

RICHARD J. THOMPSON
Secretary



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Olympia, Washington 98504-0095

CONFIDENTIAL

December 20, 1990

RECEIVED

DEC 20 1990

TO: J. Michael Smith, Chief
Office of Special Investigation
OB-33A

FROM: Spike Millman, Special Investigator
Internal Affairs
Office of Special Investigation
OB-33A

SUBJECT: KIWANIS VOCATIONAL HOME

On December 18, 1990, I received a telephone call from Gail Smith, Lewis County Youth Enterprises (LCYE) board member. She said she had just received a letter from George Darkenwald, LCYE attorney. She told me she perceived it to be a threat letter. She read a small portion of the letter, then told me she couldn't discuss it any further, due to Darkenwald's "gag order" imposed at the December 16 board meeting. Smith told me she wanted me to have a copy of the letter, but did not want to be the only board member to mention it to me.

That same day B. Dale Shannon, LCYE board secretary, contacted me and informed me of the letter and said all board members received one. He also felt the letter was a threat to the board. I then telephoned Smith and told her I had just talked to another board member who also told me about the letter. I informed Smith I had an administrative subpoena and would be contacting her shortly in Centralia.

During our meeting later that day, Smith told me she couldn't say much about the December 16 board meeting, but Darkenwald gave very little legal advice and was very distracting throughout the meeting. She also told me Shannon had called her and said he would resign if the board did not do anything with McCarthy, such as suspend him until all matters are sorted out or terminate him as KVH director. He told Smith he would go to the press and to Kiwanis International after his resignation. Smith said she was angry with Darkenwald and felt he was attempting to manipulate the board. I served the subpoena on Smith, and she provided me with a copy of Darkenwald's letter.

During the evening of December 18, 1990, Shannon contacted me at my residence. He restated he felt the letter was a threat to the board. He also felt some of the board members would be intimidated by it. Shannon said he had information he wanted to share but, due to Darkenwald's "gag order," he said he could not. He said he would, however, share the information with me after the December 20, 1990, LCYE board meeting. I told Shannon I would put a subpoena in the mail for all of his LCYE and KVH records and files. He said upon receipt of the subpoena he would send the information to me by United Parcel Service (UPS).

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Shannon said on December 14, 1990, McCarthy ordered some of the KVH staff and students to be away from the facility on December 17-18, 1990, when the Department of Social and Health Services would be doing their walk through.

Shannon told me if the board did not deal with McCarthy, as he had suggested in a 30-item list, he would resign from the LCYE board. He further stated he would contact the press. He said he has already been in contact with Kiwanis International, and they informed him they will "pull the Kiwanis name if McCarthy is not terminated."

Darkenwald's letter also states Guy Cornwell has been a major source of information to the Office of Special Investigation. Cornwell has only provided a small part of the information.

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**Meeting with George Darkenwald, Paul Trause, Yvonne Chase and Mike Smith,
December 20, 1990.**

George stated that the KVH Board meeting scheduled for today got postponed because of the snow. He said his clients are the kids--that is who he is trying to help. There has been a split in the Board, and there are problems--also organizational changes. No way does the Board make any decisions on staff problems.

At the last Board meeting, there were five people familiar with program and one Board member, Gail Smith, attending her first meeting. Dale Shannon then came in. He is a close friend of Guy Cornwell. Shannon had an agenda which included a list of Board of Directors, consisting of a woman who had previously submitted her resumé to the Board. Also, he had a motion to suspend the Director and had a letter written to suspend him. George said, if the state does not want to utilize what the state is doing, the school is staying open if concerns are met--records, money, credentials, delay on sewer, etc. Dale was anxious to act on the suspension. Other Board members were not in such a hurry. George was asked to give his opinion. He told them it was not for him to get into. He wrote the Board a "confidential" letter and did not tell McCarthy about it. Alan Wood called him saying he heard about the letter through Shannon and wanted to know what was going on. Alan said he told Shannon he did not want to know what was in the letter. George told him the home is remaining open; it is being extremely closely watched; the investigation will continue and decisions will be made after it is over. (He did submit information on a possible interim director.) George advised him to be cautious and to wait. If DSHS wants the

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Home to be open, it will be very cooperative with Kiwanis. George feels Alan was satisfied and that everything is to be put on hold.

George also advised the Board that he did not expect the letter to remain confidential because of the split in Directors. If the Board were to fire McCarthy without investigation, it would take five out of the seven Board members to make this action take place. If they were to fire him without giving him a chance to respond, George told the Board he has not control over what he might do. He told them, "You've got to talk to Chuck and get some answers." He suggested asking Chuck to take a vacation--not a suspension--because, if George is wrong on McCarthy, it is in his best personal interest to be clean while the investigation is going on. If he is perceived to be suspended, George is concerned about the operation of the home. Then we need to consider who should be interim director.

Jim Hayden (sp?) is the President of the Board of Directors (phone 748-9139). He has been given some recent information--comments made to the Board by Shannon, as given to him by Guy Cornwell, describing things Chuck did or did not do after the meeting. George shared a letter from Vocational Homes of Youth that said Chuck is going to be fired and Cornwell is taking his place, and they want to talk to the Board before that happens. He also had a letter from Sander Johnson, a neighbor of the Home. There were also 3-4 letters supporting the contention(?) that Cornwell would really like to have his boss out of there.

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