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CHARLES J. OGLETREE, JR.
DIANE L. HOUK

April 15, 2016

By Hand and Email

Board of Directors
Louis August Jonas Foundation
77 Bleecker St.
New York, NY 10012
board@lajf.org

Re: Save Camp Rising Sun

Dear Directors:

This firm represents the Alumni & Friends of Camp Rising Sun, Inc. (“SaveCRS”). SaveCRS is a coalition of Camp alumni and supporters that was founded in 2014 when the Camp’s Board announced its plans to sell the Camp’s landmark sites and almost 700 alumni signed petitions in protest. We write in anticipation of the April 16 Board meeting to raise concerns that the Board is mismanaging the Camp’s assets and is in breach of its fiduciary duties. The Board’s apparent mismanagement of the Camp’s finances and its recent adoption of an engineer’s report—without a second opinion—raise serious questions that command immediate attention and demonstrated remedial action.

A Long Tradition: the History of Camp Rising Sun at Red Hook

In 1929, New York businessman and philanthropist George E. Jonas (“Freddie”) decided he wanted to start a summer camp for boys from poor families, to find, guide and encourage potential leaders. After much searching, Freddie purchased a 176-acre property called Locust Hill Farm near Rhinebeck, New York. Camp opened the next year in 1930 and Freddie tasked the first campers with choosing the name of the new camp; after sitting up all night to decide the matter, the boys chose to call it “Camp Rising Sun.” Since then, campers have slept in tents on that same grassy hill, originally called “Locust Hill” and, over time, reforested and renamed “Tent Hill.” Today, parts of the original farmhouse (first built in approximately 1760) remain as part of a modernized structure, where campers have eaten their meals since 1930, still

affectionately called the “Old House.” For almost one hundred years, Rising Sun campers have gathered at this site (now known as “Red Hook”) to meet in councils, sing songs, construct projects like a “hogan” and a “yurt,” put on plays at “the Willy” theater (once the site of the old barn), hike and take pre-council walks all over the 176 acres, and swim on hot summer days. In 1932, a large hay field on the property was the site for an airplane landing by Freddie’s friend, Colonel Arthur F. Moran (Freddie wrote that “many of the boys told me that it was the biggest moment of their lives”). In 1947, the same field was used by campers to listen to music on a Victrola on Sunday afternoons. In 1989, the Foundation expanded on Freddie’s vision and opened a girls’ camp at the nearby Clinton campus.

The 1947 Returning Camper Manifesto proudly declared that the purpose of Camp Rising Sun was “[t]o serve as an example of a decent sort of living” that was “[a]bove all, simple.” Freddie himself wrote fondly of a seeing a camper advise a fellow camper who was struggling to transport sand for a construction project in a badly warped barrel to simply line the old barrel with newspaper, an idea that Freddie praised as both brilliant and practical in its simplicity. Freddie’s own fond memories of Camp Rising Sun were also simple: being at Red Hook and watching “cumulus clouds floating by or listening to the soothing sound of wind passing through pine forests.”

The Red Hook property is inextricably intertwined with the history and vision of Freddie for Camp Rising Sun and throughout history his ideas have found root in that land. But Freddie’s vision of simplicity and the unbroken tradition of nearly a century of campers at Red Hook are now in danger.

The Backdrop for the Current Crisis

In recent years, the Camp’s Board has recklessly allowed the administrative expenses of the Foundation to outstrip the Foundation’s revenues. Without explanation, the Camp’s administration costs now significantly exceed the costs of running comparable elite private camps in New York.¹ A review of the Foundation’s 990 filings with the IRS shows that salaries and benefits have more than doubled since 2000 and are higher than all other camp-related expenses combined. In one shocking example, the Board somehow managed to spend \$1,037,487 to operate the camp in 2009—a year when there was no camp *at all* because of the impact of the financial crisis on the endowment.²

After years of increased expenditures, in 2014, the Board claimed that it faced a financial crisis and proposed to sell both the Red Hook and Clinton campuses. These two historic sites are the soul of the camp: They are the locations where the camps have always been hosted since Camp Rising Sun was founded in 1930. Together, these properties constitute *all* of the property owned by LAJF.

