

An Open Letter Re: The Endswell Foundation

From: VIVIAN KRAUSE <vivian.krause@me.com>

To: joel@renewalpartners.com

Cc: Ross McMillan <ross.mcmillan@tidescanada.org>, martha@renewalpartners.com

Date: January 14, 2011 12:31:44 PM

[Let Endswell & TCF 6Jan2011....pdf \(90 KB\)](#)

Mr. Solomon,

I am writing to let you know that I don't seem to have received any reply to my letter of 4 January 2010 in which I inquired about the corporate stocks and bonds in which the Endswell Foundation has or has had investments. As I believe that the matters about which I am inquiring are matters of public interest, this is an open letter. I will post it at my blog: www.fair-questions.com. I will also share this letter with members of the media.

As I have said before, If I have have presented anything that is factually incorrect, or if I have missed any important points, please let me know.

Background

The campaign against the development of the Alberta oil sands, and against oil tanker traffic on the B.C. coast, is a campaign against one of Canada's most important industries. As such, its fair for Canadians to inquire about who's funding this campaign, and why.

According to my research that has been published in the Financial Post and the Vancouver Sun, Tides Canada and the U.S. Tides Foundation have funded at least 36 organizations that campaign against the Alberta oil industry and against the oil tanker traffic that would facilitate Canadian oil exports to Asia.

As far as I can tell, one of the single, largest Canadian donors to Tides Canada has been the Endswell Foundation ("Endswell"). U.S. tax returns show that since 1997, Endswell has granted at least \$12 million to Tides Canada. Of that, **\$8.7 million**, was granted since 2003. That accounted for **99 percent** of all funds granted by Endswell since 2003.

Considering the importance of Endswell as a funder of both Tides Canada and the Dogwood Initiative which runs the NO TANKERS campaign that seeks to get a federally-legislated ban on oil tanker traffic on B.C.'s north coast, I believe that its fair to ask questions about the money behind Endswell. Further reasons for my inquiries are given [here](#).

On the basis of the [background information](#) and analysis that I have presented in my [letters](#) and at this blog, I am writing to ask the following questions:

1. Corporate Bonds and Stocks

- In 1997, 1998 and 1999, Endswell reported corporate bonds in 20 companies. Of those 20 companies, three were **gas companies**: B.C. Gas, Consumers Gas Ltd. and Nova Gas Transmission. According to on-line information from TransCanada, Nova Gas Transmission is a **wholly owned subsidiary** of TransCanada. In 1997 and 1998, Endswell also reported corporate bonds named "**Trans Quebec Maritimes**." Were the corporate bonds named "**Trans Quebec Maritimes**" part of TransCanada which owns the Keystone pipeline that began operations in June of 2010?
- In 1997, 1998 and 1999, Endswell held corporate bonds named **TIDES**. Were those TIDES bonds affiliated with the U.S. Tides Foundation or with Tides Canada Foundation? In what industry are or were the TIDES corporate bonds that Endswell held?

- In which industries and companies are the [Genus and Real Assets stock](#) that Endswell has owned since 1997? Was any of this stock in companies in the oil and gas industry? The value of Endswell's total corporate stocks went from [\\$13.4 million](#) in 2003 to [\\$51,973](#) in 2009.

2. The Origin of the Assets of the Endswell Foundation

According to my calculations, over the past ten years the Endswell Foundation has had total expenditures of [\\$28 million](#). My question are:

- Where did the money originate to start the Endswell Foundation? [Tides Canada says](#) that Carol Newell "placed" \$60 million in various organizations and businesses. Was part of that money used to start Endswell? If so, was that Carol Newell's own money or was that money "placed" by her on behalf of others?
- Back in 1997, Endswell received a gift of [\\$3.4 million](#) with the stipulation that it could not be spent for 10 years. Where did that money originate?
- What is the origin of the \$2.1 million that Endswell was paid in "management fees" and "other income?"
- In addition to the [\\$75,000](#) that Endswell was paid by the David & Lucile Packard Foundation, has the Endswell Foundation received funds from any other USA foundations, either directly or indirectly?
- From 1997 to 2002, Endswell had an asset described as "[ENVIRONMENTAL PROTECTED PROP.](#)" Was that a real estate property? Was that the Hollyhock resort on Cortes Island? For which property did Endswell spend [\\$659,478](#) on maintenance?
- From 2008 to 2009, the assets of the Endswell Foundation went from [\\$10.9 million](#) to [\\$504,801](#), according to publicly available Canadian tax returns. What happened?

