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March 29, 2010

CONFIDENTIAL

Via Fax (w/o enclosures) and U.S. mail
Office of the General Counsel
Federal Election Commission
999 E. Street, NW
Washington, DC 20463
Fax: 202-219-3923

RE: MUR 6249

This letter and the enclosed exhibits supplement Karen L. Pletz's Response submitted to the FEC on March 8, 2010. Subsequent to the filing of the Response, Ms. Pletz filed a wrongful termination lawsuit against Kansas City University of Medicine & Biosciences ("KCUMB"), and KCUMB filed a lawsuit against Ms. Pletz. Exhibit A to this letter is the civil petition filed by Ms. Pletz, and Exhibit B is the civil petition filed by KCUMB.

As stated in Ms. Pletz's March 8 Response, the issues between Ms. Pletz and KCUMB relate to an employment dispute and have nothing to do with allegedly improper political contributions. The civil lawsuits filed by Ms. Pletz and KCUMB prove the point. For example, in ¶24 of its civil petition (Exhibit B), KCUMB contends:

24. By memorandum dated September 26, 1999, Pletz, who is an attorney, represented to the former Board Chairman that it was legal and appropriate for KCUMB to pay her an additional amount of cash - a stipend - for her to make political contributions that KCUMB is otherwise prohibited from making because of its tax-exempt status. Her representation was false and was a pretext for her to obtain additional compensation.

KCUMB has interpreted the 1999 memorandum in two contradictory ways. KCUMB first told the FEC that the 1999 memorandum was direct evidence of Ms. Pletz and the University's plan to funnel money - stipend payments - to Ms. Pletz so that she could make political contributions on behalf of KCUMB. See KCUMB's FEC Complaint at p.2-3. But now, KCUMB argues to a Missouri state court that the 1999 memorandum evidences something entirely different. The University now claims that Ms. Pletz's alleged representation in the 1999 memorandum - that the stipend would be used for political purposes - was "false" and a mere "pretext for her to obtain additional

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compensation." These dueling interpretations contradict each other and are irreconcilable. And more than this, KCUMB's most recent interpretation amounts to an admission that its original interpretation (contained in its FEC complaint) is factually wrong.¹ For these reasons, KCUMB's arguments in its FEC complaint regarding the 1999 memorandum are unreliable and should be disregarded.

KCUMB has abused the FEC process by making arguments that even it does not believe. Such conduct wastes the time and resources of the FEC, Ms. Pletz and her counsel. Ms. Pletz respectfully requests that the FEC decline to investigate and dismiss this matter.

Respectfully submitted,

ROUSE HENDRICKS GERMAN MAY PC

By



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¹ Neither of KCUMB's interpretations of the 1999 memorandum is accurate. See Pletz's FEC Response at p. 6.

IN THE CIRCUIT COURT OF JACKSON COUNTY, MISSOURI
AT KANSAS CITY

KAREN L. PLETZ,
an individual,

Plaintiff

v.

KANSAS CITY UNIVERSITY OF
MEDICINE AND BIOSCIENCES,
a Missouri corporation,

Defendant.

CASE NO.

DIVISION

JURY TRIAL REQUESTED

OFFICE OF GENERAL
COUNSEL

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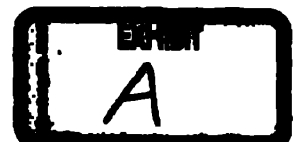
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PETITION

Summary of Case

This case is about the wrongful termination of Karen L. Pletz by Kansas City University of Medicine and Biosciences ("KCUMB" or "University"). KCUMB, an osteopathic medical school, hired Karen Pletz as President and Chief Executive Officer in 1995. At the time, KCUMB was in a precarious financial position, medical board pass rates were well below the national average, KCUMB received donations from just 2% of alumni, only 75% of medical school graduates were matched to residencies, and KCUMB had no endowment.

KCUMB today is on solid ground: enrollment is up 40%, KCUMB graduates have a 100% board pass rate, the University receives donations from more than 33% of alumni, 100% of medical school graduates are matched to residencies, and KCUMB's endowment has grown from \$0 to a high of \$70 million. Simply put, under the leadership of Karen Pletz, KCUMB made a 180 degree turnaround.



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In spite of these tangible and dramatic results, KCUMB fired Karen Pletz, and has now filed a lawsuit against her. The allegations of that KCUMB lawsuit are grossly exaggerated, and will be answered as provided by law. Those allegations are not the reason that Ms. Pletz was fired. The real reason? In early 2009, the IRS began an audit of KCUMB, which was immediately referred to the Audit Committee of the Board of Trustees, and to outside tax counsel and accounting advisers. By October 2009 the audit was focused on a few specific issues, including executive compensation and the University's travel and entertainment budget. Though the audit is ongoing, the IRS has criticized both issues as excessive at KCUMB. Importantly, for all years under IRS review, KCUMB's Board of Trustees ("Board") reviewed and approved President Pletz's compensation and the travel/entertainment budget. In fact, in October 2008, the KCUMB Board extended President Pletz's employment agreement for five years and gave her a 37% raise. As a result, if the IRS ultimately concludes that KCUMB conferred an "excess benefit" on President Pletz, the Board members have personal (and uninsured) exposure and the IRS may impose substantial money penalties on each of the individual Trustees.

In response to the looming possibility of IRS money penalties, and acting at the urging of, and in collaboration with, KCUMB employees who have disagreed with President Pletz's academic vision for the institution, the Board formed a special committee to investigate President Pletz and others. The investigation was a sham and the outcome was predetermined. The Board purportedly terminated President Pletz "for cause." Not all Board Trustees, however, voted to terminate Pletz, because of serious concerns with the unfairness and partiality of the investigation and the Board's obvious conflict of interest.

KCUMB did not have cause to terminate Karen Pletz. The termination was a transparent and ill-advised attempt by the Board of Trustees to avoid IRS penalties and make

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Karen Pletz the scapegoat for KCUMB's and their own potential tax problems. In addition, by terminating President Pletz, the Board also succeeded in killing President Pletz's proposal that KCUMB become a dually accredited medical school, meaning accredited to offer both a degree in osteopathy as well as a medical degree. Certain KCUMB alumni, including Board Trustees, vehemently opposed President Pletz's dual accreditation proposal.

The Board's pretextual action was a breach of President Pletz's employment agreement that can only be remedied through this lawsuit.

PARTIES

1. Karen L. Pletz ("Pletz") is the former President and CEO of KCUMB. Pletz is a Missouri resident.

2. KCUMB is a not-for-profit corporation organized and existing under the laws of the State of Missouri, with its principal place of business located at 1750 Independence Avenue, Kansas City, Jackson County, Missouri.

JURISDICTION AND VENUE

3. Jurisdiction is proper in this Court because KCUMB is a resident of the State of Missouri.

4. Venue is proper in this Court pursuant to Mo. Rev. Stat. §508.010.5.

FACTUAL BACKGROUND

Karen Pletz's Tenure as President and CEO of KCUMB

5. In 1995, KCUMB was in a precarious financial position with a non-existent credit rating. The University's reputation in Kansas City's civic community and among the medical establishment (including its own alumni) was low and deteriorating. KCUMB had a below

average medical board pass rate, received annual donations from just 2% of alumni, matched only 75% of its medical graduates to residencies, and had an endowment of \$0.

6. In November 1995, KCUMB hired Pletz as its President and CEO pursuant to an employment agreement. The employment agreement was extended multiple times, most recently in 2008 when Pletz's term was extended until 2013.

7. Throughout President Pletz's tenure, the Board determined the amount and structure of her compensation. The general process for setting executive compensation was as follows: KCUMB hired the Hay Group to research periodically compensation packages offered to executives in comparable industries and compare to the compensation packages paid to KCUMB executives, including President Pletz. The Hay Group presented its findings and recommendations to the Board's Compensation & Benefits Committee, and the Compensation & Benefits Committee, in turn, made a separate recommendation to the Board regarding the size and structure of the executives' compensation. The full Board considered the Compensation & Benefits Committee's recommendation and, ultimately, voted on a compensation package for the executives. Though the amount and components of the compensation package evolved over time, the process of determining the compensation did not. At all times, the Board retained full decision-making authority over the amount and components of President Pletz's compensation package.

8. During her 14-year tenure as President and CEO, Pletz was guided by a 5-point mandate issued by KCUMB's Board of Trustees ("Board"). That mandate was:

1. Invest in KCUMB's alumni.
2. Invest in quality academic facilities and programs.
3. Invest in the Kansas City community.
4. Invest in influential relationships.
5. Ensure the financial strength and stability of the University.

9. President Pletz consistently met this mandate and, under her leadership, KCUMB accomplished a complete turnaround from the 1995 lows, hitting significant, unprecedented milestones.

1996

- Pletz initiates strategic planning at KCUMB for first time in school's history, resulting in 5-year plan termed "Vision to Reality." Plan incorporated action plans to accomplish the Board's 5-point mandate, including a comprehensive campus and neighborhood restoration plan.
- Strickland Educational Pavilion (95,000 sq. ft.) is dedicated, the first new building completed in Kansas City's northeast urban core in 25 years.
- KCUMB receives the coveted Cornerstone Award from Kansas City's Economic Development Corporation recognition.

1997

- Pletz receives Kansas City's "Up and Comers" Award sponsored by the *Kansas City Business Journal*.
- KCUMB becomes among the first medical schools in the nation to require passage of national medical licensure Board examinations as a prerequisite for graduation. Student performance on national Boards moves from below the national average average to the top 5%.
- KCUMB is restructured to add a Division of Institutional Development, providing comprehensive admissions and student services, placement support, registrar standards, institutional advancement, and alumni affairs.

1998

- Pletz is appointed Chair of the American Osteopathic Association's National Women's Health Initiative.
- Pletz receives the University of Missouri-College of Education's Outstanding Achievement Award, recognizing national leadership in education.
- KCUMB receives its first five-year accreditation by the North Central Association of Colleges and Schools.
- KCUMB is one of eight leading medical schools, including Harvard and Vanderbilt, to receive a prestigious John Templeton Foundation Spirituality in Medicine Award. KCUMB was the first osteopathic medical school to receive the award.
- KCUMB initiates CME at Sea, continuing medical education and advancement initiative for alumni, ultimately resulting in a 70% alumni donor participation rate among alumni participants.
- The Foundation and KCUMB Alumni Association are merged into the University creating a stronger, unified structure for advancement efforts.

1999

- KCUMB joins with other leading research institutions to form the Kansas City Area Life Sciences Institute.

