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**From:** Cornell-Brown, Rowan  
**Sent:** Tuesday, March 13, 2018 2:45 PM  
**To:** [REDACTED]  
**Subject:** RE: information re: State of Vermont v. Emerge Family Advocates, et. al.  
**Attachments:** Emerge Family Advocates Documents.zip

Dear Ms. Nolde,

In response to your March 8, 2018 public records request, and our March 9, 2018 phone conversation—in which it was stipulated that court filings in our office's possession were sufficient to meet your request—attached please find a zipped folder containing filings made regarding State of Vermont vs. Emerge Family Advocates, et al., and in re Emerge Family Advocates, Inc.

Note that personal information has been redacted pursuant to 1 V.S.A § 317(c)(7).

Please don't hesitate to contact me with any further questions.

Best Regards,

**Rowan Cornell-Brown**  
Paralegal  
Consumer Protection & Antitrust Units  
Office of the Vermont Attorney General  
109 State Street  
Montpelier, Vermont 05609  
802-828-5507

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**From:** [REDACTED] [REDACTED] **On Behalf Of** Megan Nolde  
**Sent:** Thursday, March 8, 2018 12:28 PM  
**To:** AGO - Info <[AGO.Info@vermont.gov](mailto:AGO.Info@vermont.gov)>  
**Subject:** information re: State of Vermont v. Emerge Family Advocates, et. al.

To Whom It May Concern,

My request is for any and all information and documentation that is e-accessible or able to be digitally transferred regarding the court case titled, 'State of Vermont v. Emerge Family Services, et. al.'

This was during the tenure of Bill Sorrell, in 2014.

I am a graduate student in the Master's in Public Administration program at Virginia Commonwealth University in Richmond, VA. This information will be used for a class presentation in my Nonprofit Law, Governance, and Ethics class.

Thank you so much.

Best,  
Megan Nolde  
[REDACTED]

STATE OF VERMONT

2014 DEC -5 P 2:36

SUPERIOR COURT  
Washington Unit

CIVIL DIVISION  
Docket No. 544-10-14 Wncv

IN RE: EMERGE FAMILY ADVOCATES, INC. )  
 )  
 )

**MOTION FOR HEARING TO APPOINT RECEIVER**

On November 26, 2014, the Vermont Attorney General filed a Petition for Judicial Dissolution (“Petition”) requesting the appointment of Bruce Johnstone as a receiver to wind up the affairs and liquidate the assets of Emerge Family Advocates, Inc. (“Emerge”) in accordance with 11B V.S.A. § 14.32. Because of the potential danger to Emerge’s primary asset and impending actions by the Internal Revenue Service to place liens for payment of unpaid payroll taxes, the Attorney General requests that the Court schedule a hearing for appointment of a receiver as soon as possible. Unless the Court prefers to hear all matters at one time and that can be accomplished quickly, the Attorney General requests that the question of whether a Decree of Dissolution should be entered pursuant to 11B V.S.A. § 14.33 be left for a future hearing.

For the following reasons, the Attorney General recommends that the hearing be limited to the issue of appointment of a receiver:

1. The appointment of a receiver is the most pressing issue facing Emerge and requires less of the Court’s time to hear and consider than the larger question of dissolution. The hearing should take no more than half an hour. The recommended receiver, Bruce Johnstone, a retired banker and business owner (resume attached to the Petition as Exhibit C), will be available to be present in court at the time of the hearing.

Office of the  
ATTORNEY  
GENERAL  
109 State Street  
Montpelier, VT  
05609

2. Currently, no individual or entity is directly responsible for managing Emerge's main asset, its building and lands located on Lesle Drive, Hartford, Vermont. With the onset of winter weather and below-freezing temperatures, the value of this asset is in danger because it will either continue to consume Emerge's few liquid assets (through use of oil and electricity to maintain the property) or potentially suffer significant damage if not properly winterized and maintained.
3. Suzanne Lovell, the special trustee charged with reviewing Emerge's finances, received a Notice of Intent to Levy from the Internal Revenue Service on November 28, 2014, stating that if payment of \$14,563.65 is not made by December 21, 2014, the IRS would impose additional fines and a lien on Emerge's property. A representative of the IRS also told Ms. Lovell that the liens are for non-payment of payroll taxes for the first and second quarters of 2014, and that Emerge's 2013 federal tax filing (Form 990) is currently overdue.
4. All interested parties but one have accepted the certified mail containing the Attorney General's Petition and draft Order sent to them on November 26, 2014.

The Attorney General has received evidence that the following individuals or their agents have received the court documents: Joseph Verdine, Muriel Farrington, Thomas Trunzo, and Johanna Jaspersohn, the former board members of Emerge; Susan Baker Foster and Donald Foster, current owners of the Certificates of Deposit securing the two loans to Emerge made in 2007 for which a total of approximately \$85,000 is outstanding; and Judy Rex of the Vermont Center for Crime Victim Services and Timothy Brackett of the New Hampshire Department of Justice, Grants Management

Unit, representatives of the past major funders of Emerge (certified mail and return receipts or USPS Tracking information attached as Exhibit A).

The only potentially interested party<sup>1</sup> who has not accepted delivery of the Petition is Ramona Russell, former Executive Director of Emerge. Ms. Russell was notified on November 28, 2014, that certified mail – the Petition – was available for pickup (USPS Tracking information attached as Exhibit B). However, The Attorney General's Office understands that Ms. Russell is currently in the White River Junction area because she recently asked Ms. Lovell to send her mail from the Emerge offices.

For the foregoing reasons, and given the real need for immediate action, the Attorney General requests that the Court schedule a hearing as soon as possible to consider whether to appoint Bruce Johnstone to be the receiver and issue an appointing order pursuant to 11B V.S.A. § 14.32(c). (A proposed Order is submitted with this Motion for Hearing.)

Should the Court schedule a hearing to appoint a receiver, the Attorney General's Office will contact each interested party with the hearing information via telephone, email and first class mail. Regardless, each interested party is well aware of how the State is proceeding in this matter and none have objected to – and indeed many have helped formulate – this planned dissolution and appointment of a receiver.

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GENERAL  
109 State Street  
Montpelier, VT  
05609

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<sup>1</sup> Ms. Russell's interest in Emerge's future is somewhat questionable. Though she is a founder of the organization and was its sole employee, she recently resigned and thus no longer has a legal relationship with Emerge.

DATED at Montpelier, Vermont this 5th day of December, 2014.

Respectfully submitted,

STATE OF VERMONT

WILLIAM H. SORRELL  
ATTORNEY GENERAL

By: 

Wendy Morgan  
Todd W. Daloz  
Assistant Attorneys General  
Office of the Attorney General  
109 State Street  
Montpelier, VT 05609-1001  
(802) 828-5507  
Todd.Daloz@state.vt.us  
ERN 4721

Office of the  
ATTORNEY  
GENERAL  
109 State Street  
Montpelier, VT  
05609

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|---|----------------|
| Postage   | \$ 1.61        |
| Certified Fee                                     | 3.30           |
| Return Receipt Fee<br>(Endorsement Required)      | 2.70           |
| Restricted Delivery Fee<br>(Endorsement Required) |                |
| <b>Total Postage &amp; Fees</b>                   | <b>\$ 7.61</b> |

Sent To  
Street, Apt.  
or PO Box  
City, State

Joseph Verdine

PS Form 3800, August 2006 See Reverse for Instructions



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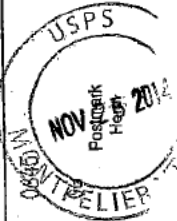
**OFFICIAL USE**

|   |                |
|---|----------------|
| Postage   | \$ 1.61        |
| Certified Fee                                     | 3.30           |
| Return Receipt Fee<br>(Endorsement Required)      | 2.70           |
| Restricted Delivery Fee<br>(Endorsement Required) | 0.00           |
| <b>Total Postage &amp; Fees</b>                   | <b>\$ 7.61</b> |

Sent To  
Street, Apt.  
or PO Box  
City, State

Johanna Jaspersohn

PS Form 3800, August 2006 See Reverse for Instructions



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece or on the front if space permits.

1. Article Addressed to:

Joseph Verdine,

2. Article Number

(Transfer from service label)

7013 0600 0001 3418 7988

PS Form 3811, July 2013

Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

- A. Signature  Agent  
 Addresssee
- B. Received by (Printed Name) C. Date of Delivery  
Joseph Verdine 12/1/14
- D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

- Certified Mail®
- Registered
- Insured Mail
- Priority Mail Express™
- Return Receipt for Merchandise
- Collect on Delivery

4. Restricted Delivery? (Extra Fee)

Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Johanna Jaspersohn

2. Article Number

(Transfer from service label)

7013 0600

PS Form 3811, July 2013

Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

- A. Signature  Agent  
 Addresssee
- B. Received by (Printed Name) C. Date of Delivery  
Johanna Jaspersohn 12/1/14
- D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

- Certified Mail®
- Registered
- Insured Mail
- Priority Mail Express™
- Return Receipt for Merchandise
- Collect on Delivery

4. Restricted Delivery? (Extra Fee)

Yes

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|   |                |
|---|----------------|
| Postage   | \$ 1.61        |
| Certified Fee                                     | \$3.30         |
| Return Receipt Fee<br>(Endorsement Required)      | \$2.70         |
| Restricted Delivery Fee<br>(Endorsement Required) | \$0.00         |
| <b>Total Postage &amp; Fees</b>                   | <b>\$ 7.61</b> |

Sent To  
 Street, or PO Box  
 City, St  
 ZIP+4®

Muriel Farrington  
 [Redacted]  
 [Redacted]

PS Form 3800, August 2006 See Reverse for Instructions



795 0600 0001 3418 2995

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|   |                |
|---|----------------|
| Postage   | \$ 1.61        |
| Certified Fee                                     | \$3.30         |
| Return Receipt Fee<br>(Endorsement Required)      | \$2.70         |
| Restricted Delivery Fee<br>(Endorsement Required) | \$0.00         |
| <b>Total Postage &amp; Fees</b>                   | <b>\$ 7.61</b> |

Sent To  
 Street, or PO Box  
 City, St  
 ZIP+4®

Thomas Trunzo  
 [Redacted]  
 [Redacted]

PS Form 3800, August 2006 See Reverse for Instructions



8008 8148 1000 0090 8102

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Muriel Farrington  
 [Redacted]

2. Article Number  
 (Transfer from service label)  
 7013 0600 0001 3418 7995

PS Form 3811, July 2013

Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 [Signature]  
 B. Received by (Printed Name)  
 MURIEL FARRINGTON

C. Date of Delivery  
 11/26/2014

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail®  
 Registered  
 Insured Mail  
 Priority Mail Express™  
 Return Receipt for Merchandise  
 Collect on Delivery

4. Restricted Delivery? (Extra Fee)  Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Thomas Trunzo  
 [Redacted]

2. Article Number  
 (Transfer from service label)  
 7013 0600 0001 3418 8008

PS Form 3811, July 2013

Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 [Signature]  
 B. Received by (Printed Name)  
 THOMAS TRUNZO

C. Date of Delivery  
 11/28/14

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail®  
 Registered  
 Insured Mail  
 Priority Mail Express™  
 Return Receipt for Merchandise  
 Collect on Delivery

4. Restricted Delivery? (Extra Fee)  Yes

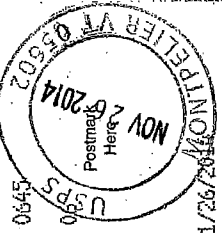
**U.S. Postal Service™ RECEIPT**  
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|  |           |               |
|--|-----------|---------------|
| Postage  | \$        | \$1.61        |
| Certified Fee                                  | \$        | \$3.30        |
| Return Receipt Fee (Endorsement Required)      | \$        | \$2.70        |
| Restricted Delivery Fee (Endorsement Required) | \$        | \$0.00        |
| <b>Total Postage &amp; Fees</b>                | <b>\$</b> | <b>\$7.61</b> |

Sent To: **Judy Rex, Executive Director**  
 Street or PO Box: **Vermont Center for Crime Victim Services**  
 City, State, ZIP+4: **58 South Main Street, Suite 1 Waterbury, VT 05676-1559**



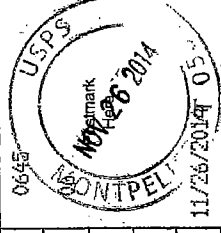
**U.S. Postal Service™ RECEIPT**  
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**OFFICIAL USE**

|  |           |               |
|--|-----------|---------------|
| Postage  | \$        | \$1.61        |
| Certified Fee                                  | \$        | \$3.30        |
| Return Receipt Fee (Endorsement Required)      | \$        | \$2.70        |
| Restricted Delivery Fee (Endorsement Required) | \$        | \$0.00        |
| <b>Total Postage &amp; Fees</b>                | <b>\$</b> | <b>\$7.61</b> |

Sent To: **Timothy Brackett**  
 Street or PO Box: **Grants Management Unit**  
 City, State, ZIP+4: **New Hampshire Dept. of Justice 33 Capitol Street Concord, NH 03301**



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
**Judy Rex, Executive Director**  
**Vermont Center for Crime Victim Services**  
**58 South Main Street, Suite 1**  
**Waterbury, VT 05676-1559**

2. Article Number (transfer from service label)  
**7013 0600 0001 3418 8046**  
 PS Form 3811, July 2013 Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
**X M. Meyer**  Agent  Addressee  
 B. Received by (Printed Name)  
**M. Meyer** C. Date of Delivery  
 D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail®  Priority Mail Express™  
 Registered  Return Receipt for Merchandise  
 Insured Mail  Collect on Delivery  
 4. Restricted Delivery? (Extra Fee)  Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
**Timothy Brackett**  
**Grants Management Unit**  
**New Hampshire Dept. of Justice**  
**33 Capitol Street**  
**Concord, NH 03301**

2. Article Number (transfer from service label)  
**7013 0600 0001 3418 8039**  
 PS Form 3811, July 2013 Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
**X J. Stevens**  Agent  Addressee  
 B. Received by (Printed Name)  
**J. Stevens** C. Date of Delivery  
**DEC - 1 2014**  
 D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail®  Priority Mail Express™  
 Registered  Return Receipt for Merchandise  
 Insured Mail  Collect on Delivery  
 4. Restricted Delivery? (Extra Fee)  Yes

7013 0600 0001 3418 8046

7013 0600 0001 3418 8039





# USPS Tracking™

Tracking Number: 7013060000134187971

Expected Delivery Day: Friday, November 28, 2014

## Product & Tracking Information

Postal Product:  
First-Class Mail®

Features:  
Certified Mail™

**DATE & TIME**

December 4, 2014, 1:05 pm

**STATUS OF ITEM**

Delivered

**LOCATION**

[Redacted]

**Email Updates**

Return Receipt Aft

Your item was delivered at 1:05 pm on December 4, 2014 in [Redacted]

November 28, 2014, 1:32 pm

Notice Left (No Authorized Recipient Available)

[Redacted]

November 28, 2014, 4:49 am

Arrived at Unit

[Redacted]

November 27, 2014, 10:53 pm

Departed USPS Origin Facility

WHITE RIVER JUNCTION, VT 05001

November 27, 2014, 4:47 pm

Arrived at USPS Origin Facility

WHITE RIVER JUNCTION, VT 05001

November 26, 2014, 9:13 pm

Departed USPS Facility

ESSEX JUNCTION, VT 05452

November 26, 2014, 8:23 pm

Arrived at USPS Origin Facility

ESSEX JUNCTION, VT 05452

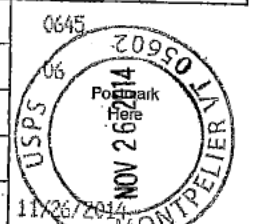
November 26, 2014, 3:49 pm

Acceptance

MONTPELIER, VT 05602

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| Postage  | \$ 1.61        |
| Certified Fee                                  | \$3.30         |
| Return Receipt Fee (Endorsement Required)      | \$2.70         |
| Restricted Delivery Fee (Endorsement Required) | \$0.00         |
| <b>Total Postage &amp; Fees</b>                | <b>\$ 7.61</b> |



7013 0600 0000 1341 8797

Sent  
 Street or PO  
 City

Susan Baker Foster  
 [Redacted]

PS Form 3800, August 2006 See Reverse for Instructions

## Track Another Package

Tracking (or receipt) number



# USPS Tracking™

Tracking Number: 7013060000134188053

Expected Delivery Day: Friday, November 28, 2014

## Product & Tracking Information

Postal Product:  
First-Class Mail®

Features:  
Certified Mail™

ESOR  
P1HE  
T000  
0090  
ET00  
7

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|   |                |            |
|---|----------------|------------|
| Postage   | \$ 1.61        | 0645       |
| Certified Fee                                     | \$ 3.30        | 21         |
| Return Receipt Fee<br>(Endorsement Required)      | \$ 2.70        |            |
| Restricted Delivery Fee<br>(Endorsement Required) | \$ 0.00        |            |
| <b>Total Postage &amp; Fees</b>                   | <b>\$ 7.61</b> | 11/26/2014 |



Sent To  
Street, A or PO Box  
City, State

Donald Foster

PS Form 3800, August 2006 See Reverse for Instructions

| DATE & TIME  | STATUS OF ITEM                                  | LOCATION                       | Email Updates      |
|--|---|--------------------------------|--------------------|
| December 4, 2014 , 1:05 pm   | Delivered                                       | [REDACTED]                     | Return Receipt Aft |
| Your item was delivered at 1:05 pm on December 4, 2014 in [REDACTED] |   |                                |                    |
| November 28, 2014 , 1:32 pm  | Notice Left (No Authorized Recipient Available) | [REDACTED]                     |                    |
| November 28, 2014 , 4:49 am  | Arrived at Unit                                 | [REDACTED]                     |                    |
| November 27, 2014 , 10:53 pm   | Departed USPS Origin Facility                   | WHITE RIVER JUNCTION, VT 05001 |                    |
| November 27, 2014 , 4:47 pm  | Arrived at USPS Origin Facility                 | WHITE RIVER JUNCTION, VT 05001 |                    |
| November 26, 2014 , 9:13 pm  | Departed USPS Facility                          | ESSEX JUNCTION, VT 05452       |                    |
| November 26, 2014 , 8:23 pm  | Arrived at USPS Origin Facility                 | ESSEX JUNCTION, VT 05452       |                    |
| November 26, 2014 , 3:42 pm  | Acceptance                                      | MONTPELIER, VT 05602           |                    |

## Track Another Package

Tracking (or receipt) number



# USPS Tracking™

Tracking Number: 7013060000134188022

**On Time**

Expected Delivery Day: Friday, November 28, 2014

## Product & Tracking Information

Postal Product:  
First-Class Mail®

Features:  
Certified Mail™

Retu

U.S. Postal Service™  
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WHITE RIVER JUNCTION, VT 05001

|   |                |                     |
|---|----------------|---------------------|
| Postage   | \$ 1.61        | 0645                |
| Certified Fee                                     | \$3.30         | 06                  |
| Return Receipt Fee<br>(Endorsement Required)      | \$2.70         | Postmark<br>Here    |
| Restricted Delivery Fee<br>(Endorsement Required) | \$0.00         | 11/26/2014<br>05602 |
| <b>Total Postage &amp; Fees</b>                   | <b>\$ 7.61</b> |                     |

Sent To

Raymona Russell  
Street, 7  
or PO B  
City, Sta

PS Form 3800, August 2009

See Reverse for Instructions

### DATE & TIME

### STATUS OF ITEM

### LOCATION

### Email Updates

November 28, 2014, 9:05  
am

Available for Pickup

Your item arrived at the [REDACTED] post office at 9:05 am on November 28, 2014 and is ready for pickup. Information, if available, is updated periodically throughout the day. Please check again later.

