

Eric Happe, GLAZA's Director of Finance, is attached as Exhibit 14 to the Compendium.

63. The total cost of Ms. Verret party was ultimately \$22,130.70. A true and correct copy of the expenses incurred for Ms. Verret's party in August 2019 is attached as Exhibit 15 to the Compendium. GLAZA used funds from the Zoo Surplus Development Fund ("ZSDF") to pay the expenses at her direction.

64. GLAZA did not have authority to reject Ms. Verret's request for funds because the Zoo has control over how funds in the ZSDF are spent.

65. Ms. Verret did not attempt to use the party for herself as a fundraiser and to my knowledge no donors were invited. The party did not result in any donations to GLAZA or the Zoo.

66. In 2020-2021, Ms. Verret directed GLAZA to pay for improvements to her personal office at the Zoo including, but not limited to, purchasing new office and patio furniture. The total cost of these improvements was \$13,123.66.

67. In 2022-2023, Ms. Verret directed GLAZA to pay for improvements to the assistant director's personal office at the Zoo including, but not limited to purchasing new furniture and cabinets. The total cost of these improvements was \$14,386.72.

68. Ms. Verret has repeatedly requested funding from GLAZA to support organizations and causes that are separate and distinct from – and not for the exclusive benefit of – the Zoo.

69. In July 2024, Ms. Verret provided a list of fundraising priorities to GLAZA for the fiscal year of 2024-2025. In these priorities, Ms. Verret requested \$641,300.00 to provide funding to conservation projects in Kenya, the Congo, and India, in addition to \$165,000 for conservation grants for conservation projects that were not associated with the Zoo and \$124,300 to fund a new position in the Conservation Division to serve in the role of Manager of Conservation Impact.

70. GLAZA did not agree to raise new donor funds for Ms. Verret's funding requests for these conservation projects or the new position in the Conservation Division because they did not appear to benefit the Zoo and were excessive given that the Zoo still needs a significant number of improvements as noted above. GLAZA ultimately agreed to the \$165,000 for conservation grants, but only agreed to \$91,300 for the conservation projects in Kenya, the Congo, and India.

71. From July 1, 2024, to March 31, 2025, Ms. Verret directed GLAZA to provide \$494,069 in funding from restricted funds for foreign conservation organizations, projects or causes that are separate and distinct from the Zoo, as well as \$30,000 in funding from unrestricted funds for the Association of Zoos and Aquariums (“AZA”) where she has sat on the Board of Directors since 2019, and currently serves as Chair of the Board of Directors.

72. For the last five and a half years, from fiscal year 2019-2020 (July 1, 2019 to June 30, 2020) through March 31, 2025, GLAZA has provided at least \$1,702,923 in funding at Ms. Verret’s request for foreign and domestic conservation organizations, projects or causes that are separate and distinct from the Zoo. The funding includes, but is not limited to, the following:

<u>Organization</u>	<u>Cause</u>	<u>Funds</u>
AZA*	Wildlife Tracking Alliance	\$125,000
AZA*	SAFE Conservation Fund (African elephants)	\$70,000
AZA*	Animal Care & Wellbeing Grant Fund	\$20,000
AZA*	LAX Wildlife Trafficking exhibit installation	\$10,000
AZA*	Hurricane Ian Employee Relief Fund	\$5,000
AZA*	Miscellaneous	\$4,500
Gorilla Rehabilitation and Conservation Education (“GRACE”)*	Gorilla conservation, Democratic Republic of Congo	\$210,000
African Conservation Center US	Noonkotiak Resource Center in Kenya	\$235,826
Wildlife Trust of India	Gharial Incubation Center	\$105,607
Wild Earth Allies	Asian elephant conservation in Cambodia	\$103,000
Wildlife Conservation Network	Painted Dog Research Trust	\$86,000