- Pletz joins the Boards of the Center for Practical Bioethics, Health Midwest, and the Greater Kansas City Chamber of Commerce.
- KCUMB's Board implements a comprehensive, long-term incentive program for officers, incorporating the key components of the Board's 5-point mandate for performance and with the added purpose of retaining the competitive KCUMB team assembled by Pletz.
- Pletz recommends and the Board adopts comprehensive good governance tenets, including term limits for Board members; Codes of Ethics and Codes of Conduct disclosure forms for Board members; a Compensation & Benefits Committee to oversee Executive Compensation and Benefits; and an Audit Committee to ensure Board oversight of audit on financial procedures.
- Pletz appointed by Mayor of Kansas City to Chair Emergency Medical Services Advisory Commission.
- KCUMB sponsors Senior I for Health, an award honoring comprehensive program of basic health screenings for urban core elementary children in greater Kansas City.

2000

- KCUMB launches Campaign 2000, the University's first major capital campaign.
- KCUMB dedicates the Mary C. Butterworth, D.O. Alumni Center, the third new building on campus in four years.
- Pletz is named Treasurer, Greater Kansas City Chamber of Commerce, in his progression to be Chamber Chair in 2004.
- KCUMB earns Moody's A-1 credit rating, extraordinary for an educational institution and consistently retained since 2000.
- KCUMB launches Campaign 2000, the first major capital campaign in KCUMB's history.
- KCUMB implements cutting edge medical education curriculum (Genesis) becoming a national leader in progressive medical education.

2001

- KCUMB and Rockhurst University inaugurate dual-degree D.O./M.B.A. in healthcare leadership program.
- Pletz is named Chair of the Governor's Education Roundtable for the State of Missouri, seeking solutions for challenges in higher education in Missouri.
- Century Towers opens, a result of KCUMB's major neighborhood redevelopment initiatives in the northeast urban core. KCUMB continues to acquire land and neighborhood buildings and replace them with new structures or expanded green spaces.
- Pletz is appointed by Kansas City Mayor to chair KC's Safe Cities Initiative.

2002

- For the first time in KCUMB history, KCUMB alumni donor participation rate exceeds the national average.
- KCUMB receives its first national challenge grant of \$500,000 from The Kreage Foundation, as well as major grants from the William T. Kemper Foundation and the Kauffman Foundation.

- Second five year Strategic Plan is implemented: Breakthrough Leadership, 2002-2007.
- Board scores rise to record levels after initial two years of Genesis.
- Pletz receives University of Missouri Alumni Achievement Award recognizing significant national leadership and service distinguishing the University of Missouri.

2003

- KCUMB receives its second Spirituality in Medicine Award from the John Templeton Foundation – one of only three schools in history to receive award twice.
- Campaign 2000 ends – surpassing goal – with more than \$16 million in contributions.
- Pletz named to the Greater Kansas City Civic Council Board.
- KCUMB launches nationally heralded Spirituality in Medicine pilot program in cooperation with Benedictine College.
- KCUMB's NCA, Higher Learning Commission accreditation is renewed for the maximum 10 year period with special commendations.
- Pletz is named to the Boards of Midwest Research Institute, Benedictine College, and Rockhurst University.
- Pletz is named to the inaugural Board of the Greater KC Healthcare Foundation by the Missouri Attorney General.

2004

- KCUMB launches the Health Policy Institute to lead discussions of national, regional and local health policy issues.
- The Paul W. and Mary L. Dybedal Center for Research opens – the first academic center for research in the region.
- Kansas City Southern names Pletz as Board member.
- Kansas City's Central Exchange names Pletz "2004 Woman of the Year."
- Pletz serves as Chairwoman of Greater Kansas City Chamber of Commerce.
- Pletz is appointed by Kansas City Mayor to City Charter Commission.
- KCUMB establishes second college – the College of Biosciences.

2005

- Pletz joins Commerce Bank Board.
- KCUMB annual Alumni giving reaches more than double the national average.
- Pletz joins the Board of Stowers Resource Management.

2006

- The College of Biosciences confers the first master of science in biomedical sciences degrees to 17 students.
- The Center for Clinical Competence opens, providing the first center in the region dedicated to human patient simulator and standardized patient programs.
- KCUMB launches the public phase of its second capital campaign, One Vision.
- Pletz named Co-Chair of Kansas City Area Development Council.
- The Hanzlik Center for Clinical Competence is dedicated, opening the region's first human patient simulation and standardized center patient programs.
- KCUMB launches One Vision – the public phase of its second major capital campaign.

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- Pletz is named Co-Chair, Kansas City Area Development Counsel
- Pletz is elected to the Board of Missouri Employer's Mutual Insurance Co.

2007

- KCUMB launches a dual-degree program offering students the opportunity to earn a doctor of osteopathic medicine and a master of arts in bioethics.
- KCUMB opens a 1,500 seat auditorium – the sixth new campus facility opened since 1996.
- Pletz receives "Athena Award" from Greater Kansas City Chamber of Commerce
- Third five-year strategic plan implemented -- Magis: Empowering Excellence 2007-2012.
- KCUMB achieves 33% annual alumni giving rate – more than three times the national average, and a 70% rate among alumni participating in CME at Sea program.
- KCUMB launches second dual degree program, Doctor of Osteopathic Medicine/Master of Arts in Bioethics.
- Pletz Chairs the Greater KC United Way Campaign, surpassing the \$40,000,000 goal.
- Pletz is named to the Starlight Theater Board.

2008

- KCUMB expands its bioethics degree offerings to include a one-year track and a part-time professional studies program for working adults.
- KCUMB recognizes Pletz by naming the Administration Building in her honor, Karen L. Pletz, JD, Administration Building.
- Pletz begins confidential study of and preliminary planning for a dual D.O./M.D. degree program, which would be the first of its kind in the United States.
- KCUMB's Score 1 for Health Program earns international recognition in community service.

2009

- KCUMB and Missouri Southern State University ("MSSU") work towards establishing an additional location of KCUMB on the MSSU campus, pending approvals and accreditation.
- KCUMB breaks ground on three new construction projects: a campus park and garden, the D'Angelo Library, and a new student activities center. The seventh and eighth new buildings since 1996.
- Pletz receives Henry W. Bloch Human Relations Award from Jewish Federation of Greater Kansas City.
- Pletz is named Chair, Civic Council of Greater Kansas City.
- Pletz is elected to the Kansas City Area Life Sciences Institute Board.
- Pletz forges partnerships in clinical education with Carondelet of Kansas City and St. Luke's Health Systems in Planning for dual D.O./M.D. degrees.

10. Under President Pletz, KCUMB overcame the financial and reputational challenges faced in 1995. KCUMB's College of Medicine achieved a 100% board pass rate,

received annual donations from 33% of alumni, matched 100% of medical school graduates to residencies, increased student enrollment by more than 40%, and grew its endowment from \$0 to \$70 million. This record is important because the Board of Trustees failed to consider the many achievements and improvements to KCUMB by President Pletz when they fired her without just cause or fair process, based on exaggerated and overstated, and pretextual, criticisms of her conduct of the office.

2007: Investigation of President Pletz's Expenses Found No Impropriety

11. In 2007, KCUMB received anonymous "whistleblower" letters that alleged, among other things, President Pletz's compensation was "excessive" for a non-profit entity and that President Pletz had improperly charged personal expenses to the University. The basic allegation regarding expenses (which was proven false) was that President Pletz had taken personal trips, purchased personal gifts, and paid for personal lunches and dinners and improperly charged these expenses to KCUMB as business travel and entertainment expenses.

12. Of course, during her employment, President Pletz took trips, purchased gifts, and paid for lunches and dinners – *for business purposes*. That was part of her job. To meet the Board's 5-point mandate, President Pletz organized and hosted countless alumni fundraising and corporate development events (in Kansas City and elsewhere). These efforts benefited the University in measurable ways. See ¶¶5,10 above (alumni giving increased from 2% to 33%; KCUMB's endowment increased from \$0 to \$70 million).

13. Each year, KCUMB established a budget for travel and entertainment expenses that it expected President Pletz would incur on fundraising and corporate development matters. Each year the Board reviewed and approved the travel and entertainment budget. President

Pletz's expenses never exceeded the budget for travel and entertainment. In fact, in most years, President Pletz's travel and entertainment expenses were below the budgeted amounts.

14. President Pletz paid for expenses associated with fundraising/corporate development events using either the University credit card or her personal credit card. If President Pletz paid for business expenses using her personal credit card, KCUMB reimbursed her for those amounts. Likewise, if President Pletz paid for personal expenses using the University credit card, she reimbursed KCUMB for those expenses, pursuant to University policy. For example, from 2004 to mid-2009, President Pletz wrote reimbursement checks to KCUMB in amounts over \$140,000. These practices were in accordance with KCUMB policies and procedures.

15. After receiving the 2007 anonymous "whistleblower" letters, President Pletz informed the Audit Committee and KCUMB's outside auditing firm (BKD) and ordered that a special audit be done of each issue raised in the letters.

16. At the time, the Audit Committee was chaired by Darin Haug, D.O., who is now the Dean of KCUMB's COM. Howard D. Weaver (current-President, CEO, and Board Chair) also served on the Audit Committee.

17. BKD conducted a thorough, independent audit of each issue raised in the anonymous "whistleblower" letters. BKD also tested all expense reimbursements made by KCUMB to Pletz during the fiscal year ending June 30, 2007.

18. The Audit Committee and BKD concluded that the anonymous letters' allegations were factually without merit. No impropriety was found. Neither the Audit Committee nor BKD recommended any changes to President Pletz's compensation or the process by which President Pletz paid and accounted for travel and entertainment expenses.

October 2008: KCUMB Board of Trustees Extends President Pletz's Employment Agreement

19. On October 21, 2008 – *after the 2007 investigation of the "whistleblower" letters* – KCUMB and President Pletz executed an Addendum to her 2000 employment agreement. The Addendum extended Pletz's term as President and CEO until October 31, 2013. The Addendum also increased Pletz's annual base salary to \$577,201, a 37% increase from her base salary in 2000. All other terms and conditions of the 2000 employment agreement remained in effect.

20. KCUMB Board Chair Howard D. Weaver, D.O. signed the Addendum on behalf of KCUMB. (The 2008 Addendum and 2000 employment agreement are collectively referred to as the "Employment Agreement." Attached as Exhibit A.)

21. Paragraph 4 of the Employment Agreement provides, among other things, that KCUMB may unilaterally terminate Pletz with or without cause.

