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#### *About the Institute*

The Hunt Institute for Botanical Documentation, a research division of Carnegie Mellon University, specializes in the history of botany and all aspects of plant science and serves the international scientific community through research and documentation. To this end, the Institute acquires and maintains authoritative collections of books, plant images, manuscripts, portraits and data files, and provides publications and other modes of information service. The Institute meets the reference needs of botanists, biologists, historians, conservationists, librarians, bibliographers and the public at large, especially those concerned with any aspect of the North American flora.

Hunt Institute was dedicated in 1961 as the Rachel McMasters Miller Hunt Botanical Library, an international center for bibliographical research and service in the interests of botany and horticulture, as well as a center for the study of all aspects of the history of the plant sciences. By 1971 the Library's activities had so diversified that the name was changed to Hunt Institute for Botanical Documentation. Growth in collections and research projects led to the establishment of four programmatic departments: Archives, Art, Bibliography and the Library.



Boston Financial Technology Group, Inc.

One Post Office Square, Suite 1400, Boston, Massachusetts 02109, 617/482-9790

January 9, 1985

Mr. Hugh R. Jones, Jr.  
Hale and Dorr  
60 State Street  
Boston, MA 02109

Re: Escuela Agricola Panamericana, Inc.

Dear Mr. Jones,

In September of 1984, you reviewed the Restated Certificate of Incorporation and the revised By-Laws for the Escuela Agricola Panamericana, Inc. (the "Corporation"). You wrote a six page letter of comments on these documents to your client, Dr. Catherine C. Lastavica, and in November she forwarded your letter to all of the Trustees of the Corporation. Other comments were received by the officers of the Corporation from other Members of the Corporation.

At the November 16 Trustees meeting in Miami, the Trustees designated a special task force composed of Austin Ashley, John Weeks and myself to review and discuss all comments on the revised documents and to propose changes. Austin, John and I have now reviewed the material and would like to respond to the points raised in your letter to Dr. Lastavica, as follows:

1) Your first two comments on page 1 refer to the change in the Restated Certificate to allow a majority membership vote to add new Members (a change from the previous 2/3 membership vote required) and an automatic termination of membership by failure to attend three consecutive Annual Meetings. These changes were both proposed to deal with the recently discovered problem that all previous Members of the Corporation who are still alive must be counted in all voting, regardless of how inactive they have become. It was considered that voting could become unmanageable if a large number of Members were inactive or if the required vote percentage was too high. The officers and Trustees of the Corporation believe that these changes are a reasonable means of preventing a vote deadlock due to a large number of inactive voting Members. There was no intention to reduce the rights of Members and, to the contrary, it was anticipated that these changes would encourage more participation from Members.

2) Your fourth comment on page two of your letter refers to the reduction from 20 to 10 days for the minimum period of notice for any meeting of Members. Your letter suggests that this change might be designed to reduce the role of Members. In actual practice, the Corporation has always provided more than a months notice for meetings, and the reduction in the minimum was suggested only to allow more flexibility. There was no intention to reduce the

role of Members and, as stated before, the changes were designed to encourage maximum participation and involvement by all Members. In order to avoid any such misinterpretation, we would like to follow your suggestion and return to the 20 days minimum notice requirement.

3) Your fifth point (page 2) suggests that purposes are required to be announced only for Special Meetings and not for Annual Meetings. Although the purpose of the Annual Meeting is spelled out in the By-laws, it would seem a good idea to require notice of purpose for all meetings, both Special and Annual. The ambiguity in the 1984 draft was inadvertent.

4) Items (6), (7) and (8) on page 2 refer to changes which you noted between the new documents and previously adopted documents. However, it appears from your comments that you were comparing the new 1984 By-laws with the By-laws adopted on May 19, 1973 rather than those adopted on November 15, 1980. The changes which you note in items (6), (7) and (8) in the 1984 By-laws (and other changes which you reference later in your letter) were actually proposed, reviewed and accepted by Trustees and Members in 1980. We regret that you focused so much effort on the old set of By-laws, and I enclose herewith a copy of the 1980 By-laws.

5) In your last paragraph on page 3 (carries over to page 4) you make reference to the 48-hour minimum notice for Trustee meetings, the lack of a minimum number of Trustees meetings, the majority Trustee voting requirements, the size of the board and the lack of nominating procedures.

In regard to these matters, the 1984 By-laws were not changed from the previously accepted By-laws and the officers are not aware of anyone else proposing changes in these areas. The provisions of our By-laws in these areas seem adequate, are typical for other non-profit By-laws, and are consistent with the Fletcher Corporation Forms for By-laws for non-profit Delaware corporations. The 48-hour minimum notice has been used by the Corporation and other non-profits corporations to allow flexibility in the event of an emergency. However, since our Corporation has always provided at least a 2 week notice, we could suggest to the Members a change from the 48 hours minimum notice to 7 days or even 14 days if you feel strongly. Regarding the frequency of meetings, the Corporation has a steady history of two Trustee meetings per year with two additional Executive Committee meetings per year between the Trustee meetings. It seems inappropriate to regulate the minimum number of meetings for our Corporation because the requirements of the school may vary greatly over time, and the cost to the school and to each Trustee of each meeting should be justifiable. For example, in a period of stress the school may need the full attention of the Trustees on a monthly basis, while at other times the Trustees should function in a review and reporting role.

You suggest a formalization of the Trustee nominating procedures. A Nominating Committee has functioned well for years with a chairman and committee members designated by the Trustees. All Members and Trustees have been frequently asked to propose to the committee additions or changes in the Board of Trustees and various Trustees have rotated through the Nominating Committee. In general, it appears that the function is working well, and the Board currently has 24 Trustees who represent a wide variety of talent and perspectives.

We disagree strongly with some of your direct and indirect suggestions of apparent inaction, disinterest and lack of fiduciary responsibility on the part of the Trustees. Based upon my own observation of the functions of the Board of Trustees and the school over the recent past (I am one of the newest Trustees), I have been overwhelmingly impressed by the caliber and number of individuals who participate actively on the Board and by the level of commitment of each individual Trustee, particularly compared with other non-profit, voluntary boards. For example, the last meeting was attended by 18 Trustees and Honorary Trustees travelling from Boston, San Francisco, San Jose, Panama, Florida, Arizona, Tegucigalpa, Guatemala City, New York, and Texas. Each Trustee (many with very busy schedules) gave up the better part of two days to help the school, and each contributed in a meaningful way to the work. Many of the most active Trustees have contributed hundreds of hours of their professional time over the past year. It is hard to find a non-profit corporations which commands such a commitment from a such distinguished group of trustees. I am sure that you are aware, as I am, of many non-profit boards which are more ceremonial and do not seem as active or involved. The Corporation should continue to make every effort to encourage higher levels of commitment from capable voluntary Trustees; however, I do not believe that the "inactive and disinterested" thesis would apply to our Trustees if suitable comparisons were made.

6) On page 4 of your letter, paragraph 2, you refer to the fact that Trustees are not removed in the same way that Members are removed. Trustees are a separate body from the Corporation Members, and each Trustee has a term which expires. In addition, a Trustee can be removed at any time by majority vote of the Members or the Trustee under Article III, Section 13. Members do not have expiring terms and cannot be removed in a similar fashion.

7) On page 4 paragraph 3, you refer to inadequate annual reporting to Members. Every year the Chairman has provided audited income and operating statements to all Members and has presented an annual report which describes key events, problems, achievements, etc. Most of the Trustees feel that the selection of what information the annual report should contain must be left to those Trustees who are most actively involved, as there appears to be no practical way to regulate the format of this report. The Chairman has expressed his willingness to include any reasonable request for specific information in the annual report. No one else has expressed concern about the inadequacy of the annual reports.

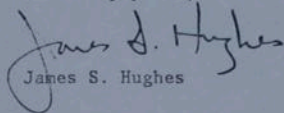
8) Your comment on page 5, paragraph 2, is an incorrect interpretation. It is not the intention of anyone to limit the access to information by the Members. To the contrary, both the officers of the Corporation and the administration of the school send a great deal of information on a periodic basis to the Members and to the Trustees. Efforts to become involved at the school and exposed to information have always been encouraged and the willingness to respond to specific inquiry seems entirely open. For example, with the new computer, the school can provide detailed monthly cash flows to anyone who makes this request, but it does not seem appropriate or cost effective to send this level of detail to all Members unless a specific request is made.

9) Some of your comments suggest that you are aware of some standards or criteria for compliance by trustees of non-profit corporations to which the Trustees of the Corporation do not comply. It seems fair to ask you who has set these standards, what they are based upon, and why the Corporation Trustees are somehow deficient. My own observation is that EAP passes any tests with very high grades if you measure the progress of the school; the quality of time and

effort applied by the Trustees; the general procedures which they follow to organize, report on, and administer the school; and the uniquely high level of enthusiasm and volunteer participation which has been stimulated. This view is shared by other Trustees, but if you should disagree with this, we would welcome a more detailed discussion with the objective of finding new ways to improve the school. Every Member and Trustee of the Corporation would like to see improvement at all levels, and constructive criticism is most welcome, particularly in areas where the school is notably deficient.

Austin Ashley, John Weeks and I appreciate the time which you have spent in reviewing the Corporation documents and we would be available to discuss your suggestions in more detail, if you think that this would be useful. We intend to propose the changes which are referred to in paragraphs 2, 3, and 5 above, along with other changes suggested by other Trustees, and I also enclose a new draft of the By-Laws indicating changes which we intend to propose.

Sincerely yours,



James S. Hughes

JSH:rab

cc: Dr. Catherina C. Lastavica  
Austin S. Ashley, Esq.  
John W. Weeks  
John G. Smith

EscAne-HRJ LTR  
JSH/jem

*Kitty file*

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NOV 13 1984

B.D. & G.

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November 9, 1984

Austin S. Ashley, Esquire  
Bingham, Dana & Gould  
100 Federal Street  
Boston, MA 02110

RE: Escuela Agricola Panamericana, Inc.

Dear Austin:

I thank you for your letter of November indicating that you have recommended to Mr. Smith that further thought be given to the revision of the School By-Laws.

I hope that someone will find my comments helpful. However, I must decline your invitation to do drafting work. I am sure that Kitty feels that she has already paid me quite enough for her efforts, and mine, to contribute to the resolution of corporate matters relating to the School.

In any event, I hope that, having received a copy of your letter to me, Mr. Smith will exercise his prerogatives as Chairman in an effort to see that many of the basic issues which have been raised by Kitty are addressed.

Sincerely,

*Hugh R. Jones, Jr.*  
Hugh R. Jones, Jr.

HRJ:jjl



1271 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10020  
212 / 307-2053

G. B. WRIGHT  
Vice President  
Public Affairs Department

November 5, 1984

Dr. J. Wayne Reitz  
Secretary  
Escuela Agricola Panamericana  
Box 14425  
Gainesville, Fla. 32604

Dear Wayne:

With respect to the matter of Paine Weber's commission charges on trades instituted by Blewer for the EAP Endowment Fund, you will recall that Austin Ashley's famous memo of April 16, 1981 (actually written by John Lastavica, as we now know) made reference to high commission charges in the following comment:

"In the EAP portfolio, turnover was 181% and commissions on the trades were paid at an average price of 21 cents per share throughout the year. Negotiated commission rates have been available since May, 1975 and now-a-days an endowment portfolio would ordinarily pay no more than something in the range of 5 to 10 cents. Total commissions paid by EAP in 1980 were \$93 thousand, of which \$80 thousand went to PW (Paine Weber). A more normal annual cost for commissions would have been of the order of \$6 thousand."

As you may recall, the question of turnover was addressed in my first report to the Board on the charges contained in this memo, dated November 19, 1981. The question of commission charges was also addressed at some length in that report on page 4. Two additional copies of that report are attached for you and Fritz Rosengarten. Incidentally, that report also included a letter from Paine Weber regarding the commission charges as a part of the report.

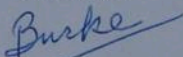
I have not gone through the entire file to determine if there are other charges with respect to Paine Weber commissions, but I did locate a SEC report which I sent to the then members of the Portfolio Committee, including Mrs. Lastavica, which provided a great deal of data on average commissions charged by NYSE member firms to both institutional and individual investors, and two additional copies of this report are also enclosed. My note to the portfolio Committee members at the time indicated that purchases for our fund fell generally in the range of 1,000 to 10,000 shares. Although I did not discuss it further, it would appear that the next-to-the-bottom chart on page 4 would be most

applicable to trades in the EAP fund and this would indicate an average price of about 14¢ to 15¢ per share during 1980, which was the period covered in Ashley's memo. In view of the fact that Paine Weber acted (without charge) as custodian of the securities for a part of the time in question, and that their charges after transfer of custodianship to New England Merchants Bank dropped to 17.9¢ per share, I do not believe their charges were unreasonable.

The question of commission charges is somewhat subjective, and the comments in my November 19 report on this point are almost all subjective. Nearly all advisers regard execution as of almost equal importance to low costs in making trades and they hesitate to deal with the lowest cost broker on the basis of low charges alone. Other than the SEC study included with this memorandum, and the investigation which we did in the November 19 report, I do not know of any objective studies of commission rates which take account of trade size other than the schedules put out by so-called discount brokers which generally do not cover trades in larger volumes.

I am sending this letter in duplicate, so that you can forward it on to Fritz Rosengarten and if there is any further information which I can locate in the work which we did in trying to resolve the questions which Mr. and Mrs. Lastavica raised, please let me know.

Sincerely,



G. B. Wright



From:

G. B. WRIGHT

Dr. Lastavica  
Mr. Mooney  
Dr. Reitz  
Mr. Wheeler

You may be interested in the  
attached report on commission  
rates from the SEC.

Our purchases for the Endowment  
Fund fall generally in the  
1,000 - 10,000 share range  
for institutions.

G. B. Wright  
August 24, 1982

*Kitty file*



ESCUELA AGRICOLA PANAMERICANA

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TELEPHONE: (617) 357-9300  
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November 1, 1984

Mr. John G. Smith  
Agropecuaria La Laguna S.W.  
Apartado 376A  
Guatemala City  
Guatemala, C.A.

Dear John:

Enclosed is a conciliatory letter I wrote to Kitty's lawyer about the By-Laws. I think Jones has some good points and if they aren't burdensome I see no reason to resist them if it will help to clear the air. I'm not sure Jones will respond with a marked-up version, as I asked, or if he does, whether it will be available in time for the meeting in Zamorano, but I think that in view of the to-do about the By-Laws, it would be wise to appoint a Committee of two or three charged with the duty to study the By-Laws, taking account of the comments put forward by Jones, and to report back to the full Board with its recommendations.

Another matter to be dealt with at the meeting is the office of Treasurer in which, as I believe you know, I cannot continue. I sincerely hope the Board will see fit to appoint a replacement at the November meeting, because in any event, I shall have to resign at the end of the year.

With kindest regards.

Sincerely,

Austin S. Ashley

ASA/rw

cc: W. E. Wiggin, Esq.  
J. W. Reitz ✓

*Kitty full*

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November 1, 1984

Hugh R. Jones, Esq.  
Hale & Dorr  
60 State Street  
Boston, Massachusetts 02109

Dear Hugh:

Your commentary on the new EAP By-Laws is very perceptive, but I can assure you there was no insidious design that led to the omissions, silences and objectionable matter that concern you. I have no skill at Machiavellianism.

As I believe you have made sound suggestions, I have recommended to the Chairman that a committee of Trustees be given the task of reviewing the By-Laws and agreeing a version which will be in the best interests of all concerned - the School, the members and the Trustees.

With this object in view, one particularly helpful thing that you could do would be to send me and Bill Wiggin a marked-up version of the By-Laws as they now exist, incorporating your preferred language which, unless Bill and I have any strong reservations (which I'm sure is unlikely), can be submitted to that committee with our joint endorsement.

In that case, I feel reasonably confident a revised version of the By-Laws will be approved by the committee and adopted in due course, thereby putting an end, let us all hope, to controversy on the subject of by-laws.

Sincerely,

Austin S. Ashley

ASA/rw

cc: W. E. Wiggin, Esq.  
C. C. Lastavica  
J. G. Smith  
bcc: J. W. Reitz ✓

RICHARDS, LAYTON & FINGER

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GREGORY V. VARALLO  
GREGORY P. WILLIAMS  
HELEN L. WINSLOW  
OF EDUNSEL  
WILLIAM E. WIGGIN

September 14, 1984

Mr. John G. Smith  
Apartado 376A  
Guatemala City, Guatemala  
Central America

Re: Escuela Agricola Pan-Americana, Inc.

Dear Mr. Smith:

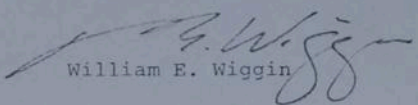
I found last Friday's meeting most productive and encouraging.

I enclose copies of the two letters of complaint previously sent by Dr. Lastavica. I am sending copies of them also to the secretary, Mr. Reitz. I suggest you review them and formulate tentative answers, and then we can confer by telephone. Some of the charges (e.g. "churning" of accounts) can be answered by saying that the matter is under separate investigation by independent specialists. Other answers may be found in minutes of meetings of the Board of Trustees and of the Executive Committee of that Board. By carbon copy of this letter to Mr. Ashley, I ask him to furnish you any extracts from such minutes that he feels would be fairly responsive or useful in forming responses to Dr. Lastavica's allegations.

I trust this finds you well.

I remain,

Very truly yours,

  
William E. Wiggin

WEW/mcw

Enclosure

cc: Austin S. Ashley, Esquire  
Dr. J. Wayne Reitz ✓

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September 14, 1984

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GREGORY V. VARALLO  
GREGORY R. WILLIAMS  
HELEN L. WINSLOW

OF COUNSEL  
WILLIAM E. WIGGIN

Mr. Frederic Rosengarten, Jr.  
88 Battle Road  
Princeton, NJ 08540

Re: Escuela Agricola Pan-Americana, Inc.