<u>Organization</u>	<u>Cause</u>	<u>Funds</u>
Pandrillus Foundation	African grey parrots, bushmeat, drill ranch, primates	\$55,190
Wildlife Trust of India	Gharial conservation grants	\$66,712
Global Wildlife Conservation	Saola conservation, southeast Asia	\$19,500
Paso Pacifico	Jaguar conservation, Central America	\$16,000
American Bird Conservancy / Macaw Recovery Network	Blue-throated macaw conservation	\$52,043
Komodo Survival Program	Komodo dragon conservation	\$27,500
Pan African Sanctuary Alliance	Emergency Support Program, African primates	\$10,000
Cleveland Zoological Society	Chacoan Peccary conservation, Paraguay	\$8,000
Global Conservation Force	Mounted anti-poaching unit - Kariega Reserve	\$42,500
Madras Crocodile Trust	Indian gharial conservation	\$20,000
Yayasan Cikananga Konservasi Terpadu	Javan warty pig conservation	\$30,855
Biodiversity & Elephant Conservation Trust	Elephant conservation in Sri Lanka	\$8,000
Wildlife Conservation Network	Bornean elephant death crisis project	\$29,555
The Kasiisi Project	Hygiene campaigns, human- chimp infections, Uganda	\$26,375
Denver Zoological Foundation	AZA SAFE program - vultures	\$10,000
Bioko Biodiversity Protection Program	Bioko Island (Guinea) primate conservation	\$5,000
The Peregrine Fund	Harpy eagle conservation	\$8,000

<u>Organization</u>	<u>Cause</u>	<u>Funds</u>
Peninsular Pronghorn Recovery Program	Peninsular Pronghorn conservation - cash grants	\$97,189
Peninsular Pronghorn Recovery Program	Visitor center design/construction	\$82,500
Peninsular Pronghorn Recovery Program	Vehicle purchase	\$28,000
Peninsular Pronghorn Recovery Program	Tracking system including annual service fees	\$27,322
Fundacion Zoologica de Cali	Mountain tapir conservation, South America	\$19,985
Hawk Mountain Sanctuary Association	Egyptian vulture conservation	\$2,000
Philippines Biodiversity Conservation Foundation	Hornbill conservation	\$5,000
Crocodile Research Coalition	Crocodile community education, Belize	\$11,979
Costa Rica Wildlife Foundation	Human-tapir conflict, Tenorio-Miravalles Corridor	\$11,285
Orangutan Conservancy	Orangutan conservation, southeast Asia	\$2,500
University of Southern California	Wrigley Institute of Environment and Sustainability*	\$5,000
	TOTAL	\$1,702,923
*Ms. Verret is on the board of directors of the AZA, GRACE, and the Wrigley Institute	TOTAL PAID TO THESE ORGANIZATIONS	\$449,500

73. Ms. Verret and the Zoo have used GLAZA to pay for her and Zoo staff's travel to various programs or events.

74. As the current Board Chair of the AZA, Ms. Verret has directed GLAZA to pay for her travel each year to attend meetings of AZA's board of directors. These travel costs from 2019-2024 total \$12,602.06.

75. Separately, Ms. Verret has directed GLAZA to pay for her travel to attend policy conferences for AZA’s directors. These travel costs from 2019-2024 total \$6,658.29.

76. In 2020, the United Arab Emirates paid for Ms. Verret to travel to the United Arab Emirates for two weeks with other staff and directors from the AZA.

77. In 2019, Ms. Verret directed GLAZA to pay for her travel to Buenos Aires, Argentina, to attend the World Association of Zoos and Aquariums’ (“WAZA”) annual conference. The cost of Ms. Verret’s attendance was \$10,780.96.

78. In 2022, Ms. Verret directed GLAZA to pay for her travel to Tenerife, Canary Islands, Spain, to attend WAZA’s annual conference. The cost of Ms. Verret’s attendance was \$11,215.13.

79. Also in 2022, Ms. Verret directed GLAZA to pay for her travel to Botswana for a “familiarization trip.” The cost of this trip was \$11,598.10.

80. In 2025, Ms. Verret directed GLAZA to pay for her travel to Sydney, Australia, to attend WAZA’s annual conference in 2024. The cost of Ms. Verret’s attendance was \$10,990.07.

81. In addition to the trips listed above, GLAZA has paid for Ms. Verret’s travel to other events. GLAZA has paid a total of \$67,585.32 from 2019-2025 for her travel.

82. In addition to paying for Ms. Verret’s travel, GLAZA has also paid approximately \$300,437.39 for other Zoo staff to travel to other institutions, conferences, or events from 2019-2024.