November 28, 2014, 8:49  
am

Available for Pickup

November 28, 2014, 4:49  
am

Arrived at Unit

November 27, 2014, 10:53  
pm

Departed USPS Origin  
Facility

WHITE RIVER  
JUNCTION, VT 05001

November 27, 2014, 4:47  
pm

Arrived at USPS Origin  
Facility

WHITE RIVER  
JUNCTION, VT 05001

November 26, 2014, 9:13  
pm

Departed USPS Facility

ESSEX  
JUNCTION, VT 05452

November 26, 2014, 8:23  
pm

Arrived at USPS Origin  
Facility

ESSEX  
JUNCTION, VT 05452

November 26, 2014, 3:46  
pm

Acceptance

MONTPELIER, VT 05602



DATED at Montpelier, Vermont this 16th day of December, 2014.

Respectfully submitted,

STATE OF VERMONT

WILLIAM H. SORRELL  
ATTORNEY GENERAL

By:

A handwritten signature in black ink, appearing to read "Wendy Morgan", is written over a horizontal line.

Wendy Morgan  
Todd W. Daloz  
Assistant Attorneys General  
Office of the Attorney General  
109 State Street  
Montpelier, VT 05609-1001  
(802) 828-5507  
Todd.Daloz@state.vt.us  
ERN 4721

Office of the  
ATTORNEY  
GENERAL  
109 State Street  
Montpelier, VT  
05609

STATE OF VERMONT

SUPERIOR COURT  
Washington Unit

CIVIL DIVISION  
Docket No. 718-11-14 Wncv

IN RE: EMERGE FAMILY ADVOCATES, INC. )  
 )  
 )

**AFFIDAVIT OF ROWAN CORNELL-BROWN**

1. My name is Rowan Cornell-Brown, and I am a Legal Assistant in the Public Protection Division of the Vermont Office of the Attorney General.
2. Following the Office of the Attorney General’s filing of a Petition for Judicial Dissolution of the Emerge board on November 26, 2014, the Public Protection Division worked to ensure that copies of this Petition were sent to all interested parties, including:
  - a. Timothy Brackett, Grants Manager for the New Hampshire Department of Justice, a major funder of Emerge;
  - b. Muriel Farrington, former Emerge board secretary and board member since approximately 2008;
  - c. Donald Foster, co-owner of two certificates of deposit that serve as security for Emerge’s line of credit and property loan with Mascoma Savings Bank;
  - d. Susan Foster, co-owner of two certificates of deposit that serve as security for Emerge’s line of credit and property loan with Mascoma Savings Bank;
  - e. Joanna Jaspersohn, former Emerge board member since 2014;
  - f. Judy Rex, director of Vermont Center for Crime Victim’s Services, a major funder of Emerge;
  - g. Raymona Russell, the founder and executive director of Emerge;

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Montpelier, VT  
05609

- h. Thomas Trunzo, former Emerge board treasurer and board member since approximately 2011;
- i. Joseph Verdine, former Emerge board president and board member since approximately 1998.

3. The Public Protection Division sent copies of the Petition for Judicial Dissolution via certified U.S. mail to the following interested parties:

- a. Timothy Brackett;
- b. Muriel Farrington;
- c. Donald Foster;
- d. Susan Foster;
- e. Joanna Jaspersohn;
- f. Judy Rex,;
- g. Raymona Russell;
- h. Thomas Trunzo;
- i. Joseph Verdine.

4. I personally reviewed signed receipts and/or online tracking results certifying that all of the above recipients signed for or received their packages, save for Raymona Russell. In Ms. Russell's case, the envelope containing her copy of the Petition arrived at the address on file, but was never picked up and was eventually returned.

5. Following the Court's notice that a hearing to appoint a receiver would take place on December 18, 2014, at 1:30 pm, I personally contacted or made efforts to contact the following parties through the following methods:

- a. Timothy Brackett:

- i. On December 10, 2014, I sent a copy of the Court's Notice of Hearing to Mr. Brackett via U.S. mail and email.
- ii. On December 11, 2014, Mr. Brackett responded to the above mentioned e-mail with a clarifying question. I was copied on an email response to Mr. Brackett sent by Assistant Attorney General Wendy Morgan, which answered Mr. Brackett's question.
- iii. The above email correspondence made clear to me that Mr. Brackett had received notice of the Court's hearing, and was therefore aware of the time and date of the hearing.

b. Muriel Farrington:

- i. On December 10, 2014, I sent a copy of the Court's Notice of Hearing to Ms. Farrington via U.S. mail and email.
- ii. On December 11, 2014, Ms. Farrington responded to the above mentioned e-mail with a clarifying question. I was copied on an email response to Ms. Farrington sent by Attorney Morgan which answered Ms. Farrington's question.
- iii. The above email correspondence made clear to me that Ms. Farrington had received the Court's Notice, and was therefore aware of the time and date of the hearing.

c. Donald Foster:

- i. On December 10, 2014, I sent a copy of the Court's Notice of Hearing to Mr. Foster via U.S. mail and email.



- ii. On December 11, 2014, I called Donald Foster's residence and spoke with his wife, Susan Foster, who is also an interested party. Ms. Foster assured me that Mr. Foster had received the Notice of Hearing.
  - iii. On December 19, 2014, I received a voicemail from Mr. Foster, in which he confirmed to me that he knew of the hearing ahead of time, and had chosen not to attend.
  - iv. He followed up on this voicemail on December 20, 2014, with a written acknowledgement via email that he had been notified of the hearing.
- d. Susan Foster:
- i. On December 10, 2014, I sent a copy of the Court's Notice of Hearing to Ms. Foster via U.S. mail and email.
  - ii. On December 11, 2014, I spoke with Ms. Foster by telephone. She confirmed that she had received my email and was aware of the time and date of the hearing.
- e. Joanna Jaspersohn:
- i. On December 10, 2014, I sent a copy of the Court's Notice of Hearing to Ms. Jaspersohn via U.S. mail and email.
  - ii. On December 11, 2014, I called Ms. Jaspersohn at two different telephone numbers but was unable to reach her directly. I ultimately left a message on the voice mail associated with one of the numbers asking her to confirm receipt of our email and to contact me if she had any questions or wished to attend the hearing.

- iii. On December 12, 2014, I called a third number for Ms. Jaspersohn that appeared to be her work telephone. My call was answered by Thomas Trunzo, another interested party, who confirmed that Ms. Jaspersohn no longer worked at that office. He informed me that her father was very ill, and she could potentially be reached via her father's telephone number, which he provided for me.
- iv. Following my telephone conversation with Mr. Trunzo, I called Ms. Jaspersohn's father's number, but no one answered.
- v. On December 15, 2014, I e-mailed Mr. Trunzo to ask if he could confirm that Ms. Jaspersohn knew about the hearing.
- vi. I was informed by Attorney Morgan that Mr. Trunzo had confirmed to her in person that Ms. Jaspersohn was aware of the hearing.
- vii. On December 19, 2014, I sent a follow-up email to Mr. Trunzo, asking him to confirm that he had knowledge that Ms. Jaspersohn was aware of the hearing prior to December 18.
- viii. Mr. Trunzo responded to my email that same day, confirming that Ms. Jaspersohn has informed him that she had received notice of the hearing in advance and that she chose not to attend the hearing.
- ix. The above email correspondence with Mr. Trunzo made it clear to me that Ms. Jaspersohn had received the Court's Notice, and was therefore aware of the time and date of the hearing.

f. Judy Rex:

- i. On December 10, 2014, I sent a copy of the Court's Notice of Hearing to Ms. Rex via U.S. mail and email.
- ii. On December 11, 2014, Ms. Rex responded to the above mentioned e-mail with a clarifying question. I was carbon-copied on an email from Attorney Morgan which answered Ms. Rex's question.
- iii. The above email correspondence made clear to me that Ms. Rex had received the Court's Notice, and was therefore aware of the time and date of the hearing.

g. Raymona Russell:

- i. On December 10, 2014, I sent a copy of the Court's Notice of Hearing to Ms. Russell via U.S. mail and email.
- ii. On December 11, 2014, I spoke with Ms. Russell by telephone. During our conversation, she confirmed to me that she had received the email, and was aware of the time and date of the hearing.
- iii. On December 12, 2014, Ms. Russell sent Attorney Morgan and me an email asking clarifying questions about the hearing.
- iv. On December 23, 2014, I reviewed multiple emails between Attorney Morgan and Ms. Russell that had occurred on December 22 and 23, 2014.
- v. Based on my telephone conversation with Ms. Russell, as well as the above mentioned email correspondence, I am certain that Ms. Russell was

aware of the time and date of the hearing to appoint a receiver, and was aware that she had the option to attend.

vi. To the best of my knowledge, correspondence between Attorney Morgan and Ms. Russell is ongoing.

h. Thomas Trunzo

i. On December 10, 2014, I sent a copy of the Court's Notice of Hearing to Mr. Trunzo via U.S. mail and email.

ii. On December 11, 2014, I spoke with Mr. Trunzo by telephone. He confirmed receipt of the email and his awareness of the time and date of the hearing.

iii. He informed me that he was interested in attending the hearing.

iv. I understand from a conversation with Attorney Morgan that Mr. Trunzo did attend the hearing.

i. Joseph Verdine:

i. On December 10, 2014, I sent a copy of the Court's Notice of Hearing to Mr. Verdine via U.S. mail and email.

ii. On December 11, 2014, Mr. Verdine replied via email, informing me that he would not be attending the hearing.

iii. The above email correspondence made clear to me that Mr. Verdine had received the Court's Notice, and was therefore aware of the time and date of the hearing.

6. Following the hearing before the Court on December 18, 2014, Attorney Morgan informed me that two additional individuals were to be considered interested parties to

this action, and she forwarded correspondence she had had with these individuals for my review.


a. Suzanne Lovell, Special Trustee appointed by the former Emerge board:

- i. On December 22, 2014, Attorney Morgan sent me her email correspondence with Ms. Lovell detailing the issues surrounding the Attorney General's filing of the Petition for Judicial Dissolution and Appointment of a Receiver and informing her of the Attorney General's decision to seek appointment of Bruce Johnstone as a receiver.
- ii. The correspondence I reviewed made clear to me that Ms. Lovell was aware of the time and date of the hearing to appoint Mr. Johnstone as receiver and was supportive of said appointment.

b. Sara Kobylenski, Executive Director of the Upper Valley Haven and former interim coordinator of services at Emerge:

- i. On December 22, 2014, Attorney Morgan sent me her email correspondence with Ms. Kobylenski detailing the issues surrounding the Attorney General's filing of the Petition for Judicial Dissolution and Appointment of a Receiver and informing her of the Attorney General's decision to seek appointment of Bruce Johnstone as a receiver.
- ii. The correspondence I reviewed made clear to me that Ms. Kobylenski was aware of the time and date of the hearing to appoint Mr. Johnstone as receiver and was supportive of said appointment.

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05609

 on 12/23/2014  
Rowan Cornell-Brown

Subscribed and sworn to before me at Montpelier, Vermont, this 23 day of December, 2014.

Ruth A. Hooper  
Notary Public

My Commission Expires:

2/10/15

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05609

VT SUPERIOR COURT  
WASHINGTON UNIT  
STATE OF VERMONT

SUPERIOR COURT  
Washington Unit

CIVIL DIVISION

2014 DEC 30

Docket No. 718-11-14 Wncv

IN RE: EMERGE FAMILY ADVOCATES, INC. )  
)

**ORDER FOR APPOINTING A RECEIVER**

Upon reviewing the Petition for Judicial Dissolution and the associated papers, filed by the Attorney General on November 26, 2014, and December 23, 2014, and following a hearing on the Attorney General's request to appoint a receiver, held at the Washington Superior Courthouse in Montpelier on December 18, 2014, pursuant to 11B V.S.A. § 14.32 the Court hereby Orders as follows:

1. Bruce N. Johnstone is hereby appointed as receiver with all the necessary power and authority to preserve the assets of Emerge Family Advocates, Inc. ("Emerge") and protect the rights of Emerge's lawful creditors.
2. Pursuant to 11B V.S.A. § 14.32(c)(1)(A), Mr. Johnstone is authorized to dispose of all assets of Emerge, wherever located, at public or private sale, including, without limitation, liquidating the building and lands Emerge owns, located at 95 Lesle Drive in White River Junction, in the Town of Hartford, Vermont, the deed of which is recorded in the Town of Hartford's land records at Book 423, Page 565.
3. Pursuant to 11B V.S.A. § 14.32(c)(1)(B), Mr. Johnstone may sue and defend in his own name as the receiver of Emerge in all courts in this state.
4. Mr. Johnstone is authorized to pay any outstanding debts and obligations Emerge has and is responsible for identifying the lawful creditors and determining the priority status of same, as required by law. He is additionally authorized to make payment to said

creditors according to their priority status and by such negotiated terms as are lawful and reasonable in his judgment.

5. After payment of all lawful creditors, Mr. Johnson is authorized to dispose of any remaining assets, subject to any applicable charitable trust or other restriction and with the Court's prior authorization, to any nonprofit organization providing services to children and families in the Upper Valley.
6. Mr. Johnstone shall submit a quarterly report to the Court detailing the assets of Emerge and their current disposition, including any appraisal of Emerge's property in the Town of Hartford, referenced in ¶ 2. Such report shall be submitted within 30 days of the end of the calendar quarter, beginning with the quarter that ends on March 31, 2015.
7. Following submission of his first report, as detailed in ¶ 6, the Court may authorize payment from the existing assets of Emerge for Mr. Johnstone's reasonable expenses, including any bookkeeping assistance, real estate appraisal, or legal counsel he may require.
8. Mr. Johnstone shall be paid a reasonable rate as authorized by the Court.
9. Mr. Johnstone must post a personal bond before entering upon the discharge of his duties as Receiver as described in this Order.

SO ORDERED this 30<sup>th</sup> day of December, 2014

By: Mary Miles Teachout  
Hon. Mary Miles Teachout



STATE OF VERMONT

SUPERIOR COURT  
Washington Unit

CIVIL DIVISION  
Docket No. 718-11-14 Wncv

IN RE: EMERGE FAMILY ADVOCATES, INC. )  
 )  
 )

**MOTION TO AMEND THE ORDER APPOINTING A RECEIVER**

On December 30, 2014, the Vermont Superior Court, Washington Unit, Civil Division, issued an order appointing Bruce Johnstone as the Receiver for Emerge Family Advocates (“Appointing Order”). Recently, Mr. Johnstone informed the Attorney General that Emerge lacks sufficient funds to pay for the essential services required to preserve Emerge’s assets (i.e. utilities, insurance and maintenance), and he cannot obtain necessary short-term financing under the terms of the Appointing Order.

For the following reasons, as supported by the attached Affidavit of Receiver Bruce N. Johnstone (“Johnstone Affidavit”), the Attorney General requests that the Court amend the Appointing Order as detailed in the Proposed Amended Order for Appointing A Receiver, attached to this Motion.

1. Mr. Johnstone has been operating as the receiver for approximately a month, during which time Emerge has continued to incur certain necessary operating expenses. At the same time Emerge’s cash resources have dwindled to near zero (currently approximately \$300). See Johnstone Affidavit ¶¶ 1-9.
2. Mr. Johnstone has negotiated a delayed payment for some creditors (e.g. property appraiser) in order not to completely exhaust Emerge’s accounts; however, other

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creditors (e.g. fuel oil delivery and electric utility) require prompt monthly payment to continue their services. *Id.* ¶¶ 4-10.

3. These utility services requiring prompt payment, along with the essential maintenance and property insurance policy for Emerge’s sole significant asset – the property located at 95 Leslie Drive in Hartford (the “Leslie Drive property”) – are necessary to preserve Emerge’s assets, and if they are unpaid, Mr. Johnstone runs a significant risk of being unable to realize the maximum value of these assets. *Id.* ¶¶ 10, 17.
4. The Appointing Order grants Mr. Johnstone “all the necessary power and authority to preserve the assets of Emerge ... and protect the rights of Emerge’s lawful creditors[,]” which was intended to include incurring reasonable debt to protect Emerge’s assets. Appointing Order (Dec. 30, 2014) ¶ 1.
5. However, when Mr. Johnstone has approached local financial institutions seeking a line of credit or small loan to pay these necessary expenses, they have informed him that he cannot receive said financing unless he has an affirmative statement granting him authority to incur debt. Johnstone Affidavit ¶ 14.
6. In estimating the scale of this short-term financing, Mr. Johnstone believes Emerge will not require more than \$7,500 to pay its future obligations, such as the essential utility payments, insurance premiums, and critical maintenance. *Id.* ¶¶ 6-9, 11.
7. The recently completed appraisal of the Leslie Drive property suggests that the sale of said property will likely be sufficient to repay this loan amount with funds remaining to repay most of Emerge’s currently identified obligations, which presently total approximately \$185,000. *Id.* ¶¶ 4, 12.

8. In essence, incurring short-term debt now will not materially affect Emerge's ability to pay its debts, and failure to pay these essential expenses will likely significantly decrease the value of the Leslie Drive property, making it more difficult to pay Emerge's creditors.
9. Per the Appointing Order, any borrowed funds would not be available to pay Mr. Johnstone's other reasonable expenses, "including any bookkeeping assistance, real estate appraisal, or legal counsel he may require." Appointing Order (Dec. 30, 2014) ¶ 7. And Mr. Johnstone will provide details on any borrowing activity to the Court in his quarterly reports. *Id.* ¶¶ 15, 16.
10. Therefore, the Attorney General, on behalf of Mr. Johnstone, requests that the Court amend the Appointing Order by adding the following as a new paragraph 5:

Mr. Johnstone additionally is authorized to incur limited debt on behalf of Emerge, up to \$7,500, for the purposes of paying reasonable expenses necessary for preserving the assets of Emerge (e.g. utility payments, insurance premiums, necessary maintenance) and winding up its corporate affairs.

11. The Attorney General additionally requests further minor amendments consistent with the above request, as detailed in the Proposed Amended Order submitted with this Motion.

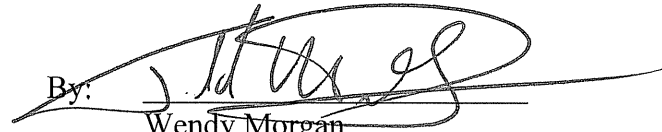
DATED at Montpelier, Vermont this 12th day of February, 2015.

