

U.S.-Cuba Trade and Economic Council, Inc.

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MEMBER MEMORANDUM- On 14 March 2005, Mr. John S. Kavulich II, president of the U.S.-Cuba Trade and Economic Council since 1994, submitted his resignation to the Board of Directors, which accepted the resignation. Mr. Kavulich's correspondence to the membership follows:

In 1993, I first proposed the creation of the U.S.-Cuba Trade and Economic Council to the government of the Republic of Cuba. In 1994, the organization was created in response to an increasing interest by representatives of United States companies to obtain commercial, economic, and political information about the Republic of Cuba, and an inability of the government of the Republic of Cuba to provide such information.

During the last eleven years, the organization has accomplished much on behalf of its members, whom have included some of the largest corporations to some of the smallest companies in the world. Many of these accomplishments also benefited non-members. The organization has not taken positions with respect to United States-Republic of Cuba political relations, as the membership determined that there was a requirement for an organization that could be a source of information and analysis for all interested parties- pro, con, and indifferent. Members would take positions on issues, while the organization would remain outside of the political debate. The organization never issued a media release.

No other not-for-profit organization within the United States has provided more information, without compensation, about the Republic of Cuba than has the U.S.-Cuba Trade and Economic Council. The organization has an educational mandate which is taken seriously.

In early 2003, I decided to resign as president of the U.S.-Cuba Trade and Economic Council, effective September 2003. Since 2002, I had struggled with maintaining interest, frustrated with conflict, heartfelt toward certain individuals. The connection was extinguished. Yet, I felt responsibility.

Then, in June 2003, my father unexpectedly became ill, and, in August 2003, he died. I postponed the resignation as I needed tasks to occupy my mind, keep me busy so as to focus less upon the loss of my father. I felt that by January 2004, I would be prepared to resign. Unfortunately, I was not healing and continued to require tasks. While assisting members, non-members, media, and officials of the federal, state, and local sectors, was cathartic, I cared less and less about what I was doing on a daily, weekly, and monthly basis. The ECONOMIC EYE ON CUBA® [EEOC] newsletter, which had been published each week with such pride, had become an immense chore, an obligation. For a decade, no matter where I was in the world, no matter whether I was ill, the EEOC would be published each Monday. I scaled back to biweekly, sometimes monthly, sometimes returning to weekly, depending upon events.

The U.S.-Cuba Trade and Economic Council neither accepted new members in 2004 nor accepted new members thus far in 2005. There is a waiting list. The organization has not provided membership dues renewal invoices to existing members. This decision did not impact upon the capabilities of the organization, but was a prudent measure given my planned departure.

For me, delivering balanced analysis was increasingly difficult, and the problem was, most importantly, apparent to members of the organization and to non-members, media, officials of the federal, state, and local sectors, and to individuals within the Republic of Cuba. In 2004, one company did not renew membership after expressing concern as to how I was implementing the mission of the organization.

I am frustrated with the government of the United States, the government of the Republic of Cuba, members of the United States Congress and their staffs, representatives of organizations, state and local officials, and with journalists. The importance of using accurate, consistent, and timely information is

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decreasing; integrity is less important; there are increasing instances of activities by, in my opinion, two-bit hustlers towards whom agencies of the United States government, the government of the Republic of Cuba, and media seem indifferent. I am angry and indifferent and this is impacting my performance. Media need be far more careful in determining who they quote- look at past statements for credibility.

I will hope that those individuals with the courage of their ignorance will come to appreciate that the ends should not always justify the means.

There were times when merely the challenge of an issue was enough to sustain my focus toward the Republic of Cuba. Throughout my tenure, I focused upon the Republic of Cuba seven days each week, and was called upon for assistance seven days each week. I was energized by the intellectual combat.

In reviewing eleven years, there are gratifying moments. Having the organization become a primary source for journalists was a testament to the work ethic of many- in the United States, in the Republic of Cuba, and in other countries. I have so enjoyed reading, listening, and watching the organization's (and, yes, my) name in newspapers and magazines and on radio and on television. There is satisfaction in having made a contribution. There is satisfaction in having earned credibility.

The Internet site of the organization (<http://www.cubatrade.org>) has provided immense value to individuals, companies, governments, and journalists from throughout the world. Always, most importantly, without cost to the consumer.

I am witnessing an increasing lack of ethics amongst some of the individuals involved in issues both in the United States and in the Republic of Cuba. Some in the United States and in the Republic of Cuba do not understand the requirements to manage a not-for-profit business organization. Some serve only to seek information and visibility only available to them because of their position in the organization, with a primarily goal of enhancing them financially. Others create interlocking relationships designed to benefit them financially. Ethics should matter.

Just because an organization exists does not and should not mean that the organization has credibility. An organization, and its leadership, must earn credibility- and credibility is based upon what information and analysis the organization provides. Companies and journalists need review carefully all actions and statements by the leadership of an organization before bestowing credibility upon the organization.

In my opinion, it is not appropriate for a director, officer, employee, or advisor of a not-for-profit organization to seek, provide, or direct revenue producing activity to an entity controlled or affiliated with a director, officer, employee, or advisor of the organization. Relevant agencies of the United States government, including the Internal Revenue Service, believe such activities (private benefits) inconsistent with not-for-profit purposes. The presidency of the U.S.-Cuba Trade and Economic Council is a non-compensated position and I neither provide Republic of Cuba-related consulting services nor have financial relationships with Republic of Cuba-related service providers.

In my opinion, it is unethical for a consultant focusing upon one country to at the same time be the primary officer/director of a not-for-profit organization focusing upon the same country. Information and access available to the president/officers/directors of a national business organization is often proprietary, competitive, and far more valuable than information provided to individual consultants. There is an inherent conflict of interest. There is a debasing of the legitimacy of the organization. Sadly, however, few seem to care. Media need be careful in determining who they source.

Information regarding conflict of interest and ethics issues relating to organizations focusing upon the Republic of