating as trustees. To the best of my knowledge, during all times that I have been a trustee up until Mr. Jameson was elected Treasurer on June 29, 2001, Mr. Keeler and not Mr.

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Jameson personally handled most of the finances of the Foundation in conjunction with Mrs. Tonia Baney, the executive director.

5. During my tenure as a trustee I attended every regular quarterly meeting of trustees except those held after September 7, 2001, when I was not permitted to attend, save for a brief period at the beginning of each meeting, and except for a Trustees' retreat the weekend of October 8, 1998 regarding which I never received information indicating it was a quarterly meeting. Mr. Jameson never made any financial presentations at regular quarterly board meetings. The board spent very little time on the financial affairs of the Foundation at regular quarterly board meetings. The only mention I have found of financial statements associated with Mr. Jameson was that he and Marcia Lansu were supposed to have made financial statements at 12:30 pm on January 19, 2001.

6. The only detailed financial records I recall having received as a trustee were (a) budget and expenditure records distributed at the third Quarterly Meeting in 2000, containing records as of September 30, 2000, and (b) financial information mailed on May 26, 2000, containing records as of March 31, 2000. A balance sheet was included in the March 2000 records, but not in the other. Neither set of financial records was discussed at any Quarterly Meetings in 2000.

- a. The first set lists various financial records for the first three quarters ending on September 30, 2000. "Urantia Foundation Budget Summary to Actual, 30-Sep-00" gives a brief account of expenditure and income.
- b. The second and third columns list "2000 Approved Budget Amount" and "YTD Chicago Actual Amount." This statement establishes that someone approved the 2000 budget, but I was never included in the

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preparation or approval of that budget.

- c. In this budget summary, total income for the three quarters in 2000 was \$856,370, and total expenses were \$997,949 as more fully set forth in Exhibit K.
- d. This shows that the Foundation was spending one third of its expense on employees and less than 10% on translations. Thirty-five percent went to "General & administrative expenses," which included phone, postage, legal, and other expenses.
- e. Nearly 70% of the Foundation expenses were related to staff and administration rather than the primary mission of the Urantia Foundation. According to the Declaration of Trust, that mission is to print *The Urantia Book*, to protect its text inviolate, and to disseminate its teachings. Printing of the Book has been paid for through the Perpetual Printing Fund. The March 30, 2000 balance sheet shows \$395,396 in the Perpetual Printing Fund, but I have not seen the balance sheet since. It is my understanding the Perpetual Printing Fund has been dissipated, possibly in payment of legal fees for the McMullen suit. Such action is not without precedent. In the 1998 report to the Illinois Attorney General, a note to Part V, Line 7 states, "Money was transferred from restricted funds to meet cash flow needs. Repayment is reserved and will be paid back by June, 2000." (What I believe to be a true and accurate copy of this document is attached as Exhibit H.) I do not recall ever being consulted about transferring money from restricted funds, nor can I find any record of the Board of Trustees approving any such transfer. I do not know if the money was

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paid back. However, the Affidavit of Frank Schimmel, a Certified Public Accountant and the Compliance officer for the Illinois Attorney General's Charitable Trust Bureau (attached as an exhibit to the defendant trustees' motion and dated April 22, 2002) states that the Urantia Foundation report for the year 2000 is only "partially filed" due to the year 2000 audit not being complete and that the year 2001 report is not yet filed. It is my understanding that as of mid June, 2001, it had still not been filed.

- f. Dissemination of the teachings of *The Urantia Book* has in the past been accomplished through establishment of fraternal organizations such as the Urantia Brotherhood and the International Urantia Association. However, one can see from the above budget that translations and International Urantia Association expenses comprise only 6% of the budget.

- g. Printing expenditures of \$227,256 (of \$270,000 budgeted) were treated as a capital budget item and not included in the current year budget as an expense. It is my understanding this is an irregular and questionable accounting procedure (similar to what is now being publicized in the WorldCom scandal). If the printing expense were included in the annual budget, there would be a shortfall of \$368,834 for the first nine months of the year 2000. This may have been a gross understatement of the budget problem because only \$83,357 had been paid for legal expenses for the first nine months. It was and is my understanding that the total legal expenses in the McMullen suit were over \$1 million.

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7. In June of 2001 elections were again held. (This was less than 3 months before the September 7, 2001 meeting regarding my removal.) At this June meeting Mr. Keeler was elected President, Mr. Michelson-Dupont was elected Vice President, Mr. Siegel was elected Secretary, and Mr. Jameson was, for the first time, elected Treasurer. As is typical of the regular quarterly meetings, no financial presentation was made or discussed at this meeting, and none are recorded in the minutes for this meeting.