Respectfully submitted,

STATE OF VERMONT

WILLIAM H. SORRELL  
ATTORNEY GENERAL

By:



~~Wendy Morgan~~  
Todd W. Daloz  
Assistant Attorneys General  
Office of the Attorney General  
109 State Street  
Montpelier, VT 05609-1001  
(802) 828-5507  
Todd.Daloz@state.vt.us  
ERN 4721

Office of the  
ATTORNEY  
GENERAL  
109 State Street  
Montpelier, VT  
05609

STATE OF VERMONT

SUPERIOR COURT  
Washington Unit

CIVIL DIVISION  
Docket No. 718-11-14 Wncv

IN RE: EMERGE FAMILY ADVOCATES, INC. )  
  )  
  )

**AFFIDAVIT OF RECEIVER BRUCE N. JOHNSTONE**

1. My name is Bruce N. Johnstone, and, per a December 30, 2015 Order of the Vermont Superior Court, I am the duly appointed receiver of Emerge Family Advocates, Inc. (“Emerge”).
2. In my role as receiver, over the past month I have become acquainted with the financial position of Emerge.
3. After paying various on-going expenses, Emerge currently has approximately \$300 in cash in its sole bank account, and there is no foreseeable income.
4. Emerge’s current outstanding debt is approximately \$185,000, including a tax lien, fees, back taxes and penalties from the IRS, along with balances due various other vendors. I have successfully negotiated delayed payment to some of these creditors.
5. Emerge also has on-going costs associated with maintaining its property at 95 Leslie Drive in Hartford (“Leslie Drive property”), specifically paying for heating oil and electricity, along with a monthly property insurance premium and necessary maintenance costs. These costs are essential expenses for preserving the value of this asset.
6. I estimate that the cost of heating the Leslie Drive property for the remainder of the heating season will be approximately \$1500.

7. I estimate that the cost of electricity for the Leslie Drive property for the next eight months – by which time I anticipate the property will be sold – will be approximately \$800.
8. The monthly insurance premium for the Leslie Drive property is approximately \$100, or \$800 for the next eight months.
9. I estimate that essential maintenance on the Leslie Drive property (including snow plowing necessary to permit access to the property for utility service and possible real estate showings) will be approximately \$1000.
10. The vendors who provide the goods and services detailed in the preceding paragraphs (¶¶ 6-9) require prompt payment from Emerge or they will not continue delivering these vital goods and services.
11. I believe that the sum of \$7,500 will adequately cover the foreseeable costs essential for preserving Emerge's assets.
12. In my judgment, having reviewed the recent appraisal of the Leslie Drive property, sale of that property should provide adequate funds to repay whatever loan is necessary to pay the essential expenses detailed herein (¶¶ 6-9) along with many, if not all, of the current creditors and the costs of administering the receivership.
13. I understood the Court's December 30, 2014 Order appointing me and granting me "all the necessary power and authority to preserve the assets of Emerge ... and protect the rights of Emerge's lawful creditors[.]" Appointing Order, ¶ 1, as including authority to incur necessary debts sufficient to pay the above listed costs.
14. However, when I have approached local financial institutions seeking a line of credit or small loan to pay these necessary expenses now and going forward, they have informed

me that they will not provide such financing unless I have an affirmative statement granting me the authority to incur such debt on Emerge's behalf.

15. Additionally, I recognize that the Appointing Order requires Court approval for repayment of certain "reasonable expenses," associated with my work as Receiver, "including any bookkeeping assistance, real estate appraisal, or legal counsel[.]" Appointing Order ¶ 7. I would not use any funds received through any future financing to pay these or similar expenses related to the administration of my receivership without prior Court approval.
16. Moreover, I will include in my quarterly report to the Court details about any borrowing activity I undertake and how any funds borrowed were spent.
17. Given the small amount of cash Emerge has on hand, and the bills coming due at the beginning of the month of March, I will need financing in the coming weeks to ensure that I am able to preserve Emerge's assets to the best of my ability. If I am unable to pay these costs, I run a significant risk of being unable to realize the maximum value of Emerge's assets.
18. I am available to attend a hearing on this matter, should it be necessary, at the Court's earliest convenience.

Bruce N. Johnstone on 2-12-15  
Bruce N. Johnstone, Receiver

Subscribed and sworn to before me at Windsor County, VT, this 12<sup>th</sup> day of February, 2015.

Emily Adams  
Notary Public

My Commission Expires:

2/10/2019

VT SUPERIOR COURT  
WASHINGTON UNIT

STATE OF VERMONT

SUPERIOR COURT  
Washington Unit

2015 FEB 17 A 9:50

CIVIL DIVISION  
Docket No. 718-11-14 Wncv

IN RE: EMERGE FAMILY ADVOCATES, INC. )

FILED

**AMENDED ORDER FOR APPOINTING A RECEIVER**

Upon reviewing the Petition for Judicial Dissolution and the associated papers filed by the Attorney General on November 26, 2014, and December 23, 2014, and the Attorney General's Motion to Amend the Order Appointing A Receiver filed on February 12, 2015, and following a hearing on the Attorney General's request to appoint a receiver, held at the Washington Superior Courthouse in Montpelier on December 18, 2014, pursuant to 11B V.S.A. § 14.32 the Court hereby Orders as follows:

1. Bruce N. Johnstone is hereby appointed as receiver with all the necessary power and authority to preserve the assets of Emerge Family Advocates, Inc. ("Emerge") and protect the rights of Emerge's lawful creditors.
2. Pursuant to 11B V.S.A. § 14.32(c)(1)(A), Mr. Johnstone is authorized to dispose of all assets of Emerge, wherever located, at public or private sale, including, without limitation, liquidating the building and lands Emerge owns, located at 95 Leslie Drive in White River Junction, in the Town of Hartford, Vermont, the deed of which is recorded in the Town of Hartford's land records at Book 423, Page 565.
3. Pursuant to 11B V.S.A. § 14.32(c)(1)(B), Mr. Johnstone may sue and defend in his own name as the receiver of Emerge in all courts in this state.
4. Mr. Johnstone is authorized to pay any outstanding debts and obligations Emerge has and is responsible for identifying the lawful creditors and determining the priority status of



same, as required by law. He is additionally authorized to make payment to said creditors according to their priority status and by such negotiated terms as are lawful and reasonable in his judgment.

5. Mr. Johnstone additionally is authorized to incur limited debt on behalf of Emerge, up to \$7,500, for the purposes of paying reasonable expenses necessary for preserving the assets of Emerge (e.g. utility payments, insurance premiums, necessary maintenance) and winding up its corporate affairs.
6. After payment of all lawful creditors, Mr. Johnstone is authorized to dispose of any remaining assets, subject to any applicable charitable trust or other restriction and with the Court's prior authorization, to any nonprofit organization providing services to children and families in the Upper Valley.
7. Mr. Johnstone shall submit a quarterly report to the Court detailing the assets of Emerge and their current disposition, including any appraisal of Emerge's property in the Town of Hartford, referenced in ¶ 2, and the status of any debts incurred under ¶ 5. Such report shall be submitted within 30 days of the end of the calendar quarter, beginning with the quarter that ends on March 31, 2015.
8. Following submission of his first report, as detailed in ¶ 7, the Court may authorize payment from the existing assets of Emerge for Mr. Johnstone's reasonable expenses, including any bookkeeping assistance, real estate appraisal, or legal counsel he may require.
9. Mr. Johnstone shall be paid a reasonable rate as authorized by the Court.

10. Mr. Johnstone <sup>has previously executed a sufficient personal bond</sup> ~~must post a personal bond before entering upon the discharge of his duties~~ must  
as Receiver as described in this Order.

SO ORDERED this 17<sup>th</sup> day of February, 2015.

By: Mary Miles Teachout  
Hon. Mary Miles Teachout

Vermont Superior Court  
Washington Civil Division  
65 State Street  
Montpelier, Vermont 05602  
www.VermontJudiciary.org - Civil (802)828-2091, Small Claims (802)828-5551

VT SUPERIOR COURT  
WASHINGTON CIVIL DIVISION

ENTRY REGARDING MOTION

DW  
2015 FEB 17 A 9:50  
718-11-14 Wncv

IN RE: Emerge Family Advocates, Inc. I

FILED

Title:

Motion to Amend Order Appointing a Receiver,

No. 3

Filed on: February 12, 2015

Filed By: Daloz, Todd J.W., Attorney for:  
Petitioner The State of Vermont Office of the Attorney General

Response: NONE

Granted Compliance by \_\_\_\_\_

Denied

Scheduled for hearing on: \_\_\_\_\_ at \_\_\_\_\_; Time Allotted \_\_\_\_\_

Other

.....  
.....  
.....  
.....  
.....

May Miles Jacobus  
Judge

February 17, 2015  
Date

=====  
Date copies sent to: 2-17-15

Clerk's Initials DW

Copies sent to:  
Attorney Todd J.W. Daloz for Petitioner The State of Vermont Office of the Attorney  
~~Respondent Emerge Family Advocates, Inc.~~  
Attorney Wendy Morgan for party 1 Co-counsel

STATE OF VERMONT

SUPERIOR COURT  
Washington Unit

CIVIL DIVISION  
Docket No. 718-11-14 Wncv

2015 MAY 14 12:12

IN RE: Emerge Family Advocates, Inc.

ENTRY ORDER

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FILED

The Court has reviewed and accepts the quarterly report filed by the Receiver on May 1, 2015, for the quarter ending March 31, 2015, and appreciates the extensive work the Receiver has undertaken.

There is no need for a hearing at this time.

The next report will be due July 31, 2015 for the quarter ending June 30, 2015. The Receiver is reminded to send a copy to Attorneys Todd W. Daloz and Wendy Morgan at the Vermont Attorney General's Office.

Electronically signed on May 13, 2015 at 05:29 PM pursuant to V.R.E.F. 7(d).

*Mary Miles Teachout*

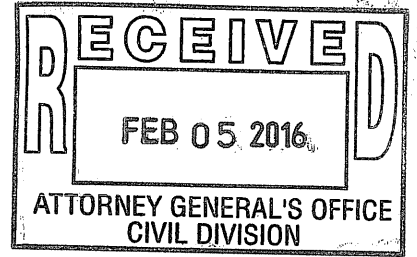
Mary Miles Teachout  
Superior Court Judge

Notifications:

Attorney Todd W. Daloz

Attorney Wendy Morgan

Bruce M. Johnstone, Receiver



Todd W. Daloz, Asst Attorney General  
Office of the Attorney General  
109 State St.  
Montpelier, VT 05609

Hi Todd -  
For your info -  
Sorry to be late  
but lots going on  
\$

February 2, 2016



Vermont Superior Court  
Washington Civil Division  
65 State St.  
Montpelier, VT 05602

Re: Emerge Family Advocates, Inc.  
Docket # 718-11-14

Dear Sir or Madam:

My apologies for not filing the required quarterly report for the period ended Dec. 31, 2015 and request a 60 day extension for that filing.

The property was under contract for sale and we expected that sale to close during January at which point final payments and wrap up activities would have been completed. That sale contract was unfortunately cancelled. Within days, a new buyer, the Town of Hartford, VT. was identified, executed a contract to purchase and is in process of completing their due diligence. IRS has agree to a settlement figure which helps pave the way to an early closing.

The requested extension should allow ample time to complete the closing, file final reports with the court regarding distribution of funds, and assignment of any remaining obligations for the retention of computer and paper records will be documented.

I hope you will favorably consider this request.

Very truly yours,

A handwritten signature in black ink, appearing to be 'BJ' or similar initials, written in a cursive style.

Bruce N. Johnstone  
Receiver

cc: Todd Daloz, Asst Attorney General

VT SUPERIOR COURT  
STATE OF VERMONT

SUPERIOR COURT  
Washington Unit

2016 APR 27 P 4:11

CIVIL DIVISION  
Docket No. 718-11-14 Wncv

IN RE: EMERGE FAMILY ADVOCATES, INC. )

FILED

**ATTORNEY GENERAL'S RENEWED PETITION FOR JUDICIAL DISSOLUTION**

The Vermont Attorney General hereby petitions this Court, pursuant to 11B V.S.A. § 14.30(a)(1)(D), to enter an Order dissolving Emerge Family Advocates, Inc. ("Emerge"), a Vermont public benefit corporation, because it is no longer able to carry out its charitable purpose. In support of this Petition, the Attorney General states the following:

**FACTUAL BACKGROUND**

1. Emerge is a Vermont nonprofit corporation registered with the Secretary of State since 1996 and recognized by the Internal Revenue Service as a 501(c)(3) tax-exempt organization. It is a public benefit corporation as defined by statute, 11B V.S.A. § 17.05, and under its bylaws is governed by a board of directors ("Board").
2. Emerge's charitable mission is "to seek[] to help families function in a healthy manner, primarily by providing the safe and neutral settings and services that help children exercise their right to the best possible relationship with each parent."
3. To this end, for more than 15 years, ending in 2014, Emerge operated several supervised visitation centers in White River Jct. and Bellows Falls, Vermont and in Plymouth, New Hampshire.
4. In April of 2014, the Attorney General received a report alleging substantial dysfunction on the Board and a significant lack of oversight of Emerge's finances. Based, in

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part, on those allegations, the Attorney General opened an investigation into Emerge and interviewed the Board and reviewed various financial and governance documents.

5. Following the investigation and discussions between the Board and the Attorney General's Office, the Board resigned and appointed a Special Receiver to review Emerge's finances and assess the likelihood of Emerge being able to continue its charitable mission.

6. After reviewing Emerge's current financial position as of the end of October 2014, including all current assets, current liabilities, and the likelihood of future income, the special trustee concluded that Emerge was in dire financial straits and recommended that Emerge dissolve and that its services be replaced by alternative programs.

7. In late 2014 and early 2015, Emerge's charitable programs – mainly the supervised visitation centers – were transferred to other entities in the region. These organizations continue to provide services today.

8. In November 2014, the Attorney General's Office petitioned the Court to dissolve Emerge and appoint a receiver to wind down its corporate assets and ensure that any remaining charitable assets were dedicated to charitable purposes.

9. In December 2014, after a hearing, the Court appointed Bruce Johnstone as receiver for Emerge ("Receiver"). The Court did not rule on the motion to dissolve at that time.

10. By January of 2016, the Receiver had sold Emerge's remaining assets (principally its property in Hartford, Vermont).

11. In April 2016, the Receiver submitted his last report and final accounting to the Court, and requested the Court's approval of the distribution of Emerge's remaining assets.

12. The Attorney General's Office has no objection to this report or distribution.



## ARGUMENT

Under Vermont law, the Court may dissolve a public benefit nonprofit corporation based on the Attorney General establishing that the corporation is no longer able to carry out its purposes. 11B V.S.A. § 14.30(a)(1)(D). Additionally, “[p]rior to dissolving a corporation, the court shall consider whether: (1) there are reasonable alternatives to dissolution; [and] (2) dissolution is in the public interest, if the corporation is a public benefit corporation.” 11B V.S.A. § 14.30(b).

As the Court is aware, in 2014 Emerge faced an untenable financial position with dim prospects for securing additional funding, and provided services to a relatively small number of families. The only available course of action at that time was to move Emerge toward dissolution by appointing a receiver and ensuring that its charitable programs found other homes.

Now, after the diligent work of the Receiver, Emerge’s assets have been liquidated and it is ready for final dissolution. At this stage, there is no reasonable alternative to dissolution, given Emerge’s lack of funds, a board, or even programming to carry out its mission. Thanks in no small part to the support and efforts of the Upper Valley nonprofit community, the charitable work Emerge performed continues, and the families that relied upon its services are supported by other local entities. At this point, retaining Emerge’s corporate existence serves no further public interest.

CONCLUSION

Based on the foregoing, the Attorney General requests that the Court enter an Order dissolving the corporation.

DATED at Montpelier, Vermont this 27<sup>th</sup> day of April, 2016.

Respectfully submitted,

STATE OF VERMONT

WILLIAM H. SORRELL  
ATTORNEY GENERAL

By:



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4. In April of 2014, the Attorney General received a report alleging substantial dysfunction on the Emerge Board of Directors and a significant lack of oversight of Emerge's finances. Based, in part, on those allegations, the Attorney General opened an investigation into Emerge and interviewed its board and reviewed various financial and governance documents.

5. Emerge's main funders have been the Vermont Center for Crime Victim Services and the New Hampshire Department of Justice. During the summer and early fall of 2014, the Vermont Center informed Emerge that it would suspend current funding pending the results of the Attorney General's investigation and completion of a full financial audit. The New Hampshire DOJ informed Emerge that effective October 1, 2014, it planned to withhold all future funding until completion of a programmatic and financial review of Emerge.

6. Following the investigation, the Attorney General filed a petition to remove Emerge's Board of Directors (attached as Exhibit A). The Attorney General ultimately withdrew this petition based on a settlement agreement ("Settlement Agreement") reached with Emerge's Board on October 20, 2014 (attached as Exhibit B).

7. The Settlement Agreement required the Emerge Board to resign, effective immediately. The Settlement Agreement also appointed a special trustee to, among other things, "(1) preserve Emerge's charitable assets, review Emerge's finances and financial practices, and assess the likelihood of Emerge being able to continue its charitable mission; . . . and (3) recommend to the Attorney General . . . whether and how Emerge may continue to carry out its mission." Exh. B at 2, ¶ A.1.

8. The Settlement Agreement further empowered "Sara Kobylenski, Executive Director of Upper Valley Haven, . . . to create an emergency interim resource for the provision of

essential court-ordered supervised visitation and supervised exchanges of children between parents . . . .” Exh. B at 3, ¶ B.2.

9. Finally, in the event that the special trustee, after reviewing Emerge’s finances, concluded that Emerge would likely be unable to continue its charitable mission, the Settlement Agreement granted the Attorney General the authority to “determine[], after consultation with the [former Emerge] Board, that Emerge is not financially viable, . . . in which case the Board agree[d] to work cooperatively with the Attorney General to close Emerge.” Exh. B at 4, ¶ C.5.

10. After reviewing Emerge’s current financial position as of the end of October 2014, including all current assets, current liabilities, and the likelihood of future income, the special trustee concluded that Emerge was in dire financial straits and recommended that Emerge dissolve and that its services be replaced by alternative programs.

11. The special trustee specifically concluded that Emerge’s income and assets had been decreasing year-after-year and that it currently had roughly \$125,000 liabilities and only \$1,400 in cash assets, with approximately \$7,300 in expected income via grant reimbursements. The value of Emerge’s main asset, its real estate, was unclear given its tax-exempt status and the property’s poor state of repair.

12. The special trustee also noted that Emerge’s accounts were suspect because various grant awards had been double-entered and no clear bookkeeping practices had been followed.

13. Approximately \$85,000 of Emerge’s current liabilities is for two 2007 loans totaling \$130,000 taken at the time Emerge purchased the real estate on Lesle Drive, White River Junction. Both loans are secured by Certificates of Deposit owned by Susan Baker Foster and Don Foster. The real estate was not used as collateral for either loan.