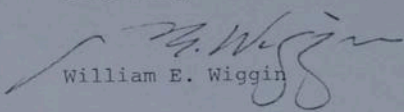
Dear Mr. Rosengarten:

I found last week's meeting extremely useful and encouraging. I have spoken to Mr. Richard King, President of Delfi, Inc., whom I described to you during our conversation. He is perfectly willing to take at least a tentative examination of Mr. Blewer's performance. I have asked Mr. Ashley's office to furnish me with copies of all necessary papers for this purpose.

I have spoken to Mr. Jones, counsel to Dr. Lastavica, who has agreed to get back to me when he has some expression of views from his client about his making a similar designation to review the Blewer accounts.

I shall keep you advised.

Sincerely,

  
William E. Wiggin

WEW/mcw

cc: Austin S. Ashley, Esq.  
Dr. J. Wayne Reitz/  
Mr. John G. Smith

DR. CATHERINE C. LASTAVICA

P.O. Box 1443

Manchester, Mass. 01944

Tel. (617) 526-1641

March 22, 1983

Mr. John G. Smith, Chairman  
The Board of Trustees  
Escuela Agricola Panamericana  
c/o Agropecuaria Laguna S.A.  
Apartado 432  
Guatemala City  
Guatemala C.A.

Dear John:

After a great deal of thought, I have decided to tender my resignation as a member of the Board of Trustees of Escuela Agricola Panamericana and as a member of the Board's Academic and Portfolio Committees. My resignation is subject to a formal vote of acceptance by the full Board of Trustees.

As you know, I have objected for a long time to the conduct of John M. Blewer, Inc. ("Blewer") as the School's investment adviser and, more generally, to the way in which investment decisions regarding the School's endowment funds have been made and reviewed. I respect the right of other Trustees to disagree with me and the mere fact that I have been outvoted on these matters does not concern me. Regrettably, however, I have concluded that a majority of the School's Trustees simply are not sufficiently involved or concerned about the management of the School's endowment funds. I also believe that the failure of the Board of Trustees, the Executive Committee, the Portfolio Committee and the Audit Committee to respond in any meaningful way to my expressions of concern in this regard reflects inattention and a serious deficiency in procedure, rather than honest and reasonable differences of opinion on such matters.

I base my conclusions upon the following:

1. At the request of the Executive Committee, Austin Ashley examined Blewer's management of the School's investment portfolio in 1980. Austin's April 16, 1981 written report to the Portfolio Committee referred to the exorbitant cost of commissions in 1980 (and that most of these commissions had been paid to a single broker), to the disappointing experience with option transactions made by Blewer during that period, and to the fact that Blewer's

Mr. John G. Smith  
March 22, 1983  
Page 2

reports contained a number of errors. Nevertheless, Blewer continues to act as the School's investment adviser. As reflected in the Minutes for the October 2, 1982 Meeting of the Executive Committee, I did not participate in the decision of the Portfolio Committee to recommend that Blewer be retained in that capacity. Because the Portfolio Committee does not keep Minutes of its meetings, I do not know whether that recommendation was made as a result of a meeting or less formal communications among the members. In any event, my letter dated September 17, 1982 to Burke Wright as Chairman of the Portfolio Committee stated my reasons for not attending the Portfolio Committee Meeting which was scheduled for September 21, 1982.

I might add that, although Arthur Young & Co. reviewed the School's 1980 investment portfolio and transactions, they were unable, as indicated in Robert H. Cooper's letter to Burke Wright dated September 25, 1981, to explain the difference between Blewer's numbers for 1980 and the numbers in corresponding reports for the School's custodial account. Although Burke Wright, who was Chairman of the Audit Committee as well as Chairman of the Portfolio Committee, submitted a report dated November 19, 1981 to the Trustees at their November, 1981 Meeting and an Addendum dated February 12, 1982 to the Executive Committee at their February, 1982 Meeting, the Addendum contained figures which reflected "double counting" as a result of the fact that the cash account had not been reduced to reflect a \$200,000 cash payment made in December, 1979 for securities purchased in that same month. When I met with Burke in New York in May, 1982 to explain this accounting error, he agreed to investigate the matter. However, when Burke called me in August, 1982 to schedule a meeting of the Portfolio Committee and I asked if that error could be corrected before I attended my first meeting as a member of the Portfolio Committee, he told me that he was not going to spend any more time on that issue. As far as I know, this double counting remains uncorrected. In addition, as far as I know, Arthur Young & Co. has never reviewed the records of the School's custodial account for 1981 in accordance with the procedure suggested by Austin in his report of April 16, 1981.

2. Although Blewer has not complied with the Endowment Fund Investment Policy which was carefully considered and adopted by the full Board of Trustees at a Meeting on May 7-8, 1982, I see no evidence that the Portfolio Committee, the Executive Committee or a majority of the Trustees are concerned about that fact or are even inclined to follow or enforce that Policy. I realize that, although Paragraph 1 of that written Policy stated that equities should represent approximately 50% of the School's portfolio mix, the Portfolio Committee was given authority to change that mix by the Executive Committee on August 9, 1982 and by vote of the Trustees on November 12, 1982. However, although I am a member of the Portfolio Committee, I am not aware that that Committee ever

exercised such authority to approve any significant reduction in the equity portion of the School's investment portfolio. In any event, it appears that less than 30% of the School's portfolio was invested in equity securities when the U.S. stock market began its strongest rally in history last August. If the Investment Policy had been followed, and a majority of the School's portfolio had been invested in equity securities soon after that rally began on August 17, 1982, the School could have realized an additional \$500,000 increase in the market value of its investments. Although the overall investment performance of the Endowment Fund for 1982 was only 4% below the Dow Jones average, that performance was obtained largely as a result of a fourth quarter increase in the value of two highly volatile South African gold mining stocks (Dreifontain Consolidated Ltd. and Western Deep Levels Ltd.). The value of those stocks then fell by 31% during the first two months of this year. I believe that investment in such high risk equities is inconsistent with the explicit guidelines contained in the School's written Endowment Fund Investment Policy.

At the very least, Blewer has failed to provide the kinds of reports to the Portfolio Committee and the Trustees which are contemplated by our Investment Policy.

3. Although Austin Ashley was formally elected as the School's Treasurer on May 5, 1981 and re-elected at the Annual Meeting of the corporation held on May 7, 1982, I have serious doubts as to whether anyone is actually assuming direct responsibility for the conduct of the School's financial affairs. Contrary to the practice of previous Treasurers, Ashley has never submitted a Treasurer's Report. Sadly, the Minutes for the November 12, 1982 Meeting of Trustees accurately state that Ashley had no formal report for that meeting and that he even went so far as to describe his job as largely ceremonial. Nevertheless, the School's financial problems were so serious that the Executive Committee observed on October 2, 1982 that approximately \$200,000 might have to be borrowed from Endowment principal to cover operating expenses, the Trustees were asked on November 12, 1982 to authorize the Treasurer to transfer up to \$250,000 from the Endowment fund before December 31, 1982, and you then reported to the Executive Committee on January 28, 1983 (in Austin's absence) that those funds had been withdrawn and \$247,000 of those Endowment funds had been spent pursuant to that authority. To my knowledge, incidentally, no thought has yet been given as to whether or how those funds will ever be restored to the Endowment Fund.

4. At its Meeting on January 28, 1983, the Executive Committee presumed to overrule a decision which was made on November 12, 1982 by the full Board of Trustees to appoint Price Waterhouse & Co. as auditors for 1982. At that November Meeting, the Trustees, acting on the recommendation of Burke Wright as

(it  
isn't)

Chairman of the Audit Committee, specifically voted to rescind the action taken by the Executive Committee on October 2, 1982 in retaining Arthur Young & Co. as the School's auditors. Inexplicably, the Executive Committee decided to disregard that decision by the full Board. It even appears to have done so informally by mail poll of the Executive Committee members and without any communication at all to the Trustees who had specifically rejected Arthur Young & Co. less than two months earlier. This was all then "formally" approved by the Executive Committee on January 28, 1983. Even if it is lawful for the Executive Committee to frustrate the will of the full Board in this manner, I find this process for making such an important decision to be entirely unacceptable.

5. Finally, I am concerned that no Minutes are kept for Meetings of any Committee other than the Executive Committee, and that Minutes for Trustees' Meetings are frequently incomplete or inaccurate. By correspondence to Wayne Reitz as the School's Secretary, I have requested on several occasions that the Minutes be corrected to reflect what actually transpired. The fact that Wayne would not comply with my requests or even note as a matter of record that I had requested a correction to particular Minutes leads me to wonder about his objectives.

By my direct questions and specific observations, I have not meant to offend but only to emphasize the serious nature of my concerns. I have done everything that I could think of to stimulate responsible action by the Board of Trustees or by appropriate officers or Committees, all to no avail. I have even gone to the personal expense of obtaining legal advice to confirm that my concerns were appropriate for a Trustee in my position and that I was not unconsciously overreacting on some personal basis.

Under all of these circumstances, I have to wonder whether the officers and the Executive Committee of the School, and a majority of the Board of Trustees, simply are not concerned about the conduct of Blewer, the management of the School's Endowment Fund and related investment decisions, or the process by which Blewer and others are to be held accountable in this regard. In any event, I cannot accept the continuing lack of accountability on the part of those officers and Trustees who have accepted the superficial and imprudent treatment of these matters.

I am sending copies of this letter to each Trustee so that my concerns and my decision not to continue to serve as a Trustee under these circumstances will be known by the entire Board. I respectfully request that this letter be specifically referred to in the Minutes for the next Meeting of Trustees, in order to document the fact that the Trustees have considered the matters raised in this letter before voting upon my resignation. As you know, I sent you a copy of my September 17, 1982 letter to Burke

Mr. John G. Smith  
March 22, 1983  
Page 5

Wright and asked that the Executive Committee consider the requests which I made in that letter and report to the full Board on November 12, 1982. No report has ever been made to the Trustees in that regard.

If, after considering this letter, a majority of the Trustees vote to accept my resignation or if the same group, acting as members of the Corporation, choose not to re-elect me as a Trustee at the May 1983 Annual Meeting, I shall at least know that I have, by this letter, given every Trustee an opportunity to address my concerns in whatever manner he believes will serve the best interests of the School.

Accordingly, I hereby submit my resignation as a Trustee and as a member of the Board's Academic and Portfolio Committees, subject to acceptance by the full Board. I respectfully request that you advise me in writing after the Board has acted in this regard.

Sincerely yours,

*Catherine Coolidge Lastavica*  
Catherine Coolidge Lastavica, M.D.

cc: Other Trustees

Austin S. Ashley, Esq.  
Dr. A. R. Baldwin  
Dr. Frank Bendana R.  
Fernando Eleta  
George P. Gardner, Jr.  
John R. Kimberly  
Marcel Laniado de Wind  
Adolfo S. Midence  
Thomas W. Mooney  
Mario Nufio  
Dr. Hugh L. Popenoe  
George E. Putnam, Jr.

Dr. J. Wayne Reitz  
Samuel Z. Stone  
Roberto Villeda Toledo  
John W. Weeks  
Charles B. Wheeler  
Frederic Winthrop, Jr.  
G. Burke Wright  
Dr. E. T. York, Jr.

Honorary Trustees

Thomas D. Cabot  
Jorge Mejia  
Hon. Galo Plaza  
Charles L. Stillman  
Mrs. Doris Z. Stone

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

*Kitty Dale*



ESCUELA AGRICOLA PANAMERICANA

APARTADO 93  
TEGUCIGALPA, HONDURAS

OFFICE OF THE TREASURER  
SUITE 3500  
100 FEDERAL STREET  
BOSTON, MASSACHUSETTS 02110  
U.S.A.

TELEPHONE: (617) 357-9300  
TWX: 731-3210169

October 30, 1984

Mr. Thomas D. Cabot  
Cabot Corporation  
125 High Street  
Boston, Massachusetts 02110

Dear Tom:

I particularly agree with your sentiment in the last sentence of your letter of October 17th.

As for the particulars of the by-laws, I believe Jones has several good points but I depart from him when I doubt that any set of by-laws, however cunningly framed, would be sufficient to insure that trustees perform their fiduciary duties. That command must come, if at all, from a higher source than the rubrics encompassed in by-laws.

As you can imagine, I am by now somewhat wearied by this adventure and feel that the best procedure would be for the Trustees to appoint a committee to consider the by-laws in the light of Jones' comments and the needs of the Trustees for orderly procedures and on the basis of that study have revised by-laws prepared which might be agreed after consultation with Jones and adopted in due course after the recent sultry atmosphere may have cleared to some degree.

Sincerely,

Austin S. Ashley

ASA/rw

cc: J. Wayne Reitz ✓  
John G. Smith  
George P. Gardner, Jr.

THOMAS D. CABOT  
125 HIGH STREET  
BOSTON, MASSACHUSETTS 02110

October 17, 1984

Dear Austin:

During your absence I have received a copy of the Lastavica memo of October 15th, with enclosures, which presumably is on your desk. Pursuant to its receipt I talked to William Wiggin in Wilmington. He has enough proxies, unless some are revoked, to have a valid meeting and is prepared to go ahead and amend the By-Laws as proposed. He does, however, take seriously the memo from Hugh Jones of Hale & Dorr and hopes that the EAP Membership can unanimously adopt some of the Jones recommendations which are eminently reasonable and that this will satisfy the dissidents and perhaps get some support from them in the future.

I hate to burden you, but it seems to me that you might explore with Jones the possibility of finding a compromise draft which could be acceptable to all. To me it is ridiculous that people who are united in wishing a viable and useful school can't agree on how to organize a common road to this goal.

Sincerely,

*Tom*

Austin Ashley, Esquire  
Bingham, Dana & Gould  
100 Federal Street  
Boston, Massachusetts 02110

TDC/mda

cc: /J. Wayne Reitz  
John G. Smith  
George P. Gardner, Jr.

DR. CATHERINE C. LASTAVICA  
P.O. Box 1443  
Manchester, Mass. 01944

Tel. (617) 526-1641

October 15, 1984

To the Members of Escuela Agricola  
Pan-Americana, Inc.

Upon receipt of the September 15, 1984 Notice for the Special Meeting of Members to be held on October 26, I noticed that there was no summary of the changes which are reflected in the new corporate By-Laws proposed for adoption by the Members. Because of my concern about certain matters relating to School governance, I asked Hugh Jones, a Boston attorney who has been advising me on matters regarding the School, to review the proposed new By-Laws and identify significant changes.

Hugh's September 27 letter to me identified several issues which I had not noticed in my own reading of the By-Laws, and I am sending each of you a copy of Hugh's letter in case you should find it informative.

I have decided to send to Bill Wiggin, the School's attorney in Delaware, my proxy with the request that he vote against the specific actions proposed in the above Notice. I am also enclosing a copy of the letter by which I have explained to Bill my reasons for voting as I have.

Sincerely,

*Catherine C. Lastavica*

Catherine C. Lastavica, M.D.

CC: William E. Wiggin, Esq.  
Richards, Layton & Finger  
One Rodney Square  
P.O. Box 551  
Wilmington, Delaware 19899

DR. CATHERINE C. LASTAVICA

P.O. Box 1443

Manchester, Mass. 01944

Tel. (617) 526-1641

October 15, 1984

William E. Wiggin, Esq.  
Richards, Layton & Finger  
One Rodney Square  
P.O. Box 551  
Wilmington, Delaware 19899

Re: Escuela Agricola Pan-Americana, Inc.

Dear Bill:

Thank you for sending me a copy of your October 4 letter to Hugh. Hugh has recounted to me the telephone conversation which he had with you on October 10.

I am enclosing my proxy to you for the Special Meeting of Members on October 26, with the request that you act as my proxy to vote against the matters referred to in Items (1) through (4) specified in the September 15 Notice for that meeting. You should feel free to use your good judgment in exercising my proxy with respect to any other matter that properly is brought before the Special Meeting.

For your information, I am voting against the proposed Restatement of Certificate of Incorporation because Article Fifth provides that a member who fails to attend three consecutive Annual Meetings in person (in spite of a reduced notice requirement which may result in a member's receiving notice only a week before the meeting) will automatically be expelled, while there is no corresponding provision in the By-Laws to deal with a Trustee who continues to miss Trustees' Meetings or attend them only on a sporadic basis.

I am voting against the adoption of the By-Laws as changed because I think that the changes in those By-Laws have not been completely thought out or communicated to the members and because, as your October 4 letter indicates, certain provisions could be perverted to reduce member participation.

Incidentally, having gone to the expense of asking Hugh to identify the significant changes reflected in the new By-Laws and

William E. Wiggin, Esq.  
October 15, 1984  
Page 2

because the Trustees and officers of the School have not provided the members with any summary of those changes, I have decided to circulate to the members, for their information, copies of Hugh's letter to me dated September 27, 1984. A copy of my letter to the members is enclosed for your information.

Without intending to be personal, I am voting against the Trustees proposed for reelection because no one in that group has apparently seen fit to respond to any of the matters raised in the March 22, 1983 letter which I sent to John Smith (and distributed to each of the Trustees) more than a year and a half ago and they have not even communicated with me in that regard.

I am voting against the designation of Arthur Young & Co. as auditors because, after the Board of Trustees voted on November 12, 1984 to appoint Price Waterhouse & Co., the Executive Committee overruled that decision and acted on January 28, 1983 to appoint Arthur Young & Co. For me now to vote in favor of Arthur Young & Co. would, I think, be tantamount to approving what I still believe was unauthorized action on the part of the Executive Committee.

While I had hoped from our extensive discussions that some positive changes were going to be made, it now appears to me that that may not be the case. Accordingly, I have decided not to attend this Special Meeting of Members.

I would appreciate it if you would do whatever is necessary to include this letter and Hugh's letter to me of September 27 in the minutes and records of that Meeting.

Thank you.

Cordially,

*Catherine C. Lastavica*

Catherine C. Lastavica, M.D.