83. In addition to these travel expenses, GLAZA has also paid for Zoo employees to attend AZA conferences. Each year, the Zoo sends over a dozen staff to the AZA’s annual conference and sends a smaller group to the AZA’s mid-year conference.

GLAZA’s Funding of “Off the Books” Payments for the City

84. GLAZA manages a set of funds referred to as the Zoo Assistance Fund (“ZAF”). Under the Interim Agreement and the prior 1997 Operating Agreement between GLAZA and the City, GLAZA has been contractually obligated to make available the first \$300,000 of annual unrestricted funds raised that it receives into the ZAF. The 1997 Operating Agreement provided that the ZAF was to be used for conservation grants, though the Zoo used about half of the ZAF

1 funds for that purpose and used the other half for other Zoo needs such as institutional membership
2 dues. The Interim Agreement and the prior 1997 Operating Agreement are attached as Exhibits 6
3 and 3, respectively, to Plaintiff's Amended Compendium.

4 85. Beginning in fiscal year 2021-2022, Ms. Verret started charging conservation
5 donations against other funds restricted for conservation rather than the Zoo Assistance Fund. Ms.
6 Verret then used funds in the ZAF, which were historically used for conservation, for other general
7 Zoo operating expenses, such as maintenance and repairs, consultants, travel of Zoo employee
8 staff she supervises, institutional memberships (e.g., WAZA), and professional development.

9 86. During the negotiation of the Interim Agreement, GLAZA requested that the ZAF
10 be used for conservation, as it was intended to be, but the City refused to agree to that restriction.

11 87. GLAZA pays vendors on behalf of the Zoo from the Zoo Surplus Development
12 Fund ("ZSDF") and the ZAF. These expenditure are "off the books" because they do not appear
13 in the Zoo's annual budget that is approved by the Los Angeles City Council. Ms. Verret could
14 have directed GLAZA to transfer the funds in the ZSDF into the ZETF to report as revenue to the
15 Zoo. Thus, the Zoo under Ms. Verret's direction has submitted a budget to the City for approval
16 that does not contain the full scope of funding that the Zoo receives including the most recent
17 proposed budget submitted to the City. This underreporting of the funds available to the Zoo is
18 particularly troubling given the City's reported \$1 billion deficit. As of March 31, 2025, these "off
19 the books" funds total \$1,725,902 (ZSDF) and \$162,473 (ZAF). The Interim Agreement states
20 that funds in the ZSDF shall be expended only at the direction of the Zoo Director. See Interim
21 Agreement, § 2.I.3. The Zoo Director could have asked GLAZA to use the ZSDF funds for repairs
22 to the Zoo, but as discussed above, she has not.

23 88. On April 28, 2025, Ms. Verret sent me an email related to the City's proposed
24 budget. Ms. Verret said that the budget proposes funding be eliminated for 30 Zoo positions, and
25 the direct cost for those positions is \$2,021,455. She also states that the proposed budget does not
26 account for the Zoo's need for an additional \$325,000 for hiring hall funds to support construction
27 and maintenance operations, and \$247,227 for staffing and related expenses for the transition of
28 the volunteer program. She asked me to confirm by Friday, May 2, 2025 (4 business days later)

1 “that GLAZA is committed to releasing up to \$2,593,682 in unrestricted funds” to pay for these
2 items. A true and correct copy of my emails with Ms. Verret are attached as Exhibit 16 to the
3 Compendium.

4 89. Later on April 28, 2025, I responded to Ms. Verret’s email. I asked her when the
5 City first made her aware of the potential budget cuts and when the Zoo first started to consider
6 the potential budget cuts identified in her email. I also asked her for budgets and further details
7 about the expenses so that GLAZA’s Board could consider the request for nearly \$2.6 million.
8 Finally, I asked her to identify other potential sources for some or all of the expenses, including
9 Zoo funds in other unrestricted accounts, noting that as an example, depending on the animal
10 keepers needed, restricted funds may be available. *See* Ex. 16.

11 90. On April 30, 2025, Ms. Verret acknowledged that she learned of the City’s
12 proposed budget the prior week. She provided very limited additional details about how the
13 \$325,000 for hiring hall funds and \$247,227 for the volunteer program would be used. She did not
14 answer my question about whether there were other potential sources for some or all of the
15 expenses. *See* Ex. 16.