14. Since the Board's resignation, Ms. Kobylenski has overseen the interim provision of Emerge's services for area families. Ms. Kobylenski also reviewed Emerge's records and concluded that Emerge currently provides supervised visitation or exchange of custody for 14 families at the White River Junction location, no longer provides any services in Bellows Falls, and no longer needs to provide services to any families in Plymouth, New Hampshire. She likewise concluded that since January of 2014, Emerge had provided services for 26 families (including the 14 current families) at White River Junction.

15. Through further investigation, Ms. Kobylenski determined that Emerge was one of only two stand-alone supervised visitation centers in Vermont and New Hampshire out of 17 organizations providing such services; the remaining 15 organizations provide supervised visitation along with other services.

16. As of November 17, 2014, Ms. Kobylenski completed her temporary role in overseeing and providing services to Emerge clients. Planning is currently underway to establish a long-term solution for ensuring families access to these essential services through an established Upper Valley nonprofit.

17. Based on conversations between the Attorney General's Office and the New Hampshire Department of Justice and the Vermont Center for Crime Victim Services, the Attorney General's Office remains hopeful that funding for providing supervised visitation and exchanges for Vermont families in the Upper Valley will be available going forward. However, with regard to monies from the New Hampshire Department of Justice, current funding for Emerge will not be transferred to a replacement entity, but that entity will have an opportunity to apply for future funding on a competitive basis.

18. Following receipt of the special trustee's recommendation, and after reviewing Ms. Kobylenski's conclusions about the quantity of services Emerge currently provides, the Attorney General met with members of the former Emerge Board on November 3, 2014, to discuss the future of Emerge.

19. Based on the information available, and with the Board's concurrence, the Attorney General has determined that dissolving Emerge is the only appropriate course of action.<sup>1</sup>

I. ARGUMENT

Under Vermont law, the Court may dissolve a public benefit nonprofit corporation based on the Attorney General establishing that the corporation is no longer able to carry out its purposes. 11B V.S.A. § 14.30(a)(1)(D).<sup>2</sup> Additionally, “[p]rior to dissolving a corporation, the court shall consider whether: (1) there are reasonable alternatives to dissolution; [and] (2) dissolution is in the public interest, if the corporation is a public benefit corporation.” 11B V.S.A. § 14.30(b).

In the case of Emerge, it is clear that, given its grim financial position, the dim prospect of securing additional funding in either Vermont or New Hampshire, and the relatively small number of families it has recently been serving, it is no longer able to carry out its charitable mission. Though it is possible that a sufficient infusion of capital could put Emerge on firmer footing, no such source has been identified, current sources are unlikely to fund Emerge going

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<sup>1</sup> At the time the Settlement Agreement was reached, a number of community members took on the task of vetting and nominating a replacement board for Emerge. As more information came to light on the current state of Emerge's finances, the group expressed concern about the difficulty finding a replacement board given the potential for liability, the apparent lack of future financing, and the likely limited scope of work. Consequently, the Attorney General's Office concluded that appointing a receiver to dissolve Emerge was a more realistic solution than nominating and appointing a new, arguably vulnerable, board which likely would decide to dissolve Emerge.

<sup>2</sup> Alternately, the facts in this case support judicial dissolution on the grounds that Emerge's "corporate assets are being misapplied." 11B V.S.A. § 14.30(a)(1)(C); *see generally* Exh. A.

forward, and additional funds would likely not alter Emerge's long-term prospects as a small, single-service nonprofit.

It is equally apparent that Emerge has been providing important and necessary services to Upper Valley families in both Vermont and New Hampshire – services that must continue. The public interest is best served by dissolving Emerge and ordering liquidation of its assets, payment of its liabilities, and the transfer of any remaining assets to an existing nonprofit, which is interested in adding to its existing programs a supervised visitation and exchange program that “helps children exercise their right to the best possible relationship with each parent.”

Upon appointment, the receiver will need to ascertain Emerge's current assets and liabilities and determine how to prioritize the payment of said liabilities in a fair and reasonable manner that best protects Emerge's charitable assets and the rights of its lawful creditors. The receiver will likely need to oversee an appraisal of Emerge's property and the eventual sale of the property so as to maximize its value. The transfer of any assets will be subject to any applicable charitable trust or other restriction.

Because the receiver's work will necessarily require strong financial skills and a familiarity with nonprofit organizations, the Attorney General nominates Bruce Johnstone, whose professional and volunteer experience, as demonstrated in his resume (attached as Exhibit C), make him an excellent candidate to perform as receiver. Given his professional reputation, the Attorney General does not believe the receiver need post a bond.

In carrying out his duties, the receiver will likely incur expenses associated with winding up Emerge's affairs. Such expenses may include a bookkeeper, legal counsel, and liability insurance for his work as a receiver. Such expenses and a reasonable rate of pay for his work as the receiver should be authorized by the Court and paid from the assets of Emerge.



II. CONCLUSION

Based on the foregoing, the Attorney General requests that the Court enter an Order appointing Bruce Johnstone as the Receiver for Emerge Family Advocates, Inc., and dissolving the corporation as of \_\_\_\_\_, 2014. A proposed Order is attached to this Petition.

DATED at Montpelier, Vermont this 26<sup>th</sup> day of November, 2014.

Respectfully submitted,

STATE OF VERMONT

WILLIAM H. SORRELL  
ATTORNEY GENERAL

*Wendy Mason*  
*for Todd Daloz*

By:

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STATE OF VERMONT

SUPERIOR COURT  
Windsor Unit

CIVIL DIVISION  
Docket No. \_\_\_\_\_ Wrcv

|                                    |   |
|------------------------------------|---|
| THE STATE OF VERMONT OFFICE OF     | ) |
| THE ATTORNEY GENERAL,              | ) |
| Plaintiff                          | ) |
|                                    | ) |
| v.                                 | ) |
|                                    | ) |
| EMERGE FAMILY ADVOCATES, INC.,     | ) |
| JOSEPH VERDINE, BOARD PRESIDENT,   | ) |
| MURIEL FARRINGTON, BOARD           | ) |
| SECRETARY, THOMAS TRUNZO, BOARD    | ) |
| MEMBER, JOHANNA JASPERSON,         | ) |
| BOARD MEMBER, and RAYMONA RUSSELL, | ) |
| EXECUTIVE DIRECTOR                 | ) |
| Defendants.                        | ) |

**THE ATTORNEY GENERAL'S PETITION TO REMOVE THE BOARD AND APPOINTMENT OF A SPECIAL TRUSTEE**

The State of Vermont Office of the Attorney General, pursuant to 11B V.S.A. §§ 8.10, 8.30, 12 V.S.A. §§ 4711 - 4725, and its common law authority over charitable trusts, petitions this Court for the removal of the board of directors of Emerge Family Advocates, Inc. and the appointment of a special trustee for the organization. In support of this Petition, the Attorney General states as follows:

**PARTIES**

1. The Attorney General has regulatory authority over nonprofit corporations under various provisions of Title 11B of the Vermont Statutes, including § 8.10 permitting petition for the removal of a board member by judicial proceeding. The Attorney General also exercises common law and statutory rights, duties and powers in connection with the

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supervision, administration and enforcement of charitable trusts, 14A V.S.A. §§ 110, 405, 413, charitable solicitations, 9 V.S.A. §§ 2471 - 2479, and charitable sales promotions, 9 V.S.A. §§ 2481a - 2481d. The Attorney General also has the duty to see that the rights of the public in a charitable trust are protected and properly executed. *See Wilbur v. Univ. of Vermont*, 129 Vt. 33, 44 (1970); *Pres. & Fellows of Middlebury Coll. v. Cent. Power Corp. of Vt.*, 101 Vt. 325, 343 (1928). The address of the Attorney General's Office is 109 State St., Montpelier, Vermont 05609.

2. Defendant Emerge Family Advocates, Inc. ("Emerge"), is a Vermont nonprofit corporation currently registered with the Secretary of State and recognized by the Internal Revenue Service as a 501(c)(3) organization. Emerge is a public benefit corporation as defined by statute, 11B V.S.A. § 17.05, and under its bylaws is governed by a board of directors. Emerge was originally incorporated as Emerge-Family Advocates, Inc. in 1996. Its registered address is 95 Leslie Dr., White River Junction, Vermont 05001-1224.

3. Defendant Joseph Verdine is the current President of the Board of Directors of Emerge and, upon information and belief, has served on the board since 1997. His address is [REDACTED].

4. Defendant Muriel Farrington is the current Secretary of the Board of Directors of Emerge and, upon information and belief, has served on the board since 2008. Her address is [REDACTED].

5. Defendant Thomas Trunzo is a current board member of the Board of Directors of Emerge and, upon information and belief, has served on the board since 2011. His address is [REDACTED].

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6. Defendant Johanna Jaspersohn holds herself out before this Court as a current board member of the Board of Directors of Emerge, *see* Docket No. 512-9-14 Wrcv, and, upon information and belief, has served on the board since 2014. Her address is [REDACTED]

7. Defendant Raymona Russell is the current executive director and only full-time staff member of Emerge, and, upon information and belief, has served in that capacity since 1996. Her address is [REDACTED]

8. Defendants Verdine, Farrington, Trunzo and Jaspersohn constitute Emerge's current Board of Directors ("the Board").

#### JURISDICTION AND VENUE

9. The Vermont Superior Court, Civil Division, Windsor Unit, has jurisdiction over this matter, pursuant to 11B V.S.A. § 8.10(a)(2), and is the proper venue under 12 V.S.A. § 402(a).

#### LEGAL STANDARDS AND BACKGROUND

10. Under 11B V.S.A. § 8.10(a), this Court "may remove any director of the [nonprofit] corporation from office in a proceeding commenced . . . by the attorney general in the case of a public benefit corporation if the court finds that: (A) the director engaged in . . . gross abuse of authority or discretion, with respect to the corporation, . . . or a final judgment has been entered finding that the director has violated a duty set forth in sections 8.30 through 8.33 of [Title 11B]; and (B) removal is in the best interest of the corporation."

11. Under 11B V.S.A. § 8.30, "A director shall discharge his or her duties as a director, . . . : (1) in good faith; (2) with the care an ordinarily prudent person in a like position would

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exercise under similar circumstances; and (3) in a manner the director reasonably believes to be in the best interests of the corporation.”

12. Emerge’s most recently approved bylaws<sup>1</sup> (effective January 18, 2010) state its charitable mission as: “Emerge Family Advocates seeks to help families function in a healthy manner, primarily by providing the safe and neutral settings and services that help children exercise their right to the best possible relationship with each parent.”

13. Emerge operates several supervised visitation centers in Vermont and New Hampshire. Emerge is funded almost exclusively through grants from the New Hampshire Department of Justice and the Vermont Center for Crime Victim Services.

#### ARGUMENT

14. The members of the Board, through various actions and omissions, have violated their statutory duties to Emerge, namely their duty of good faith, their duty of care and their duty of loyalty. *See* 11B V.S.A. § 8.30(a).

15. Specifically, for the last several years, the Board has violated those duties by exercising virtually no oversight of the expenditure of charitable funds by the Executive Director, and permitting the Executive Director, without any specific Board approval and contrary to the organization’s bylaws, to take the following actions:

- a. For at least the last two years, the Executive Director has written and authorized her own paychecks, paying herself on an irregular and inconsistent basis, including: (1) paying herself several times during the same two-week pay period, (2)

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<sup>1</sup> While the Attorney General has obtained documents that suggest the Board has considered various amendments to these bylaws, it has apparently not formally approved any amendment since January 2010, and regardless, the proposed amendments make no change to the mission statement.

paying herself weeks or months in advance of a pay period, and (3) paying herself multiple times for the same pay period.

b. In the past three years the Executive Director has paid herself between \$5000 and \$10000 above her board-approved salary. In spite of the fact that the final pay figures were reported on Emerge's IRS Form 990 Informational Return – apparently reviewed by the Board prior to filing – the Board has taken no formal action to curb unauthorized salary expenditures for the Executive Director.

c. In 2011 and 2012, the Executive Director obtained two separate loans for \$2500 which Emerge reported in its IRS Form 990. When questioned about these loans, the Board had no record of either authorizing the loans or demonstrating repayment of either loan.

d. On several occasions the Executive Director has written herself a reimbursement check – at times in advance of incurring any expense – in excess of the amount listed on her expense reports, on at least one occasion paying herself more than \$1000 beyond the listed expenses. The Board has similarly failed to supervise the payment of reimbursements by the Executive Director.

16. Over the last several years, the Board has additionally violated its statutory duties of good faith, care, and loyalty to Emerge by acting as follows:

a. Since 2011, Emerge has not employed a bookkeeper or other individual to regularly and directly manage its accounts and has, instead, relied exclusively on the Executive Director to manage all financial affairs. Upon information and belief, the Board made this decision despite the fact that the Executive Director professed to

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have no knowledge of bookkeeping or accounting, and regularly was unable to answer the Board's financial questions.

b. The Board has also approved of the Executive Director giving equipment, purchased and paid for by Emerge, to her family members for their exclusive use unrelated to Emerge's charitable mission.

c. Upon information and belief, the Board has not developed or approved an annual budget for at least the past two years.

d. Upon information and belief, despite receiving over 90% of its funding from public sources and having annual expenditures of over \$200,000, Emerge has not had a full and independent audit of its accounts since its incorporation eighteen years ago.

e. Upon information and belief, for at least the past two years, the Board has failed to require that the Executive Director provide the Board and the Board's elected Treasurer access to Emerge's financial records or bank statements.

f. The Board also has a practice of removing dissenting members. Although Emerge's bylaws limit removing a board member "for cause," upon information and belief, the Board ostensibly has removed two recent board members, including Defendant Jaspersohn, because of alleged technical violations of Emerge's bylaws. In one instance a former Board treasurer was removed because she had allegedly reached the limit of her term; however, the bylaws in effect did not include any term limits and both Defendants Verdine and Farrington remained on the Board despite having served longer terms. Similarly, Defendant Jaspersohn, though she been elected to the Board only a few months earlier, was removed because two of four

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members of the Board, a majority of those present at that particular Board meeting, determined that the bylaw's requirement of "an uneven number of [board] members" necessitated her immediate removal rather than the election of an additional member or a temporary exception to the bylaw. Upon information and belief, both of those board members were removed after raising concerns about the lack of meaningful Board oversight of the Executive Director and of the financial management of Emerge.

g. Upon information and belief, the Board also has a practice of censuring dissenting members. After he made a public complaint about the Board's lack of financial oversight, two Board members, a majority of the then-three person Board, formally censured then-Treasurer Defendant Trunzo and removed him from the office of Treasurer, appointing Defendant Farrington to that role.

17. The foregoing facts contained in ¶¶ 15 and 16 demonstrate the Board's gross abuse of authority and/or discretion in violation of 11B V.S.A. § 8.10(a).

18. The Board's violation of its duties and abuse of its authority and/or discretion have directly endangered Emerge's charitable assets and Emerge's ability to continue to carry out its charitable mission. Removal of the Board is in the best interests of Emerge.

19. In the past three months, the Vermont Center for Crime Victim Services has indicated that it will not continue funding Emerge until the Vermont Attorney General's Office concludes its investigation into Emerge, Emerge obtains a thorough and independent audit of its accounts, and the Board increases its financial oversight.

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20. The New Hampshire Department of Justice's Office on Violence Against Women will not continue funding Emerge until a full on-site programmatic and financial review is completed.

21. Upon information and belief, the United States Department of Justice is also considering investigating Emerge over the use of grant funds funneled through New Hampshire's Department of Justice to Emerge.

22. The Attorney General alleges and believes that the remaining assets of Emerge are in imminent jeopardy for the reasons stated above.

**Count One – Declaratory Judgment**

23. The preceding paragraphs are incorporated by reference as if fully stated herein.

24. By and through their acts and omissions, as detailed above, Defendant Verdine, Defendant Farrington, Defendant Trunzo and Defendant Jasperson has each breached his/her lawful duty required by 11B V.S.A. § 8.30.

**Count Two – Gross Abuse of Authority or Discretion**

25. The preceding paragraphs are incorporated by reference as if fully stated herein.

26. Defendant Verdine, Defendant Farrington, Defendant Trunzo and Defendant Jasperson, as members of the Emerge Board of Directors, have each engaged in a gross abuse of authority or discretion with respect to Emerge.

**RELIEF REQUESTED**

WHEREFORE the Attorney General respectfully requests that this honorable Court:

A. Pursuant to the Declaratory Judgments Act, 12 V.S.A. §§ 4711-4724, issue a final judgment on Count One finding and declaring that the named defendants have each breached his/her lawful duty required by 11B V.S.A. § 8.30.

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B. Pursuant to 11B V.S.A. § 8.10(a), declare under Count Two that each of the named defendants has engaged in a gross abuse of authority or discretion with respect to Emerge.

C. Issue an Order removing the above-named defendants from the Emerge Board of Directors, as being in the best interests of Emerge.

D. Appoint Suzanne Lovell as a special trustee with all the necessary powers to: (1) preserve Emerge's charitable assets; (2) review Emerge finances and the likelihood of Emerge being able to continue its mission; and (3) recommend to the Court and Attorney General whether and how Emerge may continue operations, including, but not limited to, recruiting a new board of directors, instituting appropriate financial procedures and oversight, and filing all appropriate reports and forms with the IRS and the States of Vermont and New Hampshire. Payment of the special trustee's fees will be paid from Emerge funds.

E. Order that the Executive Director of Emerge, Raymona Russell, (a) provide access to all information regarding Emerge and its clients requested by the special trustee, including, but not limited to: all financial records; board minutes; by-laws and policies; grant applications; grant reports filed with Vermont Center for Crime Victims Services, Vermont Department of Children and Families, New Hampshire Department of Justice Office on Violence Against Women, and reports filed with any other grantor, together with the schedule book and other supporting documentation for those reports; and (b) be prohibited from taking any action on behalf of Emerge – including providing any services, expending any assets or incurring any debts – without authorization from the Court, the special trustee, or a properly constituted board of directors.

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F. Appoint Sara Kobylenski, Executive Director of Upper Valley Haven, 713 Hartford Avenue, White River Junction, Vermont 05001, through coordination with a group of local non-profit organizations, to create an emergency interim resource for the provision of essential court-ordered supervised visitation and supervised exchanges of children between parents until Emerge can resume providing such services or an alternative permanent program can be put in place at another nonprofit.

G. After appointment of a special trustee, order the temporary closing of Emerge, only as is necessary, to accomplish the above.

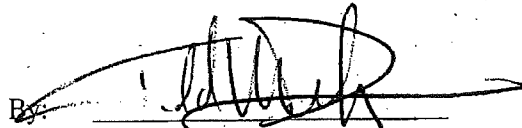
H. Any additional relief as the Court deems just and proper.

DATED at Montpelier, Vermont this 6th day of October, 2014.