Enclosures

cc: Hugh R. Jones, Jr., Esq.

Members, Escuela Agricola Pan-Americana, Inc.

HALE AND DORR  
COUNSELLORS AT LAW

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

60 STATE STREET

BOSTON, MASSACHUSETTS 02109

(617) 742-9100

CABLE HAFIS BSN  
TELEX 94-0472  
TELECOPIER  
DOMESTIC (617) 367-6133 (617) 742-9108  
INTERNATIONAL (617) 367-6180

WASHINGTON OFFICE  
1201 PENNSYLVANIA AVE. N.W.  
WASHINGTON, D.C. 20004  
(202) 393-0800  
CABLE HAFIS WSH  
TELECOPIER (202) 393-4497

September 27, 1984

Catherine C. Lastavica, M.D.  
P.O. Box 1443  
Manchester, Massachusetts 01944

Re: Escuela Agricola Pan-Americana, Inc.

Dear Kitty:

As you requested, I have looked at the Restated Certificate of Incorporation and the revised By-Laws for Escuela Agricola Pan-Americana, Inc. (the "Corporation") as proposed for adoption by the members of the Corporation in the form of Exhibits A and B attached to the September 15, 1984 Notice which you received for the Special Meeting of Members to be held on Friday, October 26, 1984.

Although I have not reviewed the documents line by line, the Restated Certificate of Incorporation seems to reflect various changes in form and the following substantive changes:

- (1) Although Article FIFTH of the Certificate of Amendment of Certificate of Incorporation filed in Delaware on April 17, 1961 required the vote of two-thirds of the members to fill vacancies in membership and to add new members, Article FIFTH in the Restated Certificate provides that election to membership may be accomplished by a majority of the whole membership.
- (2) Article FIFTH of the Restated Certificate also contains a new provision that "Membership in the corporation shall be terminated automatically by death or failure to attend in person three annual consecutive meetings of the members held after December 31, 1984 ..."

The proposed new By-Laws appear to be, for the most part, a reproduction of the By-Laws adopted on May 19, 1973. However,

Catherine C. Lastavica, M.D.  
September 27, 1984  
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- (3) A new ARTICLE I has been inserted to provide that "The members of the Corporation shall determine the policies of the Corporation. They shall ... direct and supervise the Board of Trustees in carrying out the purposes and policies of the Corporation."
- (4) Section 4 of ARTICLE II has been changed to reduce from 20 to 10 days the minimum period of notice for any meeting of members. (As before, the notice period appears to run from the date of mailing.)
- (5) Section 4 of ARTICLE II also provides that notice of the purposes of a meeting of the members need only be given for a special meeting of members. In contrast, Section 4 of ARTICLE I of the existing By-Laws provides that:

"No business may be transacted at a meeting of the members except that referred to the notice thereof, or in a supplemental notice given also in compliance with the provisions hereof, and such other business as may be germane or supplementary to that stated in said notice or notices."

That restriction now applies to Annual Meetings as well as to Special Meetings.

- (6) Section 7 of ARTICLE III and Section 5 of ARTICLE VI have been changed to refer to a possible Vice Chairman of the Board.
- (7) Section 17 of ARTICLE III has been added to provide for non-voting Honorary Trustees.
- (8) Section 2 of ARTICLE V contains specific provisions for an Audit Committee, and provides that the Audit Committee is to recommend to the Board of Trustees the independent public accountants who are to examine and report on the books of the Corporation. In the past, I believe, the auditors have been designated by the members.

HALE AND DORR

Catherine C. Lastavica, M.D.  
September 27, 1984  
Page 3

The above changes, viewed as a whole, are puzzling. New ARTICLE I of the By-Laws seems to emphasize, or at least recognize, the role of the members, and the termination provisions of Article FIFTH of the Restated Certificate seem intended to motivate regular attendance of members at Annual Meetings. On the other hand, reduced notice requirements and other By-Law provisions seem designed to reduce the role of the members, and perhaps even to indicate that members are not entitled as a matter of right to the kind of information which they would seem to need to carry out the duties which have now been specified in the first Article of the new By-Laws.

More generally, although the proposed By-Laws contain changes, there has been no addition of the kind of affirmative provisions which I had expected that Bill Wiggin might suggest in view of his apparent agreement that more attention should be given to the regular process by which the Trustees review, and record their review, of basic financial and corporate matters.

In the course of advising you on matters regarding the School, I have gotten the distinct impression that, at least in the recent past, insufficient attention has been given to the regular scheduling of Trustee's Meetings, to the preparation and distribution of Minutes or reports, and to the means by which Trustees can be encouraged, or even pressured, to commit the kind of time and energy needed to fulfill their fiduciary obligations as overseers. After the considerable time which you and I spent discussing these problems with Bill Wiggin, I had hoped that he would add some By-Law provisions which would discourage, if not prevent, the kind of continued inaction and apparent disinterest on the part of officers and Trustees which has caused you concern.

Section 4 of ARTICLE II of the new By-Laws contains no specific provision for a minimum number of Trustees' Meetings, leaving the distinct possibility that individual Trustees, and even the Board as a whole, will be no more active or involved than in the past. The 48-hour notice requirement for Trustees' Meetings (ARTICLE III, Section 6) seems unreasonably short, in view of the fact that the Trustees are spread about in different locations and Trustees' Meetings may be held anywhere determined by the Chairman (ARTICLE III, Section 4) or stated in the notice (ARTICLE III, Section 5). There is no requirement that Trustees be given notice of the business to be conducted at any meeting, and the quorum and voting provisions of Sections 8 and 9 of ARTICLE III (which

## HALE AND DORR

Catherine C. Lastavica, M.D.  
September 27, 1984  
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provide that a majority of only one-third of the Trustees may act for the full Board except in removing Trustees, filling vacancies on the Board, or amending the By-Laws) seem even to contemplate that a significant number of Trustees will be absent from meetings. I believe that Bill expressed the view that the present Board is too large to be functional. Nevertheless, the By-Laws continue to provide for as many as 25 Trustees. Finally, there is no formal provision for the nomination of new Trustees and, therefore, no assurance that a very small group of Trustees will not continue to dominate school affairs, however well intended or effective they may be, simply because there is no predictable or orderly means by which the members can propose additions or changes.

It also seems to me somewhat incongruous that members, who can vote by proxy, will be removed for not attending routine Annual Meetings which may be held anywhere and for which they may receive extremely short and limited notice, while there is no similar provision for Trustees, who cannot vote by proxy and who are commonly expected to attend meetings regularly and to be more actively involved than members.

Section 4 of ARTICLE VII of the By-Laws continues to provide only for an annual report by the Chairman of the Board to the members "showing the aggregate amount of assets and liabilities of the Corporation as of the end of the last preceding fiscal year." For some reason, it specifically provides that that report may contain "... such other information and be in such detail as the Chairman of the Board and the Board of Trustees may determine in their absolute discretion..." I would think that, at the very least, an income or operating statement should be included in any such report to reflect, for example, whether the School may be faced with an operating deficit even though its assets continue to exceed its liabilities. It also strikes me as unusual for the Chairman of a tax-exempt organization to be given explicit authority to decide, in his sole discretion, that particular information will be denied to the members.

Section 6 of ARTICLE VI provides that "The Treasurer shall render an account of his or her transactions to the Board of Trustees or the Executive Committee whenever and as often as may be requested." While I doubt that that provision for reporting is intended to be exhaustive, the fact that the words "or her" were inserted without further changes, may reflect a conscious decision

Catherine C. Lastavica, M.D.  
September 27, 1984  
Page 5

not to expand the specific provisions for reporting by the Treasurer. (As you know, I think that it is unusual for the members of a tax-exempt organization such as the School not to receive annual financial reports.)

Section 8 of ARTICLE VII, entitled "Corporate Records", may be read as limiting the right of members to inspect anything more than "the original, or attested copies, of the Certificate of Incorporation, the By-Laws, and records of meetings of the incorporators and members of the Corporation, and records of the names and addresses of the Corporation." If that interpretation is intended, it seems inconsistent with the apparent spirit in which the proposed Restated Certificate of Incorporation continues to provide in Article IX that "The books and records of the corporation may be kept ... at such place or places as may from time to time be designated by the members or by the board of trustees."

In fact, I would have thought that the addition of new ARTICLE I of the By-Laws, providing that the members will direct and supervise the Board of Trustees in carrying out the purposes and policies of the Corporation, would have been accompanied by some provision to the effect that every member will have access to all minutes or records of meetings of the Trustees and of Board Committees and to all books and records of the Corporation, at least to the extent needed for the members to fulfill their duties under ARTICLE I.

Because you have received so little response to your letters dated September 17, 1982 and March 22, 1983, to the Memorandum which you gave to Bill Wiggin when you attended the special meeting of members on June 22, and to the previous correspondence and memos by which you sought to address what Bill described to us as "corporate irregularities," I wonder, frankly, if a few of the present Trustees may simply be determined to continue to conduct the affairs of the School with minimal inquiry or interference from "outsiders," even if they be members, such as you, who wish to engage in dialogue. From this skeptical perspective, I must observe that the Restated Certificate of Incorporation and the proposed new By-Laws seem to permit a relatively small group of Trustees to run the affairs of the School with minimal reporting or disclosure and some basis for asserting that nothing more is required. In any event, the By-Laws do not offer any particular standards which should be met by Trustees or which the members can refer to in exercising their new duties of direction and

HALE AND DORR

Catherine C. Lastavica, M.D.  
September 27, 1984  
Page 6

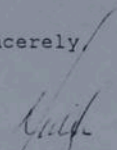
supervision. Corporate by-laws, of course, only set minimal standards for performance. Nevertheless, in the context of our last discussion with Bill Wiggin and Austin Ashley on August 13, and Bill's call to me after the Special Board Meeting on which he attended September 7, I had thought that the By-Laws would be revised to establish more explicit standards.

I know that you are sensitive to the fact that your efforts to address problems regarding the School have been so unsuccessful. On the other hand, you or I might contact Bill or Austin to ask why some of the above changes have been proposed while other provisions in the charter documents, which seem to allow continuing problems, have been left unchanged. If you are told simply that your questions or suggestions reflect a minority position, and if the Trustees can persuade two-thirds of the members to accept the proposed new charter documents, I think that that will indicate, without doubt, that further dialogue will accomplish nothing in your effort to develop more "due process" and attention to matters of governance related to the School.

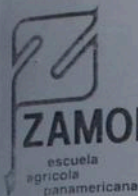
I will, of course, be glad to discuss my observations with you in greater detail, but I will not do anything further until I hear from you.

With warm regards.

Sincerely,



Hugh R. Jones, Jr.



ZAMORANO - Aprender Haciendo

P.O. BOX 93 TEGUCIGALPA, HONDURAS

Telefonos: 33-31 73 y 33-27 17 (Zamorano)  
32-85 43 y 32-43 17 (Tegucigalpa)

Apartado Postal 370 A.  
Guatemala, City

October 9, 1984.-

William E. Wiggin Esq.  
Richards, Layton and Finger  
One Rodney Square  
P.O. Box 551  
Wilmington, Delaware 19899  
U.S.A.

Dear Mr. Wiggin:

Thank you for your letter of September 14th, 1984, enclosing among other things, a copy of a letter addressed to me on March 22 by Mrs. Lestavice.

To complete your files, I am enclosing copies of my reply to Mrs. Lestavice dated April 6th., 1983 and also letters of the same date sent by me to Dr. Reitz, Mr. Wright, Mr. Ashley, Mr. Gardner and a circular letter to all Trustees. I was careful at that time not to address in detail the matters raised by Mrs. Lestavice as I did not consider myself competent to do so. But I believe that this flood of correspondence shows that her letter received serious attention and, of course, the action taken on many of the matters raised is reflected in the minutes of Board Meetings and Executive Committee Meetings before and after May 1983.-

I do not consider that Mrs. Lestavice has cause to think that her suggestions and complaints to the Board have not been given the attention that they deserve. On the contrary, the Board as a whole and certain members individually, have devoted a great deal of time to finding answers to Mrs. Lestavice's concerns. I do not believe that our efforts have satisfied her, but I do think that we have done everything reasonable towards that end. Clear majority decisions have been made by the Board by which Mrs. Lestavice, when she was a member, was not willing to abide.

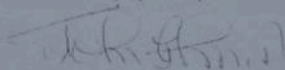
... /

/ . . .

I really do not know what more we can do?

It is possible that I may be able to be present in person at the October 26th. meeting in Wilmington, as I have a trip up north about that time. I will phone you later about this, in case you consider that my presence could be useful.-

Sincerely yours,



John G. Smith

JGS/1r

c.c. Austin Ashley acquire  
Dr. J. Wayne Smith

Apartado Postal 375-A  
Guatemala City

April 6, 1983

Dr. Catherine Coolidge Lastavica  
P.O. Box 1443  
Manchester, Mass 01944

Dear Kitty:


Thank you for your long letter dated March 22nd which I received yesterday and have read carefully.

I have taken note that you tender your resignation as a member of the Board of Trustees of Escuela Agricola Panamericana and as a member of the Board's Academic and Portfolio Committees subject to a formal vote of acceptance by the full Board of Trustees.

I have instructed the Secretary of the Board to include discussion of your resignation as an agenda item for the meeting of the Board to be held at the school on May 6th, 1983.

With personal regards,

Sincerely yours,



John G. Smith  
Chairman  
Board of Trustees  
Escuela Agricola Panamericana

JGS/pdec

c.c. to all Trustees and Honorary Trustees

Apartado Postal 376-A  
Guatemala City

April 6, 1983


Dr. J. Wayne Reitz  
University of Florida Foundation  
P.O. Box 14425  
Gainesville, FLA 32604

Dear Wayne:

Would you please be sure to include in the Agenda of the May Board meeting a discussion of the resignation presented by Dr. Lastavica.

I expect to be at the school next week and will send you my suggestions for other Agenda items when I return.

Sincerely yours,



John G. Smith

JGS/pdec

Apertado Postal 376-A  
Guatemala City

April 6, 1983

Mr. G. Burke Wright  
United Brands Company  
1271 Avenue of the Americas  
New York, NY 10020

Dear Burke:

We shall be having a discussion about Kitty's resignation at the May Board meeting and although I have no doubt about the final result of the vote, there will undoubtedly be some dissenting voices.

It is therefore most important that the Endowment Fund accounts for 1982 be prepared in an easily understood way and with an OK from the auditors. I would also like you to convene the Portfolio Committee members for a formal and open meeting at the school on the evening of May 5th or as soon as possible thereafter, to discuss the Endowment Fund accounts and any other pertinent matters which you may wish to discuss for presentation to the Board meeting next day.

There would also be an opportunity for a meeting of the Audit Committee while we are at the school. I am presuming that there is no doubt about the Auditor's report being ready by that time.

I would appreciate getting an advance copy of the general audit and the Endowment Fund audit as soon as available.

Please phone me if there is any problem with any of this.

Sincerely yours,

  
John G. Smith

JGS/pdec

c.c. Dr. Reitz  
Mr. Gardner  
Mr. Ashley

Q

Apartado Postal 376-A  
Guatemala City

April 6, 1963

Austin S. Ashley esq.  
Bingham, Dane & Gould  
100 Federal Street  
Boston, Mass 02110

Dear Austin:

Kitty Lastevica's remarks in her paragraph numbered 3 on the third page of her letter of March 22nd brings to my attention the fact that we have never discussed the duties of the Treasurer. As you have correctly stated these duties seem to have become largely ceremonial and consist mainly of acknowledging donations and other minor chores.

Section six of article V of our bylaws describes the Treasurer as the principal financial officer of the corporation and goes on to mention his main duties. During my tenancy as Chairman we do not seem to have paid much attention to this section.

It does seem to me that an officer of the Board, which would logically be the treasurer, should be specially charged with keeping a general eye on financial matters. We already have a Portfolio Committee, an Audit committee, External Auditors, Comptroller, Business manager and accountants which sounds like a confusing number of people watching over the various financial aspects of the school's operations. Where should the Treasurer fit into all this?

Could you let me have your thoughts on this matter at your convenience so we could, if deemed necessary, discuss the matter further at the May Board meeting.

Sincerely yours,

John S. Smith

JSS/pdec

c.c. Dr. Reitz  
Mr. Gardner  
Mr. Wright

CJ

Apertado Postal 376-A  
Gustemala City

April 6, 1983

Mr. George P. Gardner, Jr.  
Elyth Eastman Paine Webber, Inc.  
100 Federal Street  
Boston, Mass 02101

Dear George:

I would like you to convene your Nominating Committee for a formal and open meeting at the school on May 5th in the evening, or as soon as possible thereafter, to discuss among other things the resignation presented by Kitty Lestavica.

You will also be presenting to the Corporation your committee's recommendations for new Trustees and reappointments; and to the Board your recommendation for officers for the coming year. You will no doubt previously clarify with Wayne Reitz his status as Secretary.

We have always tended to be very informal in handling committee meetings and reports but I feel that a little formality on this occasion may allow some "dissenters" to be heard and thereby calmed down before any storms brew up.

Sincerely yours,

CJ  
John G. Smith

JGS/pdec

c.c. Dr. Reitz  
Mr. Ashley  
Mr. Wright



ESCUELA AGRICOLA PANAMERICANA  
APARTADO 03  
TEGUCIGALPA, HONDURAS

Apartado 376-0  
Guatemala City

M E M O R A N D U M

TO: Trustees, Escuela Agrícola Panamericana  
FROM: John G. Smith, Chairman of the Board  
DATE: April 6, 1983

- - - - -

I enclose for your information, a copy of my letter of today's date to Dr. Lastavica in reply to her letter to me of March 22nd, of which you should have received a copy.

I consider that most of the points mentioned by Dr. Lastavica in her letter have already been fully discussed by the Board and by the Executive Committee. Appropriate resolutions have been voted and recorded..