8. No regular quarterly meeting was held after this June meeting until January of 2002, although there is a dispute that has been presented to the court regarding the character of the meeting held on November 10, 2001.

9. I have, for some time, been preparing a complaint regarding the management of the Urantia Foundation for submission to the Illinois Attorney General. However, I instead initiated this litigation.

10. As an example that the Foundation was not routinely audited and financial reports were not regularly prepared, the record of the November 3, 2000 meeting states:

3. Quarterly financials were presented. *There was no balance sheet presented due to the 1998 audit numbers still in question.* COGS [cost of goods sold] number on P&L [profit and loss statement] queried. Marcia to return information to BOT."
[Emphasis added.]

A true and accurate copy of this record is attached as Exhibit A.

11. During my tenure, I do not recall ever being made aware that Altschuler, Melvoin and Glasser LLP had been retained as the accounting firm for the Foundation. I have made a search of documents in my possession and find no record of a vote to retain them and no mention that they were retained.

12. I have never seen or approved any audited financial statements of the

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Foundation. I have never seen nor approved of any filings made with the Illinois Attorney General except those I am obtaining in connection with this litigation. I have never seen nor approved any federal or state tax return or other filing. After a diligent search of my records, I am aware of no meeting notes or minutes which mention quarterly or annual audits being approved, except as noted below.

13. In July, 1998, there were some problems involving the French office, and an audit of the French office was mentioned. That audit was performed in early 1999 by Arthur Anderson. In the January 15, 1999 meeting notes, it was noted that Marcia Lansu was looking for a new auditor. Since then I have received no information regarding audits.

14. The only time that the Northern Trust Company met with the trustees was at a meeting in January, 2001. They did not come annually.

15. The purpose of the Perpetual Printing Fund is not restricted to the English language editions of the Urantia Book. The Perpetual Printing Fund is supposed to be segregated and used for the purpose of printing all editions.

16. The defendant trustees have previously made admissions running contrary to the positions taken in the current litigation.

- a. With regard to the use of e-mail as a form of notice, Mr. Keeler has admitted that the use of e-mail and faxes is not proper under the Bylaws, that an agenda was not "issued" by the Secretary and sent by mail, and that the board has not followed the Bylaws regarding notice "since the Martin Myer's Board." Attached as Exhibit B is a true and accurate copy of his e-mail message sent to me on September 26, 2000 containing this admission and quoted matter.

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- b. Mr. Michelson-Dupont has previously admitted that if the agenda for a special meeting of the trustees is not received by one of the trustees in advance of the meeting, but is only delivered after the meeting took place, the meeting is informal only and cannot be considered an official meeting. He also questions whether e-mail is adequate for notice of a meeting and sending the agenda. He speaks of the "disfunctioning" [sic.] of the Board of Trustees. His admission is contained in his e-mail dated September 29, 2000, a true and correct copy of which is attached as Exhibit C.

- c. In December of 1999, Mr. Siegel and Mr. Jameson sent a letter to the three trustees indicating that Mr. Siegel and Mr. Jameson were aware that they were being excluded and deprived of information regularly shared by board members, and they demanded that this practice cease. The letter contains Mr. Siegel's and Mr. Jameson's assertions that such exclusionary conduct was illegal. A true and accurate copy of their letter dated 12-14-1999 is attached to my "Affidavit in Support of Temporary Restraining Order" as Exhibit 5.

17. The manner in which the minutes of the Foundation have been kept is also irregular. I believe Mr. Keeler edits these prior to allowing auditors to review the minutes. This is supported by an admission of Mr. Siegel. In response to a request from Sheila Schneider for approved copies of the official and approved minutes for the year 2000, he said these could not be produced because Mr. Keeler was "editing them" for the auditors. This admission is made by Mo Siegel in his September 27, 2000 e-mail, a true and correct copy of which is attached as Exhibit D.

18. Since at least October of 2000, I have been intentionally deprived access to

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Foundation documents, despite my unquestioned status as trustee. As an example, in October of 2000, I requested copies of documents from the Foundation's copyright attorney, Steve Hill. In response, Mr. Michelson-Dupont wrote to Mr. Hill instructing him that he should not send me the documents I requested, since all the trustees had not approved my review of these. Attached hereto as Exhibit E is a true and accurate copy of Mr. Michelson-DuPont's e-mail of October 3, 2000 stating the foregoing. My many other requests to inspect documents of the Foundation, with the exception of my formal request made on September 1, 2001, were not denied in writing, but were often simply ignored in whole or in part. For example, my request for copies of four depositions transcripts (two of Mr. Keeler and two of Carolyn Kendall) resulted only in the production of one deposition transcript.

