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CHIEF EXECUTIVE OFFICER

January 24, 2012

USOC Office of the General Counsel
c/o Lucy Denley
United States Olympic Committee
1 Olympic Plaza
Colorado Springs, CO 80909

Dear USOC Hearing Panel:

On behalf of USA Taekwondo's (USAT) Board of Directors, thank you for your efforts in assisting USAT in moving forward to become the model NGB that we all believe we can be.

The purpose of this letter is to respond to the Hearing Panel's January 10, 2012 Summary Decision, specifically Section II, "Remedy Phase." Per the Hearing Panel's request, USAT will address each of the suggestions in Section II(7) below:

a) Holding elections to repopulate USAT's Board.

Since January, 2011, USAT has been attempting to hold elections to repopulate its Board of Directors and we welcome the Hearing Panel's support in this remedy phase. USAT's proposed plan to hold elections for a "Transitional Board of Directors" that will serve USAT until December 31, 2013 is laid out in Exhibit A. USAT's current board agrees to amend USAT's existing bylaws to allow the proposal in Exhibit A to be executed.

b) Conducting a long range review of USAT's organizational structure and Board composition.

By agreeing to run and be seated on the Transitional Board of Directors, both individually and collectively, the Transitional Board of Directors agrees to prioritize a thorough review of USAT's Bylaws and structure. That review will happen between April 27, 2012, when the Transitional Board is seated, and August 1, 2013, when their organizational reform recommendations should be completed for implementation before December 31, 2013. The focus of the review will include, but not be limited to, the composition of the Board of Directors, the structure and governance of the State Associations, recognition and role of affiliate organizations, external and internal partnerships, membership development initiatives, etc.

In order to effectively conduct this review, the Transitional Board will be tasked with seeking input from both the current membership of USAT as well as those individuals and organizations who are not currently involved with USAT. The Transitional Board will be asked to create a governance model that is optimal for both the sport and art of taekwondo today and to enable future growth. The Transitional Board will also be asked to disregard both the past (USTU) and current structures (USAT) unless a review of those structures helps shape the future. Essentially, the Transitional Board will be asked to start with a blank sheet of paper to create a true national governing body for both the sport and art of taekwondo. Before implementation, the Transitional Board will be required to submit their recommendations to the USOC Hearing Panel or its designee for review.

USAT is also proposing that the Transitional Board not be eligible to run when the new Board is seated in January, 2014. USAT's rationale is that we don't want the Transitional Board's decisions to be clouded by concerns of how those decisions would impact their individual ability to be re-elected. This rationale is largely based on my personal experience in helping to reform 35 National Governing Bodies in my past role with the U.S. Olympic Committee. When decisions are tied to an individual's current Board seat or potential future seat, the conflict between what is right for the organization and what is right for the individual often becomes a challenge that impedes progress. By eliminating that conflict, all members of the Transitional Board should be able to focus solely on what is in the best interest of USAT.

While the complainants have previously voiced their concerns regarding this provision, USAT feels strongly about this requirement given a history of self-serving governance within USAT. In order to effectively reform USAT, those leading the process must be detached from real or perceived self-interests. Clauses like this are common in comprehensive reform situations. Finally, the complainants have claimed "good" people won't be willing to serve for a limited term. To the contrary, USAT believes that the "Transitional Board" role might be the most important function in USAT's history and if time of service is a priority for a potential director, they are likely not the self-less, change agent individual we seek.

Finally, the complainants have also previously circulated some potential future board structures (15 person, 20 person and 32 person). While USAT appreciates the fact that some thought was put into the future, USAT is hoping that the Transitional Board will go into the reform process without preconceived notions about what USAT should look like going forward. To do so without engaging both members and nonmembers alike is a disservice to the future of USAT. In addition, USAT does not necessarily agree with the complainants previously communicated philosophy that "bigger equals better" with respect to Board size.

c) Improving USAT's internal financial controls and financial situation.