16 91. On May 1, 2025, I responded to Ms. Verret’s April 30, 2025 email. I informed her
17 that the current balance of the ZSDF is approximately \$1,784,155 as of April 30, 2025, and asked
18 why she could not use these funds in order to address the budget cuts and avoid the elimination of
19 Zoo staff. In response, Ms. Verret asserted that she already had plans to use the funds in the ZSDF,
20 but did not provide details about how those funds would be spent. She identified an alternative
21 source of funds that would come from restricted funds for volunteers, but did not explain how
22 those restricted funds could be used to pay for any of the staff included in the layoff. She again
23 demanded that GLAZA tell her by May 2, 2025 whether GLAZA was committed to releasing
24 nearly \$2.6 million of GLAZA’s unrestricted funds. I responded to Ms. Verret and explained that
25 while I was sympathetic to the prospect of the Zoo losing staff and having to meet with the City’s
26 Budget and Finance committee on May 5, 2025, her request for almost \$2.6 million was
27 unprecedented. I reminded her that GLAZA has rarely funded Zoo salaries, which are outside of
28 our control due to the City's union negotiations and should be funded from the Zoo's revenues

1 since it is an "enterprise department" with its own non-tax revenue that it generates and manages.
2 I informed her that for GLAZA to consider using restricted funds for volunteers, GLAZA needs
3 additional information about how the Zoo will use membership revenue for next year and how the
4 Zoo plans to fund an outside vendor for running volunteers, which is not a revenue-generating
5 activity. Finally, I advised her that because GLAZA knows so little about the details of how the
6 Zoo intends to spend the requested funds, her request puts GLAZA in a position where it is difficult
7 to honor its fiduciary duty to its donors. I told Ms. Verret that if she can provide a detailed budget
8 that explains how the Zoo intends to spend its funds (including the requested funds) over the fiscal
9 year, GLAZA will consider it and determine whether the request (and the amount of the request)
10 seeks an appropriate expenditure of GLAZA's endowment funds. *See* Ex. 16.

11 92. From 1996 to October 2023, GLAZA managed concessions at the Zoo and the
12 third-party concessionaire paid commissions to GLAZA. GLAZA paid a portion of the
13 commission revenue to the Zoo, GLAZA retained a small amount as a management fee, and
14 GLAZA deposited the remainder in the ZSDF for the Zoo's discretionary use.

15 93. From fiscal year 2014-2015 through fiscal year 2018-2019, the ZSDF was so well
16 funded that the previous Zoo Director decided to have \$600,000 paid directly to the Zoo each year,
17 for use in the Zoo's Zoo Enterprise Trust Fund ("ZETF"). This amount would be reflected in the
18 City's budgets for the Zoo.

19 94. After Ms. Verret became Zoo Director, she discontinued the practice of having
20 \$600,000 transferred from the ZSDF into the ZETF annually.

21 95. Also after Ms. Verret became Zoo Director, GLAZA signed a new Concessions
22 Services Agreement which increased the amount of commissions paid directly to the City and
23 reduced the amount available for the ZSDF.

24 96. Prior to the parties entering into the Interim Agreement, the City took over
25 management of concessions and the third-party concessionaire.

26 97. Under the Interim Agreement, the City is to pay 20% of concessions commission
27 revenue to GLAZA every month to be deposited in the ZSDF. (*See* Interim Agreement, § 3.B.1.)
28

1 98. However, the Zoo made the unilateral decision – in direct contravention of Section
2 3.B.1 of the Interim Agreement – to not pay any percentage of the concessions commission
3 revenue to GLAZA earned during the time period of October 2023 through June 2024. A true and
4 correct copy of the July 16, 2024, email from Mei Kwan, the Zoo’s Deputy Director, to Eric Happe
5 informing him that the City would not transfer the concessions commission revenue to GLAZA
6 for the fiscal year of 2023-2024 (July 1, 2023-June 30, 2024) is attached as Exhibit 17 to the
7 Compendium.