However, there will be ample opportunity to discuss, at the Board meeting scheduled for May 5, 1983, any new evidence that is presented by any Board member and I urge you to prepare any new material that may have come to your attention.

TO:

Dear Wayne -

FROM:

FREDERIC ROSENGARTEN, JR.

88 BATTLE ROAD

PRINCETON, NEW JERSEY 08540

Phone: (609) 924-4280

## MESSAGE

- SUBJECT

DATE Sept 21/84

FOLD

Thanks very much for your 5th thoughtful letter of Sept. 17<sup>th</sup>, with enclosures and your helpful comments.

Kitty has accepted my invitation for lunch in Boston on Friday October 5<sup>th</sup>. I hope she will sign my proposed letter.

I will keep you posted in due course -

With kind regards,

Sincerely,

Fritz

SIGNED

ESCUELA AGRICOLA PANAMERICANA

P.O. Box 14425  
Gainesville, Florida 32604

Office of the Secretary

October 25, 1983

Dr. Catherine Lastavica  
Post Office Box 1443  
Mauchester, Massachusetts  
01944

Dear Kitty:

At a meeting of the Executive Committee of the Board of Trustees of Escuela Agricola Panamericana held in Miami on October 14, Austin Ashley discussed the contents of your letter of September 2 which you addressed to me. I was unable to attend the meeting.

It was the general consensus that in relying on precedent the members of the Corporation misconstrued the specific intent of your letter of resignation dated March 22, 1983 when action was taken on it at the May 6, 1983 meeting of the Corporation. Accordingly, the Executive Committee directed that the minutes of the May 6 meeting reflect that it was only your resignation as a Trustee that was accepted. Thus, you continue to be a member of the Corporation of Escuela Agricola Panamericana.

I am pleased to report this to you. I assume the action described above satisfactorily answers the question raised in your letter of September 2.

Sincerely,

J. Wayne Reitz  
Secretary

DR. CATHERINE C. LASTAVICA  
P.O. Box 1443  
Manchester, Mass. 01944

Tel. (617) 526-1641

September 2, 1983

Mr. J. Wayne Reitz  
Secretary to the Board of Directors  
Escuela Agricola Panamericana  
P. O. Box 14425  
Gainesville, Florida 32604

Dear Wayne:

I received your letter of July 14 in response to mine of June 23.

Because your letter describes a situation quite different from my perception of past practice and contradicts explicit provisions of the School's charter documents, I discussed your response with Hugh Jones, a Boston attorney who helped me before in connection with questions which I had with respect to School matters.

Hugh has advised me that, after reviewing the School's Certificate of Incorporation, the May 19, 1973 edition of the School's By-Laws, copies of the Minutes which I received for meetings of the Corporation, the Board of Trustees, and the Executive Committee, and relevant provisions of the Delaware corporation law, he believes that you are incorrect in asserting that my membership in the Corporation has terminated.

Because I had intended to remain a member of the Corporation and because I continue to feel strongly that certain officers and Trustees of the School have long been too willing to make casual changes in "process" when it appears expedient to do so, I am writing to say that I simply will not accept your interpretation of the situation, as set forth in your letter of July 14, without a formal letter from a reputable law firm (such as Bingham, Dana & Gould) stating that it is their opinion that my membership in the Corporation has been lawfully and effectively terminated in spite of my intention and statements to the contrary. To save time and money, I suggest that you let me know which law firm you wish to use for this purpose, so that I can ask Hugh to contact that firm directly without the need for further written correspondence.

Mr. J. Wayne Reitz  
September 2, 1983  
Page Two

I regret that my decision to resign as a Trustee and a member of specific Board committees because of my continuing objection to the lack of proper process in the conduct of School affairs has resulted in an apparent attempt by those in control to terminate entirely my connection with the School. I also fail to understand why you or others are apparently willing to disregard established legal and procedural rules of corporate conduct merely because we sometimes have different views as to what is best for the School.

Because you sent copies of your letter to John Smith and Austin Ashley, I am doing likewise. I would appreciate it if Austin would contact Hugh Jones directly if he feels that Hugh has overlooked anything in giving me the advice referred to above.

Sincerely,

*Catherine C. Lastavica*

Catherine Coolidge Lastavica, M.D.

cc: John G. Smith, Chairman of the Board

Austin S. Ashley, Esq.  
Bingham, Dana & Gould  
100 Federal Street  
Boston, Massachusetts 02110

Hugh R. Jones, Jr., Esq.  
Hale and Dorr  
60 State Street  
Boston, Massachusetts 02109

DR. CATHERINE C. LASTAVICA  
P.O. Box 1443  
Manchester, Mass. 01944

Tel. (617) 526-1641

June 23, 1983

Mr. J. Wayne Reitz, Secretary  
Escuela Agricola Panamericana  
P. O. Box 14425  
Gainesville, Florida 32504

Dear Wayne:

Thank you for your letter of May 13.

In reviewing the Minutes for the Corporation Meeting held on May 6 and for the Board of Trustees' Meeting held on May 6-7, I notice that page 1 of the Minutes for the Corporation Meeting contains the following:

"Chairman Smith then brought to the attention of the Corporation a letter of resignation submitted by Dr. Catherine C. Lastavica dated March 22, 1983. In accordance with the request made in the letter of resignation that action of the members take place, a motion was made and seconded, and it was

VOTED: To accept with regret the resignation of Catherine C. Lastavica.

Following this action, it was the unanimous consensus of the members that appreciation be expressed to Dr. Lastavica for her many years of dedicated and constructive service and for her significant material contributions as a member of the Corporation and Board of Trustees of Escuela Agricola Panamericana."

There appears to have been a misunderstanding. By my letter of March 22, I tendered my resignation, not as a member of the Corporation, but specifically as a member of the Board of Trustees and as a member of that Board's Academic and Portfolio Committees. In addition, that resignation was subject to a formal vote of acceptance by the full Board of Trustees rather than by the Corporation Members. The Minutes for the May 6-7 Trustees' Meeting indicate that, contrary to my request, my resignation letter was never considered by the Trustees as such. This concerns me because it was my stated objective that this entire matter be appropriately considered and disposed of by the Trustees in that fiduciary capacity, rather than by the members of the Corporation, whose responsibility in that capacity is, of course, much more limited.

Mr. J. Wayne Reitz, Secretary  
June 23, 1983  
Page Two

Perhaps you could advise me whether the action reflected in the Minutes for the Corporation Meeting was, in fact, taken by the Trustees. In any event, I ask that the Minutes for the Corporation Meeting be corrected to make it clear that I did not resign as a member of the Corporation and therefore retain that position.

Thank you.

Sincerely,

*Catherine C. Lastavica*

Catherine C. Lastavica

cc: Mr. John G. Smith  
Austin S. Ashley, Esq.

ESCUELA AGRICOLA PANAMERICANA

P.O. Box 14425  
Gainesville, Florida 32604

Office of the Secretary

July 14, 1983

Dr. Catherine C. Lastavica  
Post Office Box 1443  
Manchester, MA 01944

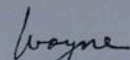
Dear Kitty:

It is with regret that I read your letter of June 23 and note that you feel your letter of resignation was not properly handled by members of the Corporation of Escuela Agricola Panamericana at the meeting of the Corporation on May 6, 1983.

As you know, by custom and tradition members of the Corporation are also members of the Board of Trustees and vice versa. The by-laws do provide that a member of the Trustees does not need to be a member of the Corporation; however I know of no instance when this has occurred. It is a function of members of the Corporation to accept resignations from both bodies, and likewise to elect and reelect members to each. Your term on both bodies expired on the date of the May 1983 meeting. Accordingly your resignation as a trustee having been submitted and accepted, the Nominating Committee did not nominate you for reelection as a member of the Corporation.

With all good wishes.

Sincerely,



J. Wayne Reitz  
Secretary to the Board

cc: Mr. John Smith  
Mr. Austin S. Ashley

ESCUELA AGRICOLA PANAMERICANA

P.O. Box 14425  
Gainesville, Florida 32604

Office of the Secretary

May 13, 1983

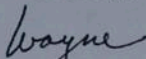
Dr. Catherine C. Lastavica  
Post Office Box 1443  
Manchester, Massachusetts 01944

Dear Kitty:

At the Corporation meeting of Escuela Agricola Panamerica, Inc. held at the School on May 6, 1983, your letter of resignation dated March 22, 1983 was brought to the attention of the members by Chairman John Smith. After appropriate discussion, it was moved and voted to accept with regret your resignation. Following that action, the members unanimously requested that I express to you their appreciation for your many years of dedicated and constructive service and for your significant and meaningful material contributions to the Corporation, the Board and the School. They also asked that I extend their very best wishes.

With warm personal regards.

Sincerely,



J. Wayne Reitz  
Secretary

JWR/bk



ESCUELA AGRICOLA PANAMERICANA  
APARTADO 03  
TEGUCIGALPA, HONDURAS

Apartado 376-A  
Guatemala City

May 20, 1983

Dr. Catherine C. Lastavica  
P.O. Box 1443  
Manchester, Mass 01944

Dear Kitty:

Wayne Reitz, as secretary, has given you formal advice of the action taken by the Board at its recent meeting, in view of the resignation that you tendered in your letter to me dated March 22nd 1983.

I personally regret that it became necessary for you to tender your resignation as your actions have clearly shown your close interest in the school and your personal commitment to its aims. However, you had obviously lost confidence in many of your colleagues on the Board and could not support certain actions which the Board had approved. Under the circumstances I feel that you took the only reasonable course open to you.

I would like to assure you that the expression of regret at your resignation was much more than the formal action that is customary on these occasions. Many Board members have been associated with you for many years and were genuinely sorry to have reached a formal break in the relationship which your membership of the Board had created.

I myself enjoyed and profited from our association. I am sure we both hope that EAP will continue to develop along lines which will best help the agriculture and the people of the area that it serves.

I send you warm personal greetings.

Sincerely yours,

John G. Smith  
Chairman Board of Trustees

JGS/pdec

~~CONFIDENTIAL~~

DR. CATHERINE C. LASTAVICA

P.O. Box 1443  
Manchester, Mass. 01944

Tel. (617) 526-1641

March 22, 1983

Mr. John G. Smith, Chairman  
The Board of Trustees  
Escuela Agricola Panamericana  
c/o Agropecuaria Laguna S.A.  
Apartado 432  
Guatemala City  
Guatemala C.A.

Dear John:

After a great deal of thought, I have decided to tender my resignation as a member of the Board of Trustees of Escuela Agricola Panamericana and as a member of the Board's Academic and Portfolio Committees. My resignation is subject to a formal vote of acceptance by the full Board of Trustees.

As you know, I have objected for a long time to the conduct of John M. Blewer, Inc. ("Blewer") as the School's investment adviser and, more generally, to the way in which investment decisions regarding the School's endowment funds have been made and reviewed. I respect the right of other Trustees to disagree with me and the mere fact that I have been outvoted on these matters does not concern me. Regrettably, however, I have concluded that a majority of the School's Trustees simply are not sufficiently involved or concerned about the management of the School's endowment funds. I also believe that the failure of the Board of Trustees, the Executive Committee, the Portfolio Committee and the Audit Committee to respond in any meaningful way to my expressions of concern in this regard reflects inattention and a serious deficiency in procedure, rather than honest and reasonable differences of opinion on such matters.

I base my conclusions upon the following:

1. At the request of the Executive Committee, Austin Ashley examined Blewer's management of the School's investment portfolio in 1980. Austin's April 16, 1981 written report to the Portfolio Committee referred to the exorbitant cost of commissions in 1980 (and that most of these commissions had been paid to a single broker), to the disappointing experience with option transactions made by Blewer during that period, and to the fact that Blewer's

Mr. John G. Smith  
March 22, 1983  
Page 2

reports contained a number of errors. Nevertheless, Blewer continues to act as the School's investment adviser. As reflected in the Minutes for the October 2, 1982 Meeting of the Executive Committee, I did not participate in the decision of the Portfolio Committee to recommend that Blewer be retained in that capacity. Because the Portfolio Committee does not keep Minutes of its meetings, I do not know whether that recommendation was made as a result of a meeting or less formal communications among the members. In any event, my letter dated September 17, 1982 to Burke Wright as Chairman of the Portfolio Committee stated my reasons for not attending the Portfolio Committee Meeting which was scheduled for September 21, 1982.

I might add that, although Arthur Young & Co. reviewed the School's 1980 investment portfolio and transactions, they were unable, as indicated in Robert H. Cooper's letter to Burke Wright dated September 25, 1981, to explain the difference between Blewer's numbers for 1980 and the numbers in corresponding reports for the School's custodial account. Although Burke Wright, who was Chairman of the Audit Committee as well as Chairman of the Portfolio Committee, submitted a report dated November 19, 1981 to the Trustees at their November, 1981 Meeting and an Addendum dated February 12, 1982 to the Executive Committee at their February, 1982 Meeting, the Addendum contained figures which reflected "double counting" as a result of the fact that the cash account had not been reduced to reflect a \$200,000 cash payment made in December, 1979 for securities purchased in that same month. When I met with Burke in New York in May, 1982 to explain this accounting error, he agreed to investigate the matter. However, when Burke called me in August, 1982 to schedule a meeting of the Portfolio Committee and I asked if that error could be corrected before I attended my first meeting as a member of the Portfolio Committee, he told me that he was not going to spend any more time on that issue. As far as I know, this double counting remains uncorrected. In addition, as far as I know, Arthur Young & Co. has never reviewed the records of the School's custodial account for 1981 in accordance with the procedure suggested by Austin in his report of April 16, 1981.

2. Although Blewer has not complied with the Endowment Fund Investment Policy which was carefully considered and adopted by the full Board of Trustees at a Meeting on May 7-8, 1982, I see no evidence that the Portfolio Committee, the Executive Committee or a majority of the Trustees are concerned about that fact or are even inclined to follow or enforce that Policy. I realize that, although Paragraph 1 of that written Policy stated that equities should represent approximately 50% of the School's portfolio mix, the Portfolio Committee was given authority to change that mix by the Executive Committee on August 9, 1982 and by vote of the Trustees on November 12, 1982. However, although I am a member of the Portfolio Committee, I am not aware that that Committee ever

exercised such authority to approve any significant reduction in the equity portion of the School's investment portfolio. In any event, it appears that less than 30% of the School's portfolio was invested in equity securities when the U.S. stock market began its strongest rally in history last August. If the Investment Policy had been followed, and a majority of the School's portfolio had been invested in equity securities soon after that rally began on August 17, 1982, the School could have realized an additional \$500,000 increase in the market value of its investments. Although the overall investment performance of the Endowment Fund for 1982 was only 4% below the Dow Jones average, that performance was obtained largely as a result of a fourth quarter increase in the value of two highly volatile South African gold mining stocks (Dreifontain Consolidated Ltd. and Western Deep Levels Ltd.). The value of those stocks then fell by 31% during the first two months of this year. I believe that investment in such high risk equities is inconsistent with the explicit guidelines contained in the School's written Endowment Fund Investment Policy.

At the very least, Blewer has failed to provide the kinds of reports to the Portfolio Committee and the Trustees which are contemplated by our Investment Policy.

3. Although Austin Ashley was formally elected as the School's Treasurer on May 5, 1981 and re-elected at the Annual Meeting of the corporation held on May 7, 1982, I have serious doubts as to whether anyone is actually assuming direct responsibility for the conduct of the School's financial affairs. Contrary to the practice of previous Treasurers, Ashley has never submitted a Treasurer's Report. Sadly, the Minutes for the November 12, 1982 Meeting of Trustees accurately state that Ashley had no formal report for that meeting and that he even went so far as to describe his job as largely ceremonial. Nevertheless, the School's financial problems were so serious that the Executive Committee observed on October 2, 1982 that approximately \$200,000 might have to be borrowed from Endowment principal to cover operating expenses, the Trustees were asked on November 12, 1982 to authorize the Treasurer to transfer up to \$250,000 from the Endowment fund before December 31, 1982, and you then reported to the Executive Committee on January 28, 1983 (in Austin's absence) that those funds had been withdrawn and \$247,000 of those Endowment funds had been spent pursuant to that authority. To my knowledge, incidentally, no thought has yet been given as to whether or how those funds will ever be restored to the Endowment Fund.

4. At its Meeting on January 28, 1983, the Executive Committee presumed to overrule a decision which was made on November 12, 1982 by the full Board of Trustees to appoint Price Waterhouse & Co. as auditors for 1982. At that November Meeting, the Trustees, acting on the recommendation of Burke Wright as

Chairman of the Audit Committee, specifically voted to rescind the action taken by the Executive Committee on October 2, 1982 in retaining Arthur Young & Co. as the School's auditors. Inexplicably, the Executive Committee decided to disregard that decision by the full Board. It even appears to have done so informally by mail poll of the Executive Committee members and without any communication at all to the Trustees who had specifically rejected Arthur Young & Co. less than two months earlier. This was all then "formally" approved by the Executive Committee on January 28, 1983. Even if it is lawful for the Executive Committee to frustrate the will of the full Board in this manner, I find this process for making such an important decision to be entirely unacceptable.

5. Finally, I am concerned that no Minutes are kept for Meetings of any Committee other than the Executive Committee, and that Minutes for Trustees' Meetings are frequently incomplete or inaccurate. By correspondence to Wayne Reitz as the School's Secretary, I have requested on several occasions that the Minutes be corrected to reflect what actually transpired. The fact that Wayne would not comply with my requests or even note as a matter of record that I had requested a correction to particular Minutes leads me to wonder about his objectives.

By my direct questions and specific observations, I have not meant to offend but only to emphasize the serious nature of my concerns. I have done everything that I could think of to stimulate responsible action by the Board of Trustees or by appropriate officers or Committees, all to no avail. I have even gone to the personal expense of obtaining legal advice to confirm that my concerns were appropriate for a Trustee in my position and that I was not unconsciously overreacting on some personal basis.