USAT is committed to continuing the efforts that have already begun with respect to improving our internal financial controls and overall financial situation. With respect to the financial controls, USAT proposes the following:

1. USAT's CEO and Comptroller will meet with the USOC's Audit Department staff monthly to update our progress on compliance with the USOC Audit Report recommendations.
2. USAT will commit to initiating a search by March 15, 2012 to engage a more experienced accountant. Scope of that function (part-time, full-time, contractor, etc.) is still TBD.
3. USAT will agree to a follow-up audit by the USOC Audit Department commencing in June, 2012.

With respect to the overall financial situation, USAT has an approved, conservative 2012 budget that includes a surplus of nearly \$100,000. In addition, USAT will commit to the following:

1. Thoroughly monitoring performance against that budget monthly to make changes necessary if revenues and expenses aren't meeting expectations.
2. Continuing to work proactively with past due receivables.
3. Aggressively pursuing new revenue opportunities including developing new fundraising platforms, restructured membership programs and forging new partnerships.

d) Ensuring that USAT has ample athlete representation and involvement.

Athlete representation is a priority for USAT. In an effort to improve our athlete representation and involvement, USAT commits to the following:

1. Continue to involve Barb Kunkel, USOC AAC Alternate, in all Board of Directors activities until Eric Laurin's situation is resolved.
2. Hear Eric Laurin's complaint within the next 60 days which will either allow him to return to the Board of Directors or enable USAT to work with USAT's AAC to find a solution through 2012.
3. In an effort to more effectively capture active athlete feedback, USAT staff will lead athlete meetings at every USAT administered event.
4. USAT staff will hold quarterly conference calls with USAT's AAC.

e) Addressing grievance shortcomings.

In an effort to improve USAT's grievance process, USAT will:

1. Proactively work with complainants to informally resolve complaints before they become an official grievance.

2. Expand the size of the Judicial Committee to include at least 10 members.
3. Once a grievance is filed, the Chair of the Judicial Committee will select a three member hearing panel (including one athlete) to hear the complaint.
4. USAT will appoint a staff member to liaise with the Judicial Committee to track the progress, report updates to the Board of Directors and ensure timely adjudication.

f) **Effectuating better communication with USAT members and providing transparency with regard to its activities.**

USAT values constructive member feedback. In order to communicate more effectively with our membership, USAT commits to the following:

1. Posting financials, monthly newsletters, and biweekly Board of Director reports on USAT's website in a timely manner.
2. Within 45 days of the meeting, USAT will post approved minutes from Board of Director meetings.
3. USAT will schedule its Annual Meeting at USAT's National Championships every summer, the event that has the greatest number of USAT members in attendance. In addition, USAT will host a "town hall" meeting annually at the U.S. Open.
4. USAT will publish its annual State of the Sport report on USAT's website.
5. USAT will hold monthly conference calls with the State Presidents.
6. Once USAT's new USOC supported website is live in March, 2012, USAT will seek to create a "members only" page and discussion board within the framework of its website.

Thank you again for your efforts to help reform USAT. Please don't hesitate to contact me directly if you have any questions regarding any of USAT's proposal.

Sincerely,



Eric J. Parthen

cc: Gary Johansen
Rachel Isaacs
Stephen Hess
Ed Williams
Marty Mankamyer
Kevin Padilla
John Collins

Exhibit A – Election Plan to Repopulate USAT’s Board

USAT’s proposed plan to hold elections for a “Transitional Board of Directors” that will serve USAT until December 31, 2013 is laid out below:

Structure

Given that USAT is proposing a Transitional Board to guide the organization through 2013, USAT is currently recommending no changes to the fundamental structure of USAT’s Board that includes three (3) Independent Directors, two (2) Club Directors, one (1) Referee Director, one (1) Coach Director, two (2) Athlete Directors and one (1) Affiliate Organization Director (shared vote between two organizations).

In a good faith effort to compromise to reach a settlement, USAT had previously agreed to changing one of the Club Director positions to a State Association Director in its November 29, 2011 Settlement Proposal. However, after further consideration, including discussing this issue at a State Association Summit in Colorado Springs held on January 14, 2012, USAT is no longer recommending this change for the Transitional Board.