8 99. In the Zoo’s proposed budget for 2025-2026 that it submitted to the City in
9 November of 2024, the Zoo disclosed that its concessions revenue in fiscal year 2023-24 was
10 \$3,521,807. Notwithstanding Ms. Kwan’s email, the City eventually transferred concessions
11 commission revenue for July-September 2023 and June 2024 totaling \$140,737. Thus, the City
12 should have transferred approximately \$563,624 in additional concessions commission revenue to
13 GLAZA to be deposited in the ZSDF.

14 **Ms. Verret’s Declaration and the City’s Complaint**

15 **Mischaracterize GLAZA’s Financial Information**

16 100. Ms. Verret’s Amended Declaration in support of Plaintiff’s Motion for Preliminary
17 Injunction mischaracterizes GLAZA’s finances.

18 101. In its Complaint, the City complains that GLAZA waited sixteen months – from
19 January 2023 to May 2024 – to “first disclose” the “GLAZA Restricted” funds. *See* Compl. ¶ 18.
20 Ms. Verret repeats this claim in her Amended Declaration. *See* Am. Verret Decl. ¶ 15. However,
21 prior to entering into the Interim Agreement in May 2024, GLAZA had no obligation to disclose
22 this specific fund to the Zoo because GLAZA was not contractually required to report funds
23 restricted for GLAZA’s own purposes. The GLAZA Restricted fund was created in January
24 2023—well before the Interim Agreement was executed or operative—from a portion of a bequest
25 received by and directed to GLAZA for its discretionary use. Under the Operating Agreement
26 then in place, GLAZA was only required to provide the City with an annual audited financial report
27 that included an income statement and a balance sheet. A true and correct copy of the First
28 Amended and Restated Operating Agreement is attached as Exhibit 18 to the Compendium; *see*

1 Ex. 18, at § XI. GLAZA’s reporting obligations changed under the Interim Agreement, to include,
2 for the first time, monthly detailed financial reports on “all funds raised for the benefit of the Zoo
3 under GLAZA’s control[.]” *See* Interim Agreement at § 6.C. After executing the Interim
4 Agreement on May 29, 2024, GLAZA began reporting to the Zoo all restricted funds held by it,
5 regardless of purpose—including the “GLAZA Restricted” fund.

6 102. Pursuant to the Interim Agreement, GLAZA has provided and continues to provide
7 monthly financial information to the Zoo.

8 103. Ms. Verret incorrectly claims that GLAZA paid expenses that nearly equaled the
9 revenue generated for “GLAZA Restricted” funds. Specifically, she inaccurately states that
10 GLAZA generated \$384,144.61 in revenue for “GLAZA Restricted” funds from May 1, 2024,
11 through September 30, 2024, and paid expenses of \$357,424.47 of “GLAZA Restricted” fund.
12 (*See* Am. Verret Decl. ¶ 16.) However, GLAZA’s actual revenue during that time period was
13 \$249,170.02, and its actual expenses were only \$142,466.78.

14 104. GLAZA retains an independent certified public accounting firm to conduct a
15 financial audit of GLAZA’s financial statements each year. This independent audit is overseen by
16 GLAZA’s Audit Committee, which is comprised of independent directors with experience in
17 budgeting and financial reporting. GLAZA publishes those audited financial statements on the
18 Zoo’s website at: <https://lazoo.org/about/glaza>. The financial statements currently available on the
19 website are for the fiscal years of 2021-2022, 2022-2023, and 2023-2024.

20 105. Ms. Verret implies in her Amended Declaration that GLAZA is not accurately
21 reporting information to the Zoo, stating that GLAZA’s reports identified \$50,798,996.58 in total
22 assets “on deposit” in the endowment and in other accounts GLAZA manages as of January 31,
23 2025, but that in GLAZA’s most recent audited financial statements, GLAZA “managed
24 \$54,910,836 in assets of June 30, 2024.” (*See* Am. Verret Decl. ¶ 42.) It is readily apparent from
25 these statements that Ms. Verret does not understand GLAZA’s financial information. The total
26 of \$50,798,996.58 represents only the total amount of the funds listed in paragraph 41 of her
27 Amended Declaration: the endowment and the cash balances of both Zoo and GLAZA restricted
28 funds. However, GLAZA possesses other assets that are captured within the financial statement’s

1 total of \$54,910,836 including, but not limited to, unrestricted operating funds, contributions or
2 pledges receivable, other receivables, and fixed assets such as property and equipment.