Respectfully submitted,

STATE OF VERMONT

WILLIAM H. SORRELL  
ATTORNEY GENERAL



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STATE OF VERMONT

SUPERIOR COURT  
Windsor Unit

CIVIL DIVISION  
Docket No. 544-10-14 Wrev

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|------------------------------------|---|
| THE STATE OF VERMONT OFFICE OF     | ) |
| THE ATTORNEY GENERAL,              | ) |
| Plaintiff                          | ) |
|                                    | ) |
| v.                                 | ) |
|                                    | ) |
| EMERGE FAMILY ADVOCATES, INC.,     | ) |
| JOSEPH VERDINE, BOARD PRESIDENT,   | ) |
| MURIEL FARRINGTON, BOARD           | ) |
| SECRETARY, THOMAS TRUNZO, BOARD    | ) |
| MEMBER, JOHANNA JASPERSOHN,        | ) |
| BOARD MEMBER, and RAYMONA RUSSELL, | ) |
| EXECUTIVE DIRECTOR                 | ) |
| Defendants.                        | ) |

SETTLEMENT AGREEMENT

The Vermont Attorney General and Emerge Family Advocates, Inc. ("Emerge"), and Joseph Verdine, Muriel Farrington, Thomas Trunzo, and Joanna Jaspersohn (collectively "the Board") hereby enter into this Settlement Agreement.

In exchange for settling this matter under the terms herein, the Attorney General agrees to voluntarily dismiss the civil petition and declaratory action entitled *Attorney General v. Emerge Family Advocates, et al.*, Docket No. 544-10-14 Wrcv.

**TERMS OF SETTLEMENT**

As conditions for settling this matter, the Board agrees to suspend Emerge's bylaws as necessary to carry out the terms contained below. Emerge and the Board further agree to the following terms, which shall be considered to take effect concurrently or in any sequence necessary to give each term legal effect:

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**A. Financial Review**

1) The Board agrees to appoint Suzanne Lovell as a special trustee with all the necessary powers to: (1) preserve Emerge's charitable assets, review Emerge's finances and financial practices, and assess the likelihood of Emerge being able to continue its charitable mission; (2) pay any expenses necessary for the preservation of Emerge's assets; and (3) recommend to the Attorney General, or if available any new board described under section C, below (hereafter, the "new board"), whether and how Emerge may continue to carry out its mission.

2) The Board agrees that the special trustee shall be paid a reasonable rate and that such payment will be made from Emerge funds.

3) The Board agrees to hereby direct Emerge's Executive Director to provide access to all information regarding Emerge requested by the special trustee, including, but not limited to: all financial records; all bills and associated documents; board minutes; by-laws and policies; tax filings; grant applications; grant reports filed with Vermont Center for Crime Victims Services, Vermont Department of Children and Families, New Hampshire Department of Justice Office on Violence Against Women, and reports filed with any other grantor, together with the schedule book and other supporting documentation for those reports.

**B. Continuation of Provision of Services**

1) Recognizing that for the time in which there is no properly constituted board there can be no proper oversight of Emerge's operations, the Board agrees to suspend all services provided directly by Emerge until such time as a new board is constituted.

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2) The Board agrees to appoint Sara Kobylenski, Executive Director of Upper Valley Haven, through coordination with a group of local non-profit organizations, to create an emergency interim resource for the provision of essential court-ordered supervised visitation and supervised exchanges of children between parents until Emerge can resume providing such services or until the new board determines how services shall be provided.

3) The Board agrees to make Emerge's facilities at 95 Lesle Drive, White River Junction, Vermont, available for the provision of services referenced in section B(2), above.

4) The Board agrees to hereby direct the Executive Director to provide access to all Emerge client files and to consult with Sara Kobylenski, or her designate, to enable the provision of services referenced in section B(2), above.

#### **C. Board Transition**

1) Each member of the Board agrees to resign effective the date this Agreement is signed by a majority of the Board.

2) The Board agrees to the appointment of a nominating committee to generate and review applications for new board members, and to nominate a slate of at least seven new board members. This nominating committee will be appointed by the Attorney General and will be comprised of three members representing area nonprofits such as Granite United Way, New Hampshire Charitable Trust and the Vermont Community Foundation, or comprised of three members recommended by such nonprofits. The nominating committee will operate with all due haste to develop and nominate a slate of board members.

3) The Board agrees that the Attorney General will have authority to appoint the new board members from those nominated by the nominating committee. This new board will hold a meeting as soon as practicable, reinstate the Emerge bylaws, and take all actions.

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necessary to enable Emerge to resume direct provision of services, as appropriate.

4) The Board agrees to make itself available for consultation with the new board.

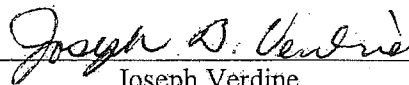
5) The Attorney General will make all reasonable and necessary efforts to ensure that the new board is in place within two months from the date of this agreement, unless the Attorney General determines, after consultation with the Board, that Emerge is not financially viable, based on the review and recommendation of the special trustee, in which case the Board agrees to work cooperatively with the Attorney General to close Emerge.

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GENERAL  
109 State Street  
Montpelier, VT  
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**SIGNATURES**

All parties affirm that this is a fair and reasonable resolution of the concerns regarding the Board, its duties and financial oversight of Emerge raised in the petition filed by the Attorney General entitled *Attorney General v. Emerge Family Advocates, et al.*, Docket No. 544-10-14 Wrcv.

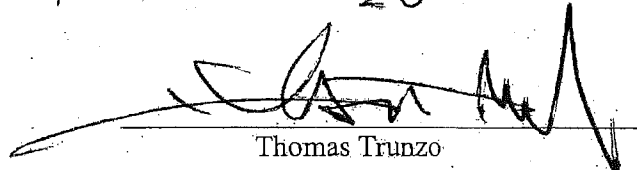
DATED at Woodstock, Vermont, this 20<sup>th</sup> day of October, 2014.

  
\_\_\_\_\_  
Joseph Verdine

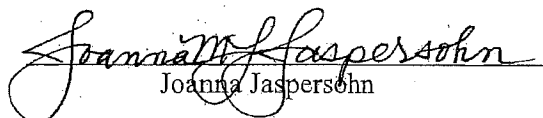
DATED at \_\_\_\_\_, Vermont, this \_\_\_\_\_ day of October, 2014.

\_\_\_\_\_  
Muriel Farrington

DATED at Woodstock, VT, Vermont, this 20<sup>th</sup> day of October, 2014.

  
\_\_\_\_\_  
Thomas Trunzo

DATED at Woodstock, Vermont, this 20<sup>th</sup> day of October, 2014.

  
\_\_\_\_\_  
Joanna Jaspersohn

*(Additional signatures on the following page)*

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GENERAL  
109 State Street  
Montpelier, VT  
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**SIGNATURES**

All parties affirm that this is a fair and reasonable resolution of the concerns regarding the Board, its duties and financial oversight of Emerge raised in the petition filed by the Attorney General entitled *Attorney General v. Emerge Family Advocates, et al.*, Docket No. 544-10-14 Wrcv.

DATED at \_\_\_\_\_, Vermont, this \_\_\_\_ day of October, 2014.

\_\_\_\_\_  
Joseph Verdine

DATED at Hartford, Vermont, this 13<sup>th</sup> November day of ~~October~~, 2014.

Muriel M Farrington  
Muriel Farrington

DATED at \_\_\_\_\_, Vermont, this \_\_\_\_ day of October, 2014.

\_\_\_\_\_  
Thomas Trunzo

DATED at \_\_\_\_\_, Vermont, this \_\_\_\_ day of October, 2014.

\_\_\_\_\_  
Johanna Jaspersohn

*(Additional signatures on the following page)*

ACCEPTED on behalf of the Attorney General:

DATED at Wadsworth, Vermont, this 20<sup>th</sup> day of October, 2014.

STATE OF VERMONT

WILLIAM H. SORRELL  
ATTORNEY GENERAL

By: 

Todd W. Daloz  
Assistant Attorney General  
Office of Attorney General  
109 State Street  
Montpelier, Vermont 05609  
todd.daloz@state.vt.us  
(802) 828-4605

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ATTORNEY  
GENERAL  
109 State Street  
Montpelier, VT  
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BRUCE N. JOHNSTONE

PO Box 355  
Meriden, NH 03770

**SUMMARY:** Twenty five years of regional bank management experience and twenty years of business ownership / management experience.

2012 to present: Loan Officer. Grafton County Economic Development Council.

2010-2012 Transition coordinator for new owners of Central Supply, Inc.

1991-2010 President, CEO and Principal owner, Central Supply, Inc.  
Lebanon, NH.

1989-1990 President, COO, Fleet Bank NH. Now Bank of America.

1978-1989 Indian Head Banks, Inc. Senior management positions including Executive Vice President and Senior Lending Officer.

1986-1989 President and CEO Indian Head National Bank.

1961-1978 Regional banking and management experience in Albany and Rochester, NY.

**EDUCATION:**

1974 Graduate School of Credit and Financial Management at Dartmouth

1968 MBA, Siena College, Loudonville, NH

1961 AB, Middlebury College, Middlebury, VT

**COMMUNITY SERVICE:** I have served on many boards, including the American Stage Festival, Milford, NH; Lebanon Opera House, Landmark Bank, and Nashua Memorial Hospital. In addition, I was as a Director, President and Chair of the Greater Nashua United Way(1985-90) and a Campaign Chair; Director and Finance Committee Chair of Northeast Delta Dental and Delta Dental Plan of NH (2000-2009), Director of The Mayhew Program (1984-1995), a Trustee of Alice Peck Day Health Systems Corp. and Alice Peck Day Memorial Hospital (2009 to present) and a Director of NEHSA (2007-2013). RE ELECTED 2014

Sept. 24, 2013

SUPERIOR COURT  
Washington Unit

DW  
2016 APR 29 10:43  
CIVIL DIVISION  
Docket No. 718-11-14 Wncv

IN RE: EMERGE FAMILY ADVOCATES, INC. )

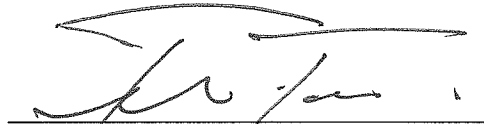
DECREE OF JUDICIAL DISSOLUTION  
OF EMERGE FAMILY ADVOCATES, INC.

Upon a motion by the Attorney General, following a hearing held on April 28, 2016 at the Superior Court, Washington Unit, Civil Division, and pursuant to 11B V.S.A. § 14.33, the Court hereby determines that Emerge Family Advocates, Inc., a public benefit corporation incorporated under the laws of Vermont, is no longer able to carry out its purposes. See 11B V.S.A. § 14.30(a)(1)(D). The Court further determines that, given the current financial state of Emerge and the fact that its charitable programs are being carried out by other entities, there is no reasonable alternative to dissolution and dissolution is in the public interest. See *id.* § 14.30(b).

The Court finds that the appointed Receiver has already wound down Emerge's corporate affairs, appropriately liquidated its assets and resolved all known claims against Emerge.

This decree of dissolution shall be effective on May 15, 2016.

SO ORDERED this 28<sup>th</sup> day of April, 2016

  
\_\_\_\_\_  
Timothy B. Tomasi  
Superior Court Judge

SUPERIOR COURT  
Washington Unit

*DW*  
2016 APR 29 A 10:42  
CIVIL DIVISION  
Docket No. 718-11-14 Wncv

IN RE: EMERGE FAMILY ADVOCATES, INC. )


FILED

**ORDER FOR DISCHARGING APPOINTED RECEIVER  
OF EMERGE FAMILY ADVOCATES, INC.**

Following submission and review of Receiver Bruce N. Johnstone's final report, dated April 4, 2016, and a hearing on the final accounting, held on April 28, 2016, the Court hereby Orders as follows:

1. Bruce N. Johnstone is formally discharged of his duties as receiver for Emerge Family Advocates, Inc.;
2. Mr. Johnstone's personal surety bond is hereby released;
3. Mr. Johnstone shall be reimbursed his reasonable expenses, as described in his April 4, 2016 report, up to \$2,841.88, from Emerge's remaining assets;
4. Mr. Johnstone shall be paid a discounted rate for his services, as described in his April 4, 2016 report, up to \$9,850.00, from Emerge's remaining assets;
5. The final accounting, detailed in Mr. Johnstone's April 4, 2016 report and associated attachments, is approved; and
6. The case is closed.

SO ORDERED this 28<sup>th</sup> day of April, 2016

  
\_\_\_\_\_  
Timothy B. Tomasi  
Superior Court Judge

STATE OF VERMONT

SUPERIOR COURT  
Windsor Unit

CIVIL DIVISION  
Docket No. \_\_\_\_\_ Wrcv

|                                    |   |
|------------------------------------|---|
| THE STATE OF VERMONT OFFICE OF     | ) |
| THE ATTORNEY GENERAL,              | ) |
| Plaintiff                          | ) |
|                                    | ) |
| v.                                 | ) |
|                                    | ) |
| EMERGE FAMILY ADVOCATES, INC.,     | ) |
| JOSEPH VERDINE, BOARD PRESIDENT,   | ) |
| MURIEL FARRINGTON, BOARD           | ) |
| SECRETARY, THOMAS TRUNZO, BOARD    | ) |
| MEMBER, JOHANNA JASPERSOHN,        | ) |
| BOARD MEMBER, and RAYMONA RUSSELL, | ) |
| EXECUTIVE DIRECTOR                 | ) |
| Defendants.                        | ) |

**ATTORNEY GENERAL’S MOTION FOR A TEMPORARY RESTRAINING ORDER  
AND/OR PRELIMINARY INJUNCTION TO REMOVE THE BOARD  
AND TO APPOINT A SPECIAL TRUSTEE and  
INCORPORATED MEMORANDUM OF LAW**

The Vermont Attorney General hereby moves this Court to enter a temporary restraining order and/or a preliminary injunction against Emerge Family Advocates, Inc. (“Emerge”) and the other named defendants based on the facts set out in the incorporated Memorandum of Law and supported by the attached affidavit. This Motion is related to the Attorney General’s Petition to Remove the Board and Appointment of A Special Trustee (“Petition”). The Attorney General respectfully requests that the temporary restraining order and/or preliminary injunction contain the following terms:

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109 State Street  
Montpelier, VT  
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1. Issue a temporary restraining order and/or a preliminary injunction pursuant to Rule 65 of the Vermont Rules of Civil Procedure removing Defendant board members from the Emerge Board of Directors, as being in the best interests of Emerge.
2. Appoint Suzanne Lovell as a special trustee with all the necessary powers to: (1) preserve Emerge's charitable assets; (2) review Emerge finances and the likelihood of Emerge being able to continue its mission; and (3) recommend to the Court and Attorney General whether and how Emerge may continue operations, including, but not limited to, recruiting a new board of directors, instituting appropriate financial procedures and oversight, and filing all appropriate reports and forms with the IRS and the States of Vermont and New Hampshire. The special trustee's fees are to be paid from Emerge funds.
3. Order that the Executive Director of Emerge, Defendant Raymona Russell: (a) provide access to all information regarding Emerge and its clients requested by the special trustee, including, but not limited to: all financial records; board minutes; bylaws and policies; grant applications; grant reports filed with Vermont Center for Crime Victims Services, Vermont Department of Children and Families, New Hampshire Department of Justice Office on Violence Against Women, and reports filed with any other grantor, together with the schedule book and other supporting documentation for those reports; and (b) be prohibited from taking any action on behalf of Emerge – including providing any services, expending any assets or incurring any debts – without authorization from the Court, the special trustee, or a properly constituted board of directors.

4. Appoint Sara Kobylenski, Executive Director of Upper Valley Haven, 713 Hartford Avenue, White River Junction, Vermont 05001, through coordination with a group of local nonprofit organizations, to create an emergency interim resource for the provision of essential court-ordered supervised visitation and supervised exchanges of children between parents until Emerge can resume providing such services or an alternative permanent program can be put in place at another nonprofit.
5. After appointment of a special trustee, order the temporary closing of Emerge, only as is necessary to accomplish the above.
6. Schedule a status conference within 30 days to hear the findings and recommendations of the special trustee, and to determine what further action from the Court is warranted.
7. Any additional relief as the Court deems just and proper.

#### MEMORANDUM OF LAW

The Attorney General seeks a preliminary injunction imposing conditions upon Emerge, its directors and its Executive Director, based on an investigation into Emerge's financial and governance operations, in order to restrain future violations of the Vermont nonprofit and charitable trust law. The Attorney General additionally seeks the immediate appointment of a special trustee to preserve Emerge's charitable assets, review its finances, assess the likelihood of Emerge being able to continue its mission, and recommend to the Court and Attorney General whether and how Emerge may continue operations.

In the associated Petition, the Attorney General alleges that Defendants Verdine, Farrington, Trunzo and Jaspersohn, through various actions and omissions, have repeatedly



violated their statutory duties to Emerge, namely their duty to act in good faith, their duty of care, and their duty of loyalty. *See* 11B V.S.A. § 8.30(a). These defendants have likewise engaged in a gross abuse of authority and/or discretion. *See* 11B V.S.A. § 8.10(a)(1)(A).

Beyond general regulation of the nonprofit sector, as part of its *parens patriae* power, the Attorney General's Office exercises common law and statutory powers in connection with the supervision, administration and enforcement of charitable trusts, 14A V.S.A. §§ 110, 405, 413, charitable solicitations, 9 V.S.A. §§ 2471 – 2479, and charitable sales promotions, 9 V.S.A. §§ 2481a – 2481d. The Attorney General also has the duty to see that the rights of the public in a charitable trust are protected and properly executed. *See Wilbur v. Univ. of Vermont*, 129 Vt. 33, 44 (1970); *Pres. & Fellows of Middlebury Coll. v. Cent. Power Corp. of Vt.*, 101 Vt. 325, 343 (1928); *see also* 14A V.S.A. § 405(c).

This memorandum briefly describes the facts that the State intends to prove at the hearing on this motion, discusses the applicable standard for granting preliminary relief and the legal principles pertinent to nonprofit public benefit corporations and charitable trusts, and applies them to the facts alleged here. The facts and legal standards clearly demonstrate that a temporary restraining order and/or preliminary injunction is warranted in this case.

## I. FACTS

Emerge Family Advocates is a nonprofit corporation registered with the Vermont Secretary of State, recognized by the Internal Revenue Service as a 501(c)(3) organization. It is a public benefit corporation as defined by statute, 11B V.S.A. § 17.05, and under its bylaws is governed by a board of directors. Emerge operates several supervised visitation centers in Vermont and New Hampshire and is funded almost exclusively through grants from the New Hampshire Department of Justice and the Vermont Center for Crime Victim Services.

Defendants Joseph Verdine, Muriel Farrington, Thomas Trunzo and Johanna Jaspersohn constitute Emerge's current Board of Directors ("the Board"). Defendant Verdine has served on the board since 1997 and is the current President, Defendant Farrington has served since 2008 and currently serves as both the Secretary and Treasurer, Defendant Trunzo has served since 2011 and is the immediate past Treasurer, and Defendant Johanna Jaspersohn has served on the board since 2014.<sup>1</sup> Defendant Raymona Russell has been the Executive Director since 1996 and is currently the only full-time staff member of Emerge.