3. Grants to Tides Canada for \$12 million

According to my calculations based on U.S. tax returns, since 1997, Endswell has granted a total of approximately [\\$17 million](#). Of that about [\\$12.6 million](#) was granted to Tides Canada and a small number of organizations that are closely affiliated with Tides Canada. Of the \$12.6 million that Endswell granted to Tides Canada, \$8.7 million was granted since 2003, U.S. tax returns say.

- To which organizations did Tides Canada re-grant funds from the Endswell Foundation, and for what purpose?
- Did any of the \$12 million that was granted to Tides Canada end up in the long-term investments of Tides Canada - which have increased from [\\$1.4 million](#) in 2003, to [\\$20.2 million](#) in 2009, according to Canadian tax returns?

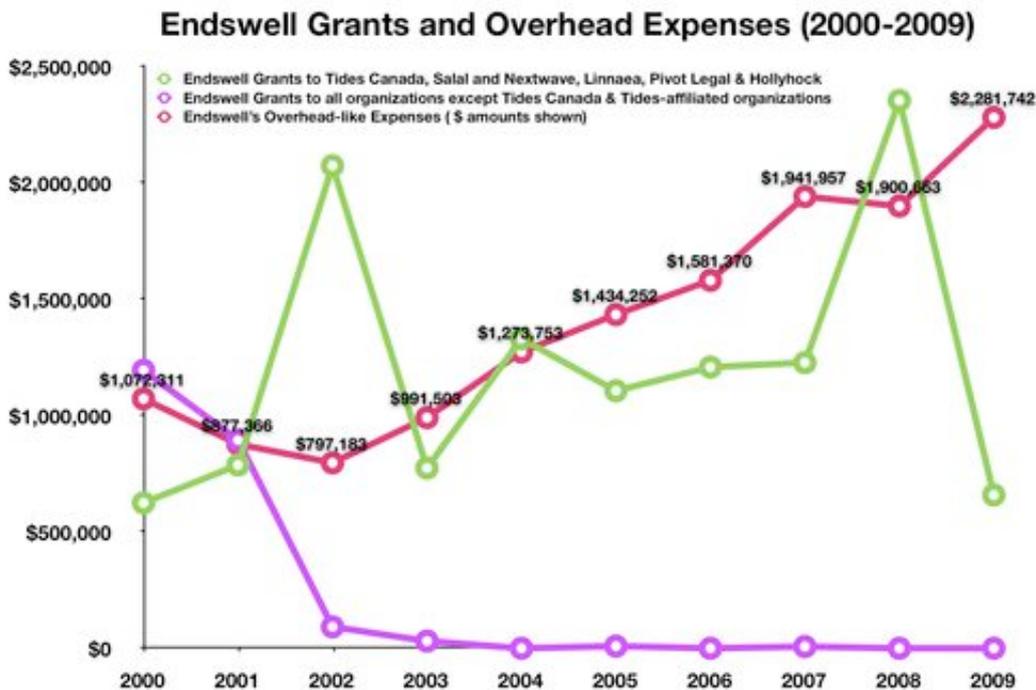
4. The \$11.4 Million Dollar Question

Since 2003, while virtually no grants at all were made to any organization except Tides Canada, Endswell reported expenditures of \$11.4 Million. To my surprise, expenditures increased markedly even as Endswell virtually stopped grant-making to all organizations except Tides Canada (see figure below). Total yearly expenditures on overhead (expenditures other than grants) almost doubled from nearly \$1 Million in 2003 to nearly \$2 Million in 2007. While \$11.4 Million was spent on overhead, the amount that was granted to Tides Canada over the same period, was only \$8.7 Million, according to my calculations.