Under all of these circumstances, I have to wonder whether the officers and the Executive Committee of the School, and a majority of the Board of Trustees, simply are not concerned about the conduct of Blewer, the management of the School's Endowment Fund and related investment decisions, or the process by which Blewer and others are to be held accountable in this regard. In any event, I cannot accept the continuing lack of accountability on the part of those officers and Trustees who have accepted the superficial and imprudent treatment of these matters.

I am sending copies of this letter to each Trustee so that my concerns and my decision not to continue to serve as a Trustee under these circumstances will be known by the entire Board. I respectfully request that this letter be specifically referred to in the Minutes for the next Meeting of Trustees, in order to document the fact that the Trustees have considered the matters raised in this letter before voting upon my resignation. As you know, I sent you a copy of my September 17, 1982 letter to Burke

Mr. John G. Smith  
March 22, 1983  
Page 5

Wright and asked that the Executive Committee consider the requests which I made in that letter and report to the full Board on November 12, 1982. No report has ever been made to the Trustees in that regard.

If, after considering this letter, a majority of the Trustees vote to accept my resignation or if the same group, acting as members of the Corporation, choose not to re-elect me as a Trustee at the May 1983 Annual Meeting, I shall at least know that I have, by this letter, given every Trustee an opportunity to address my concerns in whatever manner he believes will serve the best interests of the School.

Accordingly, I hereby submit my resignation as a Trustee and as a member of the Board's Academic and Portfolio Committees, subject to acceptance by the full Board. I respectfully request that you advise me in writing after the Board has acted in this regard.

Sincerely yours,

*Catherine Coolidge Lastavica*

Catherine Coolidge Lastavica, M.D.

cc: Other Trustees

Austin S. Ashley, Esq.  
Dr. A. R. Baldwin  
Dr. Frank Bendana R.  
Fernando Eleta  
George P. Gardner, Jr.  
John R. Kimberly  
Marcel Laniado de Wind  
Adolfo S. Midence  
Thomas W. Mooney  
Mario Nufio  
Dr. Hugh L. Popenoe  
George E. Putnam, Jr.

Dr. J. Wayne Reitz  
Samuel Z. Stone  
Roberto Villeda Toledo  
John W. Weeks  
Charles B. Wheeler  
Frederic Winthrop, Jr.  
G. Burke Wright  
Dr. E. T. York, Jr.

Honorary Trustees

Thomas D. Cabot  
Jorge Mejia  
Hon. Galo Plaza  
Charles L. Stillman  
Mrs. Doris Z. Stone

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Dr. Catherine C. Lastavica  
P. O. Box 1443  
Manchester, MA 01944

September 17, 1982

PERSONAL AND  
CONFIDENTIAL

Mr. G. Burke Wright  
Chairman, Portfolio Committee  
Escuela Agricola Panamericana  
c/o United Brands Company  
1271 Avenue of Americas  
New York, NY 10020

Dear Burke:

I received yesterday your registered letter indicating that a meeting of the EAP Portfolio Committee has been scheduled for next Tuesday, September 21, at the offices of United Brands. I also received a telephone message yesterday, and I appreciate your efforts to reach me.

Frankly, I have for some time been in a dilemma as to whether or how a meeting of the Portfolio Committee might address the serious problems which have been encountered by EAP in connection with the implementation and review of investment decisions. I simply was not clear in my own mind as to the exact nature of my obligations as a member of the Board of Trustees or as a member of the Portfolio Committee.

After reviewing my files and reflecting upon this entire matter, I have come to the conclusion that, for whatever reason, you have failed to fulfill what I believe to be your fiduciary and legal responsibilities as Chairman of the Portfolio Committee. I believe that you have failed to provide proper leadership and assistance in reviewing the role and performance of the School's investment adviser or in making recommendations in that regard as requested by the Trustees. As long ago as February, 1981, the Portfolio Committee initiated a search for a new adviser to replace John M. Blewer, Inc. Most recently, it appears that you have overlooked unauthorized investment activities with respect to the trading of option rights by John Blewer and John M. Blewer, Inc. on behalf of the School. Such

Mr. G. Burke Wright  
September 17, 1982  
Page 2

trading is reflected in statements of transactions which were prepared by the Bank of New England as custodian for the School's endowment funds and forwarded by you to me. I am particularly troubled because those statements seem to indicate that, in May of 1982 (a few days after the Board adopted a contrary investment policy), there occurred significant trading in options on the School's behalf. I do not know whether you were involved in any decision to trade in options, but I note that your August 13, 1982 Memorandum to the Portfolio Committee suggested that such trading be considered in the future. I am afraid that the prospective nature of that communication would be misleading if any response by our Committee or the School's Board of Trustees were to be interpreted as approving the option trading which occurred in prior months.

I have also been troubled by the composition of the Portfolio Committee ever since my appointment to that Committee last May. Apart from my earnest belief that you have failed to fulfill your responsibilities as our Committee Chairman, I am puzzled by the role of Wayne Reitz. As Secretary of the Board, he appears to have intentionally refused to prepare Minutes which accurately reflect action taken at recent meetings of the Trustees.

Under these circumstances, I have concluded that it would be misleading, as well as futile, for the present Portfolio Committee to meet and purport to act, or advise, the full Board of Trustees with respect to the matters referred to in your Memorandum of September 10, 1982. Accordingly, I am writing to advise you that, while I intend to remain an active member of the Portfolio Committee, I refuse to attend any meeting of that Committee until arrangements are made for someone other than you to chair any part of a Committee meeting which deals with your role or performance as Chairman of the Committee or as a member of the Board. I am also going to insist that accurate minutes be kept of each meeting with such minutes to be subject to approval by all those present at the meeting.

Finally, I have decided to ask the Executive Committee to consider at its next meeting on October 2, whether you should be removed as Chairman of the Portfolio Committee and what action should be taken with respect to the role or activities of John Blewer and John M. Blewer, Inc. By a copy of this letter to John Smith, as Chairman of the Executive Committee, I am asking that the Executive Committee report on its consideration of these matter at the next meeting of the full Board on November 12.

Mr. G. Burke Wright  
September 17, 1982  
Page 3

After obtaining legal advice, I have concluded that I can no longer tolerate the continuing failure of certain individuals to address basic problems which have now been identified for more than a year. Something must be done to determine exactly what action has been authorized or taken with respect to the investment of School funds and who should be held accountable in that regard.

I am sending copies of this letter to the other members of the Portfolio Committee, and I am also sending a copy of this letter to Austin Ashley for his information. Although Austin has found it impossible to attend any meeting of the Board since his election as Treasurer in May of 1981, I continue to be hopeful that he will agree with me that his position as Treasurer demands his personal attention to my concerns and to the manner in which these problems are addressed.

If you or your attorney should wish to address any legal aspect of this matter, I suggest that you contact my attorney, Hugh Jones, whom I have engaged to advise me in this respect.

Sincerely,

Catherine C. Lastavica

cc: John G. Smith  
Chairman of the Board of Trustees  
Escuela Agricola Panamericana  
Apartado 432  
Guatemala City, Guatemala C.A.

Austin S. Ashley, Esq.  
Treasurer, Escuela Agricola Panamericana  
c/o Bingham, Dana & Gould  
100 Federal Street  
Boston, Massachusetts 02110

✓ Dr. J. Wayne Reitz  
Secretary, Escuela Agricola Panamericana  
Post Office Box 14425  
Gainesville, Florida 32604

Thomas W. Mooney  
Charles B. Wheeler

Hugh R. Jones, Jr., Esq.  
Hale and Dorr  
60 State Street  
Boston, Massachusetts 02109

DR. CATHERINE C. LASTAVICA  
P.O. Box 1443  
Manchester, Mass. 01944

Tel. (617) 526-1641

August 11, 1982.

Dr. J. Wayne Reitz, Secretary  
Escuela Agricola Panamericana  
P.O. Box 14425  
Gainesville, Florida 32604

Dear Wayne:

I find your letter of July 14, 1982 insulting.

I agree with you that the February 6 meeting which decided to stop Blewer from trading was that of the Portfolio Committee, but with both Vice Chairmen in attendance. Since no other minutes were kept, and for consistency, this decision must be reflected in the minutes of the Executive Committee of February 6, 1981.

Regarding the vote on George Gardner, the Executive Committee does not have the right to obfuscate my vote, and I insist that you place the matter on the agenda of the November 12, 1982 Board meeting.

Regarding Blewer's reinstatement, I wrote to you: "I am appalled that you could make a Motion to resume trading after I had left the meeting and without Ashley." Since when is it appropriate for Board Members to make motions about matters which they do not understand?

Yours Truly,

*Kitty*

Catherine C. Lastavica, M.D.

P.S. Please forward a set of the latest by-laws.

*ccl*

cc: John G. Smith

ESCUELA AGRICOLA PANAMERICANA

P.O. Box 14425  
Gainesville, Florida 32604

Office of the Secretary

July 14, 1982

Dr. Catherine C. Lastavica  
Box 1443  
Manchester, MA 01994

Dear Kitty:

Excuse this belated acknowledgment of your letter of June 22. It seems that this has been an all too busy summer which included a number of short trips within the state.

You express surprise that certain corrections had not been made of various minutes which have been approved. It was my impression that in my letter of February 23, 1981, I had answered most of your questions. However, I shall try to make an additional explanation by having your letter of September 8, 1981 before me. You mentioned that the February 6, 1981 minutes of the Executive Committee did not show the action taken to stop Blewer from trading. As I had previously told you, on checking this with members who were present this was not an action taken at the Executive Committee meeting but one discussed informally by the Portfolio Committee outside the confines of the Executive Committee. Therefore there was no reason to show this in the minutes of the Executive Committee. You mention that in the Trustees Meeting of May 5 1981, there was no mention in the minutes of any motion or vote on the treasurer's report and that had there been you would have voted in the negative. According to John Weeks' minutes, page 2 of the copy enclosed, there was a motion made and seconded and had you voted in the negative John would have been under no obligation to have reported it due to the fact that it passed by a resounding majority.

In regard to the vote concerning reelection of the members of the Board at the Corporation meeting on May 5, 1981, John Weeks had in his initial preparation of minutes included a statement by you including a record of your vote against Mr. Gardner. This you will find in the attached copy which is marked "original and revised at the request of the Executive Committee." The revised minutes of the Corporation meeting of May 5, 1981, are also enclosed without your statement. I have had no intention to reinstate your statement simply because the Executive Committee at its meeting on July 7, 1981, unanimously requested that it be deleted as a matter of policy. Thus if you were to insist that it be included, I would have to take it before the whole Board and I am sure that the Board would not approve of its inclusion. Certainly I concur with the Executive Committee's decision.

You also were concerned at one point over who authorized Mr. Blewer to resume trading. This, as I have previously told you, was done by action of the Board of Trustees at its meeting on May 5, 1981, and as recorded on page 5 of the minutes as prepared by John Weeks. In fact, I made the motion.

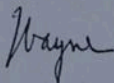
Page 2

Dr. Catherine C. Lastavica  
July 14, 1982

Unfortunately you must have been out of the room at the time for, as I recall, you once wrote and asked "how dare I make a motion without you present". Certainly I was not aware of your absence when I made the motion but it was time to do it and I would have done so regardless of the circumstances.

I trust that the above may in part answer your questions, even though I doubt that they will satisfy you. In any event, I consider the whole matter now completely closed, and I do not intend to spend any more of my time with such nit-picking details.

Sincerely,



J. Wayne Reitz  
Secretary

enc.

cc: Mr. John Smith  
Mr. Austin Ashley

DR. CATHERINE C. LASTAVICA

P.O. Box 1443

Manchester, Mass. 01944

Tel. (617) 526-1641

June 22, 1982.

Dr. J. Wayne Reitz, Secretary  
Escuela Agricola Panamericana  
P.O.Box 14425  
Gainesville, FL 32604

Dear Wayne:

It was good to see you last month at the EAP Annual Meeting in Honduras. I was, however, surprised to note that corrections of various minutes had not been made. Perhaps there was a misunderstanding of procedure in such matters. In any case, the following from "Robert's Rules", Art. VII, 41, entitled, Clerk or Secretary and the Minutes, reassures that these corrections, indicated in my letter to you of September 8, 1981, will eventually be properly entered into the record.

"... If after their adoption errors should be detected they should be corrected regardless of the time elapsed and of the number of times the minutes have been previously corrected and without a motion to reconsider, by a simple vote to amend the minutes."

Yours sincerely,



Catherine C. Lastavica, M.D.

cc: Mr. Smith  
Mr. Ashley

ESCUELA AGRICOLA PANAMERICANA

P.O. Box 14425  
Gainesville, Florida 32604

Office of the Secretary

September 19, 1983

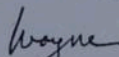
Dr. Catherine Lastavica  
Post Office Box 1443  
Manchester, MA

Dear Kitty:

Your letter of September 2 was on my desk when I returned from an extended visit to the West on September 12.

In accordance with your request, I have asked Austin Ashley to render an opinion on behalf of Bingham, Dana and Gould. Since he has a copy of your letter, I am sure that he will use his own good judgment as to whether he should contact Hugh Jones.

Sincerely,



J. Wayne Reitz  
Secretary



ESCUELA AGRICOLA PANAMERICANA  
APARTADO 93  
TEGUCIGALPA, HONDURAS

Apartado Postal 3  
Guatemala City

May 20, 1983

Dr. Wayne Reitz  
University of Florida Foundation  
P.O. Box 14425  
Gainesville, FLA 32604

Dear Wayne:

Thank you for your note of May 12th enclosing draft of the minute about Kitty and copy of your letter to her. This all looks excellent and my only comment is whether there should not be dissenting votes from Mario Nufio, Adolfo Midence and Roberto Villeda.

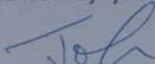
I enclose a copy of my letter to Kitty of today's date.

I find that I lack in my files the minutes of the following meetings. Could you send me photocopies if not too much trouble.

Executive Committee	April 10, 1978
	Feb. 19, 1982
Corporation	May 2, 1978
Trustees	May 2, 1978

Many thanks,

Sincerely yours,

  
John G. Smith

JGS/pdec

DR. CATHERINE C. LASTAVICA  
P.O. Box 1443  
Manchester, Mass. 01944

They meet

Tel. (617) 526-1641

April 12, 1983.

Dr. J. Wayne Reitz, Secretary  
Escuela Agricola Panamericana  
P.O. Box 14425  
Gainesville, FL 32604

Dear Wayne:

I received your notice of April 7, 1983, for the Annual Meeting of the Corporation and the Trustees Meeting, which is to be held in Honduras at 4 pm on Friday, May 6, 1983. Because I am unable to attend, I plan to sign a proxy.

In the past the notices for the Annual Meeting of the Corporation have included an agenda so that every member would know what was to be considered at the meeting. I would appreciate it if you would send me an agenda for this meeting. In particular, I would like to know the identity and background of any individuals to be proposed for election to the Board of Trustees.

Because I would like to discuss these matters with my proxy, I shall wait to hear from you before completing and returning my proxy form.

Yours sincerely,

*Catherine C. Lastavica*

*Dr.* Catherine C. Lastavica, ~~##B~~

cc: Mr. John G. Smith

Dr. Catherine C. Lastavica  
P. O. Box 1443  
Manchester, MA 01944

September 17, 1982

PERSONAL AND  
CONFIDENTIAL

Mr. G. Burke Wright  
Chairman, Portfolio Committee  
Escuela Agricola Panamericana  
c/o United Brands Company  
1271 Avenue of Americas  
New York, NY 10020

Dear Burke:

I received yesterday your registered letter indicating that a meeting of the EAP Portfolio Committee has been scheduled for next Tuesday, September 21, at the offices of United Brands. I also received a telephone message yesterday, and I appreciate your efforts to reach me.

Frankly, I have for some time been in a dilemma as to whether or how a meeting of the Portfolio Committee might address the serious problems which have been encountered by EAP in connection with the implementation and review of investment decisions. I simply was not clear in my own mind as to the exact nature of my obligations as a member of the Board of Trustees or as a member of the Portfolio Committee.

After reviewing my files and reflecting upon this entire matter, I have come to the conclusion that, for whatever reason, you have failed to fulfill what I believe to be your fiduciary and legal responsibilities as Chairman of the Portfolio Committee. I believe that you have failed to provide proper leadership and assistance in reviewing the role and performance of the School's investment adviser or in making recommendations in that regard as requested by the Trustees. As long ago as February, 1981, the Portfolio Committee initiated a search for a new adviser to replace John M. Blewer, Inc. Most recently, it appears that you have overlooked unauthorized investment activities with respect to the trading of option rights by John Blewer and John M. Blewer, Inc. on behalf of the School. Such

Mr. G. Burke Wright  
September 17, 1982  
Page 2

trading is reflected in statements of transactions which were prepared by the Bank of New England as custodian for the School's endowment funds and forwarded by you to me. I am particularly troubled because those statements seem to indicate that, in May of 1982 (a few days after the Board adopted a contrary investment policy), there occurred significant trading in options on the School's behalf. I do not know whether you were involved in any decision to trade in options, but I note that your August 13, 1982 Memorandum to the Portfolio Committee suggested that such trading be considered in the future. I am afraid that the prospective nature of that communication would be misleading if any response by our Committee or the School's Board of Trustees were to be interpreted as approving the option trading which occurred in prior months.

I have also been troubled by the composition of the Portfolio Committee ever since my appointment to that Committee last May. Apart from my earnest belief that you have failed to fulfill your responsibilities as our Committee Chairman, I am puzzled by the role of Wayne Reitz. As Secretary of the Board, he appears to have intentionally refused to prepare Minutes which accurately reflect action taken at recent meetings of the Trustees.

Under these circumstances, I have concluded that it would be misleading, as well as futile, for the present Portfolio Committee to meet and purport to act, or advise, the full Board of Trustees with respect to the matters referred to in your Memorandum of September 10, 1982. Accordingly, I am writing to advise you that, while I intend to remain an active member of the Portfolio Committee, I refuse to attend any meeting of that Committee until arrangements are made for someone other than you to chair any part of a Committee meeting which deals with your role or performance as Chairman of the Committee or as a member of the Board. I am also going to insist that accurate minutes be kept of each meeting with such minutes to be subject to approval by all those present at the meeting.

