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SUSAN KORET

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA  
IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO  
UNLIMITED JURISDICTION

SUSAN KORET, individually, and as Lifetime )  
Director of the Koret Foundation, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
THADDEUS N. TAUBE, RICHARD L. )  
GREENE, RICHARD ATKINSON, )  
MICHAEL J. BOSKIN, ANITA FRIEDMAN, )  
and ABRAHAM D. SOFAER, individually, and )  
in their capacities as Directors of the KORET )  
FOUNDATION; the KORET FOUNDATION, )  
as a Nominal Party, and DOES ONE through )  
TEN, inclusive, )  
 )  
Defendants. )

Case No. **CGC 14-542069**

**COMPLAINT FOR BREACH OF  
CONTRACT, BREACH OF FIDUCIARY  
DUTY, REMOVAL FROM OFFICE OF  
DIRECTOR, DECLARATORY AND  
INJUNCTIVE RELIEF, AND FOR AN  
ACCOUNTING AND INSPECTION OF  
RECORDS**

ENDORSED  
FILED  
Superior Court of California  
County of San Francisco  
OCT 07 2014  
CLERK OF THE COURT  
BY: MARY A. MORAN  
Deputy Clerk

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Plaintiff Susan Koret alleges as follows:

**NATURE OF ACTION**

1. Susan Koret, the lifetime director and board Chair of the Koret Foundation and widow of grantor Joseph Koret, brings this suit to save the Foundation from directors with conflicted loyalties, who are harming its purpose and primary missions. Defendants’ duty of loyalty to the Foundation has been corrupted by these directors’ close affiliations with many of the Foundation’s recent grants, resulting in tens of millions of dollars being distributed due to self-interest and faithless to the priorities of founders Joseph and Stephanie Koret, who started the Koret Foundation over forty years ago to support humanitarian causes in the Bay Area and Jewish causes in the Bay Area and Israel.

2. Defendant Taube says publicly that giving to the poor is “a bottomless pit,” and instead he has led the Koret Foundation by focusing its giving on organizations identified with him, creating a corporate culture of directors who rubber stamp his decisions as long as their favored organizations are also supported. In elevating their own and affiliated interests while ostensibly making decisions for the Koret Foundation, defendants are breaching duties of loyalty that require them to serve faithfully the interests of the Koret Foundation.

3. Taube, thirty years the Foundation’s president, has autocratically controlled the Koret Foundation as a personal piggy bank to aggrandize his name and funnel millions of dollars annually to favored causes, many of which are politically and socially at odds with the core mission of the Foundation. Taube has created a board structure that gives him ultimate power to make decisions, often without consulting the board in advance.

4. Defendant Greene, director and counsel for the Foundation, as well as Taube’s longtime attorney, has shown a lack of independence and conflicted loyalties in abetting Taube’s control and failing to protect the best interests of the Koret Foundation.

5. Taube has fostered a group of non-independent directors, who despite serving renewable three-year terms have come to consider their board seats as lifetime appointments, and they refuse to allow any new directors to join what is operating as a closed club.

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6. Defendants routinely do not disclose material facts regarding conflicted transactions, do not recuse themselves from promoting and voting on grants to their own affiliated organizations, and they vote in a self-interested bloc making it impossible to have disinterested decisions.

7. Defendants have allowed much of the Koret Foundation to merge with defendant Taube's charitable organizations through interlocking director and officer positions, marketing efforts that conflate his organizations and the Koret Foundation, misleading joint grants and joint namings that encroach upon the Koret Foundation's identity as an independent organization, and a plethora of donations to Taube's personal causes that deviate from and confuse the Foundation's core missions. Defendants have authorized the Foundation to send millions of Koret Foundation dollars to Poland, Taube's birthplace.

8. The cumulative effect of interlocking relationships and the gifting of many millions of dollars per year to organizations where Koret directors have other affiliations has diminished grants to other worthy Koret causes and grantees and has harmed the Foundation's stature and reputation.

9. The Koret Foundation inequitably pays for the commingling of staff and other resources spent on joint grant efforts with Taube's foundations. The Koret Foundation and its constituencies are directly injured by (i) diversion of funds that would better serve Bay Area Jewish and social welfare causes, as originally envisioned by Joseph Koret; (ii) extravagant expenses and costs charged to the Koret Foundation that more properly support Taube; and (iii) confusion about and reputational injury to the Koret Foundation.

10. Mrs. Koret has tried to bring balance to the Foundation's board and resolve its corporate governance problems. She has asked defendants to: (i) bring former San Francisco Mayor Willie L. Brown, Jr. on as Foundation president; (ii) hire independent counsel; (iii) establish a balanced grants committee; (iv) approve three new independent directors (an African American woman, an Asian American woman and an African-American man) who are leaders in the San Francisco Bay Area community; and (v) check spending that is in part

1 subsidizing defendant Taube’s ostensibly separate philanthropies. Her requests have been rejected  
2 despite a contrary written agreement entered into by defendants Taube and Greene, two of the  
3 Foundation’s directors.

4 11. Mrs. Koret has advised the other board members that she is committed to a  
5 repopulated Koret Foundation board comprised of leading San Francisco business persons with  
6 ties to the Bay Area community while maintaining a majority of Jewish directors.

7 12. At the September 11, 2014 Koret Board meeting, Mrs. Koret made a motion  
8 that Mayor Brown be elected Foundation president. Mayor Brown in a July 2014 letter accepted  
9 the nomination, saying “it would be a great honor” to be the Koret president. In an effort to  
10 preclude outside oversight of the Foundation, defendants did not even second Mrs. Koret’s  
11 nomination of Mayor Brown as president, and incorrectly told Mrs. Koret that Mayor Brown “did  
12 not want to get involved.” Instead, defendants voted on a pre-arranged basis to elect defendants  
13 Anita Friedman and Michael Boskin as co-presidents of the Koret Foundation to succeed Taube by  
14 November 1, 2014. They are existing board members who have very deep ties to Taube and have  
15 practiced on the Koret board his pattern of philanthropy that directs substantial Koret funds to  
16 organizations in which they are directly involved. As stated in a recent press release announcing  
17 the Koret Foundation’s newly elected co-presidents: “Despite the change of leadership, Friedman  
18 believes the overall direction of the foundation will remain the same.”

19 13. The Foundation is a self-described “perpetual institution,” and its By-Laws  
20 expressly mandate that Susan Koret is a lifetime director and board Chair. Yet, defendants have  
21 made plans to spend down the Foundation’s assets, and they have recently refused to re-  
22 acknowledge the perpetual nature of the Foundation when requested by Mrs. Koret to do so.

23 14. In response to Mrs. Koret’s requests for better governance and oversight of  
24 the Foundation, defendants have belittled and discriminated against her, and created a procedural  
25 wall precluding new diverse directors that she proposed or any other new directors or a new  
26 independent president, all so as to entrench the current board so they can continue prioritizing huge  
27 gifts to their related organizations.

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15. The Foundation, although injured by defendants’ conduct, remains economically strong and must be allowed to continue its charitable mission. It is named as a defendant as required by law and to prevent further harm.

**PARTIES, JURISDICTION AND VENUE**

16. Plaintiff Susan Koret (“Mrs. Koret” or “plaintiff”) is the lifetime director and board Chair of the Koret Foundation, as designated by Joseph Koret during his lifetime. Plaintiff is, and at all relevant times was, a resident of the City and County of San Francisco, California.

17. The Koret Foundation is a nonprofit public benefit corporation organized and existing under the Nonprofit Corporation Law of the State of California for charitable purposes, and is not organized for the private gain of any person. The principal executive office of the Koret Foundation is located in the City and County of San Francisco, California. Although the Koret Foundation is nominally a defendant, the interests of the Koret Foundation are aligned with Mrs. Koret, and the remedies sought are for the benefit of the Foundation. Plaintiff seeks no monetary relief for herself.

18. Defendant Thaddeus N. Taube (“Taube”) is a director and the president of the Koret Foundation, as well as Chairman of the Taube Family Foundation and the Taube Foundation for Jewish Life and Culture, which together comprise “Taube Philanthropies.” Defendant Taube is, and at all relevant times was, a resident of the County of San Mateo, California.

19. Defendant Richard L. Greene (“Greene”) is a director of and counsel to the Koret Foundation. Defendant Greene and his law firm have been attorneys for defendant Taube and/or entities affiliated with Taube during the relevant periods described in this Complaint. Defendant Greene is, and at all relevant times was, a resident of the County of Marin, California.

20. Defendants Richard Atkinson, Michael J. Boskin, Anita Friedman and Abraham D. Sofaer are directors of the Koret Foundation, and respectively residents of Monterey, Santa Clara, San Francisco and Santa Clara Counties. Given their conflicted loyalties and abuse of

1 authority or discretion relative to the Koret Foundation, they are sued herein for removal,  
2 declaratory relief, accounting and for repayment of attorney’s fees and costs advanced by the  
3 Foundation on their behalf.

4 21. Doe defendants One through Ten are persons acting in concert with  
5 defendants who are either (i) unknown to plaintiff, or (ii) whose liability for the acts alleged herein  
6 is based on facts currently unknown to plaintiff. At such time as plaintiff is so informed, this  
7 Complaint will be amended to name such Doe defendant(s) accordingly.

8 22. Venue is proper in San Francisco Superior Court pursuant to California  
9 Code of Civil Procedure section 395, *inter alia*. Complex case designation is appropriate per Cal.  
10 Rules of Court rule 3.400(a), as demonstrated by at least 1,600 Koret Foundation grant  
11 transactions totaling \$64 million during 2010-2012 alone, involving dozens of witnesses and tens  
12 of thousands of documents, and because the relief sought includes substantial post-judgment  
13 supervision including removal of directors and repopulating the Foundation board.

14 **GENERAL ALLEGATIONS**

15 **The Koret Foundation**

16 23. Joseph and Stephanie Koret created and owned a highly successful San  
17 Francisco-based apparel business known as Koret of California, which pioneered fashion and new  
18 technologies in sportswear and women’s clothing across the nation and worldwide. Both  
19 immigrants, Joseph and Stephanie Koret met and married in California in 1924. Joseph grew up  
20 poor in New York City, deeply influencing his philanthropy and desire to help the poor and  
21 hungry. The Koret Foundation was first funded in 1979 after sale of Koret of California to Levi  
22 Strauss and the passing of Stephanie Koret in 1978. The Foundation was endowed by the Korets  
23 to fund humanitarian causes that would help strengthen the communities of the San Francisco Bay  
24 Area and Israel.