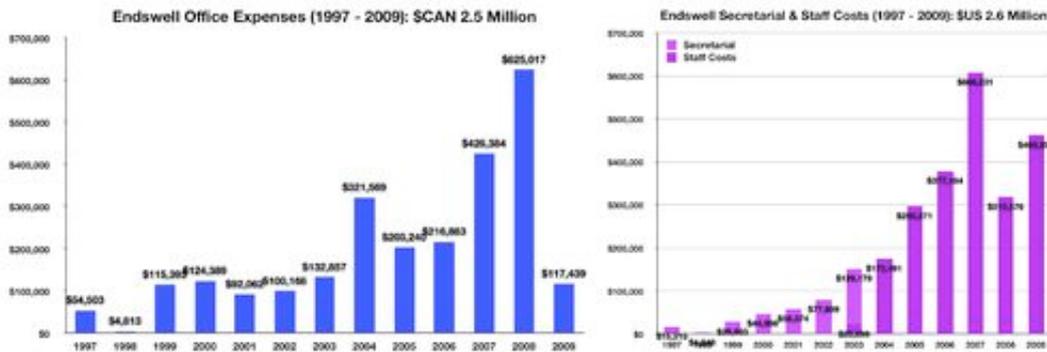
Since the Chairman of the Board, the president and the treasurer of the Endswell Foundation are also intimately involved with Tides Canada - and hold almost the same positions in both charities - I would have thought that Endswell would have been able to make \$8.7 million worth of grants to Tides Canada without

having to spend \$11.4 million in the process. Indeed, according to publicly available information from Revenue Canada, the [treasurer](#) of the Endswell Foundation, the [treasurer](#) of Tides Canada Foundation and the [treasurer](#) of Tides Canada Initiatives Society is the same person: James Morrissey.

Why did Endswell need to pay \$11.4 Million for expenses while it was simply transferring money to Tides Canada? This is what I am referring to as the \$11.4 million dollar question.



From 2003 to 2008, Endswell's annual office expenses increased from \$172,250 to \$765,395. Why did office expenses increase so sharply? Why did Endswell even need an office during the years when it made no grants at all to any organizations other than Tides Canada? And what happened in 2009? Were office expenses reported as "other expenses?" Why did Endswell spend \$765,395 on office space and expenses in 2008, the same year that it seems to have begun to shut down?



Why did Endswell's expenditures on staff increase markedly even as Endswell wasn't making any grants to any organizations other than Tides Canada? During 2004, 2006, 2008 and 2009 when Endswell staff made not one single grant to any organization other than to Tides Canada, what were the staff doing?

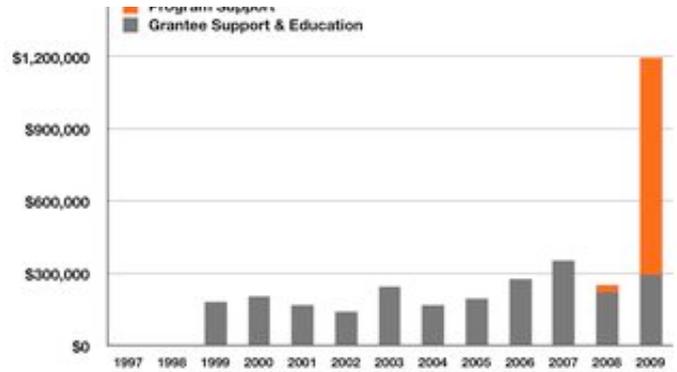
Why did Endswell pay **\$2.3 million** to individuals who are on staff at the "investment firm" (Renewal Partners) of which Joel Solomon is president? On what basis did the salaries paid to these individuals - including fees paid to Joel Solomon and Martha Burton - double or triple over a few years? Since 2008, Martha Burton is also the treasurer of Vision Vancouver.