Finally, I have decided to ask the Executive Committee to consider at its next meeting on October 2, whether you should be removed as Chairman of the Portfolio Committee and what action should be taken with respect to the role or activities of John Blewer and John M. Blewer, Inc. By a copy of this letter to John Smith, as Chairman of the Executive Committee, I am asking that the Executive Committee report on its consideration of these matter at the next meeting of the full Board on November 12.

Mr. G. Burke Wright  
September 17, 1982  
Page 3

After obtaining legal advice, I have concluded that I can no longer tolerate the continuing failure of certain individuals to address basic problems which have now been identified for more than a year. Something must be done to determine exactly what action has been authorized or taken with respect to the investment of School funds and who should be held accountable in that regard.

I am sending copies of this letter to the other members of the Portfolio Committee, and I am also sending a copy of this letter to Austin Ashley for his information. Although Austin has found it impossible to attend any meeting of the Board since his election as Treasurer in May of 1981, I continue to be hopeful that he will agree with me that his position as Treasurer demands his personal attention to my concerns and to the manner in which these problems are addressed.

If you or your attorney should wish to address any legal aspect of this matter, I suggest that you contact my attorney, Hugh Jones, whom I have engaged to advise me in this respect.

Sincerely,

Catherine C. Lastavica

cc: John G. Smith  
Chairman of the Board of Trustees  
Escuela Agricola Panamericana  
Apartado 432  
Guatemala City, Guatemala C.A.

Austin S. Ashley, Esq.  
Treasurer, Escuela Agricola Panamericana  
c/o Bingham, Dana & Gould  
100 Federal Street  
Boston, Massachusetts 02110

Dr. J. Wayne Reitz  
Secretary, Escuela Agricola Panamericana  
Post Office Box 14425  
Gainesville, Florida 32604

Thomas W. Mooney  
Charles B. Wheeler

Hugh R. Jones, Jr., Esq.  
Hale and Dorr  
60 State Street  
Boston, Massachusetts 02109

DR. CATHERINE C. LASTAVICA  
P.O. Box 1443  
Manchester, Mass. 01944

Tel. (617) 526-1641

March 17, 1982

Mr. John G. Smith  
Apartado 432  
Guatemala City  
Guatemala, C.A.

Dear Mr. Smith:

In reference to your letter to me of February 24th, I am surprised that you would "lay to rest" the matter of the management of the endowment portfolio and that you have so little concern for \$100,000 of unreconciled cash income.

The fact is that Mr. Blewer provided incorrect information to the Trustees and to the Auditors. The question is whether it was done deliberately to deceive or simply as a result of professional incompetence. The school never received income consistent with the claimed portfolio performance in 1980, and that is why the cash reconciliation is indispensable.

How can you ask me to put my trust in a portfolio committee which did not examine the return on the portfolio or ask the critical questions until I insisted, and, even then, has failed to clarify the matter after more than a year?

You refer to, "the group of honorable men who form the Board of Trustees." I do not consider honorable men who deny facts known to them. For example, Hugh Popenqe voted to have Blewer replaced as an investment adviser at the February 6, 1981 meeting. On May 5, 1981 he stated that the replacement process was initiated by Austin Ashley on his own. George Gardner, to whose attention the churning had been brought on September 28, 1979, denied any knowledge of it on February 6, 1981.

I am disappointed by your low regard for the endowment, which is the primary responsibility of the Trustees, as opposed to the management of the school which should be left in the hands of its outstanding Director. Only through endowment and the raising of additional capital funds can the school maintain its independence and continue to provide the quality of education which has been its tradition. By failing to act upon endowment management problems, the

Board of Trustees of the Escuela Agricola Panamericana has successfully prevented the donation of the much discussed Callejas property to the school for the past year and a half.

I have just one recommendation for you. Your investigation has demonstrated that Mendieta y Asociados has certified the investment performance which was not correct, that there was excessive turnover and that most of the trades were done through a brokerage firm of which one of our board members is a senior partner. It is your duty, therefore, as chairman, to notify the Attorney General of the State of Delaware of your findings for whatever action he deems appropriate.

Yours truly,

*Catherine C. Lastavica*

Catherine C. Lastavica, M.D.

cc: EAP Trustees ✓

DR. CATHERINE C. LASTAVICA

P.O. Box 1443

Manchester, Mass. 01944

Tel. (617) 526-1641

March 30, 1982

Dr. J. Wayne Reitz, Secretary  
Escuela Agricola Panamericana  
Box 14425  
Gainesville, FL 32604

Dear Wayne,

In reference to your minutes of the February 19th executive committee meeting, I would like to call attention to the following:

1. Executive committee minutes should be presented at the next meeting of the board for a vote. This was done routinely on the EAP board until 1975, and, in view of present circumstances, I demand that this procedure be resumed.
2. The portfolio committee must also present its report, including matters of policy and any changes in the management of the endowment, to the board as a whole for approval before definitive steps are taken. Furthermore, it should be made clear that all trustees have the right to examine all financial records of the corporation at all times.
3. I believe it is the responsibility of the board to vote on the annual audit, and that this function should not be delegated to a single individual. This is especially important at this time because the 1980 audit is known to be incorrect.

It is your responsibility to see that these matters are addressed early in the forthcoming board meeting.

Yours sincerely,

*Kit*

Catherine C. Lastavica, M. D.

cc: Mr. Smith  
Mrs. Stone

P.S. For one who has stated that minutes need only include actions taken and the name of the vote when not unanimous, I am surprised that you included Mr. Blewett's latest figure of \$800,000 when he should be given a statement!

DR. CATHERINE C. LASTAVICA  
P.O. Box 1443  
Manchester, Mass. 01944

Tel. (617) 526-1641

April 6, 1982.

Mr. Austin S. Ashley  
Bingham, Dana and Gould  
100 Federal Street  
Boston, MA 02110

Dear Mr. Ashley,

Per letter of Mr. Weeks (enclosed), please forward to me copies of all EAP New England Merchants National Bank custody statements and all First National Bank of Boston custody and checking account statements for 1981 as soon as possible. Please include all available statements from either bank for 1982 to date.

Would you explain why the school is not receiving \$41,700 a month from its endowment as budgeted.

Yours truly,

Catherine C. Lastavica, M.D.

encl 1

cc: Mr. Smith  
✓Dr. Reitz  
Mr. Putnam

ESCUELA AGRICOLA PAN-AMERICANA, INC.  
MUSEUM OF SCIENCE  
SCIENCE-PARK  
BOSTON, MASSACHUSETTS 02114

April 1<sup>st</sup>

Dear Kitty

In response to your registered letter of March 29<sup>th</sup>,  
I do not have the bank statements you request, since  
they have been and still are going to Austin's office.

I do not assume the office of Treasurer, until  
elected at the annual meeting in May, after which time  
I would have access to such records.

Sincerely yours  
J. M.

DR. CATHERINE C. LASTAVICA

P.O. Box 1443

Manchester, Mass. 01944

Tel. (617) 526-1641

March 17, 1982

Dr. J. Wayne Reitz, Secretary  
Escuela Agrícola Panamericana  
Box 14425  
Gainesville, FL 32604

Dear Wayne:

This letter is to remind you of the corrections of various minutes, which I requested in my letter to you of September 8, and further explained in those of Nov. 5, and Dec. 1, 1981.

Yours truly,

*Catherine C. Lastavica*

Catherine C. Lastavica, M.D.

*wants Ex. Com. Feb 6, 1981 mins to  
reflect (a) Stop Gleason trading  
(b) Search for investment advisor  
This was done outside of  
committee meeting.*

*May 5. Corporation minutes -  
neg. vote on Gardner as a  
member of Board.*

*July 7 - These minutes do not  
state why Gleason was allowed to resume  
trading.*

DR. CATHERINE C. LASTAVICA  
P.O. Box 1443  
Manchester, Mass. 01944

Tel. (617) 526-1641

February 27, 1982

Dear EAP Board Member:

We have now received a lengthy and improved analysis with a whole series of accounting and accrual adjustments of minor quantities, but we still do not know what happened to the cash income generated by the portfolio in 1980.

Mr. Wright claims that the portfolio earned \$516,000.00, of which \$350,000.00 were paid to the School, and \$166,000.00 were re-invested. His sources are United Brands, Mr. Blewer and Mendieta y Asociados. Custody records, which are the only ones we trustees can believe, do not show any transfer from income cash to principle cash and, therefore, if this income was indeed generated, we do not know to whom it was paid and when.

Mr. Wright has troubled himself greatly about a poor Xerox copy which he used to calculate turnover. Had he looked up Mr. Blewer's and the Custodian's records, he would have found that the total beginning equity was \$3,588,940.00--and not his corrected \$4,103,340.00--and his turnover would have been 178% as I stated on December 14.

Mr. Wright suggests that we should hire an accountant and also seems to wish to withdraw from the portfolio committee. It is sad that we have reached this state of affairs, but it was predictable. Mr. Wright has worked very hard, and the board should be grateful to him. But he, like Mr. Ashley, has been handicapped by not being a financial man and by having to work with Mr. Blewer who has never provided the board with accurate information because he, Mr. Blewer, does not know what is going on.

I hope that decisive and appropriate action will be taken soon.

Sincerely,

*Catherine C. Lastavica 3/17/82*

ccl:s  
Dictated; signed  
in her absence.

THOMAS D. CABOT  
125 HIGH STREET  
BOSTON, MASSACHUSETTS 02110

February 19, 1982

Dear Fred:

Thank you for yours of February 12. I apologize that no copy of my letter to Kitty of November 18 was enclosed with my letter to you. Here it is.

I found your letter of February 8 to John Smith very interesting, and I have no disagreement with it. I am sorry to say, however, that I think you are a bit too unforgiving of Kitty's recent action. I can agree that she cares mightily about the school, but I am afraid her overriding interest is in her relation to it rather than its welfare. She has certainly been a trouble-maker, but what worries me the most is her involving the Latins on the Board in things which they do not understand and can only cause distrust toward us Yankees who also care mightily about the school.

I think perhaps I should burden you with a bit of history. I became a director of United Fruit Company in the early 1930's at the invitation of Kitty's father who was then Chairman of the Board. From then until our ships were taken for the war effort after Pearl Harbor, I spent more time visiting our tropical divisions than any other director, including Sam Zemurray who was running the company, and in my opinion, running it very well, but with little "depth of management". Being oriented toward science myself I naturally formed a close friendship with the two scientists in the company, Wilson Poponoe and Vining Dunlap. It was Wilson that suggested to me that the company found a school to teach peasant farmers better agricultural techniques than were then prevalent in the highlands of Central America. The idea met with immediate enthusiasm from Sam Zemurray and Jeff Coolidge. That was in 1940, and the company had had several very prosperous years because the new Sigatoka disease had largely wiped out competition. The directors approved of the plan and appropriated the money to build the school and to start an endowment fund. War shortages dictated that the school almost entirely be built of native materials available on the land we acquired at Zamorano.

During the early years of the school, all of the money needed to build and operate it were appropriated by United Fruit

Company and additional appropriations were made to the endowment fund. When the endowment fund had reached about \$4,500,000 and the income from this endowment was nearly enough to pay the whole cost of running the school, Zemurray began to worry that if the school (which had an independent Board of Directors with some overlap) did not have to come to the United Fruit Company for reimbursement of its deficits, the company might lose control. This is one of the things I argued about after he nominated me as president of the company but was not the major cause of his becoming disaffected with my changes in company policy.

Jeff Coolidge, who was also Chairman of the Board of the school and of the Old Colony Trust Company, ran the investment of the endowment fund with some help from me and possibly from Latimer Gray who was treasurer of the school. All of us, Coolidge, Gray and I, were deeply involved with the Old Colony Trust Company which actually handled the funds of the endowment. I do not remember that we ever considered the problem of conflict of interest.

I do not remember just when it was that we became dissatisfied with the way the investments were being handled by the Old Colony Trust Company, but it must have been about ten years ago when I was Chairman of the Portfolio Committee. The only one on the Board connected with United Fruit at that time was George Gardner. I do not know who suggested Blewer as an investment counselor, but I think it was George Gardner, John Weeks and I who interviewed Blewer and picked him partly because he offered to do the job for much less than the larger firms. After Blewer took over the portfolio, we felt that he was doing a much better job than Old Colony Trust Company. Personally, I have no reason for wanting the relationship with Blewer to continue other than that I think he has done better than most of the endowment funds of which one can readily obtain figures.

Now as to Kitty, after she came on the Board, she was made Chairman of the Nominating Committee. On one occasion some members of the Board did not wholly approve of the slate she recommended, and I successfully defended it after a considerable fight. It was some years later that she asked me if I would be willing to become an emeritus member of the Board without a vote, and I readily accepted being past 80. At the very meeting at which this was consummated, she did something that I cannot forgive, and I doubt she has forgiven me. Hugh Popenoe (the son of Wilson) was in the Chair. He had been Chairman for half dozen years, and when he asked for the report of the Nominating Committee, she started talking about how we should have a rotating Chairmanship.

After she had talked about it for some time to the embarrassment of all, nobody had spoken up against the idea. She then presented a slate with herself as Chairman. I immediately asked if this was a unanimous recommendation of her committee, and she said it was. There were two other members of the committee present in the room, and I judged from their faces that they were taken by surprise so I, despite the implication that I was calling her a liar, said that I thought she should go out with the other members of the committee and come back and make sure that their recommendation was a unanimous one. When they came back, she was being nominated as Vice Chairman. It was after that that she began to be a trouble-maker and picked on George Gardner.

Do not feel that you have to acknowledge this letter or seek my advice. I think the school is in strong hands. I have a high regard for John Smith and for Simon Malo. On the whole it is a good Board and a very good school and I hope you will continue your interest in it.

One other bit of history, but it is not particularly relevant—when Jeff Coolidge died, it was I who arranged for Doris Zemurray Stone to become Chairman of the Board of the School. Sam Zemurray had died, and I thought his daughter who had lived for years in Central America and was a Harvard graduate with a Master's Degree in anthropology would make a good Chairman. It was a disastrous choice. We had at the time a Director named Bill Paddock who had a PhD in agriculture from an American university and had a good deal of experience in tropical Spanish speaking America. Doris almost immediately started to squabble with Paddock about admission policies, staff appointments and curriculum. After a few months, Paddock resigned and it became apparent to me and to others on the Board that we would not get a suitable replacement unless we gave him a considerable degree of say in such strictly academic matters. In the end it became apparent that we had to get rid of Doris as Chairman, and it was I who arranged to get Chico deSola of Salvador to take her place. In my view, he was a very good Chairman, but he had to resign after the football war between Honduras and San Salvador broke out which made it impossible for him to visit the school. He was succeeded by Hugh Popnoe.

Sincerely yours,

*In between - Reilly for about  
2 years and  
Dorcas interim  
acting for 1 year*

*Tom*

Mr. Frederic Winthrop, Jr.  
Commissioner  
The Commonwealth of Massachusetts  
Department of Food and Agriculture  
Leverett Saltonstall Building  
Government Center  
100 Cambridge Street  
Boston, Massachusetts 02202

cc:

Mr. John G. Smith  
Mr. George P. Gardner  
Dr. Hugh L. Popenoe  
Mr. G. Burke Wright  
Dr. J. Wayne Reitz ✓

February 15, 1982

Dear George:

It was good to have your letter of February 5, and I shall try to answer some of the questions you raise concerning Escuela Agricola Panamericana. You ask about establishing honorary trustees. As I recall, this was done while I was in Thailand and I do not know just who was responsible for getting it underway. I do know that the last person added was Doris and this was at the instigation of Kitty. The Emeritus or Honorary Trustees do not have any authority. They are welcome to attend meetings of the Board and can participate in discussions if desired, but cannot vote.

You ask about the portfolio. At their annual meeting in May 1981, the market value of the portfolio was \$7,703,000, which was considerably more than several years ago when Charlie Stillman had us heavily invested in bonds. Fortunately we turned from the bonds in ample time and got some appreciation in the equity portion of the portfolio. Our income in bygone years from the fund was around \$300,000 or less. We are now getting better than \$700,000 and using at least \$500,000 in our annual budget projections. At the moment, of course, the portfolio is somewhat down due to the market conditions. I will have an update at the end of this week when the Executive Committee meets here in Gainesville.

You mention that you do not fully understand the Cabot letter. I can appreciate this simply because you do not have some of the background. It so happens that in some of the accusations Kitty has made, she has seriously questioned the integrity of George Gardner as a member of the Board in the manner in which he may have assisted in handling the portfolio. She has also indirectly criticized other members of the Board and apparently Tom has heard about this and is proceeding to sound off in his inimitable fashion. Of course he cannot get Kitty off the Board, however she is up for reelection this May and unless she makes some redress, the chances are pretty good that she may not be reelected. There is no power struggle going on within the Board except as it may be reflected by Kitty and she is alone in that.

It is always good to hear from you. Fran joins in sending our best to you and Georgetta.

Sincerely,

J. Wayne Reitz

Dr. George Harrar  
125 Puritan Drive  
Scarsdale, NY 10583

125 PURITAN DRIVE  
SCARSDALE, N.Y. 10583

(914) 725-0733

February 5, 1982

Dear Wayne:

Thank you for your prompt replies to my earlier letter. I had very little information about this development and evidently George Gardner did garble the information he sent me since he has now brought it up to date.

I am not surprised at developments within the Board of Trustees and the naming of Honorary Trustees. I think this again shows Doris' fine hand with Kitty's support who is evidently attempting to chart the future course of the school. I do not know how Kitty became so completely involved and now wishes to become Chairman of the Board. In her effort to keep the Board in line, she would be prepared to promise the school substantial funds. I must admit that I am surprised at the selection of Emeritus Trustees and wonder who was responsible.

