

# Louisiana Horsemen's Benevolent & Protective Association, Inc.

## BOARD OF DIRECTORS

### *Owners*

Tom Abbott  
Bobby Dupre  
Christine Early  
Marcia Lamarche  
Arthur Morrell

Chairman  
Stanley Seelig



## BOARD OF DIRECTORS

### *Trainers*

Sam Breaux  
Patrick Mouton  
Kenny Roberts, Sr.  
Don Stemmans  
Terry Vance

Dear Member,

As your president, I wanted to take an opportunity to update you on good news for our organization and address some misinformation about the completion of some legal matters we have wrestled with over the past few years.

I am happy to report that due to the leadership of our board and the hard work of our staff we are operating within our budget for the first time in many years. Simply put, we are not spending more than we receive. **I committed to you when I ran for president that we would run the HBPA in an ethical and businesslike manner. We are working hard everyday to deliver on that promise.**

Since your new board of directors and I took office in April 2011, we have made a number of significant improvements:

- We now have written policies regulating the use of corporate credit cards and the reimbursement of travel and meal expenses.
- As discussed below, we have trimmed operating expenses by about \$450,000 annually.
- The Medical Benefit Trust has implemented new claims handling procedures that have reduced fraudulent claims by persons who are not entitled to participate in the program. This has allowed more money to be used to pay legitimate claims and has enabled claims to be paid quicker than in the past.
- The workers' compensation insurance program was restructured through the creation of a Workers' Compensation Insurance Trust. This has enabled us to run our program right here in Louisiana instead of from the Cayman Islands and other offshore resort locations.

As you can see, we are well on our way to operating appropriately and effectively for our membership which is the reason why the HBPA exists: for ALL of our members, not just a select few.

Now, please allow me to review several legal matters we have pursued over the past few years and specifically outline what dollars have been paid to whom and for what reason.

Mark Twain once said, "a rumor will get half way around the world before the truth can put his boots on." That seems to be the case with much of the poor information being put out about our recent legal settlement. Let's set the record straight now with cold hard facts.

As many of you know, in August 2009 (two years before I was elected president), I personally hired a lawyer to represent me in exercising my statutory right to inspect the books and records

of the organization, including records pertaining to the March 2008 election. Because the HBPA leadership at that time refused my request to inspect records, my attorney filed a mandamus lawsuit to compel the organization to make its records available for inspection. Upon receiving these records, it was obvious to us that several hundred fraudulent votes had been cast in the March 2008 election.

The HBPA leadership at that time refused to acknowledge the fraudulent activity surrounding the March 2008 election even though the organization had received multiple federal grand jury subpoenas, HBPA funds were being used to pay defense attorneys for certain officers and directors, and a federal investigation into the March 2008 election and other HBPA matters was well underway.

Because of the positions taken by the HBPA leadership at that time, I and four other HBPA members filed a second suit against the president, the executive director and nine members of the board of directors. This lawsuit was a derivative suit, meaning that it was filed on behalf of all members of the organization because the board of directors failed to take the proper action. Unfortunately, by the time the new board and I took office in April 2011, prescription had run on many of the organization's claims so that the only available avenues for recovery were this derivative lawsuit and a separate lawsuit that Arthur Morrell had filed against the former president and the organization.

This past summer, the board of directors of the organization and the court with jurisdiction over the derivative lawsuit and Arthur's lawsuit approved an \$850,000 settlement of the two lawsuits. The \$850,000 was paid entirely by the Travelers Insurance Company, whose policy insured the defendant officers and directors. Arthur, Don Stemmans (who was a co-plaintiff in the derivative lawsuit), and I **did not participate in any discussions when the settlement of these two lawsuits went before the board and did not cast any votes when it came time to vote for or against the settlement.**

I personally spent nearly \$100,000 to pay the legal expenses of the mandamus and derivative lawsuits that I filed. My attorney's fees actually totaled over \$300,000. However, to facilitate the settlement, he agreed to reduce his fees to \$250,000 from which he reimbursed to me the money I had previously paid him. **This process was disclosed to and approved by both the board and the court as part of the settlement.** The court also approved a payment of \$2,500 to me for money I had spent for a handwriting expert to examine the fraudulent election materials. **Contrary to what you may have heard, I was not compensated for any other expenses, including my time.** The only funds I received were reimbursement for my expenses related to the lawsuits. Not a dollar more.