While the State Associations play an important role in USAT and that role might warrant Board representation in the future, USAT does not recommend adding a State Association Director at this point in time given the way they are currently structured. Some State Presidents are elected, some are appointed, and some are self-selected. There is no question the states are important but USAT recommends that the Transitional Board be tasked with determining what the State role should be within USAT and with respect to USAT governance, evaluating the current State structure, creating uniform Bylaws if necessary, etc.

Seats Eligible for Election

- **Club Directors (2)** – As discussed in the Hearing, the philosophy of the Large and Small Club Director seats was flawed from the start. Not only did it encourage clubs to not grow membership for fear of growing out of the “small club” category, the reality of our business is that small clubs are not “small,” they only happen to register a small number of their students with USAT. The example was Rich Shin, who would likely make a very good director, who was running for the Small Club seat with 33 schools and 6,000 students. Further, the way the eligibility was vetted was flawed given that three of the potential candidates (Herb Perez, Sang Oh, and Rick Shin) allegedly were not eligible with respect to the requirements. As a result of the above, USAT recommends that the two Club Directors positions be modified to include the following two requirements in order to be eligible to run: the club must have at least 15 registered members at the end of 2011 and the club must have a valid address where athletes are actively training. Assuming all the candidates who previously submitted the required materials in a timely manner to be Board candidates for both the Large and Small Club Board seats meet these requirements, they are considered eligible to run for these two Club Director seats. Candidates of record are David Keller, Eui Lee, Sang Oh, Herb Perez, Rick Shin, and Edward Givans. In addition, given the new

requirements, USAT will invite new candidates to apply. All candidates that are interested in running, including those that previously applied, will be required to submit an updated candidate application that documents their intent to run, addresses basic background information consistent with serving on a non-profit Board of Directors and confirms their consent with USAT's Code of Ethics and Conflict of Interest Policies. Those who submit their updated candidate application will be considered candidates for the Club Director seats (2) and will be eligible to be elected by all currently registered clubs using the process detailed later in Exhibit A.

- **Referee Director (1)** – In an effort to address the concern of some referees who felt that there was not enough notice for the new, stricter requirements, USAT will open up nominations again for the Referee Director position. To be eligible to run, an individual must be an International Referee. The requirements for “working at least two USAT operated events in each of the two years preceding the election” as well as the 25 signature requirement are both waived. The original nominees, including Elva Adams, Seung Hwan Kim and John Holloway, who submit an updated candidate application that documents their intent to run, addresses basic background information consistent with serving on a non-profit Board of Directors and confirms their consent with USAT's Code of Ethics and Conflict of Interest Policies, as well as the new nominees, will be eligible to be elected using the process detailed later in Exhibit A.
- **Coach Director (1)** – In an effort to address the concern of some coaches who felt that there was not enough notice for the new, stricter requirements, USAT will open up nominations again for the Coach Director position. To be eligible to run, an individual must be a coach. The requirements that “each nominee shall be a USAT Level 1 or higher registered Coach and registered club owner” as well as the 25 signature requirement are both waived. The original nominees, including Angel Aranzamendi, Brandon Meek and Sherman Nelson, who submit an updated candidate application that documents their intent to run, addresses basic background information consistent with serving on a non-profit Board of Directors and confirms their consent with USAT's Code of Ethics and Conflict of Interest Policies, as well as the new nominees, will be eligible to be elected using the process detailed later in Exhibit A.
- **Independent Directors (2)** – Two Independent Director seats will be up for election. Candidates must meet the requirements in USAT's Bylaws pertaining to Independent Directors and should bring skill (including financial per Sarbanes Oxley), experience, influence or diversity not otherwise found on the Board of Directors. Current candidates eligible to run include Brad Lunn, Marco Mack, Doug Sofranko, Trevor Neal and Don Parker. However, additional candidates may be recruited if the current candidate pool does not bring the necessary skill, experience, influence or diversity necessary to provide the Board of Directors an appropriate pool in order to address the Board's need to create a diverse and balanced Board. Independent Directors, who submit an updated candidate application that documents their intent to run, addresses basic background information consistent with serving on a non-profit Board of Directors and confirms their consent with USAT's Code of Ethics and Conflict of Interest Policies

will be eligible to be elected using the process detailed later in Exhibit A.