22. Paragraph 4(f) provides that, if terminated *without cause*, KCUMB must pay the "remaining compensation that would have been paid...for the balance of the then existing term of this Agreement [2013]" in addition to other compensation and benefits accrued by Pletz through the final date of employment.

23. Paragraph 4(d) provides that KCUMB can terminate "for cause" only if:

Employee shall (1) fail to perform her duties with reasonable diligence, (2) defraud Employer or embezzle funds of Employer, (3) engage in willful misconduct, proven fraud, or dishonesty in connection with the fulfillment of Employee's duties and responsibilities hereunder, or (4) engage in conduct that is so materially detrimental to the reputation and standing of Employer that Employer cannot reasonably continue to employ Employee.

Paragraph 4(d) also requires a written specification of the reasons in the event of a termination "for cause."

2009: IRS Audit

24. In January 2009, the Internal Revenue Service ("IRS") began an audit of KCUMB's tax filings (Form 990) for fiscal years 2006, 2007, and 2008 ("IRS Audit"). The IRS Audit was part of the IRS' recent, heightened scrutiny of the non-profit sector, which has resulted in a significant increase in the number of routine Form 990 audits conducted of non-profit corporations.

25. Darrin Haug, chair of the Board's Audit Committee, was immediately notified of the IRS Audit, as was BKD LLP, the University's outside accountants, and Lathrop & Gage, the university's outside tax attorneys.

26. By October 2009, the IRS Audit, which is ongoing, focused on a number of issues, including executive compensation and travel and entertainment expenses. The IRS has been critical of both President Pletz's compensation and the travel/entertainment budget as excessive.

27. As noted above, the Board reviewed and approved President Pletz's compensation and the travel and entertainment expense budget. See ¶7 (Board approved President Pletz's compensation package); ¶13 (Board approved travel and entertainment budget).

28. If the IRS ultimately concludes that KCUMB conferred an "excess benefit" on President Pletz, the IRS may impose money penalties on Ms. Pletz and also on the individual Trustees of KCUMB's Board who approved or ratified the payments.

29. In addition, the IRS audit is reviewing certain charitable contributions made or pledged by KCUMB, including a substantial pledge to the Starlight Theatre Association of Kansas City. Peggy Dunn, the spouse of KCUMB Board member Terry Dunn, solicited the pledge from KCUMB. Russ Welsh, an attorney at the Polinelli Shughart law firm, served on

the Board of the Starlight Theatre. As discussed below, the Polsinelli Shughart law firm conducted a special committee investigation on behalf of KCUMB in 2009.

30. KCUMB has made multiple submissions to the IRS to address questions and issues raised by the IRS audit. These submissions were prepared by Lathrop & Gage and BKD. KCUMB has now taken the position in its lawsuit against Pletz that the IRS submissions prepared by Lathrop & Gage and BKD contain intentionally false and/or misleading information provided by Pletz. Those allegations are denied.

2009: Campaign to Discredit and Remove President Pletz

31. KCUMB's College of Medicine is accredited by the American Osteopathic Association's Commission on Osteopathic College Accreditation to offer a degree in osteopathic medicine ("D.O."). KCUMB is not accredited to offer a medical degree ("M.D.").

32. In 2009, President Pletz explored the possibility of KCUMB becoming a dually accredited school, meaning a medical school that could offer its students a D.O./M.D. degree. No other osteopathic school in the country offers a dual D.O./M.D. degree. If KCUMB became a dually accredited school, the University would have a competitive advantage over all other osteopathic schools.

33. President Pletz presented the idea of dual accreditation to the KCUMB Board, and President Pletz entered into preliminary discussions with the Liaison Committee on Medical Education (the accrediting entity) about M.D. accreditation at KCUMB.

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34. Certain KCUMB alumni vehemently opposed the dual accreditation proposal. As one of the opponents put it, "The need for colleges of osteopathic medicine may diminish if osteopathic colleges offer [M.D.] degrees."

35. Two of the chief opponents of dual accreditation were Darin Haug, D.O. – Dean of KCUMB's College of Medicine – and Cynthia Morris, D.O. – KCUMB Board Trustee. Dual accreditation opponents viewed Cynthia Morris as their "advocate on the KCUMB Board of Trustees," a role she agreed to play.

36. Upon information and belief, certain KCUMB alumni and insiders opposing dual accreditation began a campaign to discredit President Pletz with the ultimate goal of removing her from office. The individuals who joined in this smear campaign also disagreed generally with Pletz's vision for the University, and wanted to put the osteopathic community back in charge of the University.

37. Upon information and belief, anonymous "whistleblowers" recruited by Darin Haug alleged again that President Pletz had improperly charged personal expenses to the University as business travel and entertainment expenses. The new "whistleblowers" alleged the same misconduct as the "whistleblowers" in 2007. And, as stated (see ¶18 above), both the Audit Committee and BKD, after an investigation and audit of President Pletz's travel and entertainment expenses in 2007, *cleared* President Pletz of any impropriety.

38. Upon information and belief, in furtherance of the campaign to discredit President Pletz and ultimately remove her from office, certain KCUMB staff created false travel and entertainment expense documentation, altered existing expense documentation submitted by President Pletz (including receipts), and destroyed expense documentation (including reimbursement checks written by President Pletz to KCUMB).

2009: Special Committee Investigation

39. The Board Chair Howard D. Weaver learned that a focus of the IRS Audit was President Pletz's compensation (*which had been approved by the Board*) and KCUMB's travel and entertainment budget (*which had been approved by the Board*). Weaver was urged by Haug to undertake a new investigation of these issues.

40. In October 2009, Weaver hired - without Board approval - the Polsinelli Shughart law firm ("Polsinelli") to conduct a special committee investigation of the IRS Audit issues and the allegations made by the "whistleblowers." Weaver hired Polsinelli as "special committee counsel" *before* a special committee of the Board had even been formed.

41. Weaver's next move was to instruct KCUMB's longtime corporate counsel (Bryan Cave) and tax counsel (Lathrop Gage) immediately to stop all work on behalf of KCUMB. This firing - or attempted firing - of KCUMB's attorneys was done without Board approval.

42. Eventually, a special committee was formed. Weaver appointed himself to the special committee. Other Board members on the special committee included:

- Terry Dunn
- Cynthia Morris, D.O.
- Frederick G. Flynn, D.O.
- William M. Dana
- Roshann S. Parris (as an advisor)

43. The Board, including the special committee members, had an obvious and incurable conflict of interest. If the IRS Audit ultimately concludes that KCUMB conferred an "excess benefit" on President Pletz, the IRS may impose money penalties on the individual Trustees of the Board. Thus, the Board Trustees, including the special committee members, had a

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built-in and very personal incentive to find a scapegoat for the "excess benefit" tax problems facing KCUMB. Even though the Board of Trustees' actions in approving compensation and travel/entertainment budgets had already occurred and cannot be undone, they hoped to bolster a defense to any IRS changes by firing President Pletz and feigning a lack of prior knowledge.

44. But, beyond this obvious conflict of interest that applied to all Board members, certain members of the special committee had additional conflicts of interest that should have precluded them from serving on the committee. For example:

- Weaver, as Board Chair, stood to gain if President Pletz was removed from office, because under the Bylaws, the Board Chair becomes, by default, President/CEO. Weaver is now President and CEO of KCUMB.
- Weaver served on the Audit Committee that, in 2007, investigated – and cleared – the 2007 whistleblower allegations regarding President Pletz's "excessive" compensation and travel/entertainment expenses.
- Weaver served on the Compensation & Benefits Committee that determined President Pletz's allegedly "excessive" compensation package.
- Roshann Parris served on the Compensation & Benefits Committee that determined President Pletz's allegedly "excessive" compensation package.
- Cynthia Morris was a chief opponent of President Pletz's dual accreditation proposal and had agreed to oppose President Pletz and her proposal.
- Terry Dunn, chair of the special committee and CEO of JE Dunn Construction, was involved personally in soliciting some of the charitable contributions under IRS scrutiny, and was a large client of the Polsinelli firm.

45. The special committee investigation was fraught with defects. Among them were the special committee's refusal to identify the alleged "whistleblowers"; failure to secure documents, computers, PDAs, and cell phones from the "whistleblowers"; refusal to investigate the creation of false expense documentation and the alteration and destruction of existing expense documentation by KCUMB staff; refusal to record special committee meetings and Board meetings where special committee issues were discussed; refusal to allow KCUMB's

corporate counsel (Bryan Cave) to attend Board meetings where special committee investigation issues were discussed; and refusal to allow President Pletz, a Board member, to attend Board meetings.

46. Counsel for the special committee conducted two interviews of President Pletz. Both were sham interviews. Special committee counsel disregarded President Pletz's answers and documents supporting those answers, and refused to consider – let alone investigate – serious questions regarding the motives of the “whistleblowers” and the plausibility of their allegations.

47. Counsel for the special committee refused to allow President Pletz to meaningfully participate in the investigation, even refusing to allow President Pletz to address the special committee.

48. The special committee investigation had a predetermined outcome: the removal of Karen Pletz as President and CEO. In fact, in the middle of the investigation (even before Pletz's second interview), counsel for the special committee demanded that President Pletz resign.

49. The special committee's investigation of Karen Pletz stands in stark contrast to the special committee's non-investigation of “whistleblower” allegations made in November 2009 against Darin Haug, D.O. Notably, Haug was one of the chief opponents of President Pletz's dual accreditation proposal, one of the instigators of the current investigation, and one of the people organizing for Pletz's removal. See ¶35 above. Only now, with the filing of its lawsuit, has KCUMB initiated any sort of action on these issues.

December 18, 2009 Board Action

50. On December 17, 2009, counsel for special committee sent an email to KCUMB's Board of Trustees scheduling a full Board meeting for December 18, 2009.

51. Attached to the December 17 email was a letter from Board Chair Weaver to the Board Trustees. In that letter, Weaver warned: "As we were informed by [Special] Committee counsel early in this process, we are accountable to and face scrutiny from the Internal Revenue Service and the Missouri Attorney General." Weaver attached a news article to his letter, which reported on the case of a non-profit university that, in 2005, was under government investigation after the university paid severance to its president as part of his resignation over questions regarding compensation and expenses. The article discussed the "federal law that gives the IRS the authority to fine [non-profit executives] for receiving salaries and other benefits that are deemed excessive as well as to penalize Trustees who approve the compensation." Weaver's not so subtle message to the Board Trustees: Fire Pletz "for cause" and without any severance or you will face a government investigation and money penalties from the IRS.

