

UNITED STATES OLYMPIC COMMITTEE

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| IN THE MATTER OF |) | |
| |) | FINAL REPORT |
| |) | AND |
| |) | RECOMMENDATION |
| |) | |
| USA TAEKWONDO'S PROBATION |) | October 10, 2013 |

I. BACKGROUND

1. This matter originated from two separate complaints filed on August 5, 2011, and on August 10, 2011, against USA Taekwondo (“USAT”) pursuant to Section 220527 of the Ted Stevens Olympic and Amateur Sports Act (the “Act”) and Section 10 of the USOC Bylaws. The two complaints were consolidated by the Hearing Panel by Order dated September 16, 2011.

2. On January 5 and 6, 2012, the Hearing Panel conducted a full evidentiary hearing. On February 27, 2012, the Hearing Panel issued its Report, Decision and Recommendation, which found that USAT was not meeting its National Governing Body (“NGB”) requirements and USOC membership obligations as set forth in the Ted Stevens Olympic and Amateur Sports Act (the “Act”) and the USOC Bylaws. The Hearing Panel recommended that the USOC Board of Directors find USAT non-compliant, place USAT on probation for six (6) months and take other corrective action to come into compliance.

3. On March 16, 2012, the USOC Board approved the Hearing Panel’s recommendation finding USAT out of compliance and placing USAT on probation for six (6) months, or until September 17, 2012.

4. Upon the recommendations of the Hearing Panel and approval by the USOC Board, USAT's probation was extended until March 21, 2013, and then again until September 17, 2013.

5. On each occasion, the Board directed that the Hearing Panel continue its jurisdiction over USAT.

6. The Hearing Panel continued to monitor and evaluate USAT's compliance efforts throughout the probationary period.

7. Also, a five person advisory committee was convened to assist USAT. This advisory committee was headed by Glenn Merry, one of the Hearing Panel members. Both the advisory committee and the Hearing Panel attempted to provide guidance to USAT as USAT attempted to deal with the many issues confronting it. When the advisory committee completed its assignment, the Hearing Panel, and in particular Glenn Merry, continued to offer advice and provide assistance to USAT.

8. On October 3, 2013, the Hearing Panel conducted a hearing regarding USAT's efforts to address its compliance issues. At the conclusion of the hearing the Hearing Panel determined to issue a Final Report and Recommendation to the USOC Board.

II. FINDING

9. The Hearing Panel, after considering all of the information before it, finds that USAT is able at this time to sufficiently fulfill its NGB requirements and USOC membership obligations. That being said, USAT still faces continuing challenges. Improvements can be made and USAT should continue its efforts to better itself managerially, organizationally and financially. It is important that USAT stay on track. It needs to take care that it doesn't revert to its past practices.

III. BASIS FOR FINDING

10. As stated previously, on October 3, 2013, the Hearing Panel conducted a hearing concerning USAT's efforts to meet its NGB obligations and its USOC membership requirements.

11. Prior to the hearing, the Hearing Panel requested, and USAT provided a number of documents and other information pertaining to its management, governance and financial capabilities. Also, the Hearing Panel requested that representatives of USAT be available to testify. Further, the Hearing Panel requested that certain USOC staff be available to provide information concerning USAT.

12. The following persons from USAT testified at the hearing on USAT's behalf:

- John Holloway, Chair of the Board
- Bruce Harris, Chief Executive Officer
- Jeff Walters, Chair of Audit Committee
- Don Parker, Former Chair of Ethics Committee
- Lynda Laurin, Athlete Board Member

13. USAT was represented at the hearing by attorney William J. Robers of Sparks Willson Borges Brandt & Johnson. Additionally, attorney Stephen A. Hess of Sherman & Howard, although not present at the hearing, provided legal counsel to USAT during the course of these proceedings.

