

UNITED STATES OLYMPIC COMMITTEE

IN THE MATTER OF)	
)	REPORT
)	AND
)	RECOMMENDATION
)	
USA JUDO'S PROBATION)	November 30, 2016

I. BACKGROUND

1. On February 27, 2015, Lynn Wooldridge-Thursby filed a Complaint against USA Judo (USAJ) pursuant to Section 220527 of the Ted Stevens Olympic and Amateur Sports Act (the "Act") and Section 10 of the USOC Bylaws.

2. On September 23 and 24, 2015, the Hearing Panel held a hearing on Complainant's claims.

3. The Hearing Panel issued its Report, Decision and Recommendation ("Decision") on December 1, 2015, which found that USAJ was not meeting its National Governing Body ("NGB") requirements as set forth in the Act and in Section 8 of the USOC Bylaws. The Hearing Panel recommended that the USOC Board of Directors:

- (a) adopt the Hearing Panel's finding regarding USAJ's non-compliance;
- (b) place USAJ on probation for a period of six (6) months; and,
- (c) adopt the Hearing Panel's recommendations regarding compliance issues that USAJ must address in order to fulfill its obligations as an NGB.

4. On December 15, 2015, the USOC Board found USAJ out of compliance and adopted the other recommendations contained in the Hearing Panel's December 1 Decision.

5. Additionally, the Board directed that the Hearing Panel retain continuing jurisdiction over this matter pursuant to Section 10.20 of the USOC Bylaws and after six (6) months report back to the USOC Board on USAJ's progress in coming into compliance.

6. After six (6) months had transpired, the Hearing Panel reported back to the USOC Board recommending that the USAJ's probationary period be extended for another six (6) months.

7. The Board adopted the Hearing Panel's recommendation on June 30, 2016, and directed the Hearing Panel to continue to monitor USAJ's compliance efforts and report back to the Board in December 2016.

8. The Hearing Panel met on November 23, 2016, and conducted a full review of USAJ's compliance efforts. This review included obtaining information from USAJ and speaking with the USOC NGB Organizational Development Division and the USOC Audit Division.

II. DECISION

9. The Hearing Panel, after considering all of the information before it, makes this recommendation to the USOC Board.

10. The Hearing Panel finds that USAJ is able at this time to sufficiently fulfill its NGB requirements and USOC membership obligations.

11. Accordingly, the Hearing Panel recommends that USAJ's probation be lifted. Further, that USAJ be returned to full NGB status and retain its membership in the USOC.

III. REPORT AND COMMENTS

A. Cooperation

12. Since being placed on probation, USAJ has been cooperative in providing information concerning its efforts to come into compliance. It has provided information to the Hearing Panel as well as to the USOC Membership Working Group and to the USOC Audit Division on an ongoing basis.

B. Compliance Steps

13. As reported in the Hearing Panel's Report of June 21, 2016, USAJ took a number of steps to address compliance issues during the first six months of probation. However, there were still a number of issues that the Hearing Panel determined needed attention. In its June 21 Report, the Hearing Panel identified the following issues:

- (a) **Finances.** USAJ must focus on raising its revenues in order to meet expenses. This includes staying within its budget and adopting a long term financial plan.
- (b) **Audit.** USAJ must address certain audit issues, including putting in place proper financial controls and implementing proper accounting practices.
- (c) **Ethics.** USAJ must make sure that its ethics and conflict procedures are being followed.
- (d) **Board.** USAJ must address vacancies in its Board leadership by conducting an election for Board seats.
- (e) **CEO.** As USAJ's CEO had resigned, USAJ must attend to finding a new CEO.
- (f) **Athletic Success.** USAJ must continue with athletic success internationally.

14. In order to further assess USAJ's progress in coming into compliance, the Hearing Panel requested that USAJ provide further information in the following areas:

- (a) **Monthly Financial Reports.** Financial reports should be provided to the USOC Audit Division so that USAJ's financial health can be assessed.
- (b) **Audit Recommendations.** USAJ should address the audit recommendations designated as "not implemented" and "in process" in the USOC Audit Division's June 7, 2016, follow-up review.
- (c) **Accounting support.** Outside accountant support needs to be provided for USAJ's Financial Director.
- (d) **Budget.** USAJ needs to approve a budget for 2017 prior to the end of 2016.
- (e) **Conflict statements.** Conflict statements for 2016 from employees and Board members must be received and reviewed and a plan must be in place for such review in 2017.
- (f) **Board Election.** Elections for new Board seats must be conducted.
- (g) **President Election.** USAJ must attend to the election of a new President.
- (h) **CEO Position.** USAJ should hire a new CEO is hired and have that person participate in a USOC "on-boarding" session.

