November 22, 2010

David White

National Executive Director

SAG National Headquarters

5757 Wilshire Blvd., 7th Floor

Los Angeles, CA 90036-3600

Dear Mr. White:

The Screen Actors Guild and its opponent attorneys in *Ken Osmond v. Screen Actors Guild, Inc.* manipulated press coverage of its settlement that has resulted in material misrepresentations being reported as fact in news reports filed around the world.

The substantial inconsistencies between the Settlement Agreement filed with the Court and the press release issued on SEPT.14.2010 by SAG and Osmond's attorneys, Neville L. Johnson and Paul R. Kiesel, as well as statements made to the press by Johnson and SAG's General Counsel Duncan Crabtree-Ireland, served to create a record of the litigation and its settlement archived on the internet in which the nature of the legal dispute is misrepresented and the terms of the settlement illusory.

It is my hope that being provided with evidence that refutes the false and misleading statements made by SAG and its opponent attorneys, those misled will update their reports accordingly.

As Crabtree-Ireland is a Guild employee under your authority, and as the settlement of *Ken Osmond v. Screen Actors Guild, Inc.* and all communications between the Guild and its members and the Guild and the press regarding the settlement require your approval, I am writing directly to you to address the offenses that have taken place and providing this letter along with the aforementioned evidence to those news organizations which unknowingly published inaccurate reports of the settlement.

The deceit put into operation by SAG and Osmond's counsel includes:

 • concealing the Agreement at issue in this case – the

 OCT.1.1992 "Foreign Levy Agreement" between SAG,

 on the one hand, and the Alliance of Motion Picture

 and Television Producers (the AMPTP), on the other hand –

 which SAG contends expressly authorizes it not to distribute

 the monies collected but to use them to defray so-called

 administrative operating costs,

 • falsely claiming that there will be an audit of all foreign

 royalties collected by SAG - On *findlaw.com* Laura

 Strachan reported that “the settlement documents require

 an independent audit of all Screen Actors Guild European

 royalties since the 1980s” - and,

 • providing to the press for publication a sum amount of all

 foreign royalties paid out by SAG which has been inflated

 into millions when, in fact, the sum amount, according to

 SAG's filings with the Department of Labor, is below a

 million.

SAG argued in U.S. District Court that, in the Foreign Levy Agreement between SAG and the AMPTP, members of SAG waived their right to receive these monies.

As you know, Mr. White, members of SAG are unaware that such an agreement exists.

The Foreign Levy Agreement between SAG and the AMPTP is an illegal agreement as SAG does not have the authority to bargain away performers rights under foreign law.

And SAG's authority to do so was never litigated in this case.

As SAG framed it to the Court, the heart of the parties' dispute concerns whether SAG is authorized to retain all of the foreign levy monies or whether it is required to pay Osmond his portion of those levies.

SAG has never expressly stated on the record that it did not keep all of the monies.

SAG and Osmond's attorneys state unequivocally in the press release that "SAG has agreed to conduct an independent audit of its foreign royalties program and has agreed to make this audit public".

But the word audit does not appear anywhere in the MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT, in the CLASS SETTLEMENT AGREEMENT, or in the NOTICE OF CLASS ACTION AND PROPOSED SETTLEMENT sent to members of the class.

An audit, Mr. White, is concerned with past data. It is analytical in nature and its purpose is to certify the truth of financial statements.

And as you are aware, there is a legal definition of audit which is a formal examination of an organization's or an individual's financial records often for the purpose of uncovering fraud.

A story about the settlement ran on the Associated Press international wire and reached more than half the world's population, reporting that the "settlement requires an independent audit of payments that have already been made". And, further, the AP's Anthony McCartney reported that SAG has already paid out $8.5 million in royalties to performers.

It appears that the intent on the part of SAG and Osmond's attorneys is for members of the class and collecting societies around the world to believe that an audit will take place and then, once the settlement has been approved, and there is no statement otherwise, that the audit exonerated SAG of allegations that it converted these monies.