5. Charitable Programs and Programme Support

What are the [charitable programs](#) that Endswell was



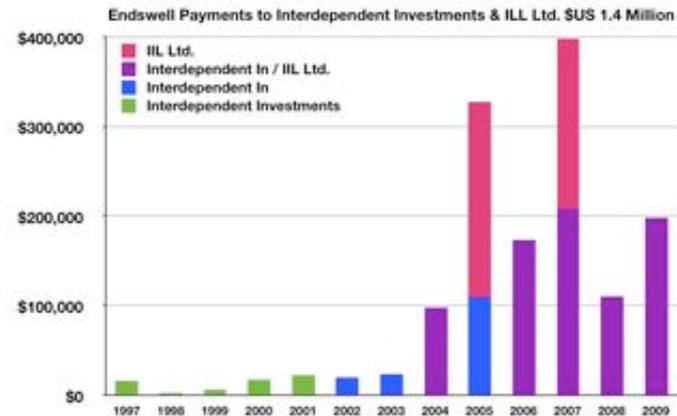
conducting while it made no grants at all to any organization except Tides Canada? Who received the \$3.3 million that Endswell reported to the I.R.S. that Endswell spent on "grantee support and education, and program support?" Was this money paid to Tides Canada - the organization that seems to have been virtually the only grantee of the Endswell Foundation since 2003? Why did the amount paid for "program support" increase from \$32,973 in 2008 to \$903,804 in 2009? To whom was this money paid?



How much support has the Endswell Foundation granted - directly or indirectly - to the Dogwood Initiative which runs the "NO TANKERS" campaign against oil tanker traffic on the B.C. coast?

6. Professional & Consulting Fees

While 99 percent of grant funding went to Tides Canada, why did Endswell need to spend \$2.2 million for professional and consulting services? Why did the amounts paid to these companies increase significantly after 2004? For what type of "consulting services" did Endswell pay Interdependent Investments Ltd., Candid and Real Assets? For Candid which was paid \$529,531, I couldn't find a B.C. Company Summary or any other information.



Why did Endswell need to pay \$1.4 million to Interdependent Investments Ltd., a company whose only two officers are Joel Solomon and Martha Burton, according to a B.C. Company Summary? When Interdependent Investments Ltd. made campaign contributions for \$6,000 to Vision Vancouver, did any of this money originate from the Endswell Foundation?

7. The President of the Endswell Foundation

The Vancouver media has described you, Mr. Solomon, as a "millionaire philanthropist," as "a modest version of the later generation of the Kennedy/Rothschild/Rockefeller class" and as "a member of the inherited wealth club." In August of 2010, a Vancouver Sun journalist reported, "Joel Solomon and his friend Carol Newell are multimillionaire philanthropists who have given away or invested their money (italics added) in sustainable organizations, in an effort to make the world a better place." Another Vancouver writer reported, "Joel Solomon has put his millions (italics added) into new, business-first socialism."

According to U.S. tax returns, since 1997 the Endswell Foundation has paid a total of \$979,527 to Joel Solomon, Joel Solomon Co. and "JSCO." As president of the Endswell Foundation, the salary paid to Joel Solomon increased from \$144,142 in 2006 to \$186,189 in 2008.

In light of the leadership role that you play in the environmental movement and your apparent position as one of the largest financial backers behind Mayor Gregor Robertson and Vision Vancouver, I believe that its fair to ask whether are you the millionaire philanthropist behind the Endswell Foundation, as the media has reported, or whether are you an employee who has been paid nearly \$1 million by the Endswell Foundation, as indicated in U.S. tax returns, or perhaps both.

Sincerely,

Vivian Krause

Begin forwarded message:

From: VIVIAN KRAUSE <vivian.krause@me.com>
Date: January 06, 2011 8:22:41 AM
To: joel@renewalpartners.com,ross.mcmillan@tidescanada.org,martha@renewalpartners.com
Subject: Fwd: Corporate Bonds, Corporate Stocks, and Other Investments

Mr. McMillan and Mr. Solomon,

Please see the attached letter.

Sincerely,
Vivian Krause

Begin forwarded message:

From: VIVIAN KRAUSE <vivian.krause@me.com>
Date: January 04, 2011 6:05:06 PM
To: joel@renewalpartners.com,martha@renewalpartners.com
Subject: Corporate Bonds, Corporate Stocks, and Other Investments

Mr. Solomon,

Further to the short list of questions that I sent earlier today, I would like to add several questions about the fluctuations in the value of Endswell's corporate stock and program investments, and about the bequests and gifts that Endswell received in 1997 that had to be held for not less than ten years. I would also like to inquire about the asset that the Endswell Foundation had that was worth \$6.7 million at peak value ("ENVIRONMENTAL PROTECTED PROP."), about where that originated, and what happened to it.