52. At the same time Weaver was warning Board Trustees of their personal exposure with the IRS, the campaign against dual accreditation, and Pletz generally, escalated. Opponents of President Pletz's dual accreditation proposal and her larger vision saw the December 18th Board meeting as their chance to permanently kill the proposal and remove President Pletz. According to an email circulated among dual accreditation opponents, Board Trustee Cynthia Morris, who had also served on the special committee, agreed to take the lead at the December 18th Board meeting in opposing President Pletz and "the dual degree option."

53. At the December 18 meeting, the Board terminated Karen Pletz. In an attempt to avoid the buyout provision of the Employment Agreement (see ¶22 above) – and to try to bolster

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a defense against the potential IRS money penalties -- the Board of Trustees terminated Pletz "for cause."

54. Not all Board Trustees, however, agreed to participate in the vote on President Pletz's employment. Concerns and complaints were raised at the Board meeting regarding the unfairness and partiality of the special committee investigation and the trumped-up justification for her termination. It was believed (correctly) that the special committee investigation was a sham and had a predetermined outcome: the removal of Karen Pletz. There was at least one abstention vote.

55. And, just as the outcome of the special committee investigation had been predetermined, so had the Board vote regarding Pletz's continued employment. Even *before* the Board held its vote, KCUMB (through Parris Communications, Inc.) prematurely issued a one-page, written press release to the *Kansas City Business Journal* announcing that Pletz had been terminated. (Immediately after the press release was issued, KCUMB contacted the media, stated that the press release had been "sent in error," and asked that the press release not be published.) KCUMB's media contact is Parris Communications, which is owned and operated by Rosanna Parris, a Board Trustee and advisor to the special committee, and a member of the Compensation Committee.

56. Contrary to KCUMB's press statements, KCUMB gave no explanation to Pletz or her counsel as to the specific factual reasons for the termination.

57. Having removed Pletz from office, opponents of Pletz's dual accreditation proposal succeeded in killing it. In fact, Weaver recently confirmed that the proposed D.O./M.D. degree program at KCUMB is now on the "back-back burner." Weaver and Haug are now the

chief administrators at KCUMB. Investigation continues into the conspiracy of which they are a part.

KCUMB's Agreement to Make Advanced Payment of Legal Fees & Expenses

58. Pletz, on the one hand, and KCUMB, on the other, entered into a letter agreement whereby KCUMB agreed to pay in advance Pletz's "attorneys' fees, costs and expenses that were incurred since October 20, 2009 and that are directly related to the investigation of the Allegations or the Tax Audit ("Authorized Advancements")." (The agreement is hereinafter referred to as the "Fees Agreement." Attached as Exhibit B.)

59. As part of the Fees Agreement, Pletz was required to sign an undertaking, requiring Pletz to repay advanced fees under certain conditions. Pletz signed the undertaking and otherwise performed all of her obligations under the Fees Agreement.

60. The Fees Agreement provides that KCUMB may terminate the Fees Agreement "at any time upon written notice to President Pletz and her counsel." KCUMB did not terminate the Fees Agreement until March 22, 2010.

61. KCUMB has materially breached the Fees Agreement by refusing to pay Pletz's attorneys fees, expenses and costs reasonably incurred from December 18, 2009 through March 22, 2010.

62. On February 9, 2010, Nelson Mann, general counsel for KCUMB, left a voicemail for counsel for Pletz, in which he stated the following:

Charley, this is Nelson Mann, M-a-n-n, general counsel to KCUMB. I need to get your fee bill paid and I can't get my hands on it. Could you email that to me at [email address redacted] that's N as in Nelson, Mann @ [email address redacted]. I'm also going to call over to Polinelli to see if they have it. I apologize for not get (sic) this paid to you. It's just [unintelligible] but I want to get that done for you. So thank you. Bye bye.

Though Mann promised to pay the fees and expenses outstanding – and even apologized for not having done so earlier – KCUMB has failed to pay all fees, expenses and costs reasonably incurred by Pletz's counsel.

COUNT I – BREACH OF CONTRACT

63. Pletz restates the allegations in all preceding paragraphs of the Petition as if fully stated herein.

64. Pletz, on the one hand, and KCUMB, on the other, entered into the Employment Agreement on October 21, 2008.

65. Pletz performed all of her obligations under the Employment Agreement.

66. KCUMB materially breached its obligations under the Employment Agreement in that KCUMB did not have "cause" to terminate Pletz, as provided in paragraph 4(d) of the Employment Agreement. In addition, KCUMB breached the Employment Agreement by failing to specify in writing the factual reasons for the termination.

67. KCUMB materially breached the Employment Agreement by not paying Pletz all monies and other benefits that are owed under the Employment Agreement; and related incentive, deferred and retirement plans. KCUMB has also withheld other money due to Pletz for retirement, health savings, and other vested benefits. Many of these items are due and payable regardless of the reason or lack of reasons for termination.

68. As a direct result of KCUMB's breach, Pletz has been injured and is entitled to monetary damages, including "the remaining compensation that would have been paid Employee for the balance of the then existing term of the Agreement [2013]," in addition to "compensation and benefits accrued by Employee through the final date of employment, including

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compensation accrued under the terms of the University's incentive program for Corporate Officers and any other annual or deferred compensation program in effect for the President and Chief Executive Officer and/or Corporate Officers." Pletz is also entitled to payment of pre-judgment and post-judgment interest on these amounts owed.

COUNT II - VIOLATION OF §290.110 RSMo

69. Pletz restates the allegations in all preceding paragraphs of the Petition as if fully stated herein.

70. Missouri Revised Statute §290.110, states in pertinent part:

Whenever any person, firm or corporation doing business in this state shall discharge, with or without cause, or refuse to further employ any servant or employee thereof, the unpaid wages of the servant or employee then earned at the contract rate, without abatement or deduction, shall be and become due and payable on the day of the discharge or refusal to longer employ and the servant or employee may request in writing of his foreman or the keeper of his time to have the money due him, or a valid check therefor, sent to any station or office where a regular agent is kept; and if the money or a valid check therefor, does not reach the station or office within seven days from the date it is so requested, then as a penalty for such nonpayment the wages of the servant or employee shall continue from the date of the discharge or refusal to further employ, at the same rate until paid; provided, such wages shall not continue more than sixty days....

71. On December 22, 2009, Pletz, through counsel, demanded in writing that KCUMB pay her final wages earned at the contract rate, as required by §290.110 RSMo. Pletz, through counsel, has made other written demands for final payment since December 22.

72. KCUMB ignored Pletz's demand for payment until February 12, 2010. On that date, T. Nelson Mann, general counsel for KCUMB, responded that KCUMB would not pay the final wages owed to Pletz.

73. KCUMB's refusal to pay final wages to Pletz is violation of §290.110 RSMo.

74. KCUMB knew or should have known that its refusal to pay Pletz final wages was in violation of Missouri law. In addition, KCUMB's conduct was intentional, outrageous, malicious, and/or constitutes a reckless disregard for the rights of others.

75. As a result of its conduct, KCUMB is subject to penalties under §290.110 RSMo – specifically, payment of Pletz's full wages at the contract rate through February 16, 2010, in addition to pre-judgment and post-judgment interest.

COUNT III – BREACH OF LEGAL FEES ADVANCEMENT AGREEMENT

76. Pletz restates the allegations in all preceding paragraphs of the Petition as if fully stated herein.

77. Pletz, on the one hand, and KCUMB, on the other, entered into the Fees Agreement whereby KCUMB agreed to pay in advance Pletz's "attorneys' fees, costs and expenses that were incurred since October 20, 2009 and that are directly related to the investigation of the Allegations or the Tax Audit ("Authorized Advancements")."

78. As part of the Fees Agreement, Pletz was required to sign an undertaking, requiring Pletz to repay advanced fees under certain conditions. Pletz signed the undertaking and otherwise performed all of her obligations under the Fees Agreement.

79. The Fees Agreement provides that KCUMB may terminate the Fees Agreement "at any time upon written notice to President Pletz and her counsel." KCUMB did not terminate the Fees Agreement until March 22, 2010.

80. KCUMB has materially breached the Fees Agreement by refusing to pay Pletz's attorneys fees, expenses and costs reasonably incurred from December 18, 2009 through March 22, 2010. KCUMB counsel previously advised that the University had signed the Fees Agreement, and the University paid pursuant to that Agreement through December 18, 2009. On

that date, KCUMB attempted to revoke the Agreement orally, rather than in writing as the Fees Agreement requires.

81. As a direct result of KCUMB's breach, Pletz has been injured and is entitled to monetary damages, including but not limited to payment of attorneys fees, expenses and costs reasonably incurred from December 18, 2009 through March 22, 2010, plus pre-judgment and post-judgment interest.

PRAYER FOR RELIEF

WHEREFORE, Karen L. Pletz requests that this Court find in favor of Plaintiff and against Defendant, awarding Pletz:

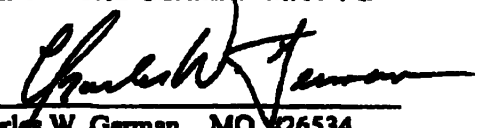
- a. All compensation, benefits and other amounts owed to Pletz, pursuant to contract, in an amount to be determined at trial but in excess of \$2,000,000.00;
- b. Pletz's final wages plus penalties pursuant to §290.110 RSMo.;
- c. As required by contract, KCUMB by-laws, and/or statute(s), all legal and professional fees and costs incurred since December 18, 2009, including but not limited to all legal and professional fees and costs incurred in this action;
- d. Punitive damages; and
- e. Such other and further relief as the Court deems just and necessary.

Dated: March 22, 2010

Respectfully submitted,

ROUSE HENDRICKS GERMAN MAY PC

By


Charles W. German MO #26534
Branson Boulware MO #54150
1010 Walnut, Suite 400
Kansas City, MO 64106
Tele: 816/471-7700
Fax: 816/471-2221

ATTORNEYS FOR PLAINTIFF KAREN L. PLETZ

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IN THE CIRCUIT COURT OF JACKSON COUNTY, MISSOURI
AT KANSAS CITY

KANSAS CITY UNIVERSITY OF
MEDICINE AND BIOSCIENCES
1750 Independence Avenue
Kansas City, Missouri 64106

Plaintiff,

v.

KAREN L. PLETZ
Serve at:
411 W. 46th Terrace
Apt. 100
Kansas City, Missouri 64112

Defendant.