25 24. In 1982, Joseph Koret memorialized his vision and grant-making philosophy  
26 for the Foundation, prioritizing gifts to institutions in the San Francisco Bay Area and Israel, and  
27 emphasizing the Foundation’s mission to assist the poor, hungry and uneducated so as to relieve  
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1 suffering. He expressly wanted the Foundation to perpetuate the Koret name, and wanted  
2 Foundation money to be primarily spent for social welfare in the Bay Area and Jewish causes in  
3 the Bay Area and Israel.

4           25. The Koret Foundation’s Articles of Incorporation specify that its assets are  
5 irrevocably dedicated to charitable purpose, and not for the benefit of any director, officer, or any  
6 private individual. There is no sunset provision in the Foundation’s Articles.

7           26. Joseph Koret married Susan Koret in 1981, and he entrusted her with the  
8 Koret name and with ensuring that his vision for the Koret Foundation endured. Accordingly,  
9 Joseph named Susan his successor as lifetime director and board Chair of the Foundation. The  
10 Foundation’s By-Laws provide: “Susan Koret is designated as a Lifetime Director to serve without  
11 term,” and the “Board may not amend or repeal” the provision “providing that Susan Koret is  
12 designated as a director for life.” Additionally, the Koret By-Laws state: “Susan Koret [is]  
13 designated to serve as Chairman of the Board for life,” and “[e]xcept for the Chairman of the  
14 Board, any officer may be removed, with or without cause, by the Board.”

15           27. The Koret Foundation is a Bay Area philanthropic leader that has  
16 cumulatively gifted nearly \$500 million in grants to other organizations over the last 33 years.  
17 Today, the Foundation employs a staff of 15. After Joseph Koret passed in 1982, Mrs. Koret  
18 assumed her role as lifetime board Chair and has since served the Foundation in that capacity.

19           28. In 1990, “the mission statement and funding priorities of the Koret  
20 Foundation received a new public expression.”<sup>1</sup> Acknowledging the policies that “Mr. Koret  
21 specifically mentioned in his 1982 memorandum” (*see* ¶ 24 above), the board pragmatically  
22 described the Mission Statement of the Foundation in terms of three goals:

- 23           i. *Alleviate suffering and misfortune* by helping dependent and  
24 disadvantaged people, who may be limited in their abilities and  
25 resources, overcome their impairments and lead independent  
26 lives;

27 <sup>1</sup> *The Koret Foundation, 25 Years as a Catalyst of Positive Change*, Berkeley, CA 2004, p. 85.

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- ii. *Build community* by strengthening public, private and cultural institutions that bring people together and promote mutual understanding; and
- iii. *Enhance human life* by supporting organizations that provide access to education, the arts and other cultural benefits.

Recognizing that combating hunger and homelessness were the touchstones of Joseph Koret’s personal philanthropy, the board acknowledged the first goal as the Koret Foundation’s “*mandate to alleviate suffering.*” As late as 2006, the Koret Foundation reiterated that “by funding organizations that are farsighted and effective in their practices, we can bolster their efforts to reduce hunger and poverty.” While the Foundation’s charitable giving has naturally developed and supported policy making institutions over the years, its core mission is and has been, since the organization’s inception, social welfare philanthropy and support for the Jewish and general communities in the Bay Area and Israel.

29. In Israel, Koret Foundation contributions to Hebrew University’s Koret School of Veterinary Medicine have helped this grantee become a center of excellence for veterinary education, medical treatment, and research. Since 1985, the school has been developing cutting-edge research in veterinary and associated medical and food production studies. The Koret School of Veterinary Medicine is the only veterinary school in Israel, and has had a significant impact on the veterinary profession in Israel and the Middle East. In the Bay Area, the Koret Foundation has long supported Jewish social service organizations including Jewish Community Centers and the Jewish Community Federations of a number of Bay Area counties.

30. Also in the Bay Area, the Koret Foundation has supported core social welfare programs for anchor institutions that serve the San Francisco community. Funding from Koret has helped organizations such as Family House San Francisco, St. Anthony’s, Meals on Wheels, and The Little Sisters of the Poor that give assistance to those in the greatest physical, social and economic need in the local community. Family House provides temporary housing to families of seriously ill children free of charge while these pediatric patients receive treatment at the UCSF Benioff Children’s Hospital. A recent groundbreaking in September 2014 for a new



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Family House has more than doubled their room capacity. St. Anthony’s and Meals on Wheels serve those who lack the resources or ability to provide food for themselves or their families. In October 2014, St. Anthony’s will open a new dining hall where 3,000 meals will be served 365 days of the year. Meals on Wheels focuses on alleviating senior neglect and malnutrition. More than a million meals a year are delivered to 2,800 seniors in every neighborhood in San Francisco. A part of the San Francisco community since 1901, The Little Sisters of the Poor offers the neediest elderly a home regardless of race and religion, and is also committed to engaging the youth by encouraging young people to visit, volunteer with and learn more about caring for the elderly. Close to 20,000 elderly men and women have been welcomed through its doors since its inception.

31. Despite the Foundation’s established mission and mandate to social welfare causes based on Joseph Koret’s wishes, Taube consistently castigates charitable giving to the poor as a “bottomless pit” to be avoided. He has told Mrs. Koret he disfavors giving to the poor: “what do you think you are going to get back from them?”

32. Under Taube’s direction, the Koret Foundation has migrated to an “invitation only” grant approval process and has only recently stated so on the Foundation’s website. This is contrary to the vision of founder Joseph Koret, who stated in his 1982 memorandum: “Any one in the Bay Area community can come to the Koret Foundation for help, and the officers, staff and directors of the Foundation should listen to these people and do whatever they can to help them after full evaluation of their requests, needs and management.”

33. Taube has shifted the Foundation’s mission and assets to align with his radically contrary philosophy and personal interests, including charitable giving to his homeland of Poland and to numerous conservative think tanks and organizations with philosophies contrary to that of the Foundation. Indeed, other Koret directors have followed suit, promoting and voting on massive grants to organizations in which they are involved in other capacities, breaching their duties of loyalty to the Koret Foundation.

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34. The cumulative effect of defendants’ commandeering of the mission to subsidize their personal prerogatives is harmful to the Foundation, to the anchor communities it serves, and to the appearance of impartiality and fairness. The Bay Area and Jewish communities here and in Israel are poorer for this shift, which if unrestrained will continue to reduce grant funds available to core Israel and Bay Area Jewish and Bay Area social welfare institutions, some of which are described above. The public is increasingly confused as to the Foundation’s mission. The Koret staff instructed to carry out grant projects based on Taube’s divergent personal priorities are demoralized.

35. Contrary to defendants’ assertions that Mrs. Koret’s claims are without support, philanthropic civic leaders and former and current staff members will support Mrs. Koret in her efforts to restore the Koret Foundation’s purpose and dignity free of the control of Mr. Taube. The family of Joseph and Stephanie Koret through their surviving nephew Merv Brown, who worked with the Korets for 50 years, also supports Mrs. Koret’s actions to save the Koret Foundation: “With all respect to Mr. Taube, if he wants to spend money on Poland, he should use his own money, not my uncle’s and my aunt’s, to assist his homeland. I am proud to stand with Susan Koret to support and endorse the directions and wishes of my family that their fortune be spent as Uncle Joe wished: to help the poor and Jews in Israel and the Bay Area.”

**Non-Independent Entrenched Board and Management**

36. Plaintiff Susan Koret, lifetime director and board Chair, is a revered presence in the San Francisco philanthropic community. There are seven other board members of the Foundation.

37. The Koret Foundation historically sought a balanced board. From the late 1980s, the Koret Foundation board included Bay Area business persons of great stature, including Melvin Swig, Bernard Osher, William Coblentz, Richard Blum and Warren Hellman, all of whom were independent of Taube. These luminaries have either died or resigned, and many vacancies on the Koret board have not been filled.

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38. Over time, defendant Taube, an influential and wealthy benefactor, has succeeded in stacking the board with directors more loyal to him than to the Foundation's independent objectives. Today, four of the Koret Foundation's eight directors are also members of the board of Taube Philanthropies, which comprises Taube's personal charities.<sup>2</sup> These directors are elected to serve three-year renewable terms on the Koret board, but routinely vote each other to continue their service in a manner that makes them *de facto* lifetime directors with a purpose of protecting self-interested grants to their respective organizations and contrary to their duties of loyalty to the Koret Foundation.

39. Defendants Michael Boskin and Abraham Sofaer, both Hoover Institution Fellows, are beholden to Taube, who has been a significant patron and advisor to Hoover and Stanford, including through the Koret Foundation. Indeed, from 2010-2012, the Koret Foundation's funding to Stanford and Hoover was about equal to *all* funding the Foundation made to social welfare causes in the Bay Area. Within the Stanford grants from the Koret Foundation, since 1992 the Foundation has approved grants totaling over \$4.5 million to support the Stanford Institute for Economic Policy Research (SIEPR), of which defendant Boskin is a present Senior Fellow and a former director, creating ongoing conflicts of interest affecting his independent duty of loyalty to the Koret Foundation.

40. Defendant Richard Greene and his firm Greene Radovsky Maloney & Share have been outside counsel to Taube and his companies for many years. Mrs. Koret is informed and believes that defendant Richard Atkinson is or has been financially invested with Taube for many years. Even though these other directors have from time to time noted Taube's self-serving conduct, they are too conflicted to vote against him. Additionally, the Koret Foundation's Executive Director, Jeffrey Farber, provides no independent management, and Taube micromanages his actions at the Foundation. Farber is also a member of the Taube Philanthropies board, and reaps a large salary and perks at the Koret Foundation for doing what Taube asks him

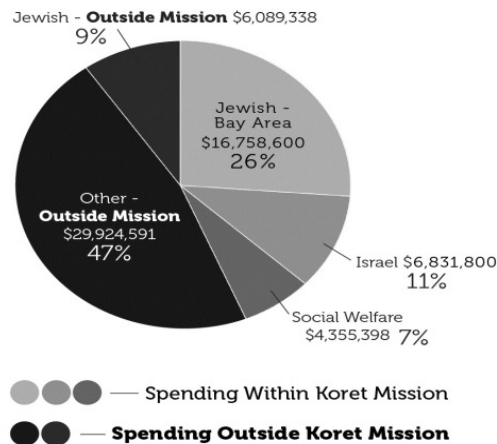
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<sup>2</sup> Thaddeus Taube, Anita Friedman, Robert Friend, and Abraham Sofaer. <http://www.taubephilanthropies.org/directors-and-advisory-board>.