¹ The cost per camper per week at Camp Rising Sun has risen from \$983 in 2003 to \$2,708 in 2015. This far outstrips the per camper cost at elite private camps in New York which averages \$1,600.

² LAJF Summit Presentation: A New Dawn for Camp Rising Sun, at p. 7 (Sept. 2014).

The proposed sale of the Camp's legacy properties would have been a clear breach of the Board's fiduciary duty of obedience to the founding purposes of the Camp and its unbroken 84-year tradition. The proposed sale would also have violated the New York Not-for-Profit Corporation Law, which explicitly requires that this kind of sale be approved by the Attorney General or the Supreme Court of New York.³ Such approval would have been highly unlikely, given that the Board had not identified any suitable replacement property where the camps could have operated.⁴ The failure to identify a replacement property also highlighted the unfounded nature of the Board's assertions that this plan would save money. Without a replacement property to use as a point of comparison, such assertions were speculative at best.

In a Betrayal of Its Promise to Alumni, the Board Rubber-Stamps a Report to Keep Red Hook Closed

After massive outcry from alumni and supporters, the Board put its unsound plans to sell the Camp's property on hold in July 2015 and instead promised the alumni that if \$550,000 could be raised by September 1, 2015, it would open the Red Hook site the following summer. In less than two months, in an incredible fundraising effort unprecedented in the Foundation's history, the alumni met this goal with \$554,358 raised and pledged.⁵

In the face of the alumni unexpectedly meeting the goal it had set, the Board did an about-face and, in late December 2015, turned to the so-called Crawford report, which was commissioned after the aforementioned fundraising effort and which claimed an additional \$834,000 was needed for "facilities and infrastructure that must be upgraded," including a total replacement of the existing water and sewer systems, before the reopening of the Red Hook property could take place. In January 2016, without securing a second opinion or even questioning the Crawford report's assumptions or findings, the Board relied on it to justify its decision not to open Red Hook this summer.

³ N-PCL §§ 510, 511, 511-a.; New York State Office of the Attorney General, *A Guide to Sales and Other Dispositions of Assets Pursuant to Not-for-Profit Corporation Law §§ 510-511 and Religious Corporations Law § 12* (Feb. 3, 2016), at 4, available at http://www.charitiesnys.com/pdfs/sales_and_other_dispositions_of_assets.pdf; see also *Rose Ocko Found. v. Lebovits*, No. 2236/87, 1996 WL 1353587, at *8 (N.Y. Co. Ct. Sept. 19, 1996) *aff'd sub nom. Rose Ocko Found., Inc. v. Lebovits*, 259 A.D.2d 685 (2d Dep't 1999) (holding sale of land was subject to §§ 510 and 511 because "the sale was not in the regular course of business and it rendered 'the corporation unable in whole or in part, presently to accomplish the purposes or objects for which it was incorporated.'" (quoting *Eisen v. Post*, 3 N.Y.2d 518, 523 (1957))).

⁴ See, e.g., *Agudist Council of Greater N.Y. v. Imperial Sales Co.*, 158 A.D.2d 683, 683-84 (2d Dep't 1990) (sale not approved because "certificate of incorporation expressly states that one of its corporate purposes is to conduct activities for senior citizens. The petitioner clearly demonstrated that despite initial assurances by a third party that relocation of the senior citizen's center was possible, and despite concerted investigations of alternative sites, no suitable alternative site could be found to house the center . . ."); *Church of God of Prospect Plaza v. Fourth Church of Christ, Scientist, of Brooklyn*, 76 A.D.2d 712, 717 (2d Dep't 1980) (sale of church not approved because it would leave congregation without a house of worship) *aff'd*, 54 N.Y.2d 74 (1981); *Manhattan Eye, Ear & Throat Hosp. v. Spitzer*, 186 Misc. 2d 126, 152 (Sup. Ct. N.Y. Cnty. 1999) (sale of land not approved because hospital would no longer be able to operate).