1076-CV08485
Case No. _____

Division No. **6**

OFFICE OF GENERAL
COUNSEL

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COMMISSION

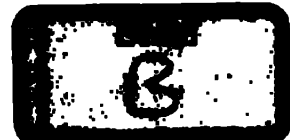
PETITION

Plaintiff Kansas City University of Medicine and Biosciences, by and through its undersigned counsel, brings this case for damages against defendant Karen L. Pletz based on claims for breach of fiduciary duty, fraud, breach of contract and unjust enrichment, and for an accounting, and in that regard, alleges as follows:

PARTIES, JURISDICTION AND VENUE

1. Plaintiff Kansas City University of Medicine and Biosciences ("KCUMB") is a Missouri nonprofit corporation with its principal place of business at 1750 Independence Avenue, Kansas City, Missouri 64106.

2. Karen L. Pletz ("Pletz") is an individual who can be served at 411 W. 46th Terrace, Apt. 100, Kansas City, Missouri 64112.



3. Pletz is subject to the jurisdiction of this Court by virtue of being a resident of Jackson County, Missouri, and having transacted business and committed tortious acts within Jackson County, Missouri.

4. Venue is proper in this Court pursuant to RSMo § 508.010 in that KCUMB was injured in Jackson County, Missouri, and Pletz resides in Jackson County, Missouri.

GENERAL ALLEGATIONS COMMON TO ALL COUNTS

5. KCUMB is a university committed to the education of students in osteopathic medicine and the life sciences.

6. Pletz was the President and CEO of KCUMB and was a member of the Board of Trustees of KCUMB ("Board"), having served in such capacity since 1995. In such capacity, Pletz was a fiduciary to KCUMB and owed fiduciary duties of good faith, due care, honesty, obedience to the mission and loyalty to KCUMB. Pletz occupied a position of the highest trust and confidence, and the utmost good faith was required of her in the exercise of her powers as President, CEO and Trustee. Pletz was bound to act with fidelity and loyalty to KCUMB and to subordinate her personal interests to the interests of KCUMB.

Special Committee Investigation

7. On October 20, 2009, serious allegations of misconduct by Pletz were brought to the Board's attention, including that Pletz was providing false information to the Internal Revenue Service ("IRS"). That same day, the Board appointed a Special Committee to conduct an investigation into the allegations and the Board hired independent legal counsel, which had no prior professional ties to Pletz and her management team and was knowledgeable about the special responsibilities of nonprofit institutions, to represent KCUMB and assist the Special Committee with its investigation.

8. Although Pletz had learned in early 2009 that the IRS was going to audit KCUMB, and the IRS began its audit in late January 2009, Pletz failed to advise the Board of the IRS audit until October 20, 2009.

9. That same day, October 20, 2009, in light of serious allegations of misconduct, the Board passed a resolution and thereafter directed Pletz, in writing that she should not receive any cash advance without written permission of the Chairman of the Board. In complete disregard of this direction, on November 25, 2009, Pletz obtained a cash advance from KCUMB in the amount of \$5,700 to take a trip to New York.

10. As an employee of KCUMB and as a Board member, Pletz was obligated to cooperate with the investigation of the Special Committee, but instead she delayed appearing for her interview.

11. Finally, on December 4, 2009, Pletz appeared for her first interview but refused to discuss any of the documents counsel for the Special Committee had provided to her lawyers on November 25, 2009 and December 1, 2009 claiming she had not had time to review them.

12. Pletz was asked to appear for another interview during the week of December 7, 2009, on a day and time of her choice, to discuss the documents. She refused to appear because she was taking a trip to New York that she claimed was for KCUMB business. The Chairman of the Board directed her to stay in Kansas City, to prepare for her interview, to appear for her interview and to cooperate with the investigation.

13. Pletz refused the direct instructions of the Chairman of the Board. She went to New York for the week, using the cash from the cash advance she inappropriately obtained without permission from the Chairman.

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14. Her interview was scheduled for December 14, 2009. She again refused to appear. She eventually appeared for her interview on December 15, 2009. Her employment was terminated on December 18, 2009.

15. The Special Committee's investigation, which is continuing, has revealed that Pletz defrauded KCUMB over a period of several years and used KCUMB's assets for her personal benefit and to the detriment of KCUMB. She misled the Board to perpetuate her fraud. Among other misconduct, Pletz spent an extraordinary amount of time traveling and entertaining people with no benefit to KCUMB and secured compensation and other payments from KCUMB through false representations.

Fraudulent Personal Deductions Taken for KCUMB Donations

16. During her tenure, Pletz directed that hundreds of thousands of dollars of KCUMB assets be donated, often in her personal name, to other nonprofit corporations in order to promote her own agenda to be viewed as a leading philanthropist in Kansas City. She then fraudulently took hundreds of thousands of dollars in KCUMB contributions as deductions on her personal tax returns in at least 2005 and 2006.

17. In 2005 and 2006 Pletz made personal donations of approximately \$45,000 to Benedictine College, ostensibly in connection with her status as a member of the board of that institution. She had KCUMB reimburse her for those personal donations to Benedictine College without the knowledge and consent of the Board of Trustees. In 2003 and 2004, KCUMB reimbursed Pletz for \$35,000 of contributions to Benedictine College. These reimbursements were made without the knowledge and consent of the Board of Trustees. Pletz did not direct KCUMB to include the amounts personally reimbursed to her for her personal contributions and commitments to Benedictine College or that were directly paid to Benedictine College on her behalf to be included in her personal returns for those years.

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18. Pletz joined the United Way's Tocqueville Society, a fundraising arm of the United Way. Membership in the Tocqueville Society is limited to individual donors. In 2005-2009 Pletz made personal commitments and pledges in the amounts of \$30,000 (2005), \$40,000 (2006), \$50,000 (2007), \$75,000 (2008) and \$75,800 (2009). Pletz then directed KCUMB, without the knowledge of the Board, to pay her personal pledges to the Tocqueville Society, which totaled \$270,800 over the five year period. Pletz did not direct KCUMB to include the amounts paid to the United Way by KCUMB for her personal pledges and commitments to the Tocqueville Society in her personal income for these years.

19. Eventually, when the IRS later questioned her personal deductions, Pletz acknowledged they were erroneous.

20. Then, in 2008, Pletz borrowed hundreds of thousands of dollars from subordinate KCUMB employees to pay the IRS penalties, interest and additional taxes required. In earlier years, Pletz borrowed money from two others affiliated with KCUMB. After these individual lenders died, Pletz approached their relatives and told them that the lenders had forgiven the loans before their passing but that she was going to make a donation to KCUMB in lieu of repaying the loan. KCUMB does not know whether Pletz reported the claimed forgiven loans as forgiveness of debt income with the IRS.

21. In addition to borrowing from subordinates, Pletz also made early hardship withdrawals from KCUMB's 457(b) plan in 2008 and 2009 without providing the necessary documentation, which potentially places the plan at risk.

Misrepresentations to the Board and Fraudulently Obtained Compensation

22. Through the Special Committee's investigation, which commenced on October 20, 2009, KCUMB has discovered that Pletz intentionally misled the Board as to material matters in several respects over a span of several years.

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23. Specifically, Pletz regularly reported that KCUMB received gifts, grants and contributions of more than one million dollars in each year. However, the Special Committee has learned that she failed to report that costs associated therewith exceeded the total amount of gifts, grants and contributions.

24. By memorandum dated September 26, 1999, Pletz, who is an attorney, represented to the former Board Chairman that it was legal and appropriate for KCUMB to pay her an additional amount of cash -- a stipend -- for her to make political contributions that KCUMB is otherwise prohibited from making because of its tax-exempt status. Her representation was false and was a pretext for her to obtain additional compensation.

25. From 2003 through 2009, Pletz spent over 2.3 million dollars of KCUMB assets for her activities, which provided little or no benefit to KCUMB and the true purpose of a substantial majority of which was not disclosed to the Board of Trustees.

26. Pletz's own misconduct and lack of supervision encouraged Douglas Dalzell ("Dalzell") and Richard Hoffine ("Hoffine"), both of whom were officers of KCUMB, to disregard their own duties of good faith, due care, honesty, obedience to the mission and loyalty to KCUMB and its Board. Pletz's misconduct and her encouraging of misconduct by Dalzell and Hoffine caused a situation in which, while Dalzell and Hoffine were aware of these expenditures, they did nothing to bring these issues to the attention of the Board.

27. Pletz allowed minutes of KCUMB Board Executive Committee meetings that never occurred to be prepared and placed in minute books. These fraudulent minutes purport to approve additional lump sum stipend payments to Pletz, over and above her regular compensation, equal to \$195,000/year. The meetings that never occurred were allegedly held on

May 2, 2006, April 17, 2007, and April 22, 2008. Pletz took the stipend knowing that this additional compensation was never disclosed to nor approved by the Board.

28. Through stipends, various bonuses, reimbursements and other forms of compensation, in addition to base pay with payments made at various times in various amounts, Pletz structured her compensation arrangement in such a way that her total compensation was not fully disclosed to the KCUMB Board. She also attempted to support the excessive compensation by misrepresenting her actual duties and the real operations of KCUMB as compared to a person in similar positions at similar institutions.

29. By way of further example, beginning in 1999, KCUMB retained a consultant, The Hay Group, to provide guidance to KCUMB in establishing the appropriate levels of compensation to pay its executives, including Pletz. Unbeknownst to KCUMB, Pletz took advantage of the opportunity to inflate her own compensation and the compensation of certain other KCUMB executive officers in cooperation with the compensation consultant.

30. From 2000 through 2009, half of the compensation for certain of the KCUMB executive officers was performance-based incentive compensation. In 2006 and 2007, Pletz manipulated and falsified the performance results in order to increase her compensation.

31. Pletz was significantly over compensated to the detriment of KCUMB. Pletz's total compensation for years 2005 through 2009 exceeded one million dollars each year.

Frivolous Travel, Entertainment and Meal Expenses

32. Pletz's misappropriation of corporate assets and misrepresentations made to KCUMB took many forms, including using KCUMB funds to pay for personal travel, entertainment and meals, and in connection with that, Pletz submitted false documents to justify the expenses and/or to obtain reimbursement from KCUMB under false pretenses.

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33. In January 2007, Pletz spent several thousand dollars of KCUMB money on a reception at the River Club. She claimed that the reception was to benefit KCUMB. That claim was false. The invitations to the reception do not mention KCUMB. The invitation was from Pletz and her husband. The reception was two days before her nephew was married and the reception was given in honor of her nephew and his fiancé. The guests were family and personal friends.