One question occurs to me. That is, do the so-called Emeritus Trustees have any authority? I seem to recall that we had substantial funds which were in the possession of the school and which were clearly part of the school's patrimony. Are these funds still in the possession of the school and do they accrue to it in some continuous fashion? Has the school been able to build up its corpus and has it generated further funds during recent years?

I am sorry to have to ask you all of these questions but it would be most helpful if I could have some up-to-date information. It is clear to me that in some fashion, the present trustees will have to get rid of troublemakers on the Board.

I do not think I fully understand the Cabot letter. How does he plan to get Kitty off the Board? This would presumably resolve a number of problems. I still do not fully understand what authority the Board has in the resolution of school affairs nor what authority she has, or may have, as Chairman. The whole affair seems to be badly confused and presumably there is a power struggle going on within the Board. Certainly, there should be someone in position to make definite decisions with respect to Board affairs. Is there no faculty committee with this authority?

Dr. Reitz

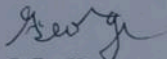
page 2

To change to another subject, I do not think the Board of the Rockefeller Foundation has ever authorized the release of the report which you helped prepare. I do not know why. Apparently the new leadership of the Foundation has decided against a final release of this material.

I would agree with you that it would be wise to assign a Rockefeller Foundation person to Thailand who could complete your assignment there. However, as you say, the Foundation seems to be turning away from foreign involvement which I think we would all regret. The new leadership would seem to have made this decision. In any event, there seems to be considerable confusion involving the school and its leadership as well as the Thai report.

With best regards.

Sincerely yours,



J. G. Harrar

Dr. J. Wayne Reitz  
Secretary  
Escuela Agricola Panamericana  
P. O. Box 14425  
Gainesville, Florida 32604

JGH/cjj

January 27, 1982

Dr

Mr. George Harrar  
125 Puritan Drive  
Scarsdale, NY 10583

Dear George:

I am pleased to have your letter of January 22. George Gardner must have written a very incomplete note if he indicated that Doris was again on the Board of EAP. It is true that Kitty maneuvered around to a point where the Board elected Doris as an honorary trustee, which group includes Tom Cabot, Galo Plaza, Charles Stillman, and Jorge Mejia. Some years ago they established this category. Honorary trustees usually receive copies of the minutes and are at liberty to attend Board meetings but rarely do. Galo Plaza attended one a year ago last May and Doris Stone attended last May. Honorary trustees do not have voting privileges.

Thus we are having no problems with Doris, but we are having a bag full with Kitty Coolidge Lavastava. She has accused the Board of malfeasance in handling its portfolio which is entirely without foundation, because we have subjected the whole thing to intensive audit, but her husband who is attached to some bank in Boston continues to egg her on for reasons which we cannot fully explain.

The school is doing well under the direction of Simon Malo, one of the early graduates, with a Ph.D. from the University of Florida. John Smith, a large agricultural producer, chiefly coffee in Honduras, is chairman and doing a first-rate job. This all reminds me that you should have received a copy of the annual report of the school, the latest being for the year 1980. This I am sending under separate cover.

At the end, you will see a list of the present Board of Trustees and individuals who have given financial support to the School. This has become quite significant.

Fran joins in sending our very best to you and Georgetta.

Sincerely,

J. Wayne Reitz

125 PURITAN DRIVE  
SCARSDALE, N.Y. 10583

(914) 725-0733

January 22, 1982

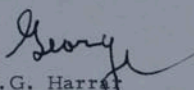
Dear Wayne:

I quite recently had a note from George Gardiner who indicated that Doris, and I suppose Ronny, were back on the Board of EAP so I assume that all was forgiven in that quarter and that Doris has made peace with other members of the Board. I find this surprising in view of her long absence from formal participation in Board affairs. I am sure, however, that she managed to create a certain amount of confusion in the Board and has continued to dictate its affairs.

In view of my lack of information, I would very much appreciate if you would bring me up to date about what has transpired.

With best regards to Fran and yourself.

Sincerely yours,

  
J.G. Harra

Dr. J. Wayne Reitz  
President Emeritus, University of Florida  
2105 N. W. 27 Terrace  
Gainesville, Florida 32605

JGH/cjj

February 12, 1982

To: Board of Trustees  
Escuela Agrícola Panamericana

From: G. B. Wright

Re: Addenda to Portfolio Committee  
Chairman's Report of November 19, 1981

fil

As directed by the Board in the resolution adopted at its November 20 Board meeting in Gainesville (copy attached), Arthur Young & Co. has examined my subject report and they have called my attention to certain items which require correction, as well as essentially verifying the performance figures in the report, although reaching the result by a more detailed accounting method as described below. In addition, Mrs. Lastavica has raised certain points in her latest letter of December 14 which I have addressed in this addendum to my report of November 19.

Turning first to the items which require correction, the definition of "Total Return" as shown on page 1 of my report unfortunately contained a typographical error which made the definition, as it stood, incorrect. Although I am sure most of the Trustees understood the basic thrust of the definition, the correct definition, with underlining on the omitted words, is as follows:

Market value of securities at end of period less market value of the securities at the beginning of the period, plus income achieved during the period, divided by the market value at the beginning of the period. Additions or withdrawals from the fund during the period must also be considered.

The other correction is on page 3. In drawing figures from Arthur Young's September 25 report, I happened to have a very light copy of this report which showed, I thought, the value of securities at \$4,403,340 at year end, 1979. The actual number is \$4,103,340 (the correct digit being underlined).

Other items in my earlier report which were discussed with Arthur Young included the following:

a) Total return. In preparing my report for the Board, I used a simplified method of calculating total return, one which provides a relatively easy-to-understand measure of how well the investment advisor has or has not improved the portfolio during the period in question. Arthur Young has correctly pointed out that my calculations did not include accruals for a settlement basis, nor did they include certain other minor adjustments. In addition, Mrs. Lastavica, in her letter of December 14 asks for several additional reconciliations and so with the help of Arthur Young, we have prepared Exhibit A which attempts:

a) To measure "total return" more accurately, by taking into account accruals for trades made and not settled, sales where cash was not yet received, contributions to the fund, the reinvestment of a portion of the earnings as received, the cash withdrawn from the fund, etc.

b) To reconcile the total return, as measured in my earlier report, with Mendieta's calculation of realized and unrealized gains plus earnings, as requested by Mrs. Lastavica in the last part of the 1st paragraph on page 2 of her December 14 letter. (The returns reconcile within \$1,262 or .01675% of the total value of the portfolio. Arthur Young and I are satisfied that the basis of the reconciliation is accurate and the \$1,262 is for minor accounting adjustments and further accounting for exact reconciliation would be somewhat costly to adjust for this size error.)

With regard to (a) above, the total return as calculated in Exhibit A is \$1,961,498 vs. \$1,907,907 calculated in my earlier report or 2.8% greater than the simplified method. However, the simplified method will be an easier method for the Portfolio Committee to examine quarterly and it may be easier to continue to use that method rather than asking the United Brands accounting department to spend the extensive time which would be required to develop these accruals and accounting modifications each quarter. We can turn to the more detailed method at year-end when these accounting modifications will be readily available.

Since the reconciled "total returns" are even higher than the amount which I calculated earlier, there are no significant changes to be made to my report in the context of the analysis of Blewer's performance with other advisors, nor are there any further comments with respect to his performance during 1980 with the EAP fund.

b) Blewer's figures on total return. To reconcile these returns (on Exhibit A) with some of the other figures mentioned in this long chain of letters and reports, particularly Blewer's own figures for return, you will recall that Arthur Young, drawing from Blewer's figures, in their September 25 report showed the return as calculated by Blewer as:

$$\$928,484 + \$516,415 = \$1,444,899$$

Blewer prepares a report each month showing the value of the portfolio, the net gain or loss for the month and the change in the capital supervised, taking into account the withdrawals for the school each month and the additions to capital from income not taken by the School. This report was provided to Arthur Young for their review, (a copy of the report pertaining to this period is attached) although, as noted in their report, they did not attempt to verify Blewer's figures.

However, because of the sizeable discrepancy between the above figure (\$928,484) and in the return as calculated from the audited figures, I insisted that Blewer's staff verify these figures because I thought that their figures had mistakenly omitted the cash in the account. They did so, and reported back to me that in the process of correcting an error in their December, 1980 figures (the over-statement of the value of a Treasury bill referred to in Mr. Ashley's April 16 letter) they had indeed neglected to add back the amount to the cash (called "savings

account") in their statement (see copy of their letter attached). They then corrected their December 31, 1980 statement again, to increase the value of the cash in the portfolio by this amount (\$297,000) and the above figures now become:

$$\$928,484 + 297,000 \text{ (or } \$1,225,484) + \$516,415 = \$1,741,899$$

Exhibit B attached, has been prepared to reconcile Blewer's figures with those in Exhibit A which were based on Mendieta's audited figures. In developing this reconciliation, it will be noted that the line marked "Return" is approximately \$32,000 less than the total return calculated on Exhibit A.

When I sought an explanation from Blewer, I was advised that New England Merchants keeps separate accounts for income and principal for EAP and that on occasion during 1980, amounts had been incorrectly credited to principal instead of income. The total of these errors, which they had adjusted for in January by adjusting their principal figures, amounted to \$31,790. Specifically, the corrections were:

Interest on Wyoming Bancorp bonds, incorrectly credited to principal 9-1-80	\$7,613.
Deutschemark time deposit redemption credited entirely to principal, of which \$7,344 was interest, 9-19-80	7,344
US T-bill redemption credited entirely to principal, of which \$16,832 was interest, 10-2-80	<u>16,833</u>
	\$ 31,790

Rather than ask the bank to correct their records, Blewer simply made these adjustments by changing his records (after December 31) to show this amount as being included in his principal account, to agree with the custodian.

If you have lasted through this report this far, you will note that this amount of \$31,790 which was incorrectly recorded as principal and which Blewer later added to his principal account (to bring it into line with the custodian), when added to the \$1,929,450 on Exhibit B brings us to \$1,961,320 which reconciles closely to the total returns shown on Exhibit A.

b) Turnover: The other point which Arthur Young brought to my attention was my calculation of "turnover". My idea of turnover was, as indicated in my report, the value of stocks purchased plus the value of stocks sold divided by the value of the stocks in the portfolio at the beginning of the period. It was my feeling (and it still is) that since there is a commission on purchases as well as sales and there is no commission if the funds are left in T-bills or as cash, "turnover" should reflect this aspect.

Evidently the more conventional idea of turnover is to assume that if a stock is sold, there must be a purchase to take its place; thus, turnover for the period would be defined (by the pension fund evaluation firm which does performance results for the United Brands pension funds)

as the average of purchases plus sales divided by the value of the portfolio at the beginning of the period.

Thus, I was too harsh in my earlier calculations on Mr. Blewer's turnover rate (insofar as comparative analysis is concerned). My earlier calculation defined the turnover during 1980 as 289%. Using the correct value for securities on hand at year-end 1979 noted on the first page of this addendum, this 289% would have been 311% and using the more conventional definition of turnover described above,

Turnover, defined as the average of purchases  
and sales during the year, divided by portfolio  
value at the beginning of the year =  $\frac{\$12,760,149/2}{4,103,340} = 155\%$

When I returned to the United Brands pension administrator with the figure of 155%, and asked if it were unusually high, he stated that it was not that unusual for an active equity manager with good performance. At Exxon, the pension fund administrator said that he still felt that 155% was high, although he reiterated his comments from the earlier report (see p. 3 of November 19 report) with respect to Blewer's turnover and performance.

It would seem to be worth repeating that turnover cannot be judged in isolation, but must be judged with the advisor's performance. As noted in the earlier report, we intend to discuss this matter further with Mr. Blewer in our future reviews.

d) One other comment from Mrs. Lastavica's December 14 letter. In the second paragraph on page 2, she refers to the difference (\$77,000 in her letter) between the earnings recorded for the fund and the cash withdrawn for school operations, expenses and accrued interest. While her figures are not quite correct (she had no way of knowing the net change in accrued interest and dividends for example), she implies that \$77,000 is "unaccounted for".

The fact of the matter is that earnings are credited to the account during the year; cash for school operations is withdrawn from the account during the year. Any excess of earnings not withdrawn for school operations is constantly being reinvested in the Fund. Basically, the Fund earned \$516,415 during 1980 - \$350,000 of that amount was withdrawn in cash for school operations. The balance (net of expenses and, of course including the net change in accruals) was reinvested and is now part of the Endowment Fund.

Mendieta has recorded this amount as \$119,906 + \$46,509 = \$166,415 on page 6 of the Notes to Financial Statements for 1980. ]

(It will be recalled that a separate Retirement Fund was set up during 1981 with a sum withdrawn from the Endowment Fund actuarially calculated to stand on its own, but prior to that time, the two funds were combined and thus, \$46,509 of the Endowment Fund's earnings were deemed to be credited to the Retirement portion of the Fund.)

So, at the end of this long and tedious report, we can conclude that

- 1) Blewer's performance was somewhat better than calculated in my earlier report
- 2) Blewer's turnover (by the new definition) was only half of that described in my earlier report, and by at least one outside source, not out of line for a well performing money manager.

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We have spent an inordinate amount of time and money on this addendum, for the sake of correcting and re-correcting arithmetic and reconciling Blewer's numbers to our numbers, etc. It has been a very costly experience for those of us who are involved and in the end I do not find any change in the basic conclusions reached in Arthur Young's September 25 report and in my report of November 19.

The task of the portfolio committee, as I see it, can be summarized briefly as follows:

1. Establish, with Board of Trustees' approval, the investment objectives for the Endowment Fund portfolio. Objectives will need to consider growth of principal, income requirements of the School and safety of principal, among other goals.
2. Select and supervise an investment advisor and a custodian who will carry out these investment objectives, review their performance regularly and recommend changes from time to time if necessary.

Since the appointment of the new Committee in May, 1981 we have been continually frustrated in our efforts to address these tasks because of the continuing need to respond to a series of charges directed at the management and performance of the fund during 1980. When responses were provided to these charges, new figures are brought into the matter and/or new charges raised, and the circle begins again.

I must ask the Board for direction at this point. If we, as a Board, are satisfied that there is no malfeasance or impropriety on the part of Mr. Blewer and his firm, Mr. Gardner and his firm, Arthur Young and Co., Mr. Ashley, Mr. Weeks, myself and United Brands (all of us having been subject to accusations of one sort or another) then I believe we should follow through on the resolution offered at the November 20 Gainesville meeting and permit the Committee to get on with its proper tasks, as summarized above.

If on the other hand, we are to continue to chase numbers and to go in circles with the intent to answer new charges on top of old charges, then we should retain an accountant and proceed on that basis; under those circumstances, I will not wish to continue as Chairman or a member of this Portfolio Committee.

One last note should be added to this report. It has been suggested by one Trustee that we ask for Mr. Blewer's response, in writing, to the charges made against his firm; specifically to ask him

- a) Did he make every effort to obtain the best prices when dealing with Paine Weber and/or other brokers, consistent with good execution?
- b) Why was his turnover as high as it was?
- c) Why is his fee so low?

These questions will be posed to Mr. Blewer next week, and his responses will be forwarded to the Board as soon as received.

Respectfully submitted,

G. B. Wright

cc: Arthur Young & Co.

P. S. Mr. Blewer's reply to the above questions has just been received (as I leave for the EAP Executive Committee meeting on Feb. 19) and a copy of that reply is also attached to this report.

Committee Chairman's Nov. 19th  
report, adjusted for accruals

Mendieta 1980  
Financial  
Statements

Net realized gain over cost 1980 Mendieta financials	\$1,194,170			
Unrealized gain over cost, 1980 Mendieta financials	\$ 249,651	\$1,443,821		
Market value of securities, 12/31/80*			\$7,196,636	
Cash on hand 12/31/80			335,843	
Market value of securities, 12/31/79*			5,855,803	
Cash on hand 12/31/79			285,704	
Gain in portfolio, trade basis			6,141,507	
Adjust for accruals at year-end 1979**			1,390,972	
Accrual for securities purchased, not yet paid for at 12/31/79	285,704			
Accruals for securities sold, cash not yet received at 12/31/79	(53,115)		232,589	
Earnings on the portfolio:			1,623,561	
Cash withdrawn from the fund during year for school operations	\$ 350,000			350,000
Earnings reinvested in the portfolio during the year	\$ 166,415	\$516,415		(included in (a) above)
Less: Contributions to the fund Plus: Accrued dividends and interest, net of same at prior year-end:				(23,866)
At 12/31/80	\$ 64,856			
At 12/31/79	53,053			
TOTAL RETURN		11,803		11,803
				1,961,498
				1,960,236

\*Trade basis, (no accruals)

\*\*There were no similar transactions  
at year-end, 1980

	<u>Year-end to year-end method</u>	<u>Cumulative change in market value method</u>
Cumulative change in market value of portfolio, as originally shown on Blewer report provided to Arthur Young:		
At 12/31/80	\$ 844,151	
At 12/31/79	<u>(84,333)</u>	
	928,484	
Net gain as originally reported	297,000	
Error discovered by not posting T-bill correctly	<u>1,225,484</u>	
Revised net gain	\$1,225,484	
Net change in supervised capital (sum of net changes each month during 1980)	133,520	
	<u>1,359,004</u>	
Market value 12/31/80 originally shown on Blewer report given to Arthur Young, supposedly including all cash	7,204,209	
Error discovered by not posting T-bill correctly	<u>297,000</u>	
Revised market value, 12/31/80	7,501,209	
Market value 12/31/79 including cash in portfolio	\$7,501,209	
Net gain in portfolio, trade basis	6,142,205	
	<u>1,359,004</u>	
Cash withdrawn from fund for operations	350,000	
	<u>1,709,004</u>	
Adjust for accruals at year-end 1979*	232,589	
Less contributions to the fund*	<u>1,941,593</u>	
Plus net change in accrued interest and dividends*	(23,866)	
	<u>11,803</u>	
Return	1,929,530	
	<u>1,929,530</u>	
Reconciliation with custodian statement from income transfers, explained on Page 3 of this report	31,790	
	<u>1,961,320</u>	
Total return	1,961,320	
	<u>1,961,320</u>	

3 return  
net return  
Total cap!