Existing Non-Athlete Board of Director Seats

The Board of Director seats that are not up for election above will continue to serve on USAT's Transitional Board of Directors. Those seats, with the corresponding director, are as follows:

- Independent Director – Marty Mankamyer
- Affiliate Organization Director – J.P. Choi and Russell Ahn share one vote

Athlete Board of Director Seats

Given that the USOC Bylaws mandate that athletes elect athletes and, USAT's priority of ensuring the Board of Directors contains a minimum of 20% active athlete participation, USAT will defer to USAT's Athlete Advisory Council (AAC) to get their recommendation for how to move forward with the existing Athlete Director seats. The USAT AAC's recommendation should be consistent with the Board terms detailed later in Exhibit A and should address both the current USOC AAC Director seat and how that seat is addressed for 2013 after a new USOC AAC representative is elected.

Election Process for the Open Seats

All candidates (both current candidates and potential new candidates) who are interested in running for the open seats must submit a new candidate application that documents their intent to run, addresses basic background information consistent with serving on a non-profit Board of Directors and confirms their consent with USAT's Code of Ethics and Conflict of Interest Policies. Once a candidate completes the application process, their candidate documents will be forwarded to the USOC Hearing Panel for vetting to ensure the candidate meets the minimum background requirements including compliance with USAT's Code of Ethics and Conflict of Interest Policies. If the USOC Hearing Panel is not willing or able to serve as the Vetting Committee, the USOC will select a mutually agreeable 3rd party executive search firm with experience in high level sports executive searches. The cost of the search firm shall be borne by USA Taekwondo unless otherwise decided by the USOC. The Vetting Committee will have access to the candidates and both USAT's staff and Ethics Committee as resources during the vetting process. Once all candidates are vetted, the Vetting Committee shall classify each candidate as either "qualified" or "unqualified". All qualified candidates will be placed on the ballot for election. The elections for each respective seat shall occur as follows:

- **Club Directors (2)** – All Club Director candidates who were deemed qualified by the USOC Hearing Panel or designee will be placed on a ballot for election and will be able to post a one page campaign statement on USAT's website (subject to the approval of USAT's CEO). Ballots will be sent by email to all eligible club members of USAT and posted on USAT's website. Completed ballots must be sent electronically to the USOC's Audit Division. Voters must identify themselves by membership number which will be cross referenced

against USAT records for eligibility. Each club would vote for two club directors however, each club can only submit one ballot. Duplicate ballots will be determined void. The two candidates with the most valid votes will be elected as the two Club Directors. A tie will be settled by a run off between the candidates who tied.

- **Referee Director** – All Referee Director candidates who were deemed qualified by the USOC Hearing Panel or designee will be placed on a ballot for election and will be able to post a one page campaign statement on USAT’s website (subject to the approval of USAT’s CEO). Ballots will be sent by email to all eligible referee members of USAT and posted on USAT’s website. Completed ballots must be sent electronically to the USOC’s Audit Division. Voters must identify themselves by membership number which will be cross referenced against USAT records for eligibility. One vote per eligible membership number. Duplicate votes will be determined void. The candidate with the most valid votes will be elected as the Referee Director. A tie by two or more individuals for the most votes will be settled by a run off between the candidates who tied for the most votes.
- **Coach Director** – All candidates who were deemed qualified by the USOC Hearing Panel or designee will be placed on a ballot for election and will be able to post a one page campaign statement on USAT’s website (subject to the approval of USAT’s CEO). Ballots will be sent by email to all eligible coach members of USAT and posted on USAT’s website. Completed ballots must be sent electronically to the USOC’s Audit Division. Voters must identify themselves by membership number which will be cross referenced against USAT records for eligibility. One vote per eligible membership number. Duplicate votes will be determined void. The candidate with the most valid votes will be elected as the Coach Director. A tie by two or more individuals for the most votes will be settled by a run off between the candidates who tied for the most votes.
- **Independent Directors (2)** – All candidates who were deemed qualified by the USOC Hearing Panel or designee will be forwarded to USAT’s Board of Directors after the above elections occur. The Board of Directors will select the two (2) Independent Directors using a process it determines that considers the make-up of the current directors and any skill (including financial per Sarbanes Oxley), experience, influence or diversity not otherwise found amongst the elected constituent directors. This process must be completed before a Board Chair is selected by a majority vote of the Transitional Board and before any USAT business can be conducted by the new USAT Board.

