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Reply to President Stanley Seelig's letter dated June 15, 2013
By: Arthur Morrell

I am one of the eleven board members of the HBPA. I have served on every board (6) since 1993. I served only a few months, 6 months, of the previous Board 2007-2010 because the election was proven fixed to keep some members from being reelected.

Mr. Seelig's letter has some truths but mostly lies or purposely not telling the horsemen the whole truth.

I supported Stanley Seelig in his bid for the presidency nearly three years ago only because he expressed his true concern for the horsemen. But, last week, it was confirmed that Stanley tried to sell, yes, "SELL" the presidency of your HBPA to another candidate. The condition of the sale was that that other candidate would guarantee that when he was elected President that he would appoint Stanley as the Executive Director of our HBPA. I realize now that that candidate had more integrity than Stanley, because he told me that he could not agree to Stanley's proposition, so Stanley stayed in the race.

I told you this because Stanley's letter is another bunch of lies and misleading statements.

As far as I can see, our Workers' Comp program is doing fine.

I do not know what prompted this letter from Stanley other than that he wanted John O'Brien to continue to be the broker for the HBPA/Workers Comp program.

First Stanley did not state in his letter that only, ONLY O'Brien, the contracted Broker of the HBPA's Workers' Comp program can get a quote from an insurance company. No other competing broker can get a quote! So, Andreini and company could not get a quote to bring to the table. The quote from Midland was not for O'Brien's personal use. That quote was to the HBPA/Workers' Comp program. O'Brien could not fold up the quote and take it away if he was not rehired by the Workers' Comp Trustees.

The only other thing any other brokers could compete with was the cost for handling insurance business of our workers' comp program.

We only received two bids from two brokers; Gallagher (John O'Brien) and Andreini.

Andreini gave us a price of \$100,000 to have the job as our broker.

Gallagher gave us a price of \$150,000 to remain our broker, the same as last year.

The trustees also learned that besides the \$150,000, Gallagher also received \$10,000 commission from other insurance companies for out-of-state coverage. Midland, who we had coverage last year only covered in state workers' comp coverage.

Andreini told the trustees that they would turn over any commission they receive to the workers' comp program. So, that meant Andreini's cost to be our broker would be \$90,000, a \$60,000 savings.

Andreini also guaranteed that they would use Midland and if some reason the cost for coverage went up, they would take the loss.

The \$125,000 bid change O'Brien agreed to was ill-advised because Andreini had already got the lower bid. This was not an auction. We asked for bids, Andreini came with the lowest bid, and even after O'Brien knew of Andreini's \$100,000 bid O'Brien still came with the \$150,000 bid.

That was a mistake by O'Brien. If you knew what Andreini's bid was, why didn't O'Brien just come back with a bid lower than \$100,000? It was almost like he knew he was going to get the brokers contract regardless what the other company bid was.

If O'Brien had come with the \$75,000 bid originally, he would have probably gotten the contract.

Stanley wasn't satisfied with the trustees choosing Andreini so he called for an emergency meeting of the HBPA Board to try to overturn the decision of the trustees.

In the meantime, Stanley asked the attorney for the HBPA to issue an opinion to support Stanley's view that the HBPA Board had final say-so on who would be the broker for the workers' comp program.

Every time Stanley and the board disagreed on an issue, he had our attorney issue an opinion and every time, he issued one favorable to Stanley's position, not the board's.

Stanley and the HBPA's attorney had earlier stated that the board needed to create four trusts; Medical, Retirement HIA and Workers' Comp to act independently of the HBPA Board to isolate the board from any liabilities of the four trusts. That was done and the four trusts were created.

The emergency meeting was held on Sunday, June 15, 2013 in Baton Rouge, LA.

The full board rejected Stanley and the HBPA's attorney's argument that the board had the final decision and refused to even entertain any overturning the decisions of workers' comp Trustees.

Stanley still was not satisfied, so he had a motion made, in essence, to get some members off the workers' comp trust that opposed his position. That also failed.

Stanley's actions would have opened the HBPA 1993, Inc to be liable for all liabilities of the workers' comp Trust. This would have every member of the HBPA liable for any lawsuit that went over the workers' comp limits. In other words, if someone got hurt and received a judgment for \$20 million after the limits of the workers' comp program had been exhausted (\$3 million), that injured person could come after the assets of the 1993, Inc (HBPA).

The board realized the exposure the HBPA would face so the board refused to interfere with the decision of the Workers' Comp trustees.

Stanley had O'Brien to appear before the full board's so he could give his pitch for continuing to be the broker at the reduced cost of \$75,000.

Some of the board members objected to O'Brien's presentation because the trustees had made their decision. And if the board tried to overturn the decision of the trustees, that would have breached the board's insulation from liability.

The board, however, had the authority to appoint the out of state broker. A motion was made and the board voted, 5 for O'Brien and 5 not for O'Brien. A tie? No! In a tie the president can cast the deciding vote. Stanley voted for O'Brien to handle the out-of-state workers' comp coverage. That cost the Workers' Comp program an additional \$20,000; the \$10,000 that O'Brien will get for handling out-of-state coverage and the \$10,000 savings we would have gotten from Andreini if he had gotten the contract.

The question that came up earlier was, if O'Brien can do the job for \$75,000, then why has he been getting \$160,000 in the past? No one had the answer.

I hope that this reply has answered some of your questions. If not, ask any of the trustee or board members who attended the meeting what happened.

Thank you,



Arthur A. Morrell