⁵ <http://www.risingsun.org/ourdonors.cfm>

The Board did not question the Crawford report *at all*—much less get a second opinion. In fact, at least one director apparently proclaimed that by obtaining the Crawford report, the Board “was covered” and couldn’t be found to have breached its fiduciary duty. This troubling statement calls into question the Board’s motives in obtaining the Crawford report and reflects a serious misunderstanding of the law in New York.

The same director expressed the view that Crawford was an unbiased professional—apparently overlooking Crawford’s self-interest in inflating the quote as high as possible for the work it was to be hired to do. That is exactly why it is common sense—even when the strictures of fiduciary duty do not apply—to always get at least a second opinion. At best, the Board’s hasty adoption of the Crawford report was foolhardy and reckless; at worst, it is evidence of a broader decision to sabotage the plans to repair and open Red Hook. Either way, it is a breach of fiduciary duty.

Under New York law, it is a breach of fiduciary duty for the Board to rubber-stamp a report like this. New York law requires that directors of a non-for-profit corporation like LAJF make decisions “on the basis of ‘reasonable diligence’ in gathering and considering material information. In short, a director’s decision must be an informed one.”⁶ Directors can be held liable “for failing reasonably to obtain material information or to make a reasonable inquiry into material matters.”⁷ They cannot just “passively rubber-stamp[]” a decision or blindly rely on an opinion of outside expert without exercising diligence to obtain and consider other material information.⁸

For example, in *Hanson Trust PLC v. ML SCM Acquisition*, the Second Circuit Court of Appeals held that directors had breached their duty of care by simply accepting “their financial advisor’s conclusory opinion” that the purchase price offered was fair, rather than inquiring as to how that conclusion was reached, insisting on a written opinion, or reviewing any of the underlying information.⁹ Similarly, in *Higgins v. New York Stock Exchange, Inc.*, the court concluded that directors had not questioned their financial advisor’s conclusions, which would have revealed that the advisor was conflicted and his opinion contained serious errors.¹⁰ And in *Manhattan Eye, Ear & Throat Hospital v. Spitzer*, the court criticized a board’s “total absence of any study” before making a decision to sell a hospital’s real estate, lack of any independent evaluation of the sale plan’s feasibility, and failure to “consider the various alternatives submitted which would have preserved [the hospital’s] mission.”¹¹

⁶ *Hanson Trust PLC v. ML SCM Acquisition, Inc.*, 781 F.2d 264, 274 (2d Cir. 1986).

⁷ *Id.*

⁸ *See Higgins v. N.Y. Stock Exch., Inc.*, 10 Misc.3d 257, 283 (Sup. Ct. N.Y. Cnty. 2005); *Manhattan Eye, Ear & Throat Hosp.*, 186 Misc.2d at 157.

⁹ *Hanson Trust PLC*, 781 F.2d at 275-76.

¹⁰ *Higgins*, 10 Misc.3d at 285.

¹¹ 186 Misc.2d at 157.

After the Board failed in its duty to obtain a second opinion, concerned alumni were compelled to take on that responsibility.

A second opinion has now been obtained and is enclosed for your review. In it, Charles Hulsair of Hopewell Septic Pumping concludes based on his inspection of the Red Hook septic system that “the system can be serviced without making a major overhaul at this time.” He believes that the findings in the Crawford report are “questionable” and that there is no evidence to justify the conclusion in the Crawford report that the septic system had “‘failed’ or is beyond a state of reasonable and standard repair.” At the very least, this report makes clear that further investigation is needed and it strongly suggests that the Red Hook camp could be repaired and opened for a fraction of the cost that the Board has previously claimed.