The affidavit of Michael T. Powers, Investigator, Office of the Attorney General ("Powers Affidavit"), provides evidence of the following facts which support removal of the Board and suspension of the activities of Emerge until further order of the Court. *See* Powers Affidavit (attached as Exhibit 1).

For the last several years, the Board has violated its statutory duties of good faith, care, and loyalty to Emerge by:

- (1) failing to require that the Executive Director provide the Board and Treasurer regular access to Emerge's financial records or bank statements;
- (2) approving of the Executive Director giving Emerge equipment to her family members for their exclusive use unrelated to Emerge's charitable mission;
- (3) not developing or approving an annual budget for at least the past two years;
- (4) not ever commissioning a full and independent audit despite receiving over 90% of its funding from public sources requiring an audit;

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<sup>1</sup> The Attorney General recognizes that Defendant Jaspersohn's limited time on the Board makes her potentially less responsible for the failing governance of Emerge and thus may not have violated her statutory duties to the same degree as other Board members. Nonetheless, The Attorney General seeks removal of the entire Board given the long-standing and deeply held animosity among board members and the Executive Director.

- (5) not employing a bookkeeper or other individual to regularly and directly manage its accounts since 2011, and relying exclusively on the Executive Director who has no knowledge of bookkeeping or accounting to manage all financial affairs;
- (6) failing to act as an independent Board and removing board members who raise concerns about the lack of meaningful Board oversight of the Executive Director and of the financial management of Emerge; and
- (7) censuring dissenting Board members.

Powers Affidavit ¶ 3.

In addition, the Board has exercised virtually no oversight of the expenditure of charitable funds by the Executive Director, and thereby has permitted the Executive Director to spend funds without any specific Board approval and contrary to the organization's bylaws. As a result, the Executive Director has:

- (1) annually paid herself, in 2011 and 2012, between \$5000 and \$10000 more than her board-approved salary;
- (2) written and authorized her own paychecks, paying herself on an irregular and inconsistent basis, including paying herself several times during the same two-week pay period, paying herself weeks or months in advance of a pay period, and paying herself multiple times for the same pay period;
- (3) obtained two separate loans from Emerge totaling \$5000 for which the Board had no record of either authorizing or demonstrating repayment of the loans;
- (4) paid herself reimbursement checks in advance of incurring any expense and/or in excess of the amount listed on her expense reports, once paying herself more than \$1000 beyond the documented expenses.

Powers Affidavit ¶ 4.

The past major sources of funding for Emerge are currently not available to the organization largely due to the issues raised in the Petition. On July 1, 2014, the Vermont Center for Crime Victim Services wrote Emerge that it would not continue funding until the Vermont Attorney General's Office concluded its investigation, Emerge obtained a thorough and independent audit of its accounts, and the Board increased its financial oversight. Powers Affidavit ¶ 5. To date the Center has not approved any additional funding for Emerge. On September 30, 2014, all grants of federal dollars to Emerge from the New Hampshire Department of Justice were completed and Emerge was notified that no further funding would be available until a full on-site programmatic and financial review is completed and the U.S. Department of Justice Office on Violence Against Women approves further funding. Powers Affidavit ¶ 6. To date the New Hampshire DOJ has not scheduled this review.

### III. LEGAL STANDARDS

Rule 65 of the Vermont Rules of Civil Procedure provides for injunctive relief. It governs temporary restraining orders ("TROs"), V.R.C.P. 65(a), and preliminary injunctions, V.R.C.P. 65(b). Typically, TROs are sought ex parte for immediate relief and are followed by a prompt preliminary injunction hearing. In this case, the Attorney General does not seek ex parte relief, but instead seeks immediate relief because the State, the public and third parties will suffer immediate and irreparable harm if the relief is not granted. See V.R.C.P. 65(a); *Vermont Div. of State Bldgs. v. Castleton Bd. Of Adjustment*, 138 Vt. 250, 256-57 (1980) (explaining that restraining orders are appropriate to avoid immediate "irreparable injury").

To obtain a Rule 65 TRO, the applicant must demonstrate “that immediate and irreparable injury, loss, or damage” will occur absent the TRO. V.R.C.P. 65(a). Similarly, in considering whether to issue a preliminary injunction a court must weigh “(1) the threat of irreparable harm to the movant; (2) the potential harm to the other parties; (3) the likelihood of success on the merits; and (4) the public interest.” *In re J.G.*, 160 Vt. 250, 255 n.2, *opinion after grant of appeal*, 161 Vt. 563 (1993) *citing U.S. v. A, W.J.*, 639 F. Supp. 1558, 1559 (D. Minn. 1986).

Under 11B V.S.A. § 8.10(a)(1), the superior court may remove any director of a public benefit corporation such as Emerge, if the court finds that:

- (A) the director engaged in fraudulent or dishonest conduct, or gross abuse of authority or discretion, with respect to the corporation, that the provisions of section 8.13 of this title have been violated, or a final judgment has been entered finding that the director has violated a duty set forth in sections 8.30 through 8.33 of this title; and
- (B) removal is in the best interest of the corporation.

Finally, the Attorney General has a duty to protect charitable assets and ensure that they are expended for the charitable purpose for which they were granted. 14A V.S.A. § 405 (granting Attorney General authority to enforce charitable trusts). This duty extends to ensuring that charitable assets are used for their public purpose and are not wasted or misused. *See Middlebury Coll.*, 101 Vt. at 343 (highlighting that Attorney General is proper party to “defend the rights of the public” inherent in a charitable trust).

### III. THE FACTS SUPPORT AND NECESSITATE A TEMPORARY RESTRAINING ORDER OR PRELIMINARY INJUNCTION IN THIS CASE

The Court should grant a TRO or preliminary injunction because without an order removing the Board of Emerge and suspending Emerge’s activities the limited remaining funding available to provide supervised visitation services in the Upper Valley will disappear

and the steps necessary to determine how these services should be provided going forward will be deferred, to the potential detriment of families in need of these services.

Taking the factors considered in issuing a TRO and preliminary injunction in turn, first, as to the threat of irreparable harm, the State of Vermont, along with the State of New Hampshire, provide the vast majority of funding for Emerge to provide essential court-ordered supervised visitations and supervised exchanges of children between parents. Because both states have withdrawn funding and refused future funding until the finances of Emerge can be determined and an evaluation of its program can be conducted, no money will come to the Upper Valley to provide those services in the near future. This immediate reality jeopardizes the availability of supervised visitation or exchange for families needing such support.

Additionally, the current Board has repeatedly failed to provide the meaningful financial oversight necessary to protect Emerge's charitable assets, and the current turmoil surrounding the Board further hinders its ability to properly function or obtain additional funding to support Emerge's mission. This state of affairs endangers Emerge's remaining assets and directly impedes its charitable purpose. The direct harm to the public and a depletion of Emerge's charitable assets is irreparable, therefore, because Emerge has no present ability to replenish funding and, without an immediate evaluation of Emerge's ability to provide services in the longer term, including potentially restructuring its Board to exercise greater control and oversight over Emerge's fiscal operations, the families needing supervised visitation and exchanges for their children will endure a longer period of instability or lack of services than if a TRO or Preliminary Injunction is issued. And the charitable assets, once spent, will be near impossible to recover.

Second, the potential of harm to other parties, namely Emerge, its Board and Executive Director, if the Court grants the requested TRO or preliminary injunction would be minimal. Because removal of the Board is in the best interests of Emerge and its charitable mission, the most important party – the charity itself – would be served through issuance of an injunction. The current state of the Board has left Emerge without future funding, spending down its charitable assets, and in a severely dysfunctional state vis-à-vis its Board. And though the Board members, themselves, face a finding that Emerge’s best interests are served when the they are removed from their present positions, any harm from such a finding or order removing them is minimal in light of the harm currently being done to Emerge.

The Attorney General submits that an order removing the Board is appropriate here because the Board members have abdicated their responsibilities to adopt a budget, failed to appoint a person with adequate skills to provide bookkeeping and other financial services for the organization, failed to obtain an audit even though the vast majority of Vermont and New Hampshire funding for Emerge’s services is dependent on annual audits, actively avoided the creation or development of an independent board of directors, and failed to oversee or curb the actions of the Executive Director such that she has been able to pay herself more than the salary provided by the Board and to reimburse herself more than the expenses she incurred.

The harm to the Executive Director should the Court enter a TRO or Preliminary Injunction as requested will be that for a limited period of time, she cannot receive compensation for providing visitation and exchange services and cannot provide those services, nor will she be required to perform services outside those directed by the Special Trustee. This is minimal harm. Given that there is evidence that the Executive Director has been overcompensated in the past both for both payroll and reimbursements, a temporary halt to that

compensation cannot be considered irreparable or even overly burdensome. Moreover, the appointment of a special trustee will provide precisely the independent oversight of the Executive Director that the Board should have provided all along. This is no hardship. With regard to the temporary cessation of services, the harm, if any, is to the families who would utilize visitation and exchange services. And again, the potential for a longer delay in services is apparent if Emerge continues on its current course.

Furthermore, if, as requested, the Court appoints Sara Kobylenski, Executive Director of Upper Valley Haven, to coordinate with a group of local nonprofit organizations to create an emergency interim resource for the provision of essential court-ordered supervised visitation and supervised exchanges of children between parents, only those parents who do *not* have an emergency need for visitation or exchange services will be deprived of those services, again for a limited period of time, and all families will be able to obtain those services from a financially stable organization more quickly than if the TRO or preliminary injunction is denied.

Third, the Attorney General submits that given all the facts set out in this Memorandum and in the Affidavit of Michael T. Powers, and the lack of evidence to date that Emerge has been able to provide to counter those facts; the Court should conclude that the Attorney General is likely to succeed on the merits of his claim. And, fourth, it is without question that it is in the public interest to grant the Attorney General's motion and issue the requested Order.

The Attorney General submits that under these circumstances, the harm to the public by not addressing the abuses that have long gone unchecked at Emerge outweigh the harm to the individual Defendants should the Court issue a TRO or preliminary injunction, especially given the proposed structure for providing necessary support services to Upper Valley families and ensuring the protection of Emerge's charitable assets.



IV. CONCLUSION

Based on the foregoing, the Attorney General requests that the Court enter an Order pursuant to Rule 65 of the Vermont Rules of Civil Procedure containing the terms set out above in the Motion for a Temporary Restraining Order and/or Preliminary Injunction.

DATED at Montpelier, Vermont this 7th day of October, 2014.

Respectfully submitted,

STATE OF VERMONT

WILLIAM H. SORRELL  
ATTORNEY GENERAL

By: 

Wendy Morgan  
Todd W. Daloz  
Assistant Attorneys General  
Office of the Attorney General  
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Montpelier, VT 05609-1001  
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ERN 4721

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GENERAL  
109 State Street  
Montpelier, VT  
05609

STATE OF VERMONT

SUPERIOR COURT  
Windsor Unit

CIVIL DIVISION  
Docket No. \_\_\_\_\_ Wrcv

THE STATE OF VERMONT OFFICE OF )  
THE ATTORNEY GENERAL, )  
Plaintiff )

v. )

EMERGE FAMILY ADVOCATES, INC., )  
JOSEPH VERDINE, BOARD PRESIDENT, )  
MURIEL FARRINGTON, BOARD )  
SECRETARY, THOMAS TRUNZO, BOARD )  
MEMBER, JOHANNA JASPERSON, )  
BOARD MEMBER, and RAYMONA RUSSELL, )  
EXECUTIVE DIRECTOR )  
Defendants. )

**AFFIDAVIT OF MICHAEL T. POWERS**

1. My name is Michael T. Powers, and I am an investigator in the Public Protection Division of the Vermont Office of the Attorney General.
2. As the result of a report made to the Attorney General's Office stating concerns with the financial operation of Emerge Family Advocates, Inc. ["Emerge"], the Public Protection Division began an investigation that included an analysis of financial records and other documents provided by Emerge.
3. My investigation of the actions of the Board of Directors of Emerge revealed information that included, but was not limited to, the following.
  - (a) Discussions with the Board showed that it failed to require that the Executive Director provide the Board and Treasurer access to Emerge's financial records or bank statements.

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- (b) Upon information and belief, the Board approved of the Executive Director giving Emerge equipment to her family members for their exclusive use unrelated to Emerge's charitable mission;
- (c) Emerge provided no documentation showing it had developed or approved an annual budget for at least the past two years.
- (d) The Board provided no evidence to show it had ever commissioned a full and independent audit despite receiving over 90% of its funding from public sources requiring an audit;
- (e) Upon information and belief, the Board did not employ a bookkeeper or other individual to regularly and directly manage its accounts since 2011, and relies exclusively on the Executive Director who has no knowledge of bookkeeping or accounting to manage all financial affairs.
- (f) Emerge's bylaws limit removing a board member "for cause." [Attachment 1] Nevertheless, the Board has removed two recent board members, including Defendant Jaspersohn, because of alleged technical violations of Emerge's bylaws. In one instance a former Board treasurer was removed because she had allegedly reached the limit of her term; however, the bylaws in effect did not include any term limits and both Defendants Verdine and Farrington remained on the Board despite serving longer terms. [Attachment 2] Similarly, Defendant Jaspersohn, though she been elected to the Board only a few months earlier, was removed because two of four members of the Board, a majority of those present at that particular Board meeting, determined that the bylaw's requirement of "an uneven number of [board] members" necessitated her immediate removal rather

than the election of an additional member or a temporary exception to the bylaw.

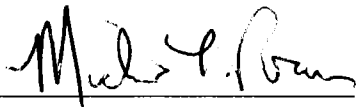
[Attachment 3]

- (g) The Board also has a practice of censuring dissenting members. After he made a public complaint about the Board's lack of financial oversight, two Board members, a majority of the three person Board, publicly censured then-Treasurer Defendant Trunzo and removed him from the office of Treasurer, appointing Defendant Farrington to that role.

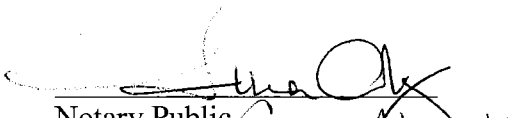
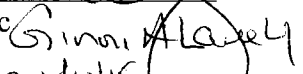

[Attachment 4]

4. My investigation of the financial operations of Emerge revealed information that includes, but is not limited to, the following:
- (a) The Board acknowledges it voted Executive Director Raymona Russell an annual salary of \$65,000.00 in 2011. However, the IRS Forms 990 that Emerge filed showed that she paid herself \$75,000.00 in 2011, and \$72,500.00 in 2012.
  - (b) Executive Director Russell often paid herself her wages on an irregular and inconsistent basis, including:
    - i. paying herself the full amount of her bi-weekly salary, several times during the same two-week pay period, such as July 12, 19, and 20, 2012; and twice on October 11, 2012;
    - ii. paying herself the full amount of her salary weeks or months in advance of a pay period, such as a July 2, 2012 payroll check covering the pay period of August 5 to 18, 2012, and a September 26, 2012 payroll check covering the pay period of November 11 to 24, 2012; and

- iii. paying herself multiple times for the same pay period, such as issuing herself payroll checks for the full amount of her salary on October 11 and October 16, 2012, both listed for the pay period of December 9 to December 22, 2012.
- (c) In 2011 and 2012, the Executive Director obtained two separate loans for \$2500 which Emerge reported in its IRS Forms 990. Emerge produced no record showing that the Board of Directors authorized either of the loans.
- (d) On several occasions the Executive Director wrote herself a reimbursement check – at times in advance of incurring any expense – in excess of the amount listed on her expense reports. For example, she wrote herself three checks on July 20, July 27, and August 16 totaling \$4,500.00 for expenses related to attending and upcoming conference. Her list of actual expenses for the conference totaled \$3,494.50. The Board produced no record showing that the Executive Director repaid the amount of the advance not expended.
5. In the past three months, the Vermont Center for Crime Victim Services has indicated that it will not continue funding Emerge until the Vermont Attorney General’s Office concludes its investigation into Emerge, Emerge obtains a thorough and independent audit of its accounts, and the Board increases its financial oversight. [Attachment 5]
6. The New Hampshire Department of Justice’s Office on Violence Against Women will not continue funding Emerge until a full on-site programmatic and financial review is completed. [Attachment 6]
7. Through the course of the investigation, I have learned that the United States Department of Justice is also considering investigating Emerge over the use of grant funds funneled through New Hampshire’s Department of Justice to Emerge.

  
Michael T. Powers

Subscribed and sworn to before me at Montpelier, Vermont, this 7<sup>th</sup> day of October, 2014.

  
Notary Public   
Comm Exp 01/01/15 

Office of the  
ATTORNEY  
GENERAL  
109 State Street  
Montpelier, VT  
05609

# **ATTACHMENT 1**

# By-Laws of Emerge Family Advocates, Inc.

## ARTICLE I NAME AND LOCATION

### **Sec. 1 Name**

The name of the corporation is Emerge Family Advocates, Inc. (hereinafter referred to as the "corporation").

### **Sec. 2 Location**

The registered office of the corporation shall be located at Emerge Family Advocates, Inc. 2160 North Hartland Road, White River Junction, Vermont 05001, or any such address that is determined by the Board of Directors.

## ARTICLE II PURPOSES

### **Sec. 1 Mission Statement**

Emerge Family Advocates seeks to help families function in a healthy manner, primarily by providing the safe and neutral settings and services that help children exercise their right to the best possible relationship with each parent.

### **Sec. 2 Corporate Objectives**

To ensure the corporate mission, the corporation's objectives are as follows:

- a. To directly promote the safety and emotional well being of our community's children.
- b. To foster networking with other professionals, organizations, and agencies to deliver the highest quality service possible.

The corporation is organized exclusively for charitable, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or as may be amended.

The purpose of the corporation is to enable children to spend time with their non-residential parent(s) and other family members in a safe and nurturing environment.

The corporation will provide education on family issues and parenting skills, and will provide referrals for mediation, and other child and family services.

### **Sec. 3**

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to the corporation's members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distributions in furtherance of the purposes set forth above.



No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise trying to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distributions of statements) any political campaign on behalf of, or in opposition to any candidate for public office.

Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempted from federal income tax under section 501(c) (3) of the Internal Revenue Code, or the corresponding section of any federal tax code, or (b) by a corporation, contributions to which are deductible under section 170 (c) (2) of the Internal Revenue Code, or the corresponding section of any future tax code.

**Sec. 4**

Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose, any such assets not so disposed of shall be disposed of by a court of Competent Jurisdiction of the country in which the principal office of the corporation is then located, exclusively for such purposes or to such (s), as the said court shall determine, which are organized and operated exclusively for such purposes.

**ARTICLE III**  
**FISCAL YEAR**

**Sec. 1 Fiscal Year**

The fiscal year of this corporation shall begin on the first day of January in each year, and end on the last day of December in each year.

**ARTICLE IV**  
**BOARD OF DIRECTORS**

**Sec. 1 Number and Term of Office**

The business and affairs of the corporation shall be overseen by a Board of at least three (3) and not more than nine (9) members.

The Board shall consist of an uneven number of members.

Each Board member, except one appointed to fill a vacancy, shall be elected to serve for a three year term.