\* From Exhibit "A"

CORRECTED REPRINT

AS OF 11/24/61

ACCOUNT HISTORY LEDGER

ESCUELA AGRICOLA PAN-AMERICANA GN FD

STARTING DATE 6/02/72

ORIGINAL VALUE \$6,076.509

AVG

APPR DATE	APPRASIAL VALUE	NET SUPV CAPITAL	CHANGE IN MARKET VALUE IN PERIOD	CUMULATIVE	% CHANGE PERIOD	CUM. %	% STK	NYSE	% CHANGE PERIOD	CUM. %	REL. DIFF.
8/31/78	5,767,467		221,073+	1968,970+	3.9+	3.3-	74.7	58.35	3.1+	4.6-	.4+
9/25/78	5,782,158		12,691+	1864,279-	.2+	3.1-	6.3	57.78	.9-	5.5-	.6+
10/31/78	5,649,5367	26,353+	161,104-	347,423-	2.7-	5.8-	6.5	58.7	11.5-	15.5-	.5+
11/30/78	5,361,777.5	97,669-	185,993-	533,9416-	3.2-	6.9-	6.6	57.3	2.3+	13.5-	.5+
12/29/78	5,468,247	18,627-	27,915+	505,551-	.5+	8.4-	6.7	56.3	53.62	12.9-	.5+
1/31/79	5,498,1331	24,712+	65,274+	440,127-	1.2+	7.3-	6.7	65.4	55.99	4.4+	.3+
2/28/79	5,495,9193	26,926+	68,264-	508,191-	1.2+	8.5-	6.9	65.7	55.93	.1-	.1+
3/30/79	5,657,124	4,251-	102,342+	425,089-	1.8+	6.7-	6.9	68.1	2.1+	6.6-	.2+
4/30/79	5,613,676	56,123+	4,934	405,446-	.0+	6.7-	6.9	60.8	57.36	.4+	.6-
5/31/79	5,459,1349	13,381+	36,972-	442,348-	.6-	7.3-	6.9	60.6	55.99	2.3-	.8-
6/29/79	5,627,047	21,362+	216,556+	225,012-	3.8+	3.8-	6.5	67.2	58.38	4.2+	.2+
7/31/79	5,969,401	687+	140,667+	85,149-	2.4+	1.4-	6.3	65.0	59.14	1.3+	.3-
8/31/79	6,245,043	87,511+	199,931+	104,786+	3.1+	1.6+	6.1	64.8	62.40	5.5+	1.9+
9/28/79	6,299,448	14,794+	36,811+	143,597+	.6+	2.2+	6.0	65.0	62.24	.2-	.0+
10/31/79	5,466,2702	2,060+	438,826-	295,4229-	6.9-	4.8-	7.4	51.8	57.71	7.2-	.9+
11/30/79	6,126,810	3,587+	130,521+	164,739-	2.2+	2.7-	7.6	54.4	60.71	5.1+	.9-
12/31/79	6,192,825	37,025	80,375+	84,333-	1.3+	1.4-	7.1	58.4	61.95	2.0+	.6-
1/31/80	6,452,625	29,199+	361,221+	270,888+	5.6+	4.3+	6.3	64.4	65.61	3.9+	7.2+
2/29/80	6,669,585	56,534-	239,469+	486,377+	3.2+	7.7+	6.4	62.3	64.93	11.2-	9.1+
3/31/80	5,972,607	03,762+	782,336-	295,959-	11.7-	4.8-	9.8	34.1	57.05	1.2-	5.8-
4/30/80	6,000,164	15,094+	73,117+	222,842-	1.2+	3.7-	10.8	38.3	60.36	4.7+	1.3-
5/30/80	6,233,957	49,175+	163,876+	53,566-	3.2+	1.1-	7.6	63.1	63.44	3.0+	.6-
6/30/80	6,446,300	49,175+	204,622+	149,562+	2.7+	2.1+	6.9	70.8	65.34	2.9+	.4-
7/31/80	6,873,364	21,762+	362,322+	507,384+	5.5+	7.8+	6.6	71.8	69.64	6.5+	13.7+
8/29/80	6,864,344	76,350-	72,266+	579,670+	1.0+	8.5+	6.9	69.5	72.38	1.2+	15.2+
9/30/80	7,192,201	67,218+	166,464+	74,9114+	2.3+	11.5+	7.3	65.7	72.38	2.6+	18.2+
10/31/80	7,421,051	1,976+	106,523+	84,6637+	1.5+	13.1+	7.1	65.7	73.53	1.5+	20.1+
11/28/80	7,774,922	2,354+	572,667+	1,418,704+	7.9+	22.1+	6.5	83.5	81.02	11.1+	32.3+
12/31/80	7,581,229	3,840+	277,553-	1,141,704+	3.5-	17.6+	9.4	62.5	74.27	5.9-	22.2+
1/30/81	7,382,547	20,046+	134,978-	1,006,243+	1.7-	15.6+	9.4	62.7	77.27	4.6-	21.3+
2/27/81	7,356,417	1,385+	44,319-	961,924+	.6-	14.9+	10.2	66.0	75.15	1.1+	22.7+
3/31/81	7,172,056		362,632+	1,324,563+	4.9-	20.6+	9.3	71.0	78.27	4.1+	27.8+
4/30/81	7,634,107	2,713+	89,662-	1,234,901+	1.1-	19.4+	9.7	67.4	76.81	3.8-	25.5+
5/29/81	7,712,025	2,735+	75,183+	1,310,084+	.9+	20.4+	9.9	71.7	76.99	.2+	25.8+
6/30/81	7,625,496	2,338+	98,569-	1,221,515+	1.1-	19.0+	9.4	74.2	76.15	1.0-	24.4+
7/31/81	7,522,641	4,850+	107,777-	1,113,838+	1.4-	17.3+	10.8	65.0	75.95	.2-	24.1+

JOHN M. BLEWER, INC.  
INVESTMENT COUNSEL  
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(212) 744-9330

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G. D. WRIGHT

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DR. DOUGLAS H. BELLEMORE  
ECONOMIST

FRANK S. BERALL, ESQ.  
GENERAL COUNSEL

JOHN M. BLEWER  
PRESIDENT

FREDERICK F. NAGLE  
VICE PRESIDENT

GRACE G. VELIZ  
SECOND VICE PRESIDENT

November 30, 1981

Mr. G. Burke Wright - Chairman  
United Brands Company  
1271 Avenue of the Americas  
New York, N. Y. 10020

Dear Mr. Wright:

Re: ESCUELA AGRICOLA PAN-AMERICANA

During a recent check of the 12-31-80 appraisal we discovered that the assets had been understated by \$297,000. Enclosed is a revised appraisal.

The discrepancy arose when we incorrectly recorded the cost of a 1,140,000 U. S. Treasury Bill due 10-8-81 as \$1,300,148.70 and charged the New England Merchants Savings Account. It should have been \$1,003,148.70, leaving a larger savings balance. These "savings" were always fully invested and largely were used in a purchase of 8,000 shares of Amax on January 6, 1981.

In the corrected appraisal we sent out on January 29, 1981 we corrected the cost but neglected to add the cash difference of \$297,000 back into the savings account.

JOHN M. BLEWER, INC.  
INVESTMENT COUNSEL  
105 EAST 80<sup>TH</sup> STREET  
NEW YORK, NEW YORK 10021  
(212) 744-9330

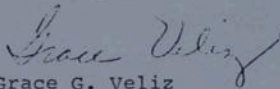
JOHN M. BLEWER  
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FRANK S. BERALL, ESQ.  
GENERAL COUNSEL

It was our internal performance index that remained uncorrected until now, all monthly asset lists since December 31, 1980 being correct. A copy of the index is attached.

Please do not hesitate to contact me if you have any questions.

Sincerely yours,

  
Grace G. Veliz

GGV/rj  
Enclosure

JOHN M. BLEWER, INC.

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FRANK S. BERALL, ESQ.  
GENERAL COUNSEL

FINAL CORRECTED APPRAISAL #2

ESCUELA AGRICOLA PAN-AMERICANA GN FD

INVESTMENT EVALUATION

DECEMBER 31, 1980

TOTAL ASSETS

\$ 7,501,209.00

NET CAPITAL ADDITIONS

\$ 8,170.10

NET CAPITAL WITHDRAWALS

\$ 0.00

CAPITAL APPRECIATION  
SINCE SEPTEMBER 30, 1980

\$ 401,036.90

ANNUALIZED INCOME

\$ 672,612.00

ANNUALIZED YIELD

9.1

JOHN M. BLEWER, INC.  
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JOHN M. BLEWER  
PRESIDENT  
FREDERICK F. NAGLE  
VICE PRESIDENT  
GRACE G. VELIZ  
SECOND VICE PRESIDENT

RECEIVED

FEB 18 1982

G. B. WRIGHT

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DR. DOUGLAS H. BELLEMORE  
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FRANK S. BERALL, ESQ.  
GENERAL COUNSEL

February 18, 1982

Mr. G. Burke Wright  
United Brands Company  
1271 Avenue of the Americas  
New York, N.Y. 10020

Re: Escuela Agrícola Pan-Americana, Inc.  
General Fund

Dear Mr. Wright,

Following up our conversation, enclosed is a print of February 12, 1982. It seemed best today to send this to you by messenger rather than wait for a still newer print. There has been little trading in recent months, and this print is probably not much different from the last one you reviewed.

The account is off about 1% in 1982, as compared with a decline of 5% in the N.Y.S.E. Composite. Current income is running at an annual rate of about \$800,000, but, since we may purchase more Treasury Notes shortly, it may, at least for a while, go still higher.

It might be helpful to review again some of the questions that have come up over the last year or so:

1. Portfolio Turnover

We know from experience that the rate of portfolio turnover varies immensely from year to year. We only undertake transactions to improve an account's prospects: to increase potential, to decrease risk, or to improve current or prospective income.

1980, the year to which a number of questions have been directed, was a year of great volatility, and of rapid current and prospective change. Early in the year, the portfolio was heavily weighed to commodity-related, cyclical stocks, especially energy-related. In the last half of the year, we tend to reduce this weighing, selling off Western rail shares and, finally, straight oil and gas shares. We bought the first utility positions in the week following Mr. Reagan's election. Our first purchase of A.T.T. shares was made in February, 1981.

In retrospect, this shift to shares that might perform well in a deflationary environment looks simple and logical. At the time, it was difficult, involved months to accomplish, and involved some transactions that, in retrospect, seem indecisive, such as the sale of covered calls on Texaco.

Such a major change is unusual, and might occur in only one or two years out of four, five or more.

## 2. Commission Rates

Commission rates are related to the difficulty of a trade and the service required.

Our standard request is for a 20% discount. On an especially difficult trade, such as a thin over-the-counter stock, the discount should be less. Sometimes we can ask for a larger discount if the block is especially large, or the stock unusually active.

Please keep in mind that the cost of a trade is a combination of a commission plus a dealer or specialist spread. By inattention or lack of skill, the broker can incur a market cost many times that of the commission.

The scale of this portfolio's holdings is not so large that unusual discounts are in order. The use of small "discount houses" is not in order, since we have a fiduciary duty in regard to the financial strength of the broker, and for reasons already stated must use responsible experienced brokers.

## 3. Our Investment Management Fee

At the outset in 1972, we set our fee at 1/10 of 1% p year, with a \$4,000 minimum. On April 1, 1976, at our request it rose to 15/100 of 1% a year. It has been pointed out that this fee seems low, and asked why it is so low.

Mr. G. Burke Wright  
February 18, 1982  
Page Three

In 1972, our usual fee on individual accounts was  $3/4$  of 1%, with a \$3,750 minimum, implying an account of \$500,000. At present, it is  $3/4$  of 1%, with a \$7,500 minimum, implying an account of \$1,000,000. Of course some accounts came in well over the minimum size, and in some cases we charged up to 1% on the first \$1,000,000, tapering off the fee after that amount. The fee we quote partly depends on the expected efficiency of the account: numbers of meetings, reports, need for client education, and the like.

With your portfolio, we could see at the start that we had an Investment Committee comprised of sophisticated efficient executives and that considerable authority was delegated.

We tend to quote relatively low fees for managing the accounts of eleemosynary institutions. In this case, the institution had objectives in a developing nation, and would be unique in our practice. I myself had lived in two such situations in earlier years (in Egypt and in postwar Japan), and understood that sound investment work could have unusually important impact.

In the event, we have charged over ten years perhaps \$60,000 less than we would probably have charged with respect to a purely domestic foundation. It is also true that, at one time or another, two other officers of this company, and I have visited the school, and we are grateful for the opportunity to contribute to its work.

Looking forward to meeting with you and Mr. Wheeler again soon,

Sincerely yours,



John M. Blewer

JMB/emp



Portfolio  
Committee

original to  
John Smith  
to Dr. B. J.

# The Commonwealth of Massachusetts

Department of Food and Agriculture  
Leverett Saltonstall Building, Government Center  
100 Cambridge Street, Boston 02202

February 8, 1982

Mr. John G. Smith  
Apartado Postal 432  
Guatemala

Dear John,

Thank you for your letter of January 27 and for your invitation to sit in on the Executive Committee meeting in Gainesville on February 19. Unfortunately I will be unable to join you at that time and so will put down my thoughts herewith and send them to you.

As you know, at the last Board Meeting I was reluctant to accept as final, answers to the questions relating to Postfolio Management, without at least the opportunity for review by other Board members not present. I was therefore glad to see the Board's willingness to postpone taking a final position on these questions until such an opportunity had been offered. The date for submitting "new information", January 31, has since come and gone, and I trust each Trustee has satisfied him or herself as to the "facts."

For my part I have used the time between the November 19 meeting and now in an effort to become more conversant with the issues raised. As I am not trained in the investment business I have started pretty much from scratch and therefore have consulted various individuals (lawyers, accountants, investment advisers, etc.) whose judgement I respect and whose confidence I could keep. I have also studied the relevant reports, minutes and letters and have sat with John and Kitty Lastavica to get a better idea of their perspective. The result is the following set of conclusions and recommendations:

- 1) I see no conclusive evidence of impropriety or mismanagement.
- 2) I think, however that the Trustees deserve answers to the following questions:
  - a) What is the explanation for Blewer's fee being so much lower than the Market?
  - b) What is his response to the "churning" allegation? Clearly the trading activity has been far above the norm expected in an endowment fund of this type. Blewer may well have good and sufficient reason, but I believe we should insist on seeing in writing his side of the story.

c) While brokerage commissions do not seem excessively high, they are about 10-20% higher than that which certain good brokers are offering for comparable services. Has Blewer "shopped around" at all?

OK  
3) To avoid a repetition of the kind of confusion we have had in reconciling the endowment fund, I have been advised that a schedule should be included in the accountant's report showing the principal and income balances of the fund at the beginning of the year, a summary of all transactions during the year and the principal and income balances at the end of the year plus a year-end balance sheet. The same should be done for the retirement fund if that is now a separate fund. These should be done at book and market values.

It has further been suggested that the reason Kitty Lastavica and G.B. Wright are unable to reconcile the accounts is that they take an opening and closing market value including cash and then add the 1980 income of \$516,000 to the increase in market value of the fund. It should be noted that part of the \$516,000 is reflected already in the closing cash figure. Furthermore the \$516,000 includes an accrued interest figure. There probably was also an accrual item at the beginning of the year.

OK  
I am also advised the present custodian of the securities should change his records to reflect the actual purchase date and cost of all securities rather than the 6/24/80 market values which are meaningless in the accounts of the endowment fund.

4) Finally, to wipe the slate clean, <sup>no longer</sup> I believe the Trustees should hire a new adviser and a new broker, even if satisfactory answers to 2 A, B, & C are forthcoming. I further believe we should adopt a policy, at least informally, that no Trustee, nor his or her business, may be affiliated on a contractual basis with the school and that when a matter of potential conflict of interest is discussed, the Trustee involved remove him or herself from the particular discussion.

In making these recommendations, no doubt I am heavily influenced by my experience in public service over the last 10 years. (In fact I have just finished filling out the 20 page financial disclosure form required annually by the Massachusetts Ethics Commission!) (While EAP is not a public agency it is certainly subject to intense public and international scrutiny at a time when events in Central America are commanding front page attention in every country of the world.) When one lives in a goldfish bowl as we do, one cannot afford the slightest appearance of conflict of interest. Less than arm's length transactions, even when executed in good faith or in the interest of economy and convenience, invariably result in suspicion and distrust on the part of someone, somewhere, sometime. Too bad, but that's the way it is.

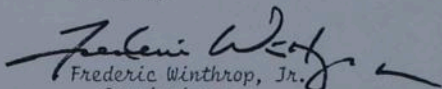
I have no reason to believe that the relationship between the adviser and the brokerage house was anything but above board. Nor do I think that any EAP Trustee benefited from this relationship. However, I worry that among prospective donors and friends there will always be the possibility of doubt, particularly after the turmoil of recent months. The Board can't afford it and the School can't afford it - so let's clear the air.

In spite of all the unpleasantness, I think Kitty, in the long run, has done the School a service by raising certain issues that required clarification. She has undoubtedly done so with the best interest of the School at heart. By the same token, I believe the Trustees have taken their job seriously and have investigated the charges conscientiously. Certainly, Burke Wright has compiled an excellent and thorough going report of 11/19/81. This letter is aimed at supplementing his report and not intended as a rebuttal.

I would welcome the Executive Committee's reactions to the recommendations and questions raised herein.

Best personal regards.

Sincerely,

  
Frederic Winthrop, Jr.  
Commissioner

FW/mr