I have not benefitted one cent from this entire process. The organization stood only to benefit from my derivative lawsuit, since I and not the organization was responsible for the legal fees incurred in the lawsuit. Yet, when my attorney and I were negotiating a settlement with Travelers, we were repeatedly criticized for not accepting Travelers' early settlement offers. The first offer from Travelers was to pay \$550,000. However, we felt that this sum was way too low. We subsequently received a \$650,000 offer that we also deemed too low. Some board members pressed me to accept the \$650,000 offer. They again pressed me to accept a \$750,000 offer that we deemed too low. Eventually, Travelers offered \$850,000 and that was accepted.

It is very important for you to know that that I had nothing to gain financially by holding out for a higher settlement, since any increase in the settlement would go to the organization. However, it was important that the organization net out a sufficient amount in order to put the past behind

and move forward into the future.

In 2010, the Legislative Auditor had commenced an audit of the organization's finances. At that time, the organization was routinely using funds dedicated by statute to the medical benefit trust to pay operating general expenses of the organization. This was a violation of the statute that created the medical benefit program. As a consequence of this audit, medical benefit funds that were improperly used to pay general expenses were reclassified as a loan from the medical benefit trust to the organization. As of December 2010, the amount owed by the organization to the medical benefit trust was \$1,141,298.

A principal goal of mine in negotiating the settlement with Travelers was to recover as much of the improperly expended funds as possible, since the Legislative Auditor's office was pressing the HBPA to repay the loan from the medical benefit trust as soon as possible. When the lead pony fee was increased to \$16.00 in February 2011, \$2.00 was dedicated to repaying the loan from the medical benefit trust. In addition, the current board and I significantly reduced the organization's operating expenses. In fact, in 2011 compared to 2010, we reduced expenses by approximately \$450,000. As a result, and with funds from the settlement with Travelers, we have been able to reduce the debt to the medical benefit trust to \$60,651 as of October 12, 2012. We expect to pay off this debt in full within the next nine months. The settlement with Travelers will allow us to keep the lead pony fee at its current amount so that it will not be necessary to increase the lead pony fee to repay the medical benefit trust.

I appreciate you taking the time to review this letter. We have been through so much together as horsemen in Louisiana. I ran for president to do the right thing and frankly, sometimes that is not the most popular thing to do. But please know I work hard for you and this organization every day to benefit the horse industry in Louisiana.

If you ever have any questions about the matters in this letter or any HBPA issue, you are welcome to call me on my cell phone at 504-621-3144. I will always be accessible and I will always shoot you straight.

Best wishes,

A handwritten signature in cursive script that reads "Stanley".

Stanley Seelig  
President, Louisiana HBPA

# LAHBPA Digital Communication Network

*Please help the organization save money by providing your email address below*

In an effort to more effectively communicate with our membership, we are developing new digital methods of communication. In order to participate, please fill out this form. This information is never shared with external parties and is strictly used for communications from the LAHBPA.

## Email Communications

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Name

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Email Address

**Types of communication you would like to receive (check all that apply, only checked items will be sent)**

- General Notices: General communications from the organization
- News Updates: News impacting the organization or its members
- Critical Alerts: Time sensitive situations that impact the organization or its members

## Text Communications

As part of our new systems, we now have the capability to send short messages via text message to cell phones. If you would like to receive these communications, please provide the following information. Standard text message rates will apply per your carrier.

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Cell Phone Number

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Carrier Name (AT&T, Verizon, ect...)

**Note: This is used to help ensure communications reach your phone, each carrier handles messages differently. Leave blank if unknown.**

**Types of communication you would like to receive (check all that apply, only checked items will be sent)**

- General Notices: General communications from the organization
- News Updates: News impacting the organization or its members
- Critical Alerts: Time sensitive situations that impact the organization or its members

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Signature

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Date

By signing and submitting this form, you're giving LAHBPA permission to contact you in the methods you authorized with the types of information you selected. You may opt out at any time. All information submitted is kept private and only used by the LAHBPA to communicate with you.