Board members shall be elected by an affirmative vote of a majority of the currently serving Board members.

Upon adoption of these by-laws, all current and future Board members shall be assigned terms, so that the corporation will not have more than three Board members terms ending on the same year.

**Sec. 2 Ex-Officio Board Member**

Ex-Officio members may be elected by a majority of the Board of directors at the annual meeting for a one-year term. This member shall not have voting rights, but will be welcome to attend Board meetings, and provide input.

**Sec. 3 Compensation**

Board Members may be reimbursed for mileage and expenses incurred in carrying out the Corporations' business, consistent with the rules and regulations of the United States Internal Revenue Service.

**Sec. 4 Vacancies**

Vacancies on the Board of Directors shall be filled by an affirmative vote of the majority of the remaining Board members. The appointed member shall serve until the next annual meeting, when a vote will take place to fulfill the vacant term.

Board members, by an affirmative majority vote, may request the resignation for cause, of any Board member(s).

Board members shall seek candidates who will provide insight, and further the Corporation's mission and goals.

**Sec. 5 Mission of the Board of Directors**

It shall be the mission of the Board of Directors to:

- a. Recruit, hire and manage appropriate executive management.
- b. Establish and foster positive relations with the Corporations' community.
- c. Elect individuals who have shown a high degree of commitment to the Corporate mission.
- d. Provide guidance to the program to ensure that it adheres to the Corporate mission.
- e. Encourage and promote education regarding the Corporation's mission.
- f. Serve as a resource for identification of needs and resources in the community.
- g. Support fundraising for the Corporation.

**Sec. 6 Duties**

Without in any way restricting the powers of the Board of Directors, it shall have the following specific powers and duties:

- a. Develop and carry out the purposes of the Corporation as set forth in Article II of these by-laws.
- b. Exercise authority over the administration of the Corporation and administer its affairs.
- c. Supervise the finances of the Corporation.
- d. Adopt budgets, and authorize the treasurer to supervise the collection and disbursement of funds in conformity with the budget.
- e. Oversee auditing of corporate books.
- f. Determine guidelines for cooperation between the Corporation and other appropriate organizations.
- g. The board members shall review and ensure the Corporation's continuing compliance with all relevant federal, state, and local laws and regulations.

## **ATTACHMENT 2**

LAW OFFICE OF  
NANCY S. TIERNEY

September 23, 2014

Judy Rex, Executive Director  
Vermont Center for Crime Victim Services  
58 South Main Street, Suite One  
Waterbury, Vermont 05676-1599

RE: Emerge Family Advocates

Dear Ms Rex:

I am an attorney practicing in New Hampshire and Vermont. From approximately 2005 - 2011, I was a member of the Board of Directors of Emerge Family Advocates. In the fall-early winter of 2011, I was forced off the Board which claimed, at the urging of Executive Director, Mona Russell, a provision of the bylaws had been enacted limiting the terms of board members. Recently, however, I learned that provision had not in fact been enacted and I had been illegally removed from the Board.

I believe, as I have always believed, Emerge serves a valuable function in our community. Since 2011, I have had several clients use the services of Emerge. I was surprised, therefore, to receive the attached item filed by Ms. Russell indicating Emerge would not serve any of my clients due to a "conflict of interest" of which I "was aware." This was the first notification I ever received indicating Emerge was refusing to service clients in its service area in addition, I am no more aware today as I was in the fall/early winter of 2011 of what issue Ms. Russell has with me. I have verified, however, it is not a feeling shared by all Board members with whom I have served or all Board members who have served Emerge since 2011. For this reason, I can only conclude this is a personal issue Ms. Russell has and not an organizational issue.

Since Emerge receives funding from the State of Vermont, I do not believe Ms. Russell has the authority to refuse services to clients in Emerge's service area, referred by the Court, simply because I am their attorney or Guardian ad Litem. I would appreciate your assistance in clarifying and resolving this matter.

Respectfully yours,



Nancy S. Tierney

cc: Office of the Vermont Attorney General

# **ATTACHMENT 3**

# D - r - a - f - t

## Emerge Family Advocates

Board of Directors Meeting  
Lesle Road  
White River Junction, VT  
June 23, 2014

**Present:** President Joseph Verdine, Secretary Muriel Farrington, Executive Director Mona Russell, and Honorary Director Bill Boardman.

**Absent:** Treasurer Tom Trunzo and Director Joanna Jasperson. Neither person let us know they would not be in attendance.

The meeting was scheduled for 5:00 p.m. At 5:30 we still did not have a quorum, so the meeting was begun informally.

**Secretary's Report:** Mona responded to Tom's comment at the last meeting about the Confidentiality Policy. She stated that we have used this form since 2005, and we've had everyone coming into Emerge sign this form. Clients have a separate confidentiality form. The intent of the form is to cover not only paperwork but what a person might overhear.

**Clarification Safe Havens Grant Termination Date:** Tom had stated at the April meeting that the Safe Havens Program would run out the end of September 2014. Mona clarified that this program is not over, but it has been replaced with one that is called Justice for Families which is still being run by the Federal Department of Justice; this program runs 10/1/2014 – 9/30/2016. Mona pointed out that our February 17, 2014 minutes referred erroneously to this program as Safe Havens NH; this will need to be corrected.

**Whistle Blower Policies:** Mona showed us that we have such a document in place, in our Policies and Procedures located under Complaints. Additionally, our Employee Whistle Blower Policy was put in place in 2010.

**Discussion of By Laws:** The By Laws (currently in force adopted July 16, 2009) Article 4 Section 1 states, in part, *the Board shall consist of an uneven number of Members*, and our Board does not; we are not in conformance with our own By Laws. In fact, the current Board consists of only three duly elected Board Members in conformance with the By Laws. The 2014 Board Member election was a violation of the By Laws and is void. The current Board consists of Joseph Verdine, Muriel Farrington, and Thomas Trunzo. Given that reality, the Board Members in attendance realized they constituted a quorum of the legitimate Board consisting of three members conforming to the By Laws.

Joe called the meeting to order at 6:40.

**Present:** President Joseph Verdine, Secretary Muriel Farrington, Executive Director Mona Russell, and Honorary Director Bill Boardman.

**Absent:** Treasurer Tom Trunzo.

**Board Housekeeping:** This was deferred until the next meeting.

### Secretary's Report – Muriel Farrington

Joe moved we approve the April 21 Minutes incorporating the changes brought up by Mona in our informal discussion. Muriel seconded. During discussion of the minutes, we agreed to make Mona's responses to Tom's recorded comment at the last meeting a part of today's minutes:

**Confidentiality Policy:** Mona stated that we have used this form since 2005, and we've had everyone coming into Emerge sign this form. Clients have a separate confidentiality form. The intent of the form is to cover not only paperwork but what a person might overhear.

**Clarification Safe Havens Grant Termination Date:** Tom had stated at the April meeting that the Safe Havens Program would run out the end of September 2014. Mona clarified that this program is not over, but it has been replaced with one that is called Justice for Families which is still being run by the Federal Department of Justice; this program runs 10/1/2014 – 9/30/2016. Mona pointed out that our February 17, 2014 minutes referred erroneously to this program as Safe Havens NH; this will need to be corrected.

**Whistle Blower Policies:** Mona showed us that we have such a document in place, in our Policies and Procedures located under Complaints. Additionally, our Employee Whistle Blower Policy was put in place in 2010.

There being no more discussion, all voted in favor, and the minutes were approved.

**Executive Director's Report – Mona Russell**

Mona provided us with copies of the P&L and Balance Sheet for 2014 YTD as well as comparisons to last year, along with a 2014 A/P Aging Summary; she then updated us on the status of incoming money expected in the next 1-3 weeks which should cover our Aged Accounts Payable.

**Statistics:** For 2014 to June 23, Emerge is operating three sites providing services for 72 families; these services resulted in 542 visits, averaging 90 visits per month or 22.5 per week. During this typically heavy record-keeping period, Mona has had to manage Emerge basically by herself.

Due to time constraints, Joe moved we table the remainder of the agenda until the next meeting date. This meeting has tentatively been scheduled for July 21 at 5 pm at Emerge.

Joe moved the meeting be adjourned, Muriel seconded it, and the meeting was adjourned at 7:20 p.m.

Respectfully submitted,

Muriel Farrington, Secretary

# **ATTACHMENT 4**



**D-R-A-F-T**  
**Emerge Family Advocates**  
**Board of Directors Meeting**  
 August 18, 2014

**Present:** President Joe Verdine, Secretary Muriel Farrington, Honorary Board Member Bill Boardman.

**Absent:** Treasurer, Tom Trunzo (later present).

**Call to Order:** The meeting was called to order at 5:00 p.m. by President Joe Verdine. He stated this is an executive session.

Joe verified that everyone present has signed the Visitor Confidentiality Form.

**Secretary's Report – Muriel Farrington**

Joe moved that we approve the minutes of the June 23 meeting as presented. Muriel seconded. All present voted in favor of acceptance, and the minutes stand as read.

**Executive Director's Report – Mona Russell**

Mona handed out the following reports: P&L, Balance Sheet and A/P Aging Summary. The Executive Director's Report has been tabled until tomorrow and will be sent to the Secretary for further distribution.

**Discussion and preliminary response to AG letter**

Joe moved that we censure Thomas Trunzo for unauthorized, unapproved and malicious activity with the intent and/or effect of causing harm to the organization and director. He further moved that Thomas Trunzo has no authority to speak on Emerge's behalf.

*At this point Thomas Trunzo joined the meeting. He was asked for his signed Confidentiality Form, and he placed it on the table in front of him. He stated after the meeting that he had included caveats on that document.*

Muriel seconded the motion. Since Mr. Trunzo was being censured, he had no vote. Joe and Muriel voted in favor of censure. The motion passed on a 2-0 vote.

Under the bylaws article 5, section 12, Delegation of Duties. Joe moved to temporarily delegate the duties of Treasurer to Muriel Farrington. Muriel seconded the motion. Tom objected to the procedure. All in favor: Muriel and Joe voted aye; Tom voted nay. The motion carried.

Tom stated that he disagrees that the minutes could be approved as he felt there was no quorum at the prior meeting. Request denied as two out of three members were present. Joe reiterated the board's position that the election of Joanna Jaspersohn had been invalid and that she had never been a legitimately qualified board member. Muriel agreed.

**Resolved:** Emerge Family Advocates checks will require two signatures, including one officer, effective immediately.

Muriel made the motion, and Joe seconded.

**Discussion:** Tom opposes the motion because it is incomplete – he feels it needs to be developed more. Muriel added that we can improve it if needed at a later date.

**Vote:** Muriel and Joe voted aye, and Tom opposed. The motion carried.

**Resolved:** That the Executive Director provide the Board with P&L and Balance Sheets by the 10<sup>th</sup> of each month. Muriel made the motion, and Joe seconded. Joe and Muriel voted aye; Tom opposed. The motion carried.

- Muriel to send copies of draft response to the AG's letter.
- Tom to provide current and former employee responses in time for the next meeting.
- Muriel to send update proposed By-Law changes around.
- Mona to submit billing to Judy Rex for as much as she can. She has been waiting for an answer from Judy to a previously submitted question before billing can be completed.

The Board considered its letter to the Vermont AG. Muriel read the letter aloud asking for input on her draft responses. The Board understood the minutes would go out with the response. She will send a final copy around to see if there is other Board input prior to responding.

**ED Employment Contract** – Early last spring, Tom and Joanna Jaspersohn sent out letters to former and current Emerge employees. We have not seen the responses, and they are required before we can make further progress. Tom agreed to try to provide those responses as he doesn't have those responses with him. Tom said Joanna has the information; Tom will gather whatever information she may have for responses. This is to be done and ready for the next meeting. There was some discussion as to how Joanna obtained the names and addresses of former employees, etc.

**By-Law Revisions:** The Board went over current changes in the 2012 Emerge ByLaws; they were not previously approved. Muriel will send them out to the Board for further input.

Article 4, Section 2 Ex-officio Board Member: Joe asked that we strike *for a one-year term* and add *ex-officio members shall remain members unless removed for cause*. Muriel will include this in the copy sent to the Board.

Tom asked about Matt Friedman whom he hasn't seen around, asking if Matt still lives here; he wondered why Matt and Dick McCormack would still be called ex-officio. Joe explained that the ex-officio is an honorary position given to founders and members who have significantly contributed to the organization.

**Old Business:** Tom suggested Muriel put old business items in the "blue box" for easier tracking. She agreed.

**New Business:** None.

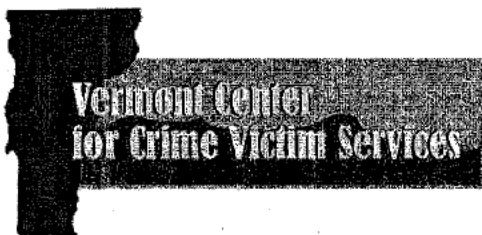
**Next meeting:** Tentatively scheduled for Monday October 13<sup>th</sup>. Tom asked why not in September. Joe and Muriel both are unavailable in the last half of September. If one is needed before October, we'll try to meet in early September.

There being no further business, Muriel moved the meeting be adjourned, Joe seconded, all voted in favor. The meeting was adjourned at 6:03 p.m.

Respectfully submitted,

Muriel Farrington  
Secretary

# **ATTACHMENT 5**



Victims Compensation Program  
 Vermont Victim Assistance Academy  
 Victim Assistance Program

[www.ccvs.state.vt.us](http://www.ccvs.state.vt.us)

Joe Verdine, Board President  
 Emerge Family Associates

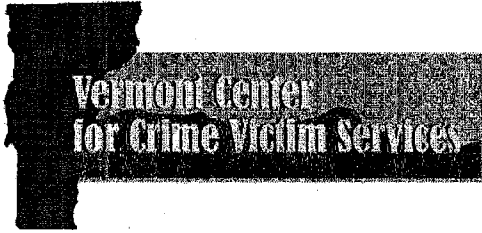
July 1, 2014

Dear Mr. Verdine,

This letter serves to notify the board of Emerge Family Advocates, Inc. that further funding from the Vermont Center for Crime Victim Services has been suspended. This decision is the result of numerous concerns regarding this Supervised Visitation Program that have been brought to our attention. Therefore, Emerge will not be receiving the Supervised Visitation Grant from our agency as they did last year for \$46,022. Our concerns include;

- **Lack of Audit** We have requested an audit on numerous occasions from your executive director, Mona Russell for over a year now. It is essential that our sub-grantees verify their financial integrity through the audits we require. Promises for said audit have been made, but no audit has materialized. The latest communication with Ms. Russell indicates that Wallace Tapia will “finish the 2012” audit, but that A. Anthony Grizzaffi, C.P.A. has been retained to do the audit for 2013, and review for 2014. It may be noted that the timing of the change in auditors “midstream” is of some concern to us.
  - Unease surrounding Emerge’s fiduciary integrity was echoed in the letter dated 4/21/2014, by your treasurer Thomas H. Trunzo. In it he stated that Ms. Russell has “failed and refused to provide the Board of Directors of Emerge with financial information and open access to the organization’s bank accounts for at least five years.”
- **Complaints from Clients** We have received confidential complaints from clients that allege that your director has intimidated them, crossed interpersonal/ professional boundaries, and breached confidentiality. The characterization of bullying behavior was seen again in your treasurer’s letter of 4/21/2014 in his description of Ms. Russell’s interaction with certain board members.
- **Complaints from Programs** Other victim service providers in your area are reluctant to recommend or refer clients to Emerge because of the alleged unnecessary stresses associated with interacting with Emerge.

58 South Main Street, Suite One, Waterbury, Vermont 05676-1599  
 (802) 241-1259 / (800) 750-1213 (VT only) / (800) 845-4874 (TTY VT only)  
 (802) 241-4337 (General fax) / (802) 241-1253 (Victims Compensation fax)



Victims Compensation Program  
Vermont Victim Assistance Academy  
Victim Assistance Program

[www.ccvv.state.vt.us](http://www.ccvv.state.vt.us)

- **Conflict of Interest in Hiring Practice** It is our understanding that this state and federally funded program is being run like a family business as Ms. Russell has hired her daughter and grandson as employees.
- **Unprofessional Conduct on the Part of the Executive Director to the Staff off VCCVS**  
The Vermont Center for Crime Victim Services has received emails from Ms. Russell that, in our opinion, are unnecessarily rude and tangential.

It is unfortunate that the situation has been driven to this point. We are deeply committed to the important work that our Supervised Visitation Programs perform. They are an essential building block in our systems' response to victims of crime. Therefore, it is absolutely mandatory that these programs execute proper stewardship of grant funding, as well as professional and victim sensitive service delivery.

Sincerely,

Judy Rex  
Executive Director  
Vermont Center for Crime Victim Services

Cc: Muriel Farrington, Emerge Board Member  
Joanna Jaspersohn, Emerge Board Member  
Thomas Trunzo, Jr., PA Treasurer Emerge Board  
Mona Russell, Executive Director Emerge  
Michael Powers, Esq. Asst. Attorney General Vermont

# **ATTACHMENT 6**

**ATTORNEY GENERAL  
DEPARTMENT OF JUSTICE**

33 CAPITOL STREET  
CONCORD, NEW HAMPSHIRE 03301-6397

JOSEPH A. FOSTER  
ATTORNEY GENERAL



ANN M. RICE  
DEPUTY ATTORNEY GENERAL

VIA-EMAIL & US Mail

October 1, 2014

Raymona Russell, Executive Director  
Emerge Family Advocates  
[REDACTED]

Re: Programmatic and Financial On-Site Review of Emerge

Dear Director Russell:

This letter shall serve as notice that the NH Department of Justice will be conducting a full on-site programmatic and financial review of Emerge Family Advocates within the next 30 day. I will contact you soon to establish a date that works best for both parties and that provides you the necessary time to assemble the requested documentation. The reason for this review is that the NHDOJ has received numerous allegations of wrongdoing at Emerge brought forth by a variety of concerned parties which will need resolution and it is our responsibility to ensure that federal funds are expended properly.

While an effort was made to allow the Vermont Attorney General's Office review to conclude before starting ours, that delay is no longer possible. The NH Department of Justice has recently received funding under the 2014 Justice for Families grant, from the Office on Violence Against Women, of which Emerge is an applicant, and those funds have been special conditioned to prevent this office from awarding any funding to Emerge until Emerge has undergone a successful on-site financial and programmatic review by this office. The Office on Violence Against Women will need to approve the outcome of that review before we are given authorization to subgrant any funding from the 2014 Justice for Families grant to Emerge.

The New Hampshire Department of Justice on-site programmatic and financial process will include a review of the following, but not exclusive, areas:

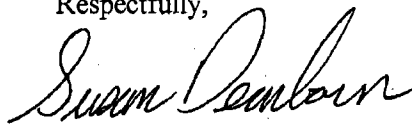
- A review of all expenditures submitted for reimbursement and the financial supporting documentation that accompanies those expenditure requests under the 2010 Safe Haven funding for the grant cycle of that funding which extends from October 1, 2010 through June 30, 2014.