The Way Forward

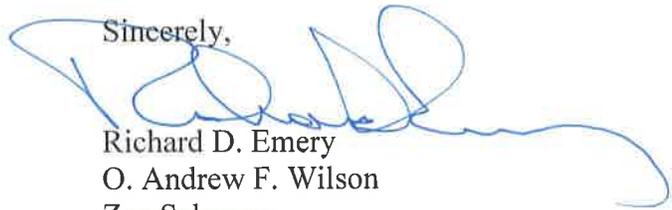
The Board’s conduct described above raises grave concerns about the good faith of the current Board and the propriety of its actions. To avoid litigation over these matters, SaveCRS remains committed to trying to work with the current Board to reopen the Red Hook campus, increase transparency and alumni confidence in the operations and finances of the Camp, and restore the Foundation to its core mission and to financial stability.

To those ends, SaveCRS calls on the Board to:

- Get a second opinion on the Evaluation, Findings and Recommendations outlined in the Crawford report, including the cost to repair (not just replace) the Red Hook water and sewer systems.
- Develop a concrete plan to reduce administrative expenses and reopen Red Hook.
- Restore alumni confidence in the Board by organizing direct elections by alumni to the Board, so that alumni support is fortified and increased.

We further request that you respond to this letter in writing within the next two weeks, by May 1, 2016. To date, the Board has largely ignored alumni concerns and we are now at the point where the Board needs to make a real and substantial commitment to change the current trajectory and to engage with SaveCRS. Absent an adequate response by the Board by May 1, SaveCRS will be compelled to seek other options to preserve Camp Rising Sun and the legacy of its founder, including, if necessary, intervention by the courts and the Attorney General. If you are committed to forging a united way forward, SaveCRS is available to meet with you to further discuss how we might work together to restore Camp Rising Sun to all its former glory.

Sincerely,

A handwritten signature in blue ink, appearing to be "Richard D. Emery", written over the word "Sincerely,".

Richard D. Emery
O. Andrew F. Wilson
Zoe Salzman

Enclosure

Hopewell Septic Pumping
277 Myers Corners Rd.
Wappingers Falls, NY 12590

April 4, 2016

To Whom It May Concern:

My name is Charles Hulsair and I am the owner and operator of Hopewell Septic. I have been installing and maintaining septic systems for over 30 years. I recently visited the facility Camp Rising Sun in Red Hook, NY on March 6, 2016 at the request of J.C. Calderon, and was given a copy of the Crawford Report dated December 23, 2015.

The three septic locations we visited were the Willy Building, ED Hall, and the Camp Director's House as noted in the Crawford Report.

My findings are as follows.

Willy Building:

- The septic tank does appear to be under a tree but that doesn't mean the tank is bad. It appears that it was functioning as of last year with no signs of failure. The tree can be removed and the tank can then be serviced.
- The exposed pipe and trip hazard can be remedied by simply replacing pipe and covering with adequate soil.
- I could not verify the condition of the distribution box or of the leach fields at this time. However, I recommend using a sewer pipe camera to verify conditions of the sand filter system to previous findings.
- The Distribution box can be replaced if it is broken and is not a major cost repair.
- I was informed that the system had no malfunctions with the exception of two bad monthly discharge readings which could have been chlorination pump failure or filter issues.
- Vegetation can be cleared to aid in the evaporation portion of the septic system with minimal effort.
- The system is only used for two months out of the year, meaning that the system's life span should be significantly longer than the average conventional septic system that is used year round.
- Out flow of water might be able to be put into smaller sand filter to minimize open discharge to stream.
- If there are concerns about the existing chlorine pump and storage chamber, the same function could be served without altering the system design, but by adding a small, well ventilated, and lockable shed.

ED Hall:

-The septic tank does appear to be partially under gabion wall.