"I'm very pleased to be able to get the many tens of thousands of actors paid their share of moneys that have been held in secret since 1992", Johnson was quoted by the Associated Press.

"We believe that the settlement will bring transparency and accountability to this union, which are the two most important components of its fiduciary duty."

But without an audit, Johnson has no evidence as of this date nor will he ever have evidence to know if any actor has been paid any share of monies collected by SAG since1992.

And Johnson's statement that "We believe that the settlement will bring transparency and accountability…" is meant to deceive members of the class and collecting societies around the world because Section V(C) of the Class Settlement Agreement, which Johnson filed in Los Angeles Superior Court and which he and Kiesel and SAG have concealed from the class, provides that there will be no transparency and accountability for funds between 1992 and APRIL.30.2010.

And then there is the dirty trick, sir, of having filed the Foreign Levy Agreement with the MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT which means that any member of SAG who does not opt out of the settlement will have in essence ratified an agreement between SAG and the AMPTP in which the Companies get 50 % of our foreign royalties and SAG gets to keep the other 50%.

That of course remains in the Foreign Levy Agreement.

And there is nothing in the settlement agreement, Mr. White, which requires SAG to pay out any monies which it has not yet collected.

The settlement agreement only concerns monies currently in SAG's possession.

In the press release issued on SEPT.14.2010, SAG, Johnson, and Kiesel state that "To date, the foreign royalties program has resulted in the distribution of more than $7 million in levies attributable to SAG performers".

And there is this quote from Crabtree-Ireland: "We have distributed millions of dollars of royalty funds..."

On MAY.9.2007, Johnson wrote SAG, advising that Osmond believed he was due foreign levy monies that had been collected by SAG.

In a response on JUN.7.2007, Crabtree-Ireland wrote Johnson that "Thus far, a small portion of the funds (approximately $250,000) have been distributed to performers".

And that SAG, as of FEB.28.2007, "has received a total of $8,123,288.89 in payments under agreements with collecting societies relating to performers' share of levies".

Crabtree-Ireland further wrote that "Distributions of the remaining sums can be made only after the implementation of the Guild's system. We presently anticipate beginning distributions using the system in October 2007".

As you are aware, Mr. White, under the Labor-Management Reporting and Disclosure Act, SAG is required to file an annual financial report, a Form LM-2, with the Office of Labor-Management Standards of the United States Department of Labor that discloses SAG's financial condition for the preceding year.

These annual financial reports, which are due 90 days after April 30, the end of SAG's fiscal year, contain information concerning SAG's assets, liabilities, receipts, and disbursements.

According to SAG's LM-2s, for which there are criminal penalties for knowingly making a false statement or representation of a material fact, or knowingly failing to disclose a material fact, or willfully making a false entry, the so-called Foreign Royalties Program did not get out of the gate until DECEMBER.17.2008 with a payout of $7,722.00

That was two months after VARIETY reported on Sunday SEPT.14.2008, that "settlement talks will start this week over the suit by Ken Osmond, alleging SAG mishandled those funds and lacks the authority to oversee them in the first place".

But any further movement on a SAG settlement was dependant upon William Richert, the plaintiff in the Writers Guild foreign levies lawsuit agreeing to settle *William Richert v. Writers Guild of America*, *West*, *Inc*.

When that was finally imminent, SAG began hand picking a settlement class with 19 payouts of foreign royalties between JUN.2.2009 and APR.30.2010 totaling $292,808.00.

On SEPT.11.2010, I emailed Johnson that SAG's statement that "since the program began" SAG "has paid out $7.12 million" is not truthful.

I gave Johnson the total amount as reported by SAG on its LM-2s.

Nonetheless, three days later, he and Kiesel filed the MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT and issued the SEPT.14.2010 press release with SAG.

A California lawyer has an affirmative duty to correct prior misleading statements by disclosing true facts or new information to persons who may act in reliance on the original statement.

Failure to disclose correct facts or new information constitutes tortious abuse in California.

I suggest that you consider honoring that, and, as well, issue an apology to the press.

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Eric Hughes