- Please ensure that each expenditure report and all supporting documentation is organized, printed and available onsite, so that time is not expended gathering that information during the site visit.
- A review of all relevant general ledgers, banking statements, copies of executed checks, electronic transfers and other documents associated with any Safe Havens expenditures.
- A comprehensive programmatic review of visitation/exchange services provided by Emerge in accordance with the 2010 Safe Havens award and your compliance with all special conditions issued and agreed upon under that award.
- A review of Emerges' compliance with their organizations written by-laws.
- A review of Emerges' tax status as a 501(c)(3) entity, 2010 through 2013 IRS Form 990s, filing status in New Hampshire with Secretary of State or Charitable Trusts, fundraising activities in New Hampshire, victim confidentiality policies and procedures and hiring practices and procedures.
- Interviews with Emerges' Board of Directors and collaborative partners and current or former employees and/or clients may also be conducted.
- A review of Emerges' adherence to the OVW Guiding Principles and recognized best practices for providing supervised visitation, to include a walkthrough of the facility.
- A review of any and all financial and programmatic records that relate to the operation of Emerge in general and activities funded through pass through funding from the New Hampshire Department of Justice in particular, to include VOCA and State Victim Assistance funding.

All records pertaining to these requests must be on site, organized and available for review on the date of the scheduled review as well as being in a format conducive to that review process. Upon completion of this review any and all findings will be forwarded to the Office on Violence Against Women who will ultimately determine if Emerge is competent to remain a viable recipient of federal funding. Should you choose not to comply with this request; Emerge will be automatically ineligible for future funding through this office.

Thank you for your expected cooperation with this request.

Respectfully,



Susan H. Dearborn  
Grant Manager



STATE OF VERMONT

SUPERIOR COURT  
Windsor Unit

CIVIL DIVISION  
Docket No. 544-10-14 Wrcv

THE STATE OF VERMONT OFFICE OF )  
THE ATTORNEY GENERAL, )  
Plaintiff )  
 )  
v. )  
 )  
EMERGE FAMILY ADVOCATES, INC., )  
JOSEPH VERDINE, BOARD PRESIDENT, )  
MURIEL FARRINGTON, BOARD )  
SECRETARY, THOMAS TRUNZO, BOARD )  
MEMBER, JOHANNA JASPERSOHN, )  
BOARD MEMBER, and RAYMONA RUSSELL, )  
EXECUTIVE DIRECTOR )  
Defendants. )

**ATTORNEY GENERAL'S NOTICE OF VOLUNTARY DISMISSAL OF ITS PETITION  
TO REMOVE THE BOARD AND APPOINTMENT OF A SPECIAL TRUSTEE**

The Attorney General, pursuant to Vermont Rule of Civil Procedure 41(a), hereby dismisses without prejudice its Petition to Remove the Board and Appointment of a Special Trustee in the above-captioned matter, along with any and all associated pleadings and motions. Because no adverse party has filed a responsive pleading or motion for summary judgment in this matter, dismissal by the plaintiff without leave of the court is appropriate.

Office of the  
ATTORNEY  
GENERAL  
109 State Street  
Montpelier, VT  
05609


DATED at Woodstock, Vermont this 20th day of October, 2014.

Respectfully submitted,

STATE OF VERMONT

WILLIAM H. SORRELL  
ATTORNEY GENERAL

By:

  
Todd W. Daloz

Assistant Attorney General  
Office of the Attorney General  
109 State Street  
Montpelier, VT 05609-1001  
(802) 828-5507  
Todd.Daloz@state.vt.us  
ERN 4721

Office of the  
ATTORNEY  
GENERAL  
109 State Street  
Montpelier, VT  
05609

F 1  
OCT 20

VERMONT SUPERIOR COURT  
WINDSOR UNIT

STATE OF VERMONT

SUPERIOR COURT  
Windsor Unit

CIVIL DIVISION  
Docket No. 544-10-14 Wrcv

|                                    |   |
|------------------------------------|---|
| THE STATE OF VERMONT OFFICE OF     | ) |
| THE ATTORNEY GENERAL,              | ) |
| Plaintiff                          | ) |
|                                    | ) |
| v.                                 | ) |
|                                    | ) |
| EMERGE FAMILY ADVOCATES, INC.,     | ) |
| JOSEPH VERDINE, BOARD PRESIDENT,   | ) |
| MURIEL FARRINGTON, BOARD           | ) |
| SECRETARY, THOMAS TRUNZO, BOARD    | ) |
| MEMBER, JOHANNA JASPERSOHN,        | ) |
| BOARD MEMBER, and RAYMONA RUSSELL, | ) |
| EXECUTIVE DIRECTOR                 | ) |
| Defendants.                        | ) |

**ATTORNEY GENERAL'S NOTICE OF VOLUNTARY DISMISSAL OF ITS PETITION  
TO REMOVE THE BOARD AND APPOINTMENT OF A SPECIAL TRUSTEE**

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Office of the  
ATTORNEY  
GENERAL  
109 State Street  
Montpelier, VT  
05609

**FILED**  
OCT 28 2014  
VERMONT SUPERIOR COURT  
WINDSOR UNIT

DATED at Woodstock, Vermont this 20th day of October, 2014.

Respectfully submitted,

STATE OF VERMONT

WILLIAM H. SORRELL  
ATTORNEY GENERAL

By:



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So Ordered:

James A. DiMauro  
Presiding Judge

Date

10/24/14

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**FILED**

OCT 28 2014

VERMONT SUPERIOR COURT  
WINDSOR UNIT

STATE OF VERMONT

SUPERIOR COURT  
Windsor Unit

CIVIL DIVISION  
Docket No. \_\_\_\_\_ Wrcv

|                                    |   |
|------------------------------------|---|
| THE STATE OF VERMONT OFFICE OF     | ) |
| THE ATTORNEY GENERAL,              | ) |
| Plaintiff                          | ) |
|                                    | ) |
| v.                                 | ) |
|                                    | ) |
| EMERGE FAMILY ADVOCATES, INC.,     | ) |
| JOSEPH VERDINE, BOARD PRESIDENT,   | ) |
| MURIEL FARRINGTON, BOARD           | ) |
| SECRETARY, THOMAS TRUNZO, BOARD    | ) |
| MEMBER, JOHANNA JASPERSOHN,        | ) |
| BOARD MEMBER, and RAYMONA RUSSELL, | ) |
| EXECUTIVE DIRECTOR                 | ) |
| Defendants.                        | ) |

**THE ATTORNEY GENERAL'S PETITION TO REMOVE THE BOARD AND APPOINTMENT OF A SPECIAL TRUSTEE**

The State of Vermont Office of the Attorney General, pursuant to 11B V.S.A. §§ 8.10, 8.30, 12 V.S.A. §§ 4711 - 4725, and its common law authority over charitable trusts, petitions this Court for the removal of the board of directors of Emerge Family Advocates, Inc. and the appointment of a special trustee for the organization. In support of this Petition, the Attorney General states as follows:

**PARTIES**

1. The Attorney General has regulatory authority over nonprofit corporations under various provisions of Title 11B of the Vermont Statutes, including § 8.10 permitting petition for the removal of a board member by judicial proceeding. The Attorney General also exercises common law and statutory rights, duties and powers in connection with the

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supervision, administration and enforcement of charitable trusts, 14A V.S.A. §§ 110, 405, 413, charitable solicitations, 9 V.S.A. §§ 2471 - 2479, and charitable sales promotions, 9 V.S.A. §§ 2481a - 2481d. The Attorney General also has the duty to see that the rights of the public in a charitable trust are protected and properly executed. *See Wilbur v. Univ. of Vermont*, 129 Vt. 33, 44 (1970); *Pres. & Fellows of Middlebury Coll. v. Cent. Power Corp. of Vt.*, 101 Vt. 325, 343 (1928). The address of the Attorney General's Office is 109 State St., Montpelier, Vermont 05609.

2. Defendant Emerge Family Advocates, Inc. ("Emerge"), is a Vermont nonprofit corporation currently registered with the Secretary of State and recognized by the Internal Revenue Service as a 501(c)(3) organization. Emerge is a public benefit corporation as defined by statute, 11B V.S.A. § 17.05, and under its bylaws is governed by a board of directors. Emerge was originally incorporated as Emerge-Family Advocates, Inc. in 1996. Its registered address is 95 Leslie Dr., White River Junction, Vermont 05001-1224.

3. Defendant Joseph Verdine is the current President of the Board of Directors of Emerge and, upon information and belief, has served on the board since 1997. His address is [REDACTED]

4. Defendant Muriel Farrington is the current Secretary of the Board of Directors of Emerge and, upon information and belief, has served on the board since 2008. Her address is [REDACTED].

5. Defendant Thomas Trunzo is a current board member of the Board of Directors of Emerge and, upon information and belief, has served on the board since 2011. His address is [REDACTED]

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6. Defendant Johanna Jaspersohn holds herself out before this Court as a current board member of the Board of Directors of Emerge, *see* Docket No. 512-9-14 Wrcv, and, upon information and belief, has served on the board since 2014. Her address is [REDACTED]

7. Defendant Raymona Russell is the current executive director and only full-time staff member of Emerge, and, upon information and belief, has served in that capacity since 1996. Her address is [REDACTED].

8. Defendants Verdine, Farrington, Trunzo and Jaspersohn constitute Emerge's current Board of Directors ("the Board").

#### **JURISDICTION AND VENUE**

9. The Vermont Superior Court, Civil Division, Windsor Unit, has jurisdiction over this matter, pursuant to 11B V.S.A. § 8.10(a)(2), and is the proper venue under 12 V.S.A. § 402(a).

#### **LEGAL STANDARDS AND BACKGROUND**

10. Under 11B V.S.A. § 8.10(a), this Court "may remove any director of the [nonprofit] corporation from office in a proceeding commenced . . . by the attorney general in the case of a public benefit corporation if the court finds that: (A) the director engaged in . . . gross abuse of authority or discretion, with respect to the corporation, . . . or a final judgment has been entered finding that the director has violated a duty set forth in sections 8.30 through 8.33 of [Title 11B]; and (B) removal is in the best interest of the corporation."

11. Under 11B V.S.A. § 8.30, "A director shall discharge his or her duties as a director, . . . : (1) in good faith; (2) with the care an ordinarily prudent person in a like position would

exercise under similar circumstances; and (3) in a manner the director reasonably believes to be in the best interests of the corporation.”

12. Emerge’s most recently approved bylaws<sup>1</sup> (effective January 18, 2010) state its charitable mission as: “Emerge Family Advocates seeks to help families function in a healthy manner, primarily by providing the safe and neutral settings and services that help children exercise their right to the best possible relationship with each parent.”

13. Emerge operates several supervised visitation centers in Vermont and New Hampshire. Emerge is funded almost exclusively through grants from the New Hampshire Department of Justice and the Vermont Center for Crime Victim Services.

#### ARGUMENT

14. The members of the Board, through various actions and omissions, have violated their statutory duties to Emerge, namely their duty of good faith, their duty of care and their duty of loyalty. *See* 11B V.S.A. § 8.30(a).

15. Specifically, for the last several years, the Board has violated those duties by exercising virtually no oversight of the expenditure of charitable funds by the Executive Director, and permitting the Executive Director, without any specific Board approval and contrary to the organization’s bylaws, to take the following actions:

- a. For at least the last two years, the Executive Director has written and authorized her own paychecks, paying herself on an irregular and inconsistent basis, including: (1) paying herself several times during the same two-week pay period, (2)

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<sup>1</sup> While the Attorney General has obtained documents that suggest the Board has considered various amendments to these bylaws, it has apparently not formally approved any amendment since January 2010, and regardless, the proposed amendments make no change to the mission statement.



paying herself weeks or months in advance of a pay period, and (3) paying herself multiple times for the same pay period.

b. In the past three years the Executive Director has paid herself between \$5000 and \$10000 above her board-approved salary. In spite of the fact that the final pay figures were reported on Emerge's IRS Form 990 Informational Return – apparently reviewed by the Board prior to filing – the Board has taken no formal action to curb unauthorized salary expenditures for the Executive Director.

c. In 2011 and 2012, the Executive Director obtained two separate loans for \$2500 which Emerge reported in its IRS Form 990. When questioned about these loans, the Board had no record of either authorizing the loans or demonstrating repayment of either loan.

d. On several occasions the Executive Director has written herself a reimbursement check – at times in advance of incurring any expense – in excess of the amount listed on her expense reports, on at least one occasion paying herself more than \$1000 beyond the listed expenses. The Board has similarly failed to supervise the payment of reimbursements by the Executive Director.

16. Over the last several years, the Board has additionally violated its statutory duties of good faith, care, and loyalty to Emerge by acting as follows:

a. Since 2011, Emerge has not employed a bookkeeper or other individual to regularly and directly manage its accounts and has, instead, relied exclusively on the Executive Director to manage all financial affairs. Upon information and belief, the Board made this decision despite the fact that the Executive Director professed to

have no knowledge of bookkeeping or accounting, and regularly was unable to answer the Board's financial questions.

b. The Board has also approved of the Executive Director giving equipment, purchased and paid for by Emerge, to her family members for their exclusive use unrelated to Emerge's charitable mission.

c. Upon information and belief, the Board has not developed or approved an annual budget for at least the past two years.

d. Upon information and belief, despite receiving over 90% of its funding from public sources and having annual expenditures of over \$200,000, Emerge has not had a full and independent audit of its accounts since its incorporation eighteen years ago.

e. Upon information and belief, for at least the past two years, the Board has failed to require that the Executive Director provide the Board and the Board's elected Treasurer access to Emerge's financial records or bank statements.

f. The Board also has a practice of removing dissenting members. Although Emerge's bylaws limit removing a board member "for cause," upon information and belief, the Board ostensibly has removed two recent board members, including Defendant Jaspersohn, because of alleged technical violations of Emerge's bylaws. In one instance a former Board treasurer was removed because she had allegedly reached the limit of her term; however, the bylaws in effect did not include any term limits and both Defendants Verdine and Farrington remained on the Board despite having served longer terms. Similarly, Defendant Jaspersohn, though she been elected to the Board only a few months earlier, was removed because two of four

members of the Board, a majority of those present at that particular Board meeting, determined that the bylaw's requirement of "an uneven number of [board] members" necessitated her immediate removal rather than the election of an additional member or a temporary exception to the bylaw. Upon information and belief, both of those board members were removed after raising concerns about the lack of meaningful Board oversight of the Executive Director and of the financial management of Emerge.

g. Upon information and belief, the Board also has a practice of censuring dissenting members. After he made a public complaint about the Board's lack of financial oversight, two Board members, a majority of the then-three person Board, formally censured then-Treasurer Defendant Trunzo and removed him from the office of Treasurer, appointing Defendant Farrington to that role.

17. The foregoing facts contained in ¶¶ 15 and 16 demonstrate the Board's gross abuse of authority and/or discretion in violation of 11B V.S.A. § 8.10(a).

18. The Board's violation of its duties and abuse of its authority and/or discretion have directly endangered Emerge's charitable assets and Emerge's ability to continue to carry out its charitable mission. Removal of the Board is in the best interests of Emerge.

19. In the past three months, the Vermont Center for Crime Victim Services has indicated that it will not continue funding Emerge until the Vermont Attorney General's Office concludes its investigation into Emerge, Emerge obtains a thorough and independent audit of its accounts, and the Board increases its financial oversight.

20. The New Hampshire Department of Justice's Office on Violence Against Women will not continue funding Emerge until a full on-site programmatic and financial review is completed.

21. Upon information and belief, the United States Department of Justice is also considering investigating Emerge over the use of grant funds funneled through New Hampshire's Department of Justice to Emerge.

22. The Attorney General alleges and believes that the remaining assets of Emerge are in imminent jeopardy for the reasons stated above.

#### **Count One – Declaratory Judgment**

23. The preceding paragraphs are incorporated by reference as if fully stated herein.

24. By and through their acts and omissions, as detailed above, Defendant Verdine, Defendant Farrington, Defendant Trunzo and Defendant Jasperson has each breached his/her lawful duty required by 11B V.S.A. § 8.30.

#### **Count Two – Gross Abuse of Authority or Discretion**

25. The preceding paragraphs are incorporated by reference as if fully stated herein.

26. Defendant Verdine, Defendant Farrington, Defendant Trunzo and Defendant Jasperson, as members of the Emerge Board of Directors, have each engaged in a gross abuse of authority or discretion with respect to Emerge.

#### **RELIEF REQUESTED**

WHEREFORE the Attorney General respectfully requests that this honorable Court:

A. Pursuant to the Declaratory Judgments Act, 12 V.S.A. §§ 4711-4724, issue a final judgment on Count One finding and declaring that the named defendants have each breached his/her lawful duty required by 11B V.S.A. § 8.30.

B. Pursuant to 11B V.S.A. § 8.10(a), declare under Count Two that each of the named defendants has engaged in a gross abuse of authority or discretion with respect to Emerge.

C. Issue an Order removing the above-named defendants from the Emerge Board of Directors, as being in the best interests of Emerge.

D. Appoint Suzanne Lovell as a special trustee with all the necessary powers to: (1) preserve Emerge's charitable assets; (2) review Emerge finances and the likelihood of Emerge being able to continue its mission; and (3) recommend to the Court and Attorney General whether and how Emerge may continue operations, including, but not limited to, recruiting a new board of directors, instituting appropriate financial procedures and oversight, and filing all appropriate reports and forms with the IRS and the States of Vermont and New Hampshire. Payment of the special trustee's fees will be paid from Emerge funds.

E. Order that the Executive Director of Emerge, Raymona Russell, (a) provide access to all information regarding Emerge and its clients requested by the special trustee, including, but not limited to: all financial records; board minutes; by-laws and policies; grant applications; grant reports filed with Vermont Center for Crime Victims Services, Vermont Department of Children and Families, New Hampshire Department of Justice Office on Violence Against Women, and reports filed with any other grantor, together with the schedule book and other supporting documentation for those reports; and (b) be prohibited from taking any action on behalf of Emerge – including providing any services, expending any assets or incurring any debts – without authorization from the Court, the special trustee, or a properly constituted board of directors.

F. Appoint Sara Kobylenski, Executive Director of Upper Valley Haven, 713 Hartford Avenue, White River Junction, Vermont 05001, through coordination with a group of local non-profit organizations, to create an emergency interim resource for the provision of essential court-ordered supervised visitation and supervised exchanges of children between parents until Emerge can resume providing such services or an alternative permanent program can be put in place at another nonprofit.

G. After appointment of a special trustee, order the temporary closing of Emerge, only as is necessary, to accomplish the above.

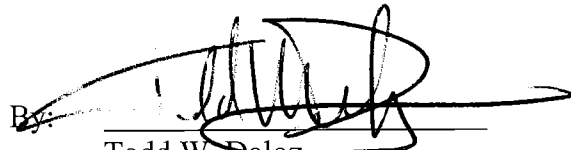
H. Any additional relief as the Court deems just and proper.

DATED at Montpelier, Vermont this 6th day of October, 2014.

Respectfully submitted,

STATE OF VERMONT

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ATTORNEY GENERAL

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