

Report

TO THE BOARD OF DIRECTORS OF THE ZEN STUDIES SOCIETY

PREPARED BY DAI CHI VASKEN KALAYJIAN

MARCH 1, 1993

SEVEN PAGES

INTRODUCTION

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The purpose of this memo is the following:

1. To go on record today, and be recorded in the minutes.
2. All the events mentioned in my report have occurred prior to my joining the board of The Zen Studies Society (ZSS).
3. I was not informed by the board of directors, Roshi nor anyone else regarding financial issues, tax liabilities, legal issues, and unethical practices in The Zen Studies Society, DBZ and Shobo-Ji.
4. To express my views and suggestions about different matters that concern the future and success of ZSS.
5. To review my conversation with [REDACTED], and to enter a copy of his letter about DBZ financial matters into the minutes.

I would like to suggest that directors excuse themselves from voting on any issues that affect a family member due to personal conflict of interest.

First, I would like to take this opportunity to express my respect, love and devotion to our sangha, to our practice and most of all to Roshi and Aiho San who have given so much. I think we all agree that without them, this place would not be here. Furthermore, chosen to be one of the guardians of it, I take this responsibility very seriously.

I. PROFESSIONAL MISCONDUCT

Many have called this sexual misconduct, and legal opinions view this as sexual harassment. I view it as a mistake that we all should find in our hearts to forgive.

However, there are some practical issues we need to address:

1. Refund of Kessei money to [REDACTED]:

[REDACTED] mentioned to me that they would like to get their money refunded. Because they feel ripped off, he told me he has asked Tashi about this. Let's get the counsel's advice, and if refund is advised, do it quickly.

2. Press release, official statement:

In case we receive inquiries from the media and other organizations, we should have an official statement prepared with counsel's approval for press release. Designate one individual to handle all inquiries and official communication. We must stick to the approved text. [REDACTED] mentioned to me that they have considered going to the papers.

3. Other legal counsel:

Have legal counsel's opinion in case of sexual harassment and emotional/psychological damages lawsuit.

4. Open forum, apology:

It is important to deal with this openly and honestly. A public statement in the newsletter and to an invitation only group of sangha members. This will show the Sangha that we are not trying to sweep it under the tatami mat.

Legal counsel is recommended for the language Roshi uses.

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5. Counseling for Roshi, therapy, assistance:

This has been suggested by many, I don't have enough experience to express my views on this topic.

I tend to agree that in order to change what appears to be behavioral patterns, one needs professional assistance.

We have many good examples DBZ has gathered from other Zen organizations, what others have done in similar situations. We must be both forgiving and strong to deal with all of the unexpected. We need to protect ourselves (ZSS) from similar mistakes in the future.

6. Contingency plan:

We should have a contingency plans in case of mass desertions of monks and residents at DBZ. Who will run the place?

II. QUESTIONABLE FINANCES

This area concerns me the most, because it could potentially weaken us.

1. Reporting sloppiness

- . Issues from [REDACTED]'s memo dated 12/9/92, enter the memo into the minutes – copy attached.
- . Issues from my conversation with [REDACTED] include: Roshi's salary, gratuity, sesshin fees, donations, social security and withholding taxes.
- . Are there any other financial issues I don't know of?
- . Why haven't existing legal and financial consultants not advised us on these issues through written recommendations.
- . What is the expertise of these professionals we have retained
- . What is their response time
- . Who on the board is 100% familiar with all of our finances and tax liabilities
- . Let's begin a formal search for an accountant/auditor, possibly a new lawyer:
 - I have made some inquiries about this. Let's discuss them soon
- . We need officers and director insurance
 - I have made some inquiries about this and we need the following information to get estimates:
- . Why has it taken us so long to get a retirement plan for Roshi?
 - It seems like we haven't taken care of our most valued asset. I have made some calls and spoken to actuaries and financial consultants who handle this type of work.
 - Lets review them soon. We need some questions answered by Roshi A.S.A.P. already it is a little late to raise enough money in five years, for Roshi and Aiho San to retire on the same level of living as they are accustomed to. We are looking at rough figures of \$500,000 to 1 Million, and of course, we have to also include all monks and full time paid employees on the plan as well. This will put us under a great deal of financial burden.

2. Roshi's compensation and tax responsibilities (we must withhold and report all taxes)

We need to look into this area and get the right professional advice

- . Salary and compensation
- . General finance organization
- . Sesshin fees
- . Gratuities
- . 1099
- . How does the financial structure work
- . Other fees and taxable items

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3. Impact and response

- . Tax/legal impact of all this
- . Financial controls, need for board cosignatory for anything above set amount of expenditure
- . Limits and areas

III. FUTURE GOALS AND ISSUES

We need to set a tight timetable, like 3-4 weeks to quickly take care of the above matters and move to this area.

