



**John Paul Jones Chapter
The Maryland Society
Sons of the American Revolution**

Annapolis, Maryland

1 April 2021



Meeting Minutes for 1 April 2021 Board of Managers Meeting

President Ron Shuey called a special meeting of the John Paul Jones (JPJ) Chapter Board of Managers (BOM) at 2:00pm on 1 April 2021 at the Glory Days Grill in Edgewater, MD to discuss the loss of funds from the Chapter's bank account. Present at this meeting were Chapter Presidents Ron Shuey, Chapter Vice President Kevin Eichleberger, Chapter Secretary Mark Deeds, and a number of Past Presidents including: Hall Worthington, Barry McKown, John Harvey, and Chris Beck. Also present was State Society President Gene Moyer and State Society Chancellor Charles Bogino online via Zoom.

A Summary of Information (See below) was provided to all attendees, which outlines the unauthorized withdrawal of at least \$10,650.00 from the JPJ Chapter accounts in a series of three withdrawals, the first being December 17, 2020, with the last on March 11, 2021, by Compatriot and Chapter Treasurer Michael J. Kelley, Jr. The summary also details all actions taken by Chapter Officers since the deficit was uncovered.

The BOM discussed options on fund recovery and the future disposition of Compatriot Kelley. Three potential resolution methodologies discussed were:

1. Criminal Prosecution, swearing out a formal legal complaint and turn over to the state for prosecution. Potential for criminal conviction; 1-5 years in prison potentially, or possible probation; effect on family who include young compatriots as well; concerns about restitution of funds and public scrutiny.
2. Civil Prosecution, Civil Suit againsts Compatriot Kelly for restitution of fraudulently taken Chapter funds for personal use, resulting in Civil judgement for restitution. Potential bankruptcy; additional legal costs to the Chapter, potential public scrutiny; concerns about effectiveness in full restitution; real leverage over Compatriot Kelly to fully comply, and not default again.
3. Negotiated Contract Repayment, Negotiate a Formal Written Contract for restitution based on his plan for returning the funds taken. Contract may be written to not



John Paul Jones Chapter

1 April 2021



limit any further actions to the Chapter if, for any reason, Compatriot Kelley fails to live up to the contract, including either Civil or Criminal Actions. If ultimately effective in reinstating funds, this also leaves further options open to the Chapter with regard to Compatriot Kelley's status, yet would seem likely to present the least possibility of public scrutiny into the matter, and or negative impact upon other family members who are fellow compatriots as well.

The BOM also believes it is critically important for Compatriot Kelley to address the Chapter Membership, explain his actions, and allow fellow Compatriots to comment. To that end the Chapter scheduled a special Chapter Meeting to provide Compatriot Kelley with that forum. This special meeting is scheduled for 10 April 2021 at 12:00pm at the Glory Days Grill, Edgewater, MD with a concurrent Zoom Meeting for those not able to attend in person. This meeting will be a member's only, single agenda item meeting. President Shuey called Compatriot Kelley during the meeting and received Compatriot Kelley's agreement to attend that meeting, and address the members of the Chapter.

The BOM will move forward with a full audit of Chapter assets covering the last two years and recover and all Chapter assets currently held by Compatriot Kelley.

It was noted that Compatriot Kelley belongs to several other genealogical organizations to which many of our members also belong. Compatriot Kelley during meetings with the Chapter President and Secretary, as well as the State SAR Secretary indicated he had no financial access to funding within other organizations. It is recommended that any members of those organizations review Compatriot Kelley's positions within any organizations he also is a member as to financial involvement, and if any found, suggest the organization might wish to audit their funds, if they have not recently due to some concerns found in our organization which are still under investigation, without mentioning specific person. We have no specific evidence he did anything fraudulent with any other individual or organization, nor any signed confessions even for our own losses. We do not wish to cause our Chapter potential legal action for accusations we have no way of proving, or any real evidence that he did anything to any other organization. That notwithstanding, an open ended, none judgmental, recommendation that they might wish to audit their funds, without specifics of why would be reasonable.