1 to do. All members of the Koret Foundation board, other than Mrs. Koret, and the Foundation's  
2 Executive Director are so associated with defendant Taube philanthropically, academically,  
3 financially or personally so as to suffer the conflicted loyalties described in this Complaint.

4 41. The Koret Foundation's assets have appreciated over the last 30+ years.  
5 While Taube may believe his real estate advice to the Foundation is responsible for the increased  
6 value of the Foundation's assets, there is no evidence that his efforts have resulted in gains that  
7 other similarly situated assets have not also obtained. Moreover, the Foundation's assets should be  
8 available only to further its charitable purposes, not for Taube's personal predilections or those of  
9 his hand-picked board. Defendants have elevated their own interests over the best interests and  
10 mission of the Koret Foundation, in ways often hidden from the public and in breach of their duty  
11 of loyalty to the Foundation.

12 42. Under defendant Taube's conflicted leadership, from 2010-2012,<sup>3</sup> more than  
13 half of Koret Foundation grants were diverted to grantees outside the Foundation's core mission:



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22 These include gifts to numerous conservative causes and large donations to Poland, which is  
23 Taube's — and not Joseph Koret's — philanthropic home. Much has been given by the Koret  
24 Foundation to organizations dictated by Taube largely so that Taube's name is prominently  
25 displayed in conjunction with lesser grants from his own philanthropies.

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27 <sup>3</sup> IRS 990 PF filings through 2012 are public record; 2013 and 2014 are in process, but the  
28 abuses are accelerating.

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43. In retaliation for her voiced displeasure at defendant Taube’s hijacking of the Foundation, Mrs. Koret has been effectively silenced and marginalized within the Foundation. Defendants have rejected her request to seat three prominent and diverse directors, have rejected Mayor Willie Brown as the next Foundation president and have implemented other entrenchment tactics as well as plans to spend down the Koret Foundation’ assets so as to avoid scrutiny of defendant Taube’s actions by an independent board.

44. At the September 11, 2014 Koret Board meeting, defendants selected defendant Anita Friedman as a co-president of the Koret Foundation effective November 1, 2014. Friedman is a board member of Taube Philanthropies and also a board member<sup>4</sup> and executive director<sup>5</sup> of organizations that are direct beneficiaries of multi-million dollar Koret Foundation grants, creating multiple conflicts affecting her independent duty of loyalty to the Foundation. Friedman receives substantial compensation as executive director of JFCS,<sup>6</sup> which is a major recipient of Koret Foundation funds, and she has not resigned as the JFCS executive director since being elected as the new Koret Foundation president. On information and belief, Friedman also manages a Taube Philanthropies donor-advised fund. Friedman is supportive of Taube’s corporate culture that mixes philanthropy with self-interest. She has voted against every initiative Mrs. Koret proposed over the past two years seeking to bring independence, balance and transparency to the Koret Foundation board. Friedman’s efforts to increase grants to her affiliated organizations is contrary to her duty of loyalty to the Foundation and threatens the long-term stability of the Koret Foundation and its asset base.

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<sup>4</sup> The Shalom Hartman Institute of North America, New York, has and will receive \$2.1 million from the Koret Foundation in grants that are accelerating to the detriment of other core Foundation programs.

<sup>5</sup> Jewish Family & Children’s Services (JFCS), San Francisco, has to date received over \$10 million from the Koret Foundation, an increasing portion of which has been made since Friedman’s tenure on the Koret Foundation board started in 2008, to the detriment of other core Foundation programs.

<sup>6</sup> Publicly available documents show Friedman’s JFCS compensation was \$381,589 in 2012. <http://www.guidestar.org/FinDocuments/2013/941/156/2013-941156528-0a14a3c9-9.pdf> p. 13.

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45. On September 11, 2014, defendants approved \$3.28 million in Koret grants to their affiliated organizations: (i) \$1.8 million to the Center for Huntington’s Disease at the UCSF/Gladstone Huntington Disease Center in conjunction with Taube Philanthropies with “Taube-Koret” signage and without disclosure to the Koret board of what Taube Philanthropies’ contribution will be, (ii) \$280,000 to the Stanford Institute for Economic Policy Research where defendant Boskin is a Senior Fellow and a former director, and (iii) \$1.2 million to the Shalom Hartman Institute where defendant Friedman in on the board. Conversely, programs for the poor and hungry at the same meeting received about 15% of the combined sums granted to these three self-interested organizations. The Foundation has been and will be harmed as described below.

46. The Koret Foundation is a self-described “perpetual institution,” and its By-Laws include no sunset provision. Consistent with the Foundation’s perpetual nature, plaintiff Susan Koret is a “lifetime” director. In 1993, the Koret Foundation board reaffirmed: “The Koret Foundation is committed to preserve the legacy of Joseph and Stephanie Koret for future generations by not depleting the capital of the Foundation except in extraordinary circumstances.” On Mrs. Koret’s death, the Foundation will receive a large contribution from her trust.

47. However, in 2012, director and co-president elect Boskin reported to the board that an “eventual wind down” of the Foundation under then existing economic conditions was inevitable. In rejecting Mrs. Koret’s proposal for three new independent directors, defendant Greene stated: “if the Foundation is not perpetual, then we do not need new directors.” And, outside the Foundation, defendant Taube has stated that the Koret Foundation is “dissolving.” Koret directors at a June 2014 board meeting refused to manage the Foundation as a perpetual institution.

48. In response to Mrs. Koret’s concerns, defendants under Taube’s leadership are accelerating grants to organizations they are affiliated with, without consideration of long-term survival of the Foundation. The Koret Foundation is suffering under corporate governance abuses related to Taube Philanthropies and defendant Taube and the other directors so closely associated

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with him. Defendants have failed to make independent decisions that are in the best interests of the Koret Foundation, alone.

49. Winding up the Koret Foundation is not in the best interests of the Foundation and its constituents. Actions inconsistent with the continuation of the Foundation, such as approving massive grants with personal naming rights or increasing distributions to organizations where directors are directly affiliated, are in breach of fiduciary and loyalty duties and represent a clear and present threat to the Foundation.

**The 1986 Agreement**

50. In June 1986, defendants Taube and Greene entered into a written agreement with Mrs. Koret (the “Agreement”) related to a dispute between defendants and the California State Attorney General, which was specifically intended to benefit the Koret Foundation. While then confidential, the Agreement has been publicly described in the Foundation’s 2004 commissioned history of the Koret Foundation, prefaced by defendant Taube. The Agreement contains continuing obligations:

- a. for independent legal counsel for the Foundation;
- b. for an increased board of directors: “in an effort to make it more difficult for an individual director or a handful of them to control the board”;<sup>7</sup> and
- c. to preclude any director whether or not an officer from having any day-to-day role with the Foundation or any power to direct grant proposals absent board action.

51. The Agreement, which is being violated, evinces a standard of care for director loyalty and independence that transcends statutory proscriptions on self-dealing, and was designed to impose additional safeguards given defendants’ conduct.

**Taube’s Joint Grants and Loss of Independence**

52. Defendant Taube has increasingly hijacked the Koret Foundation into joint grant making with Taube Philanthropies, whereby the two organizations co-sponsor initiatives and

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<sup>7</sup> *The Koret Foundation, 25 Years as a Catalyst of Positive Change*, Berkeley, CA 2004, p. 56.

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make joint donations to charities selected by Taube and aligned with the interests and mission of his charities.

53. Taube calls this “collaborative” grant making, but that characterization is a veil for self-promotion of the Taube name and legacy. In his 1982 memorandum, Joseph Koret wanted the Foundation to perpetuate the Koret name and to not direct its resources to needs that are otherwise being served by other organizations. Taube’s imposed “collaborative” grants undermine Mr. Koret’s wishes on both these grounds, by diluting the Koret name and by forcing Koret dollars towards efforts that his foundation can and should serve independently. The Foundation, as recognized in its 1990 Mission Statement, believes the term “collaboration” means connecting with the “community,” not making joint projects and namings with Taube Philanthropies that promote Taube personally and divert Koret Foundation funds to projects unrelated to the Foundation’s principle objectives.

54. Many tens of millions of dollars are involved in the joint grants engineered by defendant Taube. While Taube publicly implies that these joint grants are equally supported by the two organizations or were made by him personally, in fact Koret contributions are often three times greater than that of Taube Philanthropies, and the research, grant staffing efforts and other resources involved are chiefly paid for by the Koret Foundation. The joint grants cause misuse of the Koret Foundation’s capital and staff to subsidize Taube’s selected efforts and increasingly divert the Foundation’s philosophy from Joseph Koret’s vision.

55. In his book *The Journey and the Destination*, Taube concedes:  
  
Working with a smaller staff and board [Taube Philanthropies] take risk; we help creative projects find their legs to stand on their own. Then we turn to partners like the Koret Foundation to help us make those projects feasible and sustainable.<sup>8</sup>

56. Before Koret Foundation grants are decided, Taube routinely does not disclose to the Koret board the particulars of his own foundations’ level of giving on joint grants. There is no record of any disinterested approvals, informed or otherwise, with respect to these

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<sup>8</sup> Tad Taube, *The Journey and the Destination*, Taube Foundation for Jewish Life & Culture, 2013, p. 25.



1 grants. Mrs. Koret has demanded such disclosures be made, which to date have been incomplete,  
2 misleading and late such that they have not properly informed the decision making of the Koret  
3 board.

