

June 15, 2011

**VIA CERTIFIED MAIL NO. 7010 0290 0002 2003 7913**  
**RETURN RECEIPT REQUESTED**

Constantine J. Dillon  
Superintendent  
United States Department of Interior  
National Park Service  
Indiana Dunes National Lakeshore  
1100 N. Mineral Springs Road  
Porter, Indiana 46304-1299

Re: Friends of Indiana Dunes

Dear Mr. Dillon:

I have been retained by the Friends of Indiana Dunes, Inc. to respond to your letter of May 10, 2011. I assisted that Organization when it initially formalized as a not-for-profit corporation in July of 1986 and shortly thereafter received approval from the Internal Revenue Service as being a charitable entity. I, therefore, have a history of knowing what the initial intent was in the creation of the entity and what its obligations are in regard to acting as a charitable entity.

I do not intend to defend the various accusations that you have made in criticizing this entity, since such erroneous accusations are not the issue which is involved between these two entities, rather the issue is what funds the National Lakeshore is entitled because of the termination of the General Agreement which the National Park Service had with Friends of Indiana Dunes, Inc.

According to Article V of the Agreement that was signed by your predecessor, in renewing a similar agreement that had expired from a relationship that had developed between the two entities since 1982, Article V of the General Agreement provides that funds generated by Friends at or “specifically for National Lakeshore”. . . will revert back to the Service upon termination of this Agreement. Your letter of May 10 gave specific notice of termination and, therefore, the issue becomes what funds is the National Lakeshore entitled which are specifically for National Lakeshore. The answer to such question is already explained in your own letter, from the accounting which was given to you by The Friends as of November 27, 2010. The specific funds which have been segregated as required by The General Agreement allocates accounts:

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11120 - FOID-NPS  
11128 - Chellburg Farm  
11131 - Trail Tags - NPS  
11220 - FOID-NPS Investments

For some reason you erroneously included the Hawk Fund Investment, which has not been specifically designated for the National Lakeshore. According to my calculations from the balance sheet of December 31, 2010, those funds would aggregate to approximately \$37,700.00. To assist you in determining that amount, I have circled the account and the amounts of that reporting.

In your letter of May 10, you have demanded that an audit be done by Friends of Indiana Dunes, Inc., which requirement is an obligation of the National Lakeshore, specifically designated in the second paragraph of Article VII of the General Agreement signed by your former Superintendent on the 19<sup>th</sup> day of May, 2006. Since the National Lakeshore has failed to conduct its audit or re-audit which it was entitled, we are assuming that you have waived that right by submitting your letter of termination on May 10 of this year, without having previously exercised the opportunity that was afforded to the Indiana Dunes National Lakeshore.

I would like to answer some of the issues that you have presented in your letter of May 10 as it is obvious that someone within your organization is failing to adequately advise you. In the fourth paragraph of your letter, you used the term “our”, which means that you and someone else must be doing something or you were requested by another group to submit such letter. I would like to know what that group is composed of or whom that group is composed of because from the response submitted by Zella Olson on November 30 of the same year, your questions were answered. When you then say that “our” letter and “our” verbal request, I would like to know who else is looking at this as the letter of November 30 from Ms. Olson was self-explanatory.

Lakeshore is not legally entitled to take funds from a not-for-profit entity by alleging that the Articles of Incorporation of Friends are intended to only support the Indiana Dunes National Lakeshore. Because I assisted them in preparing that Certificate of Incorporation and the By-Laws, it is obvious that the Friends of the Indiana Dunes, Inc. was created for numerous things and not specifically for the Indiana Dunes National Lakeshore. To then allege that unspecified funds should, therefore, go to the National Lakeshore is without merit or understanding of the legal process and certainly would not occur.

We appreciate that you are permitting the funds to be distributed to “another non-profit organization” which supports the Indiana Dunes National Lakeshore rather than making the payment to the Indiana Dunes National Lakeshore. However, my client is intending to act in accordance with the terms and conditions of the General and Financial Agreements and, therefore, will be making payment to the National Lakeshore for the closing balance of specifically allocated funds which has been discussed

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in this letter. Funds should be deposited in a special account that is consistent with the purposes for which the funds were donated.

Please confirm that there will be acceptance of such funds and I will then have my client make payment therewith.

Very truly yours,

HARRIS WELSH & LUKMANN

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MAS/ljnp/bdb