-Upon visual examination of the septic tank, the main 20" opening does appear to be under the gabion wall at the tennis court. However, this tank has a large inlet opening which is sufficient to service the tank properly and legally. It is inaccurate to say that this tank is not serviceable. While the inlet opening is not the standard manner of service, the pictures show there is sufficient clearance in this circumstance and I have serviced many septic tanks in this manner.

-The water level is at proper operating level, with plenty of liquid.

-If a future tank repair is necessary then a new tank will have to be relocated outside the gabion wall.

-The tank has been operating in this fashion ever since gabion wall was installed and with a good cleaning the tank should function normally.

-There may be sludge in the bottom of tank from a lack of regular pumping. Once serviced and pumped the tank should be fully operational.

-I saw no signs for immediate repair other than a good cleaning and possibly a cast iron manhole access opening over inlet opening to service tank in future.

-The tank has been operational in this state for quite a while without any issues.

Camp Director's House:

-1000 gallon concrete septic tank was found.

-Outlet pipe appeared blocked, but tank was at normal operating level. It seemed like water was passing through outlet pipe but was restricted by roots.

-A manhole was located approximately 10' downhill from septic tank which was dry.

-I observed the line by use of a band snake and was able to clear the roots from the blocked line.

-Replacement of the outlet pipe is not a big deal and an inexpensive repair.

-A cast iron manhole access should be installed at this time to make septic tank access easier for periodic maintenance.

-If the tank should be pumped and outlet line repaired, the system should function as intended.

-The manhole could use a little attention but still very functional.

-No further repairs necessary at this time.

-Again a camera should have been used during the septic investigation to find problems like this.

Conclusion:

The septic issues I observed, as mentioned above do need attention, but with a more thorough investigation it appears the system can be serviced without making a major overhaul at this time. If there are some isolated issues found with the septic system, then a repair plan should be devised to fix the problems in an orderly fashion. I realize the pipes may be thin wall and show signs of cracking, but as there were no wet or foul smelling areas noted or reported in the Crawford Report, without using a sewer camera (also not noted in the report) I don't see how we can determine the full scope of any damage. Also, without flow of water in the system, the conclusions of the report remain questionable. There may be some isolated areas that need immediate attention but that too needs further investigation. Based on my more than 30 years of experience in the septic installation and maintenance business, and my recent examination of the septic system conditions in Red Hook, it is premature to confirm that the existing septic system has "failed" nor does the Crawford Report provide conclusive evidence that demonstrates that the septic system has "failed" or is beyond a state of reasonable & standard repair given the conditions that I witnessed on March 6, 2016.

Respectfully Submitted,

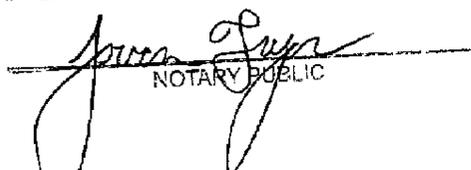
Charles Hulsair
Hopewell Septic Pumping



SUBSCRIBED AND SWORN TO BEFORE ME

THIS 7th DAY OF April, 2016.

BY Charles Hulsair


NOTARY PUBLIC

JOVAN FRYAR
Notary Public - State of New York
NO. 01FR6188187
Qualified in Dutchess County
My Commission Expires 6/2/16



ED Hall Septic Tank as referenced in the April 4, 2016 statement by Hopewell Septic Pumping and notarized on April 7, 2016 with Mr. Charles Hulsair's signature.



Photo 1
Camp Rising Sun ED Hall Septic Tank: March 6, 2016
Inlet opening located just east of gabion wall at tennis court.



Photo 2
Camp Rising Sun ED Hall Septic Tank: March 6, 2016
Inlet opening cover removed.



Photo 3
Camp Rising Sun ED Hall Septic Tank: March 6, 2016
Inlet opening with baffle shown provides sufficient access to service the septic tank in a legal and safe manner.



Photo 4
Camp Rising Sun ED Hall Septic Tank: March 6, 2016
The measurement shown indicates appropriate effluent height and air space.