4           57. In August 2012, at Mrs. Koret’s request, the Foundation first identified the  
5 joint grants made with Taube Philanthropies, listing by grantee and amounts what the two  
6 organizations had each funded. In October 2012, the Koret board was finally informed, after the  
7 fact, that since 2004 there have been 44 joint grants between the Koret Foundation and Taube  
8 Philanthropies, 19 with joint namings. The information provided to the Koret board was  
9 intentionally inaccurate and misleading, as Taube took credit for third-party donor gifts in an effort  
10 to inflate the contributions from Taube Philanthropies.

11           58. Some joint grants, selected by Taube and predicated on his own social and  
12 philanthropic priorities, have been committed prior to review or approval by the Koret board,  
13 contrary to the Agreement, the Nonprofit Corporation Law and Joseph Koret’s memorialized  
14 vision that the Foundation’s prospective grants undergo full and thorough evaluation. The Koret  
15 Foundation has not made collaborative grants, where joint gifting, joint staff and joint evaluation  
16 of the project is involved, with any organization other than Taube Philanthropies.

17           59. On July 1, 2010, Greene wrote to Mrs. Koret that Taube’s unapproved but  
18 publicly announced \$1 million grant to the San Francisco Zoo, towards which the Koret  
19 Foundation donated \$750,000 and Taube Philanthropies gifted \$250,000, was an “anomaly.” This  
20 later proved not to be the case.

21           60. Again in 2012, Taube committed a Koret-Taube joint grant to the  
22 Commonwealth Club before it was approved by the Koret board. Mrs. Koret believes Taube  
23 committed Koret Foundation funds in advance because he wanted the Taube name prominently  
24 displayed on the front of the Commonwealth Club’s new building. These Koret and Taube  
25 Philanthropies grants to the Commonwealth Club were also made in a 3:1 ratio, although the  
26 naming credits imply equal grants.

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61. Published statements made by Taube or articles promoting him conflate the Koret Foundation and Taube Philanthropies, understate or neglect the role of the Koret Foundation in Taube’s philanthropic efforts, and evidence Taube’s circumvention of Joseph Koret’s and the Foundation’s charitable mission.

62. As Taube acknowledges in *The Journey and the Destination*, giving to causes that battle poverty and hunger strongly resonated with Joseph Koret because of his impoverished childhood as a Russian Jewish immigrant in New York and consequently formed the core of Koret’s vision for the Foundation’s charitable mission. Today, Taube impugns such causes as bottomless pits.

63. In a recent interview with NBC Bay Area, Taube stated his aversion to social welfare causes: “Social service usually defines some sort of social ill, you know hunger or poverty[.] We refer to them more or less as bottomless-pit challenges. I don’t think anybody has enough money to make a serious dent.” Mathai, *The Interview: Philanthropist Tad Taube*, *The Interview with Raj Mathai* (October 7, 2013).

64. Increasingly, exposés on Taube depict the Koret Foundation and Taube Philanthropies as merged entities under Taube’s helm and attribute the Koret Foundation’s charitable giving to Taube personally. Statements like the following give the public the impression that the Koret Foundation is no longer an independent organization: “Taube oversees the Koret Foundation ... and Taube Philanthropies. *He* distributes millions in grants annually”; “Combined, the philanthropies have \$600 million in assets”; “A review of the philanthropies’ IRS filings confirms Taube’s commitment to education. The nonprofits have donated millions of dollars to California colleges and universities”; “In Poland, *his foundations* committed \$16 million to construct the \$116-million Museum of the History of Polish Jews”; and “Taube’s groundbreaking support of the Taube Koret Campus for Jewish Life in Palo Alto exemplifies his support of Jewish causes.” Milo, *Philanthropy Through a Business Lens*, *Silicon Valley Business Journal* (September 13, 2013) (emphasis supplied).

1                   65.     In the Forward to *The Journey and the Destination*, Shana Penn, Chairman  
2 and Executive Director of Taube Philanthropies and Koret Executive Director Jeffrey Farber  
3 describe Taube as the gatekeeper and sole-decision maker of grants considered by the two  
4 foundations: “[Donees] tell us what their needs are [and] present their strategies[,] detailed  
5 proposals[,] budget [and] timelines. ... [These] papers invariably gravitate across the table to the  
6 hands of a person by the name of Tad Taube. [] Once Taube has taken it all in, and if *he* feels this  
7 particular project is one *he* might like to get involved with, we watch the wheels turn behind his  
8 eyes. In a matter of minutes he is saying[,] ‘... I will consider X amount from my family  
9 foundation, and propose seeking other potential funders.’” (Emphasis supplied.)

10                   66.     Taube describes his personal drive to support Poland, a region to which he is  
11 increasingly diverting Koret Foundation assets: “[E]ight or nine years ago, I turned my  
12 philanthropic thoughts to home. I was born in Poland. It wasn’t only that the Nazis murdered  
13 three million Jewish men, women, and children there; they also burned books, synagogues —  
14 leaving a cultural vacuum, and I thought I could help change that. ... My own and others’ efforts  
15 led to a renaissance of Jewish cultural and intellectual life in Poland. The capstone of all of our  
16 work is our current project, the Museum of the History of Polish Jews in Warsaw.” Zellerbach,  
17 *Thaddeus “Tad” Taube: Philanthropist, Entrepreneur, Dad*, Nob Hill Gazette (November 2011  
18 Issue). There was no mention of the Koret Foundation, which has gifted nearly \$10 million to  
19 Poland to Taube Philanthropies’ \$3 million.

20                   67.     Taube has made contributions to Poland — his personal cause — the  
21 Foundation’s new mission: “*My leadership* has helped Koret become one of America’s most  
22 innovative charitable foundations with great contributions in education, public policy, community  
23 enhancement, and commitment to and furtherance of Jewish Peoplehood in Israel and *the Federal*  
24 *Republic of Poland*” (*The Journey and the Destination*, p. 24); “My foundations also work with  
25 remarkable cultural institutions *in Krakow*” (*id.* at p. 149); and “I take great pride in the work my  
26 philanthropies and my sister philanthropy, the Koret Foundation, have undertaken in Poland.” (*Id.*  
27 at p. 166 [emphasis supplied].)

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68. Press releases on the Koret Foundation website have only recently begun to state: “Since 1979, the San Francisco-based Koret Foundation, a private philanthropic organization, has invested over \$500 million to strengthen the Bay Area region, Israel, and Poland.” Koret Foundation Press Release, *Koret Foundation Board Announces Staff Promotions* (February 6, 2013) (emphasis supplied).

69. Taube Philanthropies’ website states: “the Koret Foundation and Taube Philanthropies have come together for a collaborative philanthropic venture entitled the Koret Taube Initiative on Jewish Peoplehood...stimulating multigenerational participation in Jewish life and culture in the Bay Area, Israel and *Eastern Europe*.” Penn, *The Koret Taube Initiative on Jewish Peoplehood*, *Peoplehood Papers* 7 (February 2012) (emphasis supplied). But the Jewish Peoplehood program was never presented to the Koret Foundation board as a Koret-Taube collaboration that would support Poland.

70. Taube in 2014, prior to any board approval, added Poland to the Foundation’s vision statement on its website.

71. The Koret Foundation’s auditors stated in 2012 for the first time: “The Foundation provides support to nonprofit organizations and programs in the San Francisco Bay Area, *Poland* and in Israel” (emphasis supplied) — a marked change from previous years’ reports where the auditors only noted the Bay Area and Israel as the geographic centers for the Foundation’s charitable mission.

72. The Foundation’s 1990 Mission Statement expressly recognizes support for the Jewish community in the “Bay Area and Israel” and the general community as the “Bay Area.” The Koret Foundation board has never voted to restate its mission, but Taube has transformed the Foundation’s direction and vision for his personal purposes by exploiting loyalties, providing incomplete disclosures at the board level, maintaining interlocking directors and officers on the Koret and his foundation’s boards, and stifling independent decision making.

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73. The charitable community in San Francisco has observed the integration of the Koret Foundation into Mr. Taube’s collaborative charity, as well as the Koret Foundation’s cascading lack of independence.

74. Taube’s self-serving media publications routinely describe “Taube-Koret” initiatives. Contrary to their duty of loyalty to the Foundation, defendants routinely authorize or ratify misleading logos and signature lines, such as that depicted below, that blur and impair the Koret Foundation’s independent identity and promote Taube’s name and legacy at the Foundation’s expense:



Recipients of such publications are naturally led to believe the two organizations are very closely aligned, if not merged entirely.

**Deviation from the Koret Mission – Poland**

75. Taube Philanthropies’ mission includes supporting endeavors that are not aligned with the mission of the Koret Foundation, including charitable giving to Poland, defendant Taube’s ancestral home.<sup>9</sup> Through February 2014, the Koret Foundation has given \$9.7 million to Poland related causes at Taube’s insistence. For a foundation that is self-endowed and is not raising new money, such a huge diversion of funds has obvious negative effects on the Foundation’s core donees, including in the Bay Area Jewish community.

76. Taube has directed the Koret Foundation to support the construction of the Museum of the History of Polish Jews in Poland, an effort for which he has been personally designated a “Distinguished Benefactor of the Museum.” The Koret Foundation has donated at least \$9 million to the Polish Museum and affiliated causes, while Taube Philanthropies, on

<sup>9</sup> <http://www.taubephilanthropies.org/node/7>.

1 information and belief, has donated approximately \$3 million. While the Polish Museum  
2 commemorates significant Jewish history, the diversion of Koret Foundation funds to Poland,  
3 escalating to near \$10 million in the last few years, is not in keeping with Joseph Koret’s charitable  
4 mission or the Foundation’s 1990 Mission Statement, and in effect drains funds that could benefit  
5 the needy in communities in the Bay Area.

6 77. Recently Taube has reported to the Koret board that the Polish government  
7 may not be prepared to support the Polish museum’s annual operations, such that western donors,  
8 including the Koret Foundation, may be called upon to make further capital grants to the museum.

9 78. Defendants have within the last few years caused the Foundation to make  
10 substantial other gifts to Polish organizations beyond the Polish Museum,<sup>10</sup> which are  
11 organizations beyond the mission of the Koret Foundation that instead serve the personal interests  
12 of defendant Taube. These divergent grants in the aggregate are substantial and often have not  
13 obtained board approval.

14 79. This significant shift in the Koret Foundation’s mission to support capital  
15 and other grants to Poland was never adopted or debated by the Koret board, and certainly not by  
16 directors independent of defendant Taube.