34. The Special Committee's investigation has revealed that, even though KCUMB provided a corporate Visa card to Pletz for business use, she would obtain cash advances for out-of-town travel. In order to receive a cash advance the procedure of KCUMB required a statement of the business purpose of the trip and required reconciliation after the trip confirming the business purpose, providing receipts for meals and other expenses and the name of the people who were entertained.

35. Information Pletz provided to KCUMB with respect to purported business travel was materially false. Specifically, during December 2004, Pletz traveled to San Antonio, Texas for nine days. Before the trip, when she asked for a cash advance of more than four thousand dollars, she represented to KCUMB that the purpose of the trip was fundraising with selected alumni. After the trip, she submitted receipts so that she would not be required to pay the cash back; she again said the purpose of the trip was for fund-raising with alumni in San Antonio. KCUMB paid more than four thousand dollars for that trip.

36. The documents Pletz submitted to justify the trip were materially false. As part of the investigation, Pletz's emails were reviewed. Emails she exchanged with her cosmetic surgeon, who was located in San Antonio, before the trip confirm that the actual purpose of the

trip was for Pletz to have elective cosmetic surgery on her face. Pletz did not meet with any KCUMB alumni during her nine day pre-surgery and post-surgery stay in San Antonio.

37. During July 2007, Pletz traveled to Jackson Hole, Wyoming for a seven-day trip. When she requested a cash advance from KCUMB for over \$23,000, she stated the purpose of the trip was to meet with KCUMB alumni to entertain them in her suite for lunches, dinners and receptions. She rented a "Specialty Suite" at the Four Seasons for two persons at a cost of \$2,500/night. After she returned from the trip, she again said that the over \$23,000 cost of the trip was to entertain KCUMB alumni.

38. Although Pletz reserved her Specialty Suite at the Jackson Hole Four Seasons Hotel over eight months in advance and she had a detailed itinerary prepared with dinner reservations for two people each night of the seven night stay, there was not one appointment to meet with alumni on her itinerary. Her expense report related to this trip lists two receptions in her suite with a group of eleven KCUMB alumni. Her staff prepared invitations for two receptions in her suite. However, Pletz directed that the invitations NOT be sent.

39. During the Special Committee's investigation, when asked why the invitations were not mailed to the alumni, Pletz claimed that she used her rental car to drive to the locations of the nine KCUMB alumni and hand-delivered the invitations to the alumni. This claim was false. One of the alumni on the list lives in Jackson Hole. The remaining alumni live in Bozeman, MT, a 480 mile round trip from Jackson Hole, Lander, WY, a 320 mile round trip, Kemmerer, WY, a 334 mile round trip, Cheyenne, WY, a 932 mile round trip, Casper, WY, a 574 mile round trip, Sheridan, WY, a 754 mile round trip and Powell, WY, a 402 mile round trip from Jackson Hole. During the time Pletz was in Jackson Hole, she only put 348 miles on her rental car, which is a little more than the miles needed for the roundtrip to one of the closest places.

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40. KCUMB paid more than twenty-three thousand dollars for the Jackson Hole trip. The reason that Pletz stated both before and after the trip, were materially false and kept the Board from knowing the truth.

41. During September 2008, Pletz traveled to New York and spent more than four thousand dollars entertaining family and personal friends. She represented to KCUMB that these expenses were related to the Mid-Missouri Medical Foundation.

42. This representation was materially false. The records of the Missouri Secretary of State reveal that Mid-Missouri Medical Foundation filed Articles of Dissolution with the Missouri Secretary of State on March 7, 2005 and filed Articles of Termination with the Missouri Secretary of State on May 27, 2007. The Articles of Dissolution and Articles of Termination were filed by the Mid-Missouri Medical Foundation's President, John Pletz. As a result, the Mid-Missouri Medical Foundation was dissolved more than three years before this trip and its existence formally terminated over a year prior to this trip and it did not exist at the time of the trip.

43. Pletz also made an exceptionally high number of trips to the Fort Lauderdale, Florida area from July 11, 2001 through December 9, 2008, allegedly for KCUMB business. During this seven year time period, Pletz took more than \$124,000 in cash advances for these 28 trips (approximately four trips a year) to the area where her parents own a condominium.

44. Pletz also misused the corporate Visa card relating to meals and entertainment. KCUMB required her to provide receipts for all charges on that card and an indication of the business reason for the expense. Pletz usually would hand write the name of the person she entertained on the receipt.

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45. To protect Pletz, the Special Committee worked to keep its investigation confidential. Consequently, it questioned only a small group of witnesses who were listed on Pletz's expense reports and who agreed to keep the investigation confidential. From this limited group of witnesses, the Special Committee discovered that approximately 70% of the meals, and other entertainment expenses which Pletz had inflated the IRS as being appropriate business and entertainment expenses were fraudulent, as many of the people Pletz listed on her expense reports did not attend the meal or entertainment event or there was no business purpose for the meal or entertainment event. For example, with respect to meals with members of the Board of Trustees, forty-eight times Pletz submitted receipts for meals or entertainment events that Pletz claimed were with members of the Board of Trustees. Those same Trustees stated under oath that they did not attend any such meals or events. The Special Committee's investigation continues.

46. The Special Committee's investigation revealed that the majority of information Pletz provided to KCUMB to justify charges on her corporate Visa with respect to purported business meals and entertainment was materially false. Specifically:

- a. On September 9, 2003, Pletz charged a dinner at Romanelli Grill in Kansas City, Missouri for \$41.48. The person listed on the expense report did not attend this event.
- b. On March 18, 2004, Pletz charged a dinner at the Melting Pot in Kansas City, Missouri for \$186.85. The person listed on the expense report did not attend this event.
- c. On March 26, 2004, Pletz charged a dinner at Plaza III in Kansas City, Missouri for \$247.56. The persons listed on the expense report did not attend this event.
- d. On April 5, 2004, Pletz charged a dinner at Romanelli Grill in Kansas City, Missouri for \$34.90. The person listed on the expense report did not attend this event.

- e. On May 9, 2004, Plotz charged a dinner at P.F. Chang's in Kansas City, Missouri for \$93.11. The person listed on the expense report did not attend this event.
- f. On March 8, 2005, Plotz charged a dinner at the American Restaurant Crown Center in Kansas City, Missouri for \$500.00. The persons listed on the expense report did not attend this event.
- g. On March 20, 2005, Plotz charged a dinner at Minsky's in Kansas City, Missouri for \$32.90. The persons listed on the expense report did not attend this event.
- h. On April 3, 2005, Plotz charged a dinner at Princess Garden in Kansas City, Missouri for \$56.95. The person listed on the expense report did not attend this event.
- i. On May 16, 2005, Plotz charged a dinner at the Better Griddle in Kansas City, Missouri for \$478.00. The persons listed on the expense report did not attend this event.
- j. On May 17, 2005, Plotz charged a dinner at Minsky's in Kansas City, Missouri for \$30.66. The person listed on the expense report did not attend this event.
- k. On May 22, 2005, Plotz charged a dinner at Princess Gardens in Kansas City, Missouri for \$59.95. The person listed on the expense report did not attend this event.
- l. On June 29, 2005, Plotz charged a dinner at 1924 Main in Kansas City, Missouri for \$150.76. The person listed on the expense report did not attend this event.
- m. On December 20, 2005, Plotz charged a dinner at the American Restaurant Crown Center in Kansas City, Missouri for \$494.44 and \$250.00. The persons listed on the expense report did not attend this event.
- n. On April 11, 2006, Plotz charged a dinner at Room 39 - Seasons in Kansas City, Missouri for \$129.85. The person listed on the expense report did not attend this event.
- o. On April 23, 2006, Plotz charged a dinner at Princess Garden in Kansas City, Missouri for \$63.95. The persons listed on the expense report did not attend this event.
- p. On April 30, 2006, Plotz charged a dinner at the Intercontinental in Kansas City, Missouri for \$141.54. The person listed on the expense report did not attend this event.

- q. On June 15, 2006, Pletz charged a dinner at Gordon Ramsay Restaurant, Chelsea, London for \$1,807.94. The persons listed on the expense report did not attend this event.
- r. On June 20, 2006, Pletz charged a lunch at McDonald's in Kansas City, Missouri for \$10.50. The person listed on the expense report did not attend this event.
- s. On June 31, 2006, Pletz charged a lunch at McAdam's Ltd. in Columbia, Missouri for \$270.55. McAdam's Ltd. does not serve food.
- t. On June 23, 2006, Pletz charged a wine purchase from Rimann Liquors in Prairie Village, Kansas for \$677.46. The persons listed on the expense report did not attend this event.
- u. On June 23, 2006, Pletz charged a dinner at Better Cheddar in Kansas City, Missouri for \$262.69. The persons listed on the expense report did not attend this event.
- v. On June 24, 2006, Pletz charged a dinner at Room 39 in Kansas City, Missouri for \$76.51. The person listed on the expense report did not attend this event.
- w. On June 28, 2006, Pletz charged a lunch at McCormick & Schmick in Kansas City, Missouri for \$62.53. The persons listed on the expense report did not attend this event.
- x. On July 23, 2006, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$59.95. The person listed on the expense report did not attend this event.
- y. On July 25, 2006, Pletz charged a dinner at Room 39 in Kansas City, Missouri for \$161.74. The person listed on the expense report did not attend this event.
- z. On August 7, 2006, Pletz charged a dinner at Mi Cocina in Kansas City, Missouri for \$48.91. The person listed on the expense report did not attend this event.
- aa. On August 16, 2006, Pletz charged a dinner at Houston's in Kansas City, Missouri for \$47.55. The person listed on the expense report did not attend this event.
- bb. On August 29, 2006, Pletz charged a dinner at 1924 Main in Kansas City, Missouri for \$276.18. The persons listed on the expense report did not attend this event.