19. Attached as Exhibit F is a true and accurate copy of the written agreement that my attendance and participation in the November 10, 2001 meeting would not constitute a waiver of my objections to the meeting or of any decisions reached. The agreement was signed by all of the defendant trustees after it was reviewed and approved by their attorney. The purpose of this agreement was to permit me to meet briefly with the defendant trustees while they were assembled in Chicago to discuss their attempts to remove me. I was barred from participation in any other aspect of the meeting. My written objection is attached to my previous affidavit.

20. Attached as Exhibit I is what I believe to be a true and accurate copy of a page from a financial statement regarding the Urantia Foundation for 1998 and 1999. This document reveals at least three irregularities:

- a. For some reason, the financial statements for the years 1998 and 1999 are being combined. This suggests that financial records are not being regularly maintained and audited, particularly when considered in

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conjunction with the affidavit of Frank Schimmel previously mentioned (attached as an exhibit to the defendant trustees' motion and dated April 22, 2002) indicating that the Urantia Foundation filing for the year 2000 is incomplete and the report for 2001 was not yet filed. (On information and belief, the year 2001 report had still not been filed as of mid June, 2002.)

- b. The Urantia Foundation is (or was) a major investor (owning as much as 17.7%) in the Sierra International Currency Fund. This is a risky and speculative investment, and this fund invests in markets that are "not afforded the protection provided by the Commodity Exchange Act, the regulations of the Commodity Futures Trading Commission, and the rules of the National Futures Association and any domestic exchange." From this report it appears the Urantia Foundation has had as much as \$264,888 invested in this fund, and possibly more.

- c. The Urantia Foundation holds (or held) a 99% interest as a limited partner in another commodities trading fund (Superior Ideal Commodities Fund) *of which Richard Keeler is the general partner*. As of December 31, 1999, *this investment constituted over \$1,000,000 of Urantia Foundation assets*. The original investment is stated to have been purchased with funds contributed by that trustee, but that alone does not answer questions regarding conflict of interest, self dealing, tax irregularities, and the lack of frank disclosure to the other trustees.

21. On information and belief, the incomplete annual report filed by the Urantia Foundation for the year 2000 is not signed by the President, Treasurer, or any Trustee of the Urantia Foundation.

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22. The defendant trustees refused to accept an offer I received from Harry McMullen to settle the copyright litigation by granting his organization a license to print *The Urantia Book*. Instead, they pursued the litigation which I believe to have cost the Foundation over \$1,000,000 in legal fees, and as a result the Urantia Foundation lost the copyright to *The Urantia Book*. Having elected not to license rights to reproduce and distribute *The Urantia Book* to Mr. McMullen's organization, the defendant trustees licensed the Jesusonian Foundation to do so on the internet in English, Spanish, Russian, French and Finnish. The Jesusonian Foundation is an organization controlled by defendant trustee Mo Siegel or a relative or close friend of Mo Siegel. On information and belief this license was in part a *quid pro quo* for agreeing to reject Mr. McMullen's offer, for not siding with me in disputes among the trustees, and for not reporting Richard Keeler to the Attorney General for his misconduct. On information and belief, Mo Siegel has substantial animosity toward Harry McMullen.

23. In paragraph 23 of my complaint, the vote I refer to is the first vote for removal referenced in ¶2.3 of the By-Laws, namely, a determination by the other trustees that, in their opinion, I have failed or refused to assume and perform my duties and responsibilities, I have done or permitted any act or thing which is inconsistent with or in degradation of the teaching of *The Urantia Book*, nor by my acts or omissions have I brought disrepute upon myself or the Urantia Foundation. At no time have I failed to perform my duties as a trustee, nor acted in derogation of the *Urantia Book*, nor brought disrepute upon myself or the Urantia Foundation.

24. The process for the removal of Martin W. Myers as a trustee did not, to my knowledge, involve improper notice of meetings and improper meetings.

Further Affiant sayeth naught.

VERIFICATION BY CERTIFICATION

Under the penalties as provided by law pursuant to paragraph 1-109 of the Illinois Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters stated to be on information and belief, and as to such matters the undersigned certifies as aforesaid that he or she verily believes the same to be true.

E. Kwan Choi

Attorney Code 26342
MICHAEL D. POULOS, P.C.
Attorneys for Dr. E. Kwan Choi
1724 Sherman Avenue
Evanston, Illinois 60201
Telephone 847-492-9800
Fax 847-492-9801