17 **Personal Aggrandizement**

18 80. Defendant Taube’s motivation behind the joint grants he imposed on the  
19 Koret Foundation includes associating his name with grantee buildings and programs or receiving  
20 personal name recognition. Taube has routinely insisted that his name be displayed on signage in  
21 the same size and location as the Koret name despite the disparity in donations by the two  
22 organizations.

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25 <sup>10</sup> Aleksander Kwansnlewski Honorarium, Auschwitz Jewish Center, Central European  
26 Democracy and Security Conference, Centropa, Centrum Taubego, Chief Rabbi of Poland  
27 Dialogue Among Nations, Diaspora Memory Association, Galicia Jewish Museum, Irena Sendler  
28 Firm, Jewish Culture Festival in Krakow, Jewish Heritage Initiative in Poland, Jewish Historical  
Institute, Krakow JCC, Kresy-Siberia Foundation, Moishe House Warsaw, Polish Jewish Heritage  
Tourism Program, Polish Visa Waiver Project, Taglit-Birthright Israel, and Warsaw Jewish  
Community Center.

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81. On information and belief, Taube insisted that his name be included in equal size and location with the Koret name at the new Exploratorium in San Francisco to which the Koret Foundation has given \$5.5 million and Taube Philanthropies approximately \$1 million. However, a director at the Exploratorium questioned the side-by-side Koret-Taube naming given the disproportionate contributions, and stated that the Exploratorium would refuse to display a Koret-Taube sign with equal naming as unfair to the Exploratorium’s other million dollar donors not receiving comparable signage. Consequently, the Exploratorium opposed the equal naming and advised that Taube’s name be placed under the Koret Foundation name, in smaller font. The Foundation’s stature and reputation are injured when its grantees recognize the Foundation’s president is engaging in self-aggrandizement.

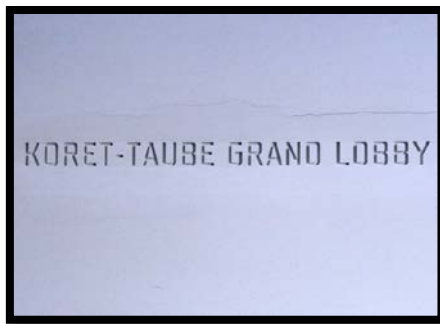
82. In 1990, the Koret board articulated a policy on naming opportunities based expressly on founder Joseph Koret’s August 1982 memorandum, in which he wrote that “the Foundation should perpetuate as much as possible the *Koret* name.” Defendant Taube’s desire to aggrandize his name by piggy-backing on the Koret name confuses the public and encroaches upon the Koret Foundation’s independent identity.

83. Taube’s self-promotion is evident in the signage he has insisted on for the Koret-Taube Education Center at the Academy of Sciences in Golden Gate Park (2004, Koret Foundation gave \$5 million and Taube Philanthropies gave \$1 million):



At the Koret-Taube Grand Lobby at the Contemporary Jewish Museum in San Francisco (2008, Koret Foundation gave \$3 million and Taube Philanthropies gave \$2 million):

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At the Center for Huntington’s disease at the UCSF/Gladstone Huntington Disease Center (2012, Koret Foundation gave \$2 million and Taube Philanthropies gave \$1 million), Taube nonetheless insisted that his name be placed first:



Mrs. Koret believes that Taube is also demanding joint signage at other facilities:

- At the San Francisco Opera’s Koret-Taube Media Suite, which originated as the “Koret Media Suite” (2006-2008, Koret Foundation gave \$2 million and Taube Philanthropies gave \$500,000), naming is expected to be equal;
- At the U.C. Berkeley Bancroft Library: Magnes Museum’s Koret-Taube Lobby (2010, Koret Foundation gave \$1 million and Taube Philanthropies gave \$250,000), naming is expected to be equal;
- At the Osher Marin Jewish Community Center’s Koret-Taube Center on Jewish Peoplehood (2010, Koret Foundation gave \$300,000 and Taube Philanthropies gave \$100,000), naming is expected to be equal; and



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- At the San Francisco Zoological Society’s Koret-Taube Lobby (2010, Koret Foundation gave more than three times what Taube Philanthropies gave), naming is expected to be equal.

84. Defendant Taube’s insistence on these joint namings is unseemly and degrading to the Foundation. Taube generally does not consult or inform the Koret board of the joint namings that he directs the Foundation staff to require of its grantees.

**Censorship, More Self-Promotion and Harassment**

85. In April 2013, the Koret Foundation staff felt the Foundation’s website was incomplete without a history of founder Joseph Koret, so the Foundation entered into a contract with 36 Views and author Kerry Tremain to publish a book narrative about Joseph Koret and his first wife Stephanie, who together built the clothing company Koret of California. The goal was to publish a history of the Foundation’s founder, and defendant Greene’s office reviewed and vetted the contract.

86. Mrs. Koret oversaw the project, and Taube, through Farber, criticized the staff for allowing this. Much research was done, many photographs were collected largely by Mrs. Koret, and over a three-month period a team of professional e-book writers put the book together.

87. The book, entitled *The Korets of California*, detailed the lives of founders Joseph and Stephanie Koret and the Foundation’s history. While mentioning Taube, the book did not make his contributions a centerpiece as that was not the purpose of this book. The book was finished in bound, color prototype in December 2013, at a \$35,000 cost to the Foundation, and was shown in prepublication final form to Mrs. Koret and then to Taube.

88. Because the book was not about him, defendant Taube at first re-wrote the last chapter with content demeaning Mrs. Koret, and then he instructed the Foundation to terminate the 36 Views contract and make sure the book never sees a publication run or daylight. Koret Foundation staff favors publication of this highly professional tribute to the Foundation’s founder, but Taube in autocratic fashion had it squelched.

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89. At the same time Taube was squelching this publication about founders Joseph and Stephanie Koret, he commissioned a mural for the Foundation’s new offices that prominently enshrines a central picture of Taube in the Foundation’s lobby, which was installed in May 2014 at a cost of approximately \$80,000 to the Foundation. Taube micro-managed every aspect of this unnecessary painting, a project which was never mentioned to or approved by the Foundation’s board before installation and the cost of which is not an appropriate expenditure of the Foundation’s charitable funds:



**\$80,000 in charitable funds spent on mural showing Taube, left, next to founder Joseph Koret.**

90. In 2013, Taube directed Koret Foundation staff to design, proofread and distribute a booklet written by and about himself called *Birth of a Grant*. This consumed an enormous amount of Koret staff time over a three-month period, and the Koret Foundation and Taube Philanthropies paid for its publication in a repeated 3:1 ratio. The Koret board was not consulted about the project in advance. Two thousand copies were printed and sent to the community.

91. In December 2013, when Taube announced he was stepping down as Koret president (but not off the board), Koret staff was directed to work on a press release which Taube endlessly edited. The *San Francisco Chronicle* was initially not interested in running a story, but did so due to the paid efforts of a Koret media consultant. Taube directed Koret staff to call Koret grantees and obtain commendations about him. Even Farber was horrified at this hubris. And, in April 2014, the Koret Foundation paid approximately \$5,000, in addition to staff and media

1 consultant costs, to the *JWeekly* to run a two-page ad about Taube, again without board  
2 consultation or approval.

3           92. During the last few years, Mrs. Koret is informed and believes that Taube  
4 has intimidated and harassed members of the Foundation staff, leading to Program Assistants no  
5 longer attending Koret Board meetings because of Taube’s inappropriate comments to them,  
6 public inappropriate behavior recorded by a current female staff member, and the humiliating and  
7 costly departure of an experienced Program Officer. Given Taube’s control of the Foundation, and  
8 lack of independence of the board or its counsel, there is no credible procedure to resolve  
9 complaints regarding workplace misconduct that will correct Taube’s behavior.

10                           **Abuse of Grant Process and Personal Favoritism**

11           93. A few years ago, defendant Taube, who serves on the Hoover Institution’s  
12 Board of Overseers with Koret’s Executive Director Farber,<sup>11</sup> conceived a conservative Initiative  
13 on the American Founding Principles and the Constitution, well outside the Foundation’s mission  
14 and normal scope of work. In 2013, the Koret board, over Mrs. Koret’s objection, approved a  
15 \$1,050,000 grant to Hoover for this initiative. In 2014, Taube changed the purpose of this Koret  
16 grant to fund other Hoover work and created an internal committee of three Koret Foundation  
17 officers to carry out the new Hoover project, a role far outside the Foundation’s mission and  
18 purpose. There has been no board approval for any of this revised Hoover work following the  
19 2013 grant.

20           94. Taube also misuses the Koret Foundation’s grant-making devices to fund his  
21 and his friends’ personal causes. Taube manipulates the Foundation’s Approval Calendar, the list  
22 of proposed grants at \$25,000 or less that is mailed to board members on a monthly basis, which  
23 was initially designed as a grant-making tool to expedite smaller donations to the community in  
24 between board meetings. Before the Approval Calendar is sent to the Koret board, it first  
25 undergoes Taube’s unilateral edits and changes. After the board receives the Approval Calendar,  
26 any director may reject and thus eliminate a proposed grant. No board member (other than Taube)

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28 <sup>11</sup> <http://www.hoover.org/about/overseers/>.

1 has ever opposed an Approval Calendar grant, as the other directors know these grants are  
2 effectively Taube's pet projects not to be touched, and for Mrs. Koret to do so would be  
3 demonstrably futile.

4           95. Hundreds of grants are made each year through the Approval Calendar  
5 process. Many of the Approval Calendar grants support Taube's personal friends' and  
6 conservative causes that diverge from the Koret Foundation mission, in sums that can reach  
7 \$3 million per year and are distributed without grant-by-grant board votes.

8           96. Taube has fostered a culture whereby the directors, instead of limiting  
9 support for organizations where they are involved to smaller director-initiated grants as Joseph  
10 Koret envisioned, make huge capital grants to their affiliated organizations, in violation of their  
11 duty of loyalty to the Koret Foundation. The cumulative and growing effect of these large grants  
12 where Koret directors have split loyalties, to the grantor and grantee, has in substantial part  
13 compelled this lawsuit.