15. After reviewing information and reports provided, the Hearing Panel has the following observations.

16. Although still of concern and in need of further attention, USAJ has taken action to improve its financial position. Part of this includes analyzing cost/revenue streams. It has attempted to reduce costs in a number of areas, including shutting down its Miami office. It is also discussing ways to find new revenue sources.

17. USAJ is attempting to increase membership revenue by building on its membership basis, including reaching out to its member clubs concerning lapsed memberships.

18. USAJ is taking steps to put in place a program to replenish funds taken from the American Judo Fund. These funds will be directed to its new foundation, the USA Judo Foundation.

19. With USAJ's cooperation, the USOC Audit Division conducted a follow-up review on November 8, 2016. Additionally, the USOC Audit Division reviewed USAJ's September financial records when it conducted the November audit. Additionally, the Hearing Panel and USOC Audit reviewed monthly financial reports provided to by USAJ for the months of July and August.

20. The financial records reviewed included: balance sheets, profit and loss, budget to actual, accounts receivable aging, accounts payable aging, cash projections, and bank reconciliations from May 2016 through August 2016. The reports agreed with one another and appeared to be accurate. Judo has been utilizing cash flow projections and made recent improvements to this process.

21. Additionally, USAJ is wrapping up its 2015 outside audit. Since USAJ changed its auditing firm, finalizing the audit has taken longer than anticipated. However, it is expected that USAJ will have a complete and accurate picture of its audited financials for 2015 when completed.

22. USAJ has either implemented or is in the process of implementing the audit recommendations contained in the June 7, 2016, USOC audit review. Implementation of recommendations not yet completed are in process and should be completed in the near future.

23. USAJ has contracted with a local CPA/business service to help with the more technical financial situations and ongoing monthly management services. This will alleviate many of the financial burdens placed on the Chief Operating Officer, who currently is responsible for handling USAJ financial matters, and allow for improved accounting practices.

24. The USOC Audit Division reviewed USAJ's draft 2017 budget when it conducted its November 8 review. The budget was approved by USAJ's Board on November 18, 2016.

25. USAJ confirmed that conflict forms are reviewed and that any potential conflicts are acted upon by the Conflict of Interest Review Committee.

26. USAJ reported that five Board seats were up for election. Elections have taken place for four of the five seats. Those are: Athletic Director, Independent Director, Coach Director and Group A Director. The fifth seat for At-Large Director will be filled shortly. The new Board members will take office on January 1, 2017. An on-boarding session will occur for the new Board members in January or early February 2017.

27. The current President of USAJ is coming off of the Board, so his position as President will terminate. The new President will be elected by members of the USAJ Board. This is expected to be one of the first matters of business for the Board in 2017.

28. USAJ conducted a search for the CEO position during the summer and fall of 2016. A new CEO was hired on August 15, 2016. That person immediately assumed responsibilities and has undertaken to guide USAJ in a positive direction. The CEO participated in onboarding sessions with USOC staff on November 7 and 8, 2016. Additionally, the CEO has

had several other informal conversations and meetings with USOC staff on issues relevant to USAJ.

29. USAJ had its best finish ever at the Rio 2016 Olympic Games with a Gold Medal, a Silver Medal and a 7th place finish. For country standings, this put USAJ in 5th place overall. Additionally, US athletes won two bronze medals at the Rio Olympic Paralympic Games.

30. USAJ is actively pursuing contributions for the newly created American Medals Reward Fund, which will mirror the USOC's Operation Gold Program.

31. USAJ has a vision for an American Judo Development System for athletes, coaches, referees and clubs that would include a collaborative approach by the triad of American Judo organizations.

32. USAJ is hoping to make its Senior National Championships an annual signature event by adding to the competition portion, Board and committee meetings, an annual assembly and a Night of Champions fundraising gala.

33. The Hearing Panel, after considering all of the information before it, finds that USAJ is able at this time to sufficiently fulfill its NGB requirements and USOC membership obligations.

34. Considering the progress that USAJ has made, and its impending plans, the Hearing Panel believes that USAJ has a bright future going forward. That being said, in order to reach its goals and become an exemplary NGB, USAJ must continue its efforts to better itself financially, organizationally and managerially. It is important that USAJ maintain a positive momentum going forward. From the Hearing Panel's perspective and review over the past year, success hinges on four important factors. First, USAJ must continue to grow its revenue and live within its budget. Second, the Board must focus on developing policy and providing strategic

direction. Third, there must be effective management of the day-to-day affairs of USAJ with attention to detail. Fourth, there must be a well thought out long range plan that is implemented and followed.

IV. RECOMMENDATION

35. Accordingly, the Hearing Panel recommends that the USOC Board lift USAJ's probation, return USAJ to full NGB status, and continue USAJ's membership in the USOC.

Dated this 30th day of November, 2016.



Max Cobb, Chair

Steve Mesler, Panel Member

James Gillenwater, Panel Member