John Paul Jones Chapter

1 April 2021



During the meeting Compatriot Shuey indicated that Compatriot Kelley stated his plan only the night before in a telephone status call of paying his first installment in restitution this day, and forwarding to both the President and Secretary copies of the Receipt of those funds to the PNC bank account of the Chapter. Compatriot Deeds checked his email and found such a copy of the receipt as Compatriot Kelley. The Receipt was for \$1000. Compatriot Shuey also noted that Compatriot Kelley had indicated to him that to date, he has not received the COVID Relief Bill payment, which he expected to be approximately \$7000. In the plan Compatriot Kelley forwarded to the President, he indicated the payment of \$5000 back to the Chapter from that payment. Compatriot Kelley reiterated that plan as soon as he gets those funds in that phone conversation.

The BOM resolved to move forward with Negotiated Repayment Contract. State Chancellor Bogino is authoring a draft contract for BOM review and editing. The goal is to have a prepared contract available at the 10 April meeting.

The meeting was adjourned shortly before 4 PM.

Respectfully Submitted

Original Signed by Mark D. Deeds

Mark D. Deeds

Secretary

John Paul Jones Chapter

Maryland Society, Sons of the American Revolution



John Paul Jones Chapter

1 April 2021



Summary of Information Concerning the Misappropriation of Funds from the John Paul Jones Chapter Treasury.

Presented to the Chapter Board of Managers by
Ronald Shuey, President, John Paul Jones Chapter, MDSSAR, 1 April 2021

16 March 2021 I reviewed the Treasurer's Report for 2020 that Michael Kelley, our Chapter Treasurer had submitted, it seemed incomplete, so I went online to check bank records. I went to the online banking site for our treasury funds with PNC Bank to review their files. I found two large withdrawals from our Savings Money Market Account in December of 2020, and another smaller one in March of 2021 totaling \$10,650.00, all in the name of Michael Kelley. I first called Mark Deeds to report the issue, and make sure I had not missed some authorized plan for withdrawal and use of those funds. He assured me he knew of none. Then I called Michael Kelley. After dropping off his sons, he called me back, and admitted taking the funds to help his family cover an unexpected move because the rental house owner was going to sell their home. Asked if he could replace the funds by end of month, Mr. Kelley assured me he could, but remarked part of that was dependent on the COVID Relief Funds. I emphasized the criticality of reimbursing the funds ASAP, but gave no assurances, knowing full well the weight of such a crime. The call lasted only 3 minutes.

I called Mark Deeds again to notify him of my findings, and request he pass this on to the appropriate State Officers. Mark notified the Maryland State President, Gene Moyer, and the Chancellor, Charles Bogino. The Chancellor immediately recommended stopping all access of Mr. Kelley to our accounts, and placing a hold on them. I changed the account password that evening, and the next day placed a hold on the account against any sort of withdrawal, without identifying a specific reason barring any legal or SAR investigations, and potential retrieval of our funds.

17 March, Chancellor Bogino provided a formal letter to President Moyer indicating the actions of Compatriot Kelley, "as described, could constituted embezzlement or misappropriation of funds, or, possibly, both which could result in disciplinary action by the SAR and , potentially, criminal penalties." Chancellor Bogino provided a number of recommendations, thoughts and concerns, including:

1. Revoke Compatriot Kelley's to all SAR organizational funds.
2. Preservation of Evidence, including conversations and writings with Compatriot Kelley regarding the subject.
3. Investigate circumstances surrounding missing funds. Although he confessed, he could recant his confession.
4. Make attempts to recoup funds.
5. Under SAR Code of Business Ethics and Conduct MDSSAR must report the misappropriated or converted MDSSAR funds for his personal use.
6. Remove 2nd VP of MDSSAR's nomination for 1st VP.
7. Report loss to appropriate insurance carrier, if any.