14           97. The charitable contributions identified on the Koret Foundation's Form  
15 990-PF<sup>12</sup> include donations to a substantial number of politically conservative think tanks and  
16 organizations whose philosophies are contrary to the Koret Foundation's founding objectives, and  
17 instead are aligned with Taube's personal priorities.<sup>13</sup> The Koret Foundation website<sup>14</sup> generally  
18 does not list these grantees or sums they receive, at once deceiving the public and confusing the  
19 Foundation's mission.

20           98. From 2010-2012 alone, a total of \$3,227,500 was donated to conservative  
21 political groups (not including Hoover and Stanford, which received an additional \$4+ million in  
22 that period too). Joseph Koret is turning over in his grave. The following chart demonstrates the  
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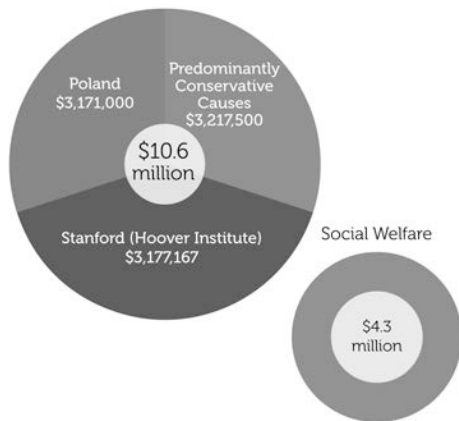
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25 <sup>12</sup> <http://www.guidestar.org/FinDocuments/2012/941/624/2012-941624987-09880aa8-F.pdf>

26 <sup>13</sup> Examples include the David Horowitz Freedom Center, the Claremont Institute for the Study  
27 of Statesmanship and Policy, the Center for Security Policy, Inc., The Pacific Legal Foundation,  
28 the American Enterprise Institute for Public Policy, and the Milken Institute.

<sup>14</sup> <http://koret.org/about/grants/2012-grants/>.

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conflicted giving’s comparative effect on the Koret Foundation’s social welfare mission for the years 2010-2012:



99. Of the 67 self-directed grants that name Taube as a sponsor during 2013-2014, 73% of those were for causes outside the Koret Foundation’s mission for social welfare in the Bay Area, the Jewish community in the Bay Area, and for Jewish causes in Israel.

100. The public notes that Taube has imposed on the Koret Foundation a “dizzying array” of grants<sup>15</sup> that is scattered, disorganized, and without any coherent mission or philosophy — all contrary to the founding intent of Joseph Koret, who envisioned that the Koret Foundation would “not give ‘all over the lot’” but would rather “[narrow] down its grantmaking proliferation ... to fund institutions and programs that alleviate hunger, particularly for the people of the San Francisco Bay Area” and support like social welfare causes here and in Israel.

101. From 2010 to the present, tens of millions of dollars in Koret Foundation grants have been made to (i) non-US/non-Israel, (ii) non-Bay Area, or (iii) politically-oriented institutions, all outside the Foundation’s mission. This increasing diversion of Koret funds harms the Foundation’s key constituencies, including the Jewish communities in the Bay Area and Israel and the poor and disadvantaged in the Bay Area, by reducing otherwise available charitable funds.

<sup>15</sup> <http://www.jspace.com/news/articles/philanthropist-tad-taube-wants-polish-jews-remembered-for-life-not-death/13777>.

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### Self-Dealing

102. Defendant Taube is the antithesis of an independent director: the Foundation has paid many millions of dollars in fees to Taube-affiliated entities to manage Foundation real estate, some of which has been jointly owned with other Taube-affiliated entities; large commissions have been paid to other Taube-affiliated professionals and companies regarding sale and refinance of Foundation properties; and the Foundation has made tens of millions of dollars in grants jointly with Taube Philanthropies, which the Koret Foundation effectively subsidizes.

103. In the last 12 months, the Koret Foundation has undertaken three major real estate transactions: (i) the sale of the Foundation's largest real property asset; (ii) marketing of another Foundation real property asset; and (iii) refinancing a significant loan on a third Foundation real property asset. The collective value of the real estate involved in these transactions is several hundred million dollars. Over Mrs. Koret's objections, defendants approved engaging a broker associated with defendant Taube's real estate businesses to sell, market and refinance the Foundation's properties and split its commission with Taube Investments, Inc., without even disclosing the percentage commission split. This conduct violates state and federal law and is a breach of fiduciary duty.

104. The Koret Foundation does the vast majority of work in evaluating, staffing, vetting and organizing the grants jointly made with Taube Philanthropies. The Koret Foundation pays for marketing, travel and other expenses that benefit Taube or Taube Philanthropies, costs that Taube personally or his foundations should bear instead. A review of the Foundation's January 2012-October 2013 expenses show a minimum of \$40,000 expended that disproportionately benefitted Taube and his personal foundations. The Koret Foundation's public filings show reported annual salaries and compensation of its officers exceeded \$1.9 million in 2011, while Taube Philanthropies' public filings show no such expenses for the same period. Instead, Taube Philanthropies' public filings show that its executive director's compensation is paid to a grantee (Graduate Theological Union) to support a research scholarship for Taube Philanthropies' executive director. The Koret Foundation is in effect subsidizing Taube

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Philanthropies. Even after Mrs. Koret reported such financial abuses to defendants, Taube continues to charge improper personal expenses to the Koret Foundation, including lavish dinners that are not reasonable expenses of the Foundation.

**Lack of Independent Legal Counsel**

105. Defendant Greene and/or his law firm (Greene, Radovsky, Maloney, Share & Hennigh) have represented Mr. Taube and/or several of his businesses during the last four years, while at the same time representing the Foundation. This leads inevitably to conflicted loyalty as a board member, and Greene has acquiesced to and defended Taube’s actions that are injurious to the Foundation.

106. Mr. Greene is a highly skilled tax and real estate lawyer. Other than for tax and real estate matters, the Agreement described above at ¶¶ 50-51 requires independent counsel, not Mr. Greene or his firm, to represent the Foundation on matters such as corporate governance.

107. In November 2012, Mrs. Koret sought to establish a grants committee to deter Taube’s domination of the Foundation, and Mr. Greene opposed this reasonable request.

108. In June 2013, Mr. Greene did not support Mrs. Koret’s motion at the Foundation board for engaging independent counsel, despite the Agreement and the reasons advanced by Mrs. Koret as to how independent counsel would foster independent decision making and undivided loyalties on the Koret board.

109. In August 2013, Mrs. Koret, within her right as a director, requested 2012 and 2013 Foundation records and invoices for grant consultants, community information consultants, seminars and conferences, meals and events, and travel expenses so as to confirm whether Koret Foundation resources are being properly used. Mr. Greene frustrated Mrs. Koret’s request for records, claiming that the time and cost associated with providing her such records would be significant and, therefore, she needed to explain and justify her requests to the Foundation before they would be honored.

110. In December 2013, Mr. Greene also drafted board resolutions (i) allowing defendant Taube Investments Inc. to share in a commission related to the sale of the Foundation’s

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largest real property asset, and (ii) entrenching the board by nullifying three existing vacancies and fixing the board at its current eight directors, contrary to the positions of Mrs. Koret. With respect to the 2013 real property sale, Mr. Greene, over Mrs. Koret’s objections, failed to advise that an independent appraisal or broker for the Foundation was needed, or that a broker associated with Mr. Taube’s real estate businesses should not be engaged to sell Foundation real estate and split a commission with Taube Investments, which is what happened.

111. Mr. Greene recently wrote a letter to Mrs. Koret castigating her for raising questions about expenses borne by the Koret Foundation that benefit, in substantial part, his other client Taube. At March 5, 2014 Koret Board meeting, he also advocated that directors, pointedly Mrs. Koret, be precluded from talking to Foundation staff, and that the topic of the Foundation’s perpetual nature was not properly on the agenda and therefore should not be discussed.

112. At the June 12, 2014 Koret Board meeting, Mr. Greene again, over Mrs. Koret’s objection, failed to advise that an independent appraisal or broker was needed to market another Foundation real estate property and refinance the loan on a third Foundation property, or that the same broker associated with Mr. Taube’s real estate businesses should not be engaged for both these real estate transactions and split a commission with Taube Investments.

113. Mr. Greene is neither an independent counsel nor does he serve the best interests of the Koret Foundation. Mr. Greene’s conduct is both a violation of the Agreement, may expose the Foundation to charges of self-dealing, is contrary to California professional rules for attorneys in avoiding conflicts of interest, and causes economic injury to the Foundation.

114. On September 5, 2014, Mr. Greene submitted a letter offering to resign as general counsel. This is almost two years after Mrs. Koret demanded he do so and follows dozens of acts as general counsel injurious to the Foundation and its mission by supporting his other client, Taube. At the time of this filing Mr. Greene remains general counsel to the Koret Foundation.



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**Mrs. Koret Seeks to Save the Foundation and in Response Is Isolated**

115. In 2012, Mrs. Koret began raising with the Koret board and its officers her growing concerns about the lack of independent decision making and divided loyalties. Mrs. Koret’s efforts seek to preserve the Foundation’s support of key anchor institutions in the Bay Area and Israel and restore the Foundation’s historical charitable mission.

116. In November 2012, Mrs. Koret asked the Koret board to establish a grants committee for the Foundation that would review and approve prospective donations in a neutral and standardized manner, free from the interest and influence of any one director. In response, defendants delayed the meeting to vote on the grants committee motion raised by Mrs. Koret. In January 2013, defendants, all of them, failed to support the motion for a grants committee.

117. In November 2012, Mrs. Koret asked the Koret board to obtain independent legal counsel for the Foundation to advise and serve the best interests of the Foundation. The board delayed a vote on Mrs. Koret’s request for independent counsel until June 2013, when defendants, all of them, failed to support her motion.

118. Mrs. Koret has also in the last two years asked that Foundation board minutes document her concerns regarding the corporate governance issues and misguided direction of the Foundation. Defendants rebuffed Mrs. Koret’s request for accurate and comprehensive board minutes in an effort to conceal and avoid a record of her voiced concerns.