14. The following staff appeared on behalf of the USOC:

- Benita Fitzgerald Mosley, Chief of Organizational Excellence
- Rick Adams, Chief of Sport Operations and NGB Relations
- Rachel Isaacs, Team Leader, Sport Performance
- Morane Kerek, Managing Director, Audit
- Bridget Toelle, Associate Director, Audit

15. The Hearing Panel of Susanne Lyons, Chair, Glenn Merry and Sarah Konrad heard evidence and took information at the hearing. Additionally, Gary L. Johansen, legal counsel to the Hearing Panel, and Lucy Denley, liaison to the Hearing Panel, attended the hearing.

16. At the hearing, in addition to the testimony received, USAT was allowed to submit any information it considered relevant. USAT was also allowed to comment on any information provided by USOC staff.

17. Further, the Hearing Panel was able to evaluate all of the information that had been presented to it as well as consider the insights gained about USAT during the eighteen months that USAT was on probation.

18. In making its finding and recommendation, the Hearing Panel considered the following key factors:

a) Organizational Structure. USAT established a Governance Task Force to review its governance structure. The Task Force made certain recommendations, including that USAT would be better served by having a Board that consisted of a majority of independent members. Additionally, the Task Force recommended that USAT's chair also be an independent Board member. In order to accomplish this without greatly increasing the size of its Board, USAT decreased the number of constituency based Board seats. The Task Force also recommended that USAT's membership categories be redefined and clarified. Finally, the Task Force restructured USAT's committees and redefined their responsibilities. This new organizational structure has been adopted by USAT. Certain members of the Board have either resigned or will be removed to accomplish the Task Force's recommendations.

b) Definition of Independence. USAT redefined its definition of independence to make certain that Board and committee seats are truly independent. USAT has pledged to fill the new independent Board and committee seats with individuals who are truly independent and who have the qualifications and interest that allows them to serve effectively.

c) Nominating Committee. USAT recognized that it needed, and it has established, a Nominating Committee that has as its primary purpose to identify, evaluate and recommend competent and dedicated individuals for Board and committee seats.

d) Finances. USAT has stabilized its financial situation. It adopted financial policies and procedures for ensuring financial safeguards going forward. It recognized the need to employ an individual with the necessary financial expertise and knowledge to assist USAT with its financial needs. It continues to make its loan repayments the USOC on a timely basis. That being said, the Hearing Panel recognizes that USAT still has financial concerns going forward. USAT needs to concentrate on increasing its revenue, on developing a sound budget, and on limiting debt.

e) Membership. USAT has increased its membership. Although this should be a continuing goal, it is a positive reflection on USAT's future outlook.

f) Strategic and High Performance Plans. USAT recognizes that it still has much to accomplish in developing effective and well thought out strategic and high performance plans. However, USAT understands this challenge and has pledged to make this a top priority going forward.

g) Grievances and Ethics Complaints. USAT has addressed the outstanding grievances and ethics complaints that have been filed with it. It has also revamped its grievance and ethics procedures to ensure that such grievances and ethics complaints are dealt with timely and fairly. Further, it has emphasized the importance of appointing Ethics and Judicial Committee members who are knowledgeable, effective and unbiased.


h) Athlete Competitiveness. The competitiveness of USAT's athletes in international events fell off in the last couple of years. However, athlete performance has recently improved and looks to be on a decidedly upward trend. Further, USAT recognizes and has pledged to provide the support and training necessary to field successful international teams. It also understands the need for developing effective grass roots programs.

i) Bylaws. Prior to the hearing, USAT provided the Hearing Panel with a number of proposed Bylaw amendments. These amendments clarified a number of Bylaw provisions and generally improved the Bylaws. Most importantly the amendments provided for the organizational changes mentioned above regarding membership categories, Board composition and committee effectiveness. On October 7, 2013, USAT passed the amendments. By passing the amendments, USAT indicated its willingness to make changes and move forward with a plan for future success.

IV. RECOMMENDATION

19. The Hearing Panel recommends that the USOC Board lift USAT's probation, return USAT to full NGB status, and continue USAT's membership in the USOC.

Dated this 10th day of October, 2013.



Susanne Lyons, Chair

Sarah Konrad, Panel Member

Glenn Merry, Panel Member