John Paul Jones Chapter

1 April 2021



8. Obtain accountant advise whether loss requires report to IRS on Form 990 as significant diversion of assets.
9. "Carefully consider whether the taking of funds should be reported to law enforcement officials as case of embezzlement or misappropriation". Compatriot Kelley may be willing to return funds without the need for law enforcement. If unwilling the MDSSAR should seriously consider involvement of law enforcement.
10. At some point other members of John Paul Jones Chapter will need to be informed of the irregularities that occurred with Chapter financial accounts, thought this should be done as discreetly as possible without naming names.

The Chancellor recommended all steps be taken without delay, with the exception of 9 and 10.

I provided additional background info on the files I found, those submitted to the State Treasurer, Compatriot Kelley's family and the circumstances he had mentioned to me, as well as his stated commitment to return the funds. I know of no insurance that would cover such a loss. We have not contacted an accountant, but do need also to let Gary Neal, the State Treasurer, know of the loss, and the misinformation and missing info in Compatriot Kelley's reports.

24 March a meeting was held with Michael Kelley, Mark Deeds, Chris Christou, and Ron Shuey to discuss what he needed to do to help make amends for his actions, including finding work, resigning all leadership roles in our organization, and any others that he was in, while providing solid continuity within those organizations considering his extensive network of offices in quite a number of organizations. What good things he has accomplished in all those organizations, and our own are seriously in jeopardy if he could not push away from leadership roles, considering the extreme seriousness of what he had done, We talked about discussing it with his wife, but he said she is under medical attention for anxiety and depression. He added that both he and his daughter are also under a doctors care for anxiety issues. I told him I needed a written resignation as Treasurer, and also a formal plan for repayment of all funds. We also asked about other organizations, and how, or whether any of them were affected as well. He indicated none of them were, only the JPJ Chapter, since that was the only one in which he had direct access to funds.

Since that meeting, I understand Chris Christou has been working with him trying to help find him work. Chris, our State Secretary, in discussions with Michael indicated that the requirement for his family to move was not simply the owner wishing to sell the house, but that they had been late or had difficulty for sometime in paying the rent. Subsequently, and from this cue, Compatriot Bogino, the State Chancellor has checked some Maryland court records and found there have been, "multiple lawsuits filed against Compatriot Kelley and his wife by his landlord, so it looks as if the non-payment or late-payment of rent started in mid 2018, about a couple of years before the pandemic emergency began. So his difficulty paying rent appears not to have begun merely due to the pandemic, though I can't be sure of the cause, and, certainly, the situation with the pandemic shutdown surely didn't help." Concerns regarding this



John Paul Jones Chapter

1 April 2021



being more than a spur of the moment issue caused me to ask Compatriot Bogino for more detailed thoughts on what leverage our Chapter might have with regard to getting our funds back from Compatriot Kelley. The following were key sections of his response:

1. I think you could raise the possibility of expulsion, following the guidance outlined in the chapter by-laws that you reference. Of course, you should follow the notice provision to the letter, along with all other requirements outlined in that provision of your by-laws. I really think that Compatriot Kelley takes pride in membership in the SAR, as well as in other organizations to which he belongs. I don't think he'd like hearing that he could be kicked out. I could be wrong. But it may be a great motivator. If he doesn't appear to be motivated by it, well, you could follow through by invoking that provision.