119. Mrs. Koret within the last year has asked for a summary of Foundation expenses to assess how disproportionately the Foundation is shouldering director travel costs, staffing expenses and related expenses that substantially benefit Taube and which Taube Philanthropies should bear. Defendants made access to such information difficult by first directing her to unsummarized general ledger data, then delaying her request for records and invoices relating to these expenses. Defendants’ responses to Mrs. Koret’s reasonable inquiry about expenses that appear to support non-Foundation purposes have been non-independent, self-serving, and unsupportive of curtailing these expenses.

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120. Mrs. Koret has proposed three new independent directors to the Foundation board, consistent with the Agreement identified in ¶¶ 50-51 above, the Foundation’s By-Laws, and the California Corporations Code, which requires a reasonable procedure for nomination and election of new directors. Mrs. Koret seeks to repopulate the Foundation board with a diverse set of new directors, including a majority of Jewish directors consistent with her husband’s vision and one of the two primary missions of the Foundation, and with the balance of the board representing a wide spectrum of the community. The directors proposed so far by Mrs. Koret are men and women of the highest standing in the community who have no previous relationships with Mrs. Koret or the other directors. They would lend diversity to the Foundation’s board and substantially enhance its leadership, independence and core mission.

121. Despite three vacancies on the Foundation board, defendants, in an effort to stifle dissent and alternative views, refused to consider any additional directors. Instead, in December 2013, defendants, contrary to the spirit and purpose of the Agreement, limited the number of directors to 8, rather than the maximum of 11, thus entrenching the current directors and precluding any board expansion or diversification.

122. In June 2014, Mrs. Koret asked former San Francisco Mayor Willie L. Brown, Jr. if he would consider succeeding Taube as Koret Foundation president. Mayor Brown called defendant Taube and conveyed his willingness to become a member of the Foundation Board and its president, and to help resolve the disputes between Taube and Mrs. Koret. Subsequently, Mrs. Koret formally place Mayor Brown’s name in nomination to succeed Mr. Taube as president and on September 11, 2014 his nomination was rejected by all of the defendants based on a false premise that Mayor Brown was unwilling to serve.

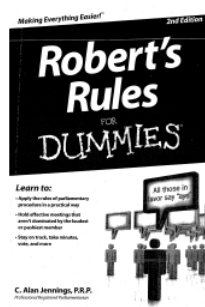
123. Defendants apparently reason that the Foundation may not last long enough to need new, long-term leadership. They have entrenched the current board to prevent the Foundation from progressing in an independent direction after Taube steps down as president. To that end, Mrs. Koret is informed and believes defendants are taking steps to spend down the Foundation’s assets over a period of years in substantial part to benefit charities aligned with

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defendant Taube, rather than see the Foundation survive and prosper independent of leadership founded on self-interest.

124. Mrs. Koret’s requests to bring new, independent leadership to the Koret board, to establish a balanced grants committee, and for better oversight of spending so that the Foundation does not continue subsidizing defendants’ self-interested organizations have all been rejected and her efforts have been exhausted at the board level.

125. Defendants have entirely undermined Mrs. Koret’s efforts for better corporate governance at the Foundation and, in response, have treated her disrespectfully as an Asian-American woman, exhibiting such behavior as Mr. Greene’s firm sending to Mrs. Koret in March of 2013 the following caustically titled book about board procedures and record-keeping:



126. In December 2013, defendants persuaded the Koret Foundation board to pass a resolution that restructured the Foundation’s audit and governance committee (reconstituted earlier in 2013 in response to Mrs. Koret’s request for a grants committee) as a pretext to exclude Mrs. Koret as board Chair, effectively freezing her out of any corporate governance oversight.

127. Historically, Mrs. Koret asked Program Officers and staffers to lunch and for informal meetings consistent with her role as board Chair. Since late 2012 and in retaliation for her voiced displeasure with Taube’s accelerated hijacking of the Foundation, Koret staff has been told not to provide any information to Mrs. Koret that is not approved by Taube, and in 2013 a policy was implemented to prevent Mrs. Koret from contacting staff except through Farber.

128. At Taube’s direction, Farber has asked Koret staff to investigate Mrs. Koret and to report any contacts or actions about her immediately to Farber who then reports them to Taube. Taube has in paranoid fashion complained of leaks in the organization and wants to keep

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Mrs. Koret, the board Chair, in the dark about anything regarding the Foundation. For instance, in 2014, Taube and Farber purposely failed to inform Ms. Koret about new facility ground-breaking events at the Commonwealth Club and the Palo Alto Ronald McDonald House and excluded her from these events, despite the Koret Foundation giving three times more to the Commonwealth Club’s new building than Taube Philanthropies and despite Mrs. Koret being the primary champion on the Koret board for increased funding to the Ronald McDonald House.

129. This exclusionary conduct has rendered Mrs. Koret’s officer role as board Chair completely illusory, and is harming the Koret Foundation and its ability to carry out the core humanitarian missions, which she primarily champions on the board, per her husband’s wishes.

130. Because plaintiff’s efforts to deter defendants’ governance abuses have been to no avail and have instead led to retaliation that harms the Foundation and its mission while the abuses and injury mount, she brings this action for judicial relief.

131. Prior to bringing this action, Mrs. Koret advised the California Attorney General of the bases for her present claims, and is concurrently giving notice of this action to the California Attorney General in writing as described in 11 Cal. Code Regs. § 999.1.

**Injury to the Foundation**

132. As a direct result of subordinating the Foundation’s independence to Taube and his organizations, the Koret Foundation’s name, mission and financial position have been damaged:

a. If defendants are not restrained, the Foundation’s assets may be spent down and prematurely distributed, contrary to the Foundation’s “perpetual” mission, and if not restrained defendants have planned for annual grants and expenses that may exceed seven percent (7%) of the asset base of the Foundation, which is presumptively imprudent pursuant to California Probate Code § 18504(d).

b. The communities served by the Koret Foundation are confused and misled regarding its funding of organizations outside the scope of the known mission to serve the communities of the Bay Area and Israel and in particular to alleviate hunger and suffering, which

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demoralizes Foundation staff and injures the Foundation’s reputation and role in the philanthropic community.

c. The Foundation has over the last four years, at Taube’s direction and with Greene and the board’s acquiescence, awarded grants in excess of \$25 million to organizations that are not in the Bay Area or Israel or that support political programs that do not further the mission and purpose of the Foundation. These funds, including but not limited to money directed to Poland, has reduced the amount that the Koret Foundation has available to give to social welfare causes and to Jewish organizations in the Bay Area and Israel.

d. Over a period of approximately 22 months (January 2012-October 2013), and only for that portion of limited invoices reviewed by plaintiff, the Foundation has spent excess of \$40,000 that should have been paid by other organizations or defendant Taube.

e. The Foundation has within the last two years also incurred other advertising, art and media expenses in excess of \$150,000 that served no charitable purpose but were rather incurred to promote Taube’s personal image.

f. The Foundation is, without board approval or disclosure of the costs, paying for up to twelve persons to travel to Poland for an unnecessary board meeting in October 2014, at a cost well in excess of \$100,000.

g. If Mrs. Koret were removed as a director and/or lifetime Chair, this would violate the founder’s vision and would harm the Foundation and its mission.

h. The lack of independent decision-making has and will lead to disposition of Koret Foundation real properties in transactions where, over the objection of Mrs. Koret, brokers and advisors associated with Mr. Taube are also advising the Foundation and have or will split commission of unknown percentages with a Taube family company. The absence of independent evaluation may cause loss to the Foundation in sums to be determined in this proceeding.

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i. To the extent the Foundation has incurred attorney’s fees or other expenses as a result of actual or alleged misconduct by Taube toward Foundation staff, such expenses have damaged the Foundation.

j. The actual leadership role of the Koret Foundation in many grants has been confused or concealed, which undermines the Foundation’s standing in the philanthropic community and its opportunities to fund worthy causes.

k. The Koret Foundation has paid other staff resources and expenses that in effect subsidize Taube or Taube Philanthropies, in sums to be established according to proof at trial and in excess of hundreds of thousands of dollars per year.

l. The Foundation, without independent leadership and review, allows its executive staff, aligned with Taube, to spend Koret Foundation monies extravagantly, and despite Mrs. Koret bringing the issue of excessive expenses to the attention of Foundation management and the board in 2014, she is informed that defendant Taube has continued to authorize the Foundation to pay for lavish personal meals and to hide expenses in vague categories in the Foundation’s accounting records.

m. On information and belief, the Koret Foundation has donated funds to organizations that have paid salaries to persons associated with Taube or his charities.

n. The Foundation, given the dominance of Taube, is being damaged by a failure to approve vital new, diverse and independent directors to its board.

o. Defendants have, on information and belief, caused the Koret Foundation to incur attorney’s fees and costs in representing defendants acting without good faith in the best interests of the Foundation, and such expenses are recoverable against defendants for the benefit of the Foundation, pursuant to California Corporations Code § 5238.

p. Defendants’ actions in condoning self-dealing transactions may be sanctionable and adversely affect the Foundation’s charitable and tax-exempt status.

133. An accounting is needed to determine whether the losses beyond the misdirected grants are in the hundreds of thousands or millions of dollars.

1 **FIRST CAUSE OF ACTION**  
2 **(Breach of Contract: Defendants Taube and Greene)**

3 134. Plaintiff realleges and incorporates the allegations of paragraphs 1 through  
4 133, as though fully set forth herein.

5 135. Mrs. Koret and defendants Taube and Greene executed the Agreement  
6 described at ¶¶ 50-51 above, obligating them on an ongoing basis (i) to support and retain  
7 independent legal counsel for the Koret Foundation on non-real estate and tax matters, (ii) to  
8 augment the board “to make it more difficult for an individual director or a handful of them to  
9 control the board,” and (iii) to assure that the president (Taube) was not directing grants or  
10 controlling the Foundation’s day-to-day functions. The Agreement implies a good faith covenant  
11 to accomplish and not frustrate these purposes and has no expiration date.

12 136. The Agreement and its good faith covenant have not been properly  
13 performed by defendants Taube and Greene within the last four years.

14 137. There have been three resignations or departures from the board that have  
15 not been filled, and defendants Taube’s and Greene’s actions in 2013 and 2014 to prevent seating  
16 new directors violate the Agreement and its good faith covenant.