The current USAT Board will continue to govern USAT until the Transitional Board of Directors is seated.

Board of Director Terms

The Board of Directors as detailed above shall constitute the “Transitional Board of Directors.” The Board terms for the Transitional Board, including the new directors and the existing directors, shall end on December 31, 2013. This term is likely longer

than what the complainants will propose however; USAT believes the Transitional Board needs at least 18 months considering the workload that will be required for both their reform responsibilities and their traditional Board responsibilities. In addition, given that 2012 is an Olympic year, USAT's reform will likely lose some focus from the USOC, who we believe will be a critical partner in the reform process.

In an effort to ensure the new USAT Board terms align with the Olympic quadrennium, the initial two classes of Board members for the new reformed Board of Directors will include one rotation of staggered three (3) and five (5) terms starting in January, 2014 and ending in December, 2016 and December, 2018 respectively. All subsequent terms will be four (4) year terms ending in even years.

Election Timeline

The timeline for the above election shall be as follows:

- January 31, 2012 – Open call for nominations including for the Club Directors, Coach Director, Referee Director, and Independent Directors.
- February 17, 2012 – Nomination period closes for the Club Directors, Coach Director, and Referee Director. In addition, updated candidate applications must be submitted in all categories for previous candidates. The Independent Director recruiting window stays open until the new Board selects the Independent Directors.
- March 7, 2012 – Vetting process concludes. Qualified candidates notified.
- March 14, 2012 – One page campaign statements due to USAT CEO.
- March 19, 2012 – Campaign statements posted on USAT's website. Elections open and ballots are sent out accordingly.
- April 2, 2012 – Elections close and results are compiled by USOC Audit Division.
- April 6, 2012 – New Board is announced. Process begins to finalize two (2) Independent Director seats.
- April 27-29, 2012 – First USAT Board Meeting/Board Training during the National Team Trials in Colorado Springs, CO. Independent Directors will be seated and the Board Chair will be selected by the close of the meeting. Final Independent Director candidates may be asked to participate in the board training as part of their selection process.

Please note that this timeline may be adjusted based on how quickly this proposal is accepted and other factors that may be out of USAT's control (e.g., availability of the Vetting Committee, etc.) However, best efforts will be applied to protect the integrity of this timeline wherever possible.

Finally, given past proposals that have been submitted by the complainants, USAT would anticipate that our timeline is longer than what they will likely submit. USAT would prefer not to rush through the election process given the importance the Transitional Board will ultimately play for the future of this organization.

Board of Directors Financial Contribution Requirement

Given that USAT is in the process of developing new philanthropic fundraising platforms, all USAT Board members will be required to make a financial contribution to USAT. The amount of the donation will be up to the individual director and be confidential if the director chooses. USAT will strive for 100% participation from the seated directors.

Transitional Board Eligibility for Subsequent Boards

Recognizing the benefit of the Transitional Board of Directors being able to lead a reform process without the burden of worrying about how the reform could impact their ability to continue to serve after the transitional phase, members of the Transitional Board must agree that they are not eligible to run for the new Board that will be seated following the reform in January, 2014. Transitional Board members will be eligible to run for Board seats starting in January, 2017 and January 2019. The only exception to this policy is the USOC AAC representative if that position is included on the reformed Board of Directors to be seated in January, 2014.

As discussed in greater detail in Section b) above, the complainants have voiced strong opposition to this policy citing reasons like: “who would want to run for such a short term, USAT would only get less than optimum candidates, a policy like this punishes people, membership should decide”, etc. However, USAT continues to believe this is critical to our ability to maximize our potential in the long-term.

Bylaw Amendments

As previously mentioned, the current Board of Directors agrees to amend USAT’s Bylaws accordingly to implement the process above. Further, USAT recommends that future Bylaw amendments must be submitted in advance to the USOC Hearing Panel or it designee. This requirement will sunset after the new Board is seated in January, 2014.