

JACK ANDERSON and DALE VAN ATTA

Dubious Deals in the Humane Society

The Humane Society of the United States solicits your donations with a tug on the heart strings—"the animals need us now"—and a promise that your money will be "put into action on the front line immediately."

But the nonprofit charity, based here, does not advertise everything that happens on the "front line." For example, the society bought its president a \$310,000 home in Maryland last year. And the society's treasurer wrote himself \$85,000 in checks last year as reimbursements for lease payments and improvements on ocean-front real estate in Maine.

Recent investigations reveal that the Humane Society's board of directors never authorized these and other dubious financial deals arranged by its officers—deals that could threaten the tax-exempt status of the society.

The situation has until now been kept from the public, but board members first learned about it late last year. In December, the board formed an audit committee and ordered an independent investigation of the books.

In April, the Washington law firm of Harmon and Weiss completed a critical preliminary report spotlighting the "self-dealing" transactions that benefited Humane Society President John Hoyt and Vice President-Treasurer Paul Irwin.

The law firm found that on May 4, 1987, the society bought Hoyt's house in Germantown for \$310,000. Hoyt had lived there since 1970 and still lives there, but now rent-free. The society provides the house for its president in lieu of a portion of his compensation.

In October 1987, the society gave Irwin \$85,000, allegedly to reimburse him for payments he made on the lease of 11 acres of ocean-front land and restoration of a cabin in Phippsburg, Maine.

A three-person committee approved the expenses for Hoyt and Irwin without asking the majority of the board, although the society's bylaws require the board to set the president's compensation, according to the Harmon and Weiss report.

Hoyt and Irwin maintain the two purchases were for the good of the society. Hoyt's home purportedly will be used by future presidents. The organization was to have an interest in the ocean-front property, but the board has since decided to consider the \$85,000 as a loan and Irwin must pay it back, a source in the society told our associate, Jim Lynch.

Hoyt, Irwin and the society's lawyer did not respond to repeated requests for interviews.

The Harmon and Weiss report alleges that the society has prepared and filed "false documents" with the federal government. The society and certain directors could face civil penalties because of those documents, and possible criminal penalties for "aiding and abetting in Hoyt's and Irwin's understatement of income," according to the report.

Not surprisingly, the board hired a lawyer, Jacob A. Stein, in April for a second opinion. Stein handed over his report in July. He verified many of the Harmon and Weiss findings but reached different conclusions. Stein recommended some changes in procedure, but said nothing criminal had taken place and the Humane Society's tax-exempt status was not in jeopardy.