I have listed my questions below, and the observations on which my questions are based. **As before, if I have stated anything that is factually incorrect, or if I have missed any important points, please let me know. I can be reached at 604.618.8110.**

I would appreciate your response during the course of this week.

Sincerely,
Vivian Krause

Observations:

- 1. \$3.4 Million not to be spent before 10 years** - In 1997, Endswell received bequests and gifts totaling \$3,400,125. The U.S. tax return for that year specifies that the funds were "to be held not less than ten years."
- 2. Property Ownership** - Over the course of 1997, the value of Endswell's "other assets" increased from \$849,795 to \$6.9 million. That same year, Endswell reported an asset worth \$6.7 million which is described as "ENVIRONMENTAL PROTECTED PROP."
- 3. Canada and Provincial Bonds** - From 1997 to 1999, Endswell had approximately \$3 million (\$3.6 million in 1999) in Canada and provincial bonds. After 2000, no investments in Canada and provincial bonds were reported.
- 4. Corporate Stock - From \$13.4 Million (2003) to \$51,973 (2009). From \$8.9 million to \$271,207 in 2009 alone.**

From 1999 to 2001, the value of Endswell's corporate stock more than doubled from \$4.4 million in 1999 to \$6.5 million in 2000 and then to \$10.9 million in 2001. Over the course of 2003, Endswell's corporate stock also increased substantially, from \$8.7 million to \$13.4 million within one year.

In 2008, the value of Endswell's corporate stock crashed from \$11.2 million to \$4.2 million, a decrease of \$7 million (62 percent). That same year, Endswell's other assets increased from \$399,355 to \$2.4 million but of the \$2.4 million, \$2.3 million was pre-paid grants. Of all Endswell's grants in that year, 99

percent went to Tides Canada. In previous years, the amount of pre-paid grants never exceeded \$400,000.

In 2009, the value of Endswell's corporate stock went from \$4.2 million to \$51,973. The value of Endswell's "other investments" fell from \$2 million to \$47,284. The value of Endswell's "other assets" went from \$2.4 million (mostly pre-paid grants) to \$383,067. As a result of these three substantial decreases in the value of corporate stock and other investments, the ending book value of Endswell's total assets went from \$8.9 million to \$271,207. This means, according to my calculations, that **Endswell's corporate stock lost 97 percent of its value in a single year**. Even considering that most corporate stocks took a big hit in 2009, this seems unusual to me.

5. Program Investments: From \$2 million to \$47,284 in a single year (2009)

Between 2000 and 2002, Endswell reported approximately \$80,000 in "community banking deposit" and \$700,000 in "program investments." From 2003 to 2004, the value of Endswell's program investments fell to \$243,360 in 2004 and to \$223,682 in 2005. In 2006, Endswell's program investments increased in value to \$1.6 million. By 2007, program investments were worth \$2.5 million. However, from 2008 to 2009, the value of Endswell's program investments crashed from \$2 million to \$47,284.

Questions:

1. Funds to be held for no less than 10 years - Where did the \$3,400,125 originate that the Endswell Foundation received in 1997? Why was it specified that these funds have to be held "not less than ten years." Isn't this at odds with Endswell's stated "spend-down strategy" which is, according to Endswell's web-site, "to maximize (the foundation's) immediate impact over its longevity as a private institution."

2. ENVIRONMENTAL PROTECTED PROP. - In the assets description "ENVIRONMENTAL PROTECTED PROP.," does "PROP" stand for property? Did Endswell acquire a real estate property in 1997? If so, which property? What became of that property?

3. Program Investments - What were Endswell's "program investments" between 2000 and 2009 and why did their value fluctuate so widely, from a high of \$2.6 million in 2007 to only \$47,176 in 2009?