- cc. On September 16, 2006, Pletz charged a dinner at the Graves 601 Hotel in Minneapolis, Minnesota for \$182.97. The persons listed on the expense report did not attend this event.
- dd. On September 23, 2006, Pletz charged wine at Chalet Wine & Cheese in Chicago, Illinois for \$126.68. The persons listed on the expense report did not attend this event.
- ee. On September 26, 2006, Pletz charged wine at Chalet Wine & Cheese in Chicago, Illinois for \$77.34. The persons listed on the expense report did not attend this event.
- ff. On October 20, 2006, Pletz charged a dinner at Paolucci's Deli in Atchison, Kansas for \$165.00. The person listed on the expense report did not attend this event.
- gg. On November 24, 2006, Pletz charged a lunch at Waldo Pizza in Kansas City, Missouri for \$10.60. The person listed on the expense report did not attend this event.
- hh. On December 30, 2006, Pletz charged a dinner at 40 Sardines in Overland Park, Kansas for \$795.27 and \$62.15. The persons listed on the expense report did not attend this event.
- ii. On January 5, 2007, Pletz charged a lunch at Room 39 in Kansas City, Missouri for \$68.49. The person listed on the expense report did not attend this event.
- jj. On March 13, 2007, Pletz charged a lunch at P.F. Chang in Kansas City, Missouri for \$92.16. The person listed on the expense report did not attend this event.
- kk. On March 24, 2007, Pletz charged a lunch at Waldo Pizza in Kansas City, Missouri for \$29.72. The person listed on the expense report did not attend this event.
- ll. On April 13, 2007, Pletz charged a lunch at Chili's in Overland Park, Kansas for \$42.87. The person listed on the expense report did not attend this event.
- mm. On May 2, 2007, Pletz charged entertainment at 1924 Main in Kansas City, Missouri for \$48.82. The person listed on the expense report did not attend this event.
- nn. On June 18, 2007, Pletz charged food and drinks on the Constellation Cruise Ship for \$47.70. The person listed on the expense report did not attend this event.

- oo. On June 23, 2007, Pletz charged a lunch at Room 39 in Kansas City, Missouri for \$64.91. The person listed on the expense report did not attend this event.
- pp. On August 10, 2007, Pletz charged a lunch at the Bristol in Kansas City, Missouri for \$83.26. The person listed on the expense report did not attend this event.
- qq. On August 12, 2007, Pletz charged a lunch at Salty Iguana in Prairie Village, Kansas for \$44.19. The person listed on the expense report did not attend this event.
- rr. On September 24, 2007, Pletz charged items for an event in her hotel suite for \$176.17 and \$136.89. The person listed on the expense report did not attend this event.
- ss. On October 1, 2007, Pletz charged items for a reception at a Marriott in San Diego, California for \$47.70 and \$35.10. The person listed on the expense report did not attend this event.
- tt. On October 7, 2007, Pletz charged a breakfast at Ritz Carlton in Chicago, Illinois for \$353.54. The person listed on the expense report did not attend this event.
- uu. On November 3, 2007, Pletz charged a lunch at Room 39 in Kansas City, Missouri for \$90.51. The person listed on the expense report did not attend this event.
- vv. On November 10, 2007, Pletz charged a lunch at Baumersang in Kansas City, Missouri for \$56.32. The person listed on the expense report did not attend this event.
- ww. On December 12, 2007, Pletz charged a breakfast at McDonald's in Kansas City, Missouri for \$14.38. The person listed on the expense report did not attend this event.
- xx. On December 17, 2007, Pletz charged a purchase of liquor in Kansas City, Missouri for \$2,268.69. The persons listed on the expense report did not attend this event.
- yy. On February 3, 2008, Pletz charged a lunch at Houston's in Kansas City, Missouri for \$81.24. The person listed on the expense report did not attend this event.
- zz. On March 2, 2008, Pletz charged a dinner at Marina Café in Destin, Florida for \$173.38. The persons listed on the expense report did not attend this event.

- aaa. On March 7, 2008, Pletz charged a dinner at Room 39 in Kansas City, Missouri for \$342.04. The person listed on the expense report did not attend this event.
- bbb. On March 20, 2008, Pletz charged a dinner at the Bristol in Kansas City, Missouri for \$305.72. The person listed on the expense report did not attend this event.
- ccc. On March 25, 2008, Pletz charged a dinner at Waldo Pizza in Kansas City, Missouri for \$33.26. The person listed on the expense report did not attend this event.
- ddd. On March 30, 2008, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$103.95. The person listed on the expense report did not attend this event.
- eee. On April 18, 2008, Pletz charged a dinner at R.F. Chung's in Kansas City, Missouri for \$137.73. The person listed on the expense report did not attend this event.
- fff. On April 20, 2008, Pletz charged a dinner at Capital Grille in Kansas City, Missouri for \$163.60. The person listed on the expense report did not attend this event.
- ggg. On May 9, 2008, Pletz charged a lunch at the Capital Grille in Kansas City, Missouri for \$99.49. The person listed on the expense report did not attend this event.
- hhh. On May 10, 2008, Pletz charged a dinner at Bonefish in Kansas City, Missouri for \$58.15 and \$60.90. The persons listed on the expense report did not attend this event.
- iii. On May 24, 2008, Pletz charged a dinner at Frontera Grill in Chicago, Illinois for \$373.61 and \$60.28. The person listed on the expense report did not attend this event.
- jjj. On June 28, 2008, Pletz charged a dinner at Room 39 in Kansas City, Missouri for \$360.92. The persons listed on the expense report did not attend this event.
- kkk. On July 1, 2008, Pletz charged a dinner at Houlihan's in Kansas City, Missouri for \$113.13. The person listed on the expense report did not attend this event.
- lll. On July 9, 2008, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$104.95. The persons listed on the expense report did not attend this event.

- mmm. On August 4, 2008, Pletz charged a dinner at Grand Street Café in Kansas City, Missouri for \$110.16. The persons listed on the expense report did not attend this event.
- nnn. On August 25, 2008, Pletz charged a dinner at Grand Street Café in Kansas City, Missouri for \$230.42. The persons listed on the expense report did not attend this event.
- ooo. On August 26, 2008, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$116.50. The person listed on the expense report did not attend this event.
- ppp. On September 6, 2008, Pletz charged a dinner at 1924 Main in Kansas City, Missouri for \$690.06. The persons listed on the expense report did not attend this event.
- qqq. On October 2, 2008, Pletz charged a lunch at Waldo Pizzeria in Kansas City, Missouri for \$38.81. The person listed on the expense report did not attend this event.
- rrr. On October 23, 2008, Pletz charged a lunch at Grand Lux Café in Las Vegas, Nevada for \$111.47. The person listed on the expense report did not attend this event.
- sss. On October 23, 2008, Pletz charged a dinner at Grand Lux Café in Las Vegas, Nevada for \$71.64. The person listed on the expense report did not attend this event.
- ttt. On October 25, 2008, Pletz charged a lunch at the Country Club Steakhouse in Las Vegas, Nevada for \$320.78. The person listed on the expense report did not attend this event.
- uuu. On October 27, 2008, Pletz charged a dinner at Grand Lux Café in Las Vegas, Nevada for \$122.63. The persons listed on the expense report did not attend this event.
- vvv. On October 28, 2008, Pletz charged a dinner at Princess Garden in Kansas City, Missouri for \$131.50. The persons listed on the expense report did not attend this event.
- www. On January 29, 2009, Pletz charged a dinner at Sailors Tai in Sydney, Australia for \$1,066.61. The persons listed on the expense report did not attend this event.
- xxx. On March 1, 2009, Pletz charged a dinner at Guadalajara Café in Kansas City, Missouri for \$68.32. The person listed on the expense report did not attend this event.

- yyy. On March 21, 2009, Pletz charged a lunch at Salty Iguana in Kansas City, Missouri for \$42.47. The person listed on the expense report did not attend this event.
- zzz. On April 14, 2009, Pletz charged a dinner at Waldo Pizza in Kansas City, Missouri for \$45.09. The person listed on the expense report did not attend this event.
- aaaa. On April 15, 2009, Pletz charged a dinner at 1924 Main in Kansas City, Missouri for \$47.54. The person listed on the expense report did not attend this event.
- bbbb. On April 17, 2009, Pletz charged a dinner at Table Fifty-Two in Chicago, Illinois for \$425.56. The persons listed on the expense report did not attend this event.
- coco. On April 18, 2009, Pletz charged a dinner at Zealons in Chicago, Illinois for \$192.85. The persons listed on the expense report did not attend this event.
- dddd. On April 26, 2009, Pletz charged a dinner at P.F. Chang's in Kansas City, Missouri for \$126.92. The person listed on the expense report did not attend this event.
- eeee. On June 26, 2009, Pletz charged a wine purchase from The Wine Merchant in Clayton, Missouri for \$3,270.28. The persons listed on the expense report did not attend this event.

47. Much of the above-detailed false information of claimed business expenses totaling almost \$22,000 that Pletz provided to KCUMB was also provided to the IRS as part of its audit of KCUMB.

48. The investigation of a select sample of expense reimbursement transactions claimed by Pletz revealed that approximately 70% of the charges or reimbursements were based upon false or materially incorrect information. The investigation of the remaining over two million dollars in claimed reimbursements and expenses by Pletz is ongoing.

Lack of Supervision and Overcompensation of KCUMB Employees

49. As President and CEO, Pletz was responsible for the supervision of KCUMB employees. Pletz failed to adequately carry out that responsibility.

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50. Upon information and belief, likely as a result of her own misconduct and the conflicts of interest she created (e.g., borrowing funds from subordinates, falsifying expense reports, etc.), Pletz allowed and fostered an atmosphere in the executive offices of "anything goes," which included employees using KCUMB property, supplies and time to run other for-profit businesses out of KCUMB when they should have been engaged in KCUMB business.

51. As President and CEO, Pletz was also responsible for setting the compensation of KCUMB employees. Pletz failed to adequately carry out that responsibility. Namely, she grossly over-compensated the same employees who were misusing KCUMB property, supplies and time.

52. Pursuant to Section 355.476 of the Missouri Nonprofit Corporation Act and upon receipt of an Undertaking executed by Pletz dated December 4, 2009, KCUMB agreed to advance to Pletz certain attorneys' fees related to the Special Committee's investigation. Pursuant to such Undertaking and as required by law, Pletz agreed to repay any amounts advanced to her by KCUMB if she did not act in good faith and in a manner that she reasonably believed to be in or not opposed to the best interests of KCUMB. KCUMB did advance to Pletz her legal expenses related to the Special Committee's investigation. As set forth in paragraphs 7 through 52 of this petition, Pletz failed to act in good faith and in the best interests of KCUMB and did act in a manner opposed to the best interests of KCUMB. Therefore, Pletz is required to repay to KCUMB all amounts advanced to her and KCUMB is not required to advance any additional amounts to Pletz.

Tolling of Statutes of Limitations

53. Because Pletz had a fiduciary relationship with KCUMB, the applicable statutes of limitations did not begin to run and were necessarily tolled as a matter of Missouri law until

such time as the misconduct was actually discovered by KCUMB, which was not until commencement of the Special Committee's investigation in October 2009.

54. Further, as detailed above, Pletz affirmatively took steps to conceal her misconduct over the years by providing false and incomplete information to KCUMB, and to the IRS, such that KCUMB could not have discovered through the exercise of due diligence, and did not discover, Pletz's misconduct until the IRS audit commenced in 2009 and the Special Committee was thereafter formed to investigate.

COUNT I - BREACH OF FIDUCIARY DUTY

55. KCUMB incorporates paragraphs 1 through 54 as if rewritten fully herein.

56. As President, CEO and a Trustee, Pletz was a fiduciary to KCUMB and owed a fiduciary duty to KCUMB as a matter of Missouri law. Pletz was required to act with the utmost good faith, due care, honesty, obedience to the mission and loyalty in relation to KCUMB and to avoid self-dealing.

57. Instead, Pletz abused her position of power for her own personal benefit and enrichment to the detriment of KCUMB.

58. Beginning in at least late 1999 and continuing to the present, Pletz breached her fiduciary duty to KCUMB by reason of the foregoing conduct detailed above in paragraphs 7 through 51, which includes but is not limited to:

- a. Directing that hundreds of thousands of dollars of KCUMB assets be given to other nonprofit corporations, in some instances misrepresenting that such contributions were made by her personally, and then fraudulently taking hundreds of thousands of dollars in KCUMB contributions as deductions on her personal tax return;
- b. Borrowing hundreds of thousands of dollars from subordinate employees to pay the penalties, interest and taxes associated with her fraudulent deductions;

- c. Making early withdrawals from KCUMB's 457(b) plan without providing the necessary documentation;
- d. Failing to report to the Board the true financial picture of gifts, grants and contributions received by KCUMB wherein the costs associated therewith exceeded the total amount of gifts, grants and contributions;
- e. Misleading the Board concerning her total compensation and the appropriateness, reason for and true use of stipends and substantial lump sum cash payments;
- f. Allowing minutes of KCUMB Board Executive Committee meetings that never occurred to be prepared and placed in minute books purporting to approve additional lump sum payments of \$195,000/year - payments that were not approved by the Board;
- g. Using KCUMB funds to pay for personal travel, entertainment and meals, and in connection with that, submitting false documents to justify the expenses and/or to obtain reimbursement from KCUMB under false pretenses;
- h. Failing to adequately supervise and grossly overcompensating KCUMB employees;
- i. Providing false information to the IRS on behalf of KCUMB;
- j. Failing to timely inform the Board of an impending IRS audit; and
- k. Failing to cooperate with the Special Committee's investigation.

59. As a direct result of such breach, KCUMB has sustained damage, including, but not limited to, in the form of compensation paid by KCUMB to Pletz from the date her misconduct began to the present; payments and stipends obtained by Pletz from KCUMB through false representations; amounts for travel, entertainment and meals paid by KCUMB based on false representations; amounts for donations made by KCUMB to nonprofit corporations for which Pletz took personal deductions; amounts lost due to Pletz's failure to adequately supervise, and gross overcompensation of KCUMB employees; professional and legal fees and costs incurred by KCUMB in connection with the IRS audit and the Special

Committee's investigation, including those fees advanced to her pursuant to RSMo § 355.476 which she is required to repay; and other consequential damages yet to be determined.

60. Pletz's misconduct was intentional and outrageous in that Pletz acted with evil motive and/or reckless indifference to the rights of others, thereby entitling KCUMB to an award of punitive damages in such amount as will serve to punish Pletz and deter her and others from like conduct.

61. Further, by breaching her fiduciary duty, Pletz has forfeited her right to compensation from KCUMB as a matter of Missouri law from the beginning date of her misconduct to the present. Pletz must disgorge and return all compensation she received from KCUMB during such time.

COUNT II - FRAUD

62. KCUMB incorporates paragraphs 1 through 61 as if rewritten fully herein.

63. During her tenure as President, CEO and Board member, Pletz made representations to KCUMB that were false, as detailed above in paragraphs 16 through 51, which include but are not limited to:

- a. Representing to KCUMB in 2006, 2007 and 2008, that an additional lump sum payment of \$195,000/year had been approved by the Executive Committee of the Board when in fact it had not been approved and instead was a result of forged minutes of meetings that never occurred - as detailed above in paragraphs 22 through 31; and
- b. Representing to KCUMB from at least 2008 through 2009 that travel, entertainment and meals were for business reasons and that persons listed on expense reports actually attended the travel, entertainment and meals when in fact the travel, entertainment and meals were for personal reasons and the persons listed did not attend - as detailed above in paragraphs 32 through 48.

64. Pletz knew the representations were false when made in that they involved matters of her personal knowledge. She made the representations with the intent that KCUMB would rely on them in making payments and providing compensation to her.

65. The false representations were material in that KCUMB would not have made the payments to Pletz, or provided the compensation to Pletz, but for the false representations.

66. KCUMB relied on the false representations in making payments and providing compensation to Pletz, and had a right to rely on the representations because, among other reasons, Pletz was a fiduciary.

67. As a direct result of Pletz's false representations, KCUMB has sustained damage, including, but not limited to, an amount equal to the payments and compensation obtained by Pletz from KCUMB through the false representations.

68. Pletz's misconduct was intentional and outrageous in that Pletz acted with evil motive and/or reckless indifference to the rights of others, thereby entitling KCUMB to an award of punitive damages in such amount as will serve to punish Pletz and deter her and others from like conduct.

COUNT III - BREACH OF CONTRACT

69. KCUMB incorporates paragraphs 1 through 68 as if rewritten fully herein.

70. Pletz entered into an Employment Agreement with KCUMB with an effective date of November 1, 2000 ("Employment Agreement"), pursuant to which Pletz agreed to serve as President and CEO of KCUMB. The term of the Employment Agreement was subsequently extended by addendums through October 31, 2013.

71. Pursuant to the Employment Agreement, Pletz agreed to "perform such duties as are normally incident to" the positions of President and CEO, which would include, among other

things, keeping the Board informed of financial and other material matters and supervising KCUMB employees. (Employment Agreement at ¶ 1(b)).

72. Pletz also agreed to "devote her full time and best efforts to advance the interests of" KCUMB "in the performance of the duties assigned to her by" KCUMB. Pletz agreed that she "shall not be engaged or concerned with any other activities which would conflict with her obligations" under the Employment Agreement, "or require services on her part to the detriment of the performance of her obligations under" the Employment Agreement. (Employment Agreement at ¶ 1(c)).

73. The Employment Agreement also included the implied covenant of good faith and fair dealing, which required Pletz to carry out her performance under the contract in good faith.

74. Based on the misconduct detailed above in paragraphs 7 through 51, Pletz materially breached the express and implied terms of the Employment Agreement in that she did not adequately perform such duties as are normally incident to the positions of President and CEO, she did not keep the Board informed of financial or other material matters, she did not adequately supervise KCUMB employees, she did not devote her full time or best efforts to advance the interests of KCUMB in the performance of the duties assigned to her by KCUMB, and she engaged in activities that were in conflict with and to the detriment of her obligations as President and CEO.

75. As a direct result of Pletz's breach of contract, KCUMB has sustained damage, including, but not limited to, in the form of compensation paid by KCUMB to Pletz under the Employment Agreement and/or otherwise as President and CEO, as well as amounts lost due to her failure to adequately supervise, and gross overcompensation of, KCUMB employees.

COUNT IV - UNJUST ENRICHMENT

76. KCUMB incorporates paragraphs 1 through 75 as if rewritten fully herein.

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77. As a result of the misconduct detailed above in paragraphs 7 through 51, Pletz has been unjustly enriched from benefits conferred upon her from, and at the expense of, KCUMB.

78. In particular, Pletz has been unjustly enriched to the extent she received compensation from KCUMB during such time she was acting in breach of her fiduciary duty, to the extent she received payments from KCUMB in reimbursement for fraudulent travel, meal and entertainment expenses, to the extent of donations made by KCUMB to nonprofit corporations for which Pletz took personal tax deductions, to the extent Pletz received additional payments or stipends from KCUMB under false pretenses, and to the extent of the other misconduct detailed herein from which Pletz benefited at the expense of KCUMB.

79. It would be unjust for Pletz to retain the benefits conferred upon her from KCUMB in that they were obtained through fraud, breaches of fiduciary duty and/or other misconduct. Pletz should be required to disgorge such benefits.

COUNT V - ACCOUNTING

80. KCUMB incorporates paragraphs 1 through 79 as if rewritten fully herein.

81. Pletz's breach of fiduciary duty detailed above, from which she profited to the detriment of KCUMB, gives rise to an action for an accounting as a matter of Missouri law.

82. Pletz has complete and total control of her bank, investment, tax and other financial records which would reflect earnings, expenses, deductions, deposits and disbursements relating to the receipt and use of KCUMB funds. An inspection and accounting of such records is necessary in order to determine and calculate all of the damages and sums owed by Pletz to KCUMB.

83. Legal remedies are inadequate because, without an accounting, KCUMB will be unable to discover and quantify the full extent of the harm caused by Pletz's misconduct.

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84. Accordingly, KCUMB prays for entry of the Court's order enjoining Pletz from destroying, altering or discarding any of her bank, investment, tax and any other financial records from or concerning such time that Pletz served as President and CEO of KCUMB through the present, until conclusion of this civil action.

85. KCUMB prays for an order of inspection and accounting of Pletz's bank, investment, tax and other financial records from or concerning such time that Pletz served as President and CEO of KCUMB through the present, and for an order of accounting of all monies received or disbursed by Pletz, from or to KCUMB or any of its employees, officers, Board members or alumni, from or concerning such time that Pletz served as President and CEO of KCUMB through the present.

PRAYER FOR RELIEF

WHEREFORE, plaintiff KCUMB prays for judgment in its favor and against defendant Pletz, and for an accounting in its favor and against defendant Pletz, as follows:

- a. Awarding damages in such amount that is fair and reasonable, including but not limited to:
 - i. All compensation paid by KCUMB to Pletz from the date her misconduct began to the present;
 - ii. All payments and stipends obtained by Pletz through false representations;
 - iii. All amounts for travel, entertainment and meals paid by KCUMB based on false representations;
 - iv. All amounts for donations made by KCUMB to nonprofit corporations for which Pletz took personal deductions;

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g. Awarding such other and further relief as this Court deems just and proper.

JURY TRIAL DEMAND

Plaintiff KCUMB hereby demands a jury trial.

DATED: March 22, 2010.

Respectfully submitted,

BERKOWITZ OLIVER WILLIAMS
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