17 138. Within the last four years, plaintiff has discovered that defendant Greene as  
18 counsel to the Foundation is not advising the Koret Foundation in a manner independent of Taube  
19 and that this non-independence is injuring the Foundation.

20 139. Defendants Taube and Greene have materially breached the Agreement and  
21 its good faith covenant by failing to perform their ongoing obligations to support and retain  
22 independent counsel for the Foundation and by acting to reduce the size of the board to prevent  
23 directors independent of Taube to be seated, and by allowing Taube to control day-to-day  
24 operations and dictate grant making decisions.

25 140. The covenant of good faith within the Agreement requires defendants Taube  
26 and Greene to perform the Agreement in a manner that does not rob Mrs. Koret of the  
27 Agreement’s bargained for benefits. The terms, spirit and purpose of the Agreement are being  
28 violated, and the covenant of good faith is being violated.

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141. If defendants Taube and Greene were to support Mrs. Koret’s reasonable requirements consistent with the Agreement that the Foundation retain independent counsel and seat new independent directors, then the other Koret Foundation directors named herein would do so as well.

142. As a direct and proximate result of these breaches of contract, the Koret Foundation, which was an intended third-party beneficiary of the Agreement, has been damaged in an amount to be proved at the time of trial and as summarized above at ¶ 132.

143. The Agreement should be specifically enforced by appropriate injunctive relief.

Wherefore, plaintiff prays for relief as hereinafter set forth.

**SECOND CAUSE OF ACTION**  
**(Breach of Fiduciary Duty: Defendants Taube and Greene)**

144. Plaintiff realleges and incorporates the allegations of paragraphs 1 through 143 as though fully set forth herein.

145. As directors, officer, and counsel for the Koret Foundation, defendants Taube and Greene owe to the Foundation a fiduciary duty, including, without limitation: (i) to perform the duties of their office in good faith, in the best interests of the Foundation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances; (ii) to act with undivided loyalty to the Foundation and to advance the Foundation’s purpose and champion its best interests, rather than advance their own interests or the interests of another organization or individual; (iii) to not subordinate their duty of loyalty to the Foundation to that owed to another organization or individual; (iv) to avoid conflicts of interest; (v) to make full and complete disclosure of all information concerning Foundation transactions; (vi) to handle appropriately situations in which the Foundation’s interests do or might conflict with the interests of the fiduciary or a related organization or individual, such as situations involving use of the Foundation’s property or assets to subsidize another charity, financial conflicts of interest, or harm to the Foundation’s charitable mission; (vii) to refrain from decision making on behalf of the



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Foundation in situations where defendants are interested parties; and (viii) to not refuse or obstruct the accurate recording in the board minutes of dissent among the directors regarding the mission and direction of the Foundation.

146. Defendants Taube and Greene have breached their duties of loyalty and care to the Foundation and breached the Agreement referred to in ¶¶ 50-51 by engaging in the acts described above, and have also violated the Foundation’s By-Laws that incorporate key provisions of the Agreement including the restriction that board members, whether or not officers, should not manage grant activities of the Foundation, and they have violated California Corporations Code § 5231(a).

147. As a direct and proximate result of defendants’ breaches of fiduciary duty, the Foundation has been damaged in an amount to be proved at the time of trial and as summarized above at ¶ 132. Such damages also include attorney’s fees and costs incurred by plaintiff in bringing this derivative action on behalf of the Foundation, and the sums the Foundation is paying for defense of this Action to respond to Mrs. Koret’s claims.

148. The Koret Foundation has and will suffer irreparable injury to its mission and standing in the community, such that appropriate injunctive relief should issue barring defendants from engaging in the wrongful conduct alleged herein.

Wherefore, plaintiff prays for relief as hereinafter set forth,

**THIRD CAUSE OF ACTION**  
**(Removal as Directors: All Individual Defendants)**

149. Plaintiff realleges and incorporates the allegations of paragraphs 1 through 148, as though fully set forth herein.

150. Pursuant to California Corporations Code § 5223(a), this Court should remove all defendants from the office of director of the Koret Foundation due to “their fraudulent or dishonest acts or gross abuse of authority or discretion with reference to” the Koret Foundation, and seek from each such defendant the return of any attorney’s fees advanced by the Foundation in defense of this action, pursuant to California Corporations Code § 5238.

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Wherefore, plaintiff prays for relief as hereinafter set forth.

**FOURTH CAUSE OF ACTION  
(Declaratory and Injunctive Relief: All Defendants)**

151. Plaintiff realleges and incorporates the allegations of paragraphs 1 through 150 as though fully set forth herein.

152. A dispute has arisen and now exists between plaintiff and defendants concerning the mission of the Koret Foundation, in that defendants are spending down the Koret Foundation by making large gifts outside its mission, whereas plaintiff is seeking to save the Koret Foundation and perpetuate Joseph Koret’s vision.

153. Plaintiff desires a judicial determination of the perpetual mission of the Koret Foundation, and its core objectives to serve the Jewish communities in the Bay Area and Israel and to help the poor and disadvantaged of the Bay Area.

154. Plaintiff also desires a judicial determination of her status as lifetime director and board Chair of the Koret Foundation and believes defendants may take steps to change that status, a designation that is beyond their power to repeal.

155. Plaintiff also seeks a declaration of the rights and the obligations of plaintiff and defendants under the Agreement, and rules of professional responsibility applicable to defendant Greene given conflicts of interest.

156. Without such declaratory relief, and restraint on defendants, the Koret Foundation may be injured and its assets that would otherwise benefit the Bay Area and Israel for generations will be wrongfully distributed and/or diverted to support defendant Taube or other charitable interests outside of these communities.

157. Injunctive relief is required to compel the individual defendants to cooperate and direct the Foundation to provide Mrs. Koret the full accounting required by the Fifth Cause of Action below, and to cooperate and provide Mrs. Koret the full rights of inspection as required by the Sixth Cause of Action below, and to correct the Foundation’s board minutes as alleged above at ¶¶ 118, 145.

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**FIFTH CAUSE OF ACTION  
(Accounting: All Defendants)**

158. Plaintiff realleges and incorporates the allegations of paragraphs 1 through 157, as though fully set forth herein.

159. A relationship exists between plaintiff and defendants that requires an accounting, and a balance is due to the Koret Foundation as the derivative plaintiff that can only be ascertained by an accounting.

160. The individual defendants have engaged in wrongful conduct alleged above, and the Foundation has been injured through diversion of Foundation funds in amounts that cannot be fully determined or made certain by calculation absent the relief of an accounting, in part because the accounts are so complicated that an ordinary legal action demanding a fixed sum is impracticable.

161. The nature of this accounting cause of action is a species of disclosure, due to plaintiff's inability to determine how what Foundation monies have been improperly used to benefit defendants.

162. The Koret Foundation and the individual defendants have information necessary to render a full accounting of the Foundation's injuries including personal expenses and sums spent on related party transactions. Mrs. Koret, as alleged above, has been prevented from obtaining this information and has been isolated and misinformed.

163. Enforcement, alone, of plaintiff's inspection rights as a director is insufficient due to defendants' continuing efforts to restrict her access to accurate information, and due to the nature in which the Foundation maintains its records which do not routinely or accurately identify personal and related party expenses.

164. Plaintiff seeks an accounting to determine the precise nature and amount of loss to the Foundation resulting from defendants' conduct, and to use that information to create safeguards so that future losses are curtailed.

Wherefore, plaintiff prays for relief as hereinafter set forth.

1 **SIXTH CAUSE OF ACTION**  
2 **(Inspection: The Koret Foundation)**

3 165. Plaintiff realleges and incorporates the allegations of paragraphs 1 through  
4 164, as though fully set forth herein.

5 166. Mrs. Koret is a lifetime director and the Koret Foundation board Chair.

6 167. Mrs. Koret has the absolute right to inspect and copy all books and records  
7 of the Foundation pursuant to California Corporations Code § 6334.

8 168. Her rights and duties of inspection have been frustrated and violated by  
9 defendants who have refused her access to Foundation records and have delayed and distorted their  
10 production to plaintiff without justification.

11 169. Mrs. Koret brings this cause of action to compel compliance with her  
12 statutory rights pursuant to California Corporations Code § 6337.

13 170. All defendants are joined to this cause of action to the extent injunctive  
14 relief is needed to provide the inspection required by law, and to the extent individual defendants  
15 or entities they are affiliated with possess records of or for the benefit of the Koret Foundation.

16 Wherefore, plaintiff prays for relief as follows:

17 **PRAYER**

18 Wherefore, plaintiff prays for judgment and relief against defendants for the benefit  
19 of the Koret Foundation:

20 1. For disqualification of defendant Greene as counsel to the Koret  
21 Foundation;

22 2. For specific performance of the parties' Agreement and injunctive relief that  
23 defendants do nothing to impede independent legal counsel being hired for the Koret Foundation,  
24 and the seating of new, disinterested and independent directors to the Foundation board;

25 3. For a full accounting of all personal and related party expenses paid by the  
26 Koret Foundation to benefit individual defendants over the past four years, and injunctive relief to  
27 accomplish the same;

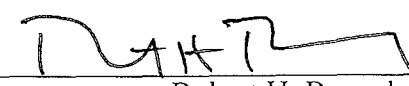
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- 4. For full and complete inspection of all Foundation records as required by law, and injunctive relief to accomplish the same;
- 5. For the removal of the individual defendants as directors of the Koret Foundation, and payment by such defendants of any attorney's fees and costs advanced by the Foundation in defense of this action;
- 6. For compensatory damages from defendants Taube and Greene to be paid to the Foundation for breach of fiduciary duty and breach of contract in a sum to be ascertained;
- 7. For injunctive relief preventing defendants from spending down the Foundation's assets or imperiling its perpetual existence;
- 8. For injunctive relief requiring correction of the Foundation's board minutes to document Mrs. Koret's concerns regarding corporate governance;
- 9. For a declaration (i) of the rights and obligations of the parties to the Agreement, (ii) confirming the perpetual nature of the Koret Foundation, and (iii) confirming Mrs. Koret's status as lifetime director and board Chair;
- 10. For attorney's fees and other litigation expenses to the extent allowed by law; and
- 11. For such other and further relief as the Court deems proper.

DATED: October 7, 2014

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