4. Pre-paid grants for \$2.3 million to Tides Canada in 2009 - Of all years, why, in 2008, when corporate stock had lost \$7 million - more than half of its value - why did Endswell pre-pay grants to Tides Canada for \$2.3 million? Wouldn't this have been a good time to scale back grant-making in order to re-build capital and extend the life of the foundation, making a "graceful exit" as Endswell says on-line was its intention?

5. Canadian and provincial bonds - After 2000, did Endswell entirely discontinue investments in Canada and provincial bonds? Did Endswell shift from a mix of stocks and bonds to only stocks?

6. Severe Decrease in Endswell's Corporate Stock in 2009 - What are the factors that contributed to the severe decrease in the ending book value of Endswell's corporate stocks - from \$8.9 million to \$271,207 in a single year?

Begin forwarded message:

From: VIVIAN KRAUSE <vivian.krause@me.com>
Date: January 04, 2011 12:02:23 PM
To: joel@renewalpartners.com
Subject: Corporate Bonds and Corporate Stocks

Mr. Solomon,

Having taken a preliminary look at the corporate bonds and corporate stocks in which the Endswell Foundation has had investments, I would like to inquire as to whether Endswell may have or have had conflicting or competing interests related to investments in the oil and gas industry over roughly the same period that Endswell has been funding efforts for a continued moratorium on oil and gas development in British Columbia. Below, I have listed my questions and the observations on which they are based.

Observations:

- From 1997 to 1999, Endswell reported both corporate stocks and corporate bonds as part of its U.S. tax returns. From 2000 to 2009, corporate stocks were reported but corporate bonds were not. Corporate stocks were from either Genus or Real Assets which if I'm not mistaken, is held by VanCity.
- In 1997 and 1998, Endswell reported about \$780,000 in corporate bonds named "BUNDESobligation SERIES 124," German bonds. Endswell had more invested in BUNDESobligation SERIES 124 than in any other corporate bond.
- From 1997 to 1999, Endswell reported about \$470,000 in corporate bonds named "TIDES." Next to BUNDESobligation SERIES 124, Endswell had more invested in TIDES corporate bonds than in any other corporate bonds.
- In 1997, 1998 and 1999, Endswell reported corporate stock in Consumers Gas Ltd., Nova Gas Transmission and BC Gas. According to on-line information, Nova Gas Transmission is a wholly owned subsidiary of TransCanada. The total ending book value of the bonds in gas companies was approximately \$470,000 and accounted for roughly 11 percent of Endswell's total corporate bonds. In addition to that, in 1998, Endswell reported \$406,906 in corporate bonds named "Trans Quebec Maritimes" and in 1998, Endswell reported \$390,429 in corporate bonds in the same company.
- In 2002, Endswell paid the B.C. Environmental Network Education Foundation \$5,000 for "support for the oil and gas moratorium project."
- Between 2000 and 2009, Endswell did not report corporate bonds. However, Endswell continued to report corporate stock with Genus and Real Assets. From 2000 to 2001, the ending book value of Endswell's corporate stock increased by about 2.5-fold, from \$3.4 million to \$10.9 million.

Questions:

1. Were the corporate bonds named "Trans Quebec Maritimes" part of Trans Canada which owns the Keystone pipeline?
2. In which industries and companies are the Genus and Real Assets corporate stock that Endswell owned from 2000 to 2009? Was any of this stock in companies in the oil and gas industry, such as TransCanada or any of its subsidiaries?
3. Are or were the TIDES corporate bonds affiliated with the U.S. Tides Foundation or with Tides Canada Foundation? In what industry are or were TIDES corporate bonds that Endswell held from 1997 to 1999?
4. What did the "oil and gas moratorium project" involve for which Endswell paid the B.C. Environmental Network Education Foundation \$5,000 in 2002? In addition to that \$5,000, did Endswell provide further funds for environmental organizations to pressure for a continued oil and gas moratorium?

I would appreciate your response during the course of this week.

If I have stated anything that is factually incorrect, or if I have missed any important points, please let me know.

As before, I can be reached at 604.618.8110.

Sincerely,
Vivian Krause