2. The chapter could sue Compatriot Kelley to seek a judgment against him for the amount he took. The best venue for that would be Maryland state District Court, which handles cases up to \$30K. Bench trials, no juries. I used to spend a lot of time in those courthouses around the state dealing with such collection matters. There are a couple of problems with this course, however, though they are not insurmountable. First, we'd have to make sure that the chapter is a registered entity in Maryland in good standing with the state. That's easy to do if it's not at the moment, that is, registering it. Second, there are court costs, and service of process costs associated with going this route, though they are not huge, and can be awarded to the plaintiff, i.e., rolled into the judgment against Compatriot Kelley. Third, there is the time it takes to go through this process and the time spent down at the courthouse on the day of trial. Fourth, and which is the largest potential impediment here, so the chapter gets a judgment, then, if Compatriot Kelley still doesn't agree to pay, it just sits there. He owns no property, so there's no lien that can be applied. He doesn't have a job, so there are no wages to garnish. There would be a lot of time spent without getting a return. Also, while you could gently bring up the *possibility* with Compatriot Kelley that the chapter *could* sue to collect, please do not "threaten" a lawsuit if the chapter isn't really going to go forward with that route, as that could come with legal ramifications, however remote.

3. Call the cops, or, perhaps better, the Anne Arundel County state's attorney's office -- who still may tell you to call the cops. I really dislike this option. However, it is the least expensive one for the chapter in many ways. I still would like to think that we're not yet at that point. There will be a limitation, however, on how long we can wait to do that -- but we're still quite a ways off from that deadline. Having never practiced criminal law in the state of Maryland (or any state for that matter) I can't say what level of offense the misappropriation of \$10,000 amounts to -- but I'm reasonably certain that the level of offense is determined by amounts illegally taken.

Additionally, he sent this in a follow-on email in response to another question by Compatriot Deeds: "

I've searched both the Maryland state court dockets and Maryland federal court dockets. I do not find any money judgments entered against Compatriot Kelley as far as I can tell. The landlord-tenant actions were merely to regain possession of the property.



John Paul Jones Chapter

1 April 2021



I see no money judgment awarded. So I don't see anything along those lines. I cannot be totally certain that Compatriot Kelley has no other obligations that could result in garnishment or attachment or offset of funds due to him. However, and this is a big *however*, it's my understanding that the Covid-19 relief stimulus funds are not subject to garnishment or forfeiture. That was written into the bill. So the only question remains is whether, once Compatriot Kelley gets that money, whether he will voluntarily turn it over to the John Paul Jones Chapter. He may be overestimating what he may be entitled to; I'm uncertain. Or he may be correct. But \$7K isn't \$10K, and he'll have to come up with a plan to come up with the remainder.

Oh and one other thing that I forgot to mention regarding the possible option of obtaining a money judgment against Compatriot Kelley for the missing funds: as someone who has no assets to speak of, he could file for bankruptcy under Chapter 7 to get the judgment uncollectable. However, we could petition the bankruptcy court not to discharge that debt, as it was obtained by fraud. But it would just be another hoop to jump through. I'm not saying that scenario is likely -- but I'm trying to cover all possibilities that I can think of.

Best bet, just convince Compatriot Kelley to pay the chapter back.

Chancellor Bogino has graciously offered to join our meeting today incase you have further questions, but may have to do so via Zoom, which we will be able to accommodate at the restaurant.

I spoke with Compatriot Kelley last evening, and he indicated he has not received the COVID Relief check yet, but will have some funds to pay us today, and plans to bring that past my home this afternoon. I asked how much and he indicated at least \$1000.

With deep regret that I have to provide this information to you, I request that you keep it in confidence, at least until we have had time to discuss more fully the matter among the Board members.

Most respectfully,

Ron Shuey



John Paul Jones Chapter

1 April 2021



PNC BANK

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CHARLES VILLAGE (687)
12 EAST 25TH STREET
BALTIMORE, MD, 21218
Cashbox 05

Business Date APR 1, 2021
Calendar Date APR 1, 2021

Deposit		13:40
Transaction Number		00046
Account Type		Checking/Savings
Account Number		XXXXXX8444
Transaction Amount	\$	1,000.00
Cash Amount	\$	1,000.00

This deposit or payment is accepted subject to verification and to the rules and regulations of this bank. Deposits may not be available for immediate withdrawal. Receipt should be held until verified with your statement.

FOR MORE INFORMATION AND TRANSACTIONS