1. Need for new mission/goal statement

- . Clarify what is fundamentally important to ZSS
- . Create a five year "business plan" must include upcoming expenditures.

2. Develop fund raising strategies

- . Talk to other foundations
- . Professionals in the field like Hosō and others that can help

3. Growing the organization

- . Must keep all monks, nuns, advanced students within the fold.
This includes people like: Bugio, Clark Strand, Peter Matheson, Genro, Lee Milton, yes even Junpo.
By recognizing their strengths and inviting them back for short periods to do special programs.
There should be some kind of advisory body that is higher than Roshi. If people have problems and dissatisfaction with Roshi and Aiho San, instead of leaving, there should be a way to air out disagreements and find a workable solution.
- . Negotiate, be on the same side "Dharma side"
- . Soften revenge, spread good will, this benefits ZSS
- . Contact old donors and members who may have been alienated
- . We cannot do this until we clean house, and create a new mission statement.
- . Have board meetings four times a year, twice in Shobo Ji and twice in DBZ. After each meeting send out a press release to the Sangha or print it in the newsletter to keep people informed.

4. Develop a huge endowment fund for DBZ and a financial "cushion".

So we don't get little notices in the newsletter for broken trucks and printers, etc. It does not look good, it is as if we are not doing our job.

5. Expand the programs at both zendos:

Shobo Ji:

Since I started coming here, the programs at Shobo-Ji are being reduced. The programs should expand.

If there have been problems in the past with residents, such as misusing the building, develop strict guidelines/contract for the residents, expel if necessary and limit the length of stays. It's important to have resident(s) so we can have morning sits and other programs, if not art sale, may be an auction. Other events such as haiku reading, shakuhachi recitals, lectures etc. They can be all Dharma related activities.

DBZ:

At DBZ continue and expand the programs like HIV retreats, Yoga Workshops. We can also try to reach groups like corporate executives, Wall Street, broadcasting industry, ecological organizations, etc.

We can have brainstorming sessions just for this.

6. Future structure of the organization.

Clearly, the way the structure is set up now, is not working. We need to revise the structure. We can base it on many models out there, ie: parish councils at churches and synagogues, or corporate models.

. We need to have general membership election, where the board will propose a slate, we will mail out to the membership, where it will be approve or disapprove and have names added.

. Executive committees should send their minutes to the board, so that the board is always aware of all decisions being made.

We need to realize this: the only safeguard against similar instances of hostile takeover attempts will only be a strong, sangha supported board. A board that is dedicated, responsible, interested, hard working and strong.

Many in the sangha think this board is a rubber stamp for Roshi and Aiho-San. Please let's prove otherwise.

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Attachments:

Sidewalk repair information

1. Herbert Rose Company (a division of Rosenwach Group)

40-25 Crescent Street

Long Island City, NY 11101

Telephone: 718-729-4900

Attention: Pat Ronayne

I have worked with them, very professional. I have used them on many big jobs in my building

2. Mahoney Contracting Corporation

172-06 Effington Avenue

Flushing, NY 11358

Telephone: 718-784-0953

Attention: Alan Holnquist

3. Pat Mahoney Contracting

Telephone: 718-357-7706

Attention: Pat Mahoney

2. Accountant/auditor information

Flora Si Accounting

221 Canal Street

New York, NY 10013

Attention: Flora Si

Telephone: 212-431-8478

I personally recommend her. Small company (7people), response time excellent, has non profit experience. Great at cleaning up and negotiating with IRS. They can also customize the computer software at both Zentos, so we can generate statements every month that are understandable and have all the information we need at our fingertips.

3. Retirement plan information

1. Douglas L. Leight LTD.

555 Fifth Avenue

Suite 1400

New York, NY 10017

Telephone: 212-682-9859

Attention: Douglas Leight

They have set up our plan for us, I recommend them

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2. CPPI

Comprehensive Pension Planners, Inc
150 East 52nd Street, 33rd floor
New York, NY 10022
Telephone: 421-8516
Attention: Arnold Kahn

To get estimates we need the following information:

What type of plan do we want

Roshi's personal financial information (Income tax returns)

How much does Roshi want to collect per year at retirement and what age.

Salaries paid to Roshi and other Monks who will be on the plan

4. Officers and directors liability insurance information

Bob Mckoul
156 Scranton Avenue
Linbrook, NY 11563
Telephone: 516-561-1200
Attention: Bob Mackoul

To get an estimate we need the following information:

Listing of Directors and Officers

Last year's tax returns

Balance sheet from our accountant

Purchasing procedure:

With all vendors, I recommend the following procedure:

- . Form a committee of 3 board members
- . Get three written bids
- . Check references
- . Interview at their office when possible
- . Notify the rest of the board with the decision and the plan

End