3 106. In addition to publishing its audited financial statements, GLAZA publishes its IRS
4 Form 990 for each fiscal year on the Zoo's website at: <https://lazoo.org/about/glaza>. The forms
5 currently available on the website are for the fiscal years of 2021-2022, 2022-2023, and 2023-
6 2024. The IRS Forms 990, along with other operational and financial information, are also
7 available on the Guidestar database, which is a major source of information about nonprofits for
8 the public. GLAZA has earned a Gold Seal for Transparency for 2024 on the Guidestar website.

9 107. GLAZA also publishes its Executive Compensation Policy on the Zoo's website at:
10 <https://lazoo.org/about/glaza>.

11 108. In 2017-2018, the Controller of the City of Los Angeles "conducted a Review of
12 the Governance Arrangement between the City's Zoo Department and the not-for-profit Greater
13 Los Angeles Zoo Association (GLAZA)." A true and correct copy of the Controller's Report is
14 attached as Exhibit 19 to the Compendium; *see* Ex. 19, Cover Letter, p. 2.

15 109. The City Controller recognized that GLAZA "is the official support organization
16 of the Zoo, **and is an independent not-for-profit corporation.**" Ex. 19, Report, p. i.

17 110. The City Controller concluded that based on GLAZA's audited financial statements
18 for fiscal years 2014, 2015, and 2016, approximately 35% of GLAZA's expenditures represented
19 transfers to the Zoo or expenditures that the Zoo asked GLAZA to make on the Zoo's behalf, and
20 the remainder of GLAZA's expenditures were for program services that GLAZA delivered or
21 performed for the Zoo, pursuant to the Operating Agreement and various MOUs (43%),
22 administrative expenses (13%), and fundraising activities (9%). Ex. 19, Report, pp. ii, 6-7. The
23 City's Controller did not state or conclude that GLAZA's expenditures for program services,
24 administrative expenses, and fundraising activities were improper or unauthorized.

25 111. The City Controller identified "GLAZA's assets" and "GLAZA's net assets" as of
26 June 30, 2017. Ex. 19, Report, p. 7. The City Controller did not state or conclude that GLAZA's
27 assets and net assets were in fact the City's assets and net assets.

28

112. The City Controller noted that “based upon discussions with Zoo Department and GLAZA management, the public is less willing to donate to the Zoo because it is part of City government.” Ex. 19, Report, p. v.

113. The City Controller recommended that in addition to GLAZA posting its annual financial audit statements on the Zoo’s website, it should also include GLAZA’s IRS Form 990 for multiple years and GLAZA’s policy on executive compensation. Ex. 19, Report, p. 14. GLAZA now lists those documents on the website.

114. After the City Controller published the Controller’s Report, I am not aware of anyone at the Zoo or the City voicing any dispute or concern with the City Controller’s description of GLAZA as an independent organization, or his conclusions about GLAZA’s expenditures or otherwise.

115. Ms. Verret was invited to attend GLAZA’s Finance Committee meetings.

116. In its Complaint, the City asserts that in 2020, GLAZA used \$582,231 of GLAZA’s endowment funds to cover its administrative expenses. (Compl., ¶ 22.) GLAZA did not use these funds to pay administrative expenses or to cover losses caused by the Covid-19 pandemic, and the distribution of \$582,231 was within the allowable 3% distribution permitted by GLAZA’s Investment Policy.

117. On June 3, 2019, GLAZA’s Finance Committee approved this distribution to build GLAZA’s working capital reserves (funds set aside to cover unforeseen expenses or financial shortfalls due to fluctuations in revenue), and GLAZA’s full Board of Trustees approved the Fiscal Year 2019-2020 budget, which included this distribution, on June 13, 2019. Ms. Verret was present at both the June 3, 2019, meeting of GLAZA’s Finance Committee and the June 13, 2019, meeting of GLAZA’s Board of Trustees. To my knowledge, Ms. Verret voiced no objection to this distribution at any of these meetings or thereafter, and raised them for the first time in the declaration she submitted in this lawsuit.

118. Similarly, from 2017 through 2024, GLAZA’s Board of Trustees approved endowment distributions, either to build working capital reserves or to cover losses due to financial shortfalls. Ms. Verret was present at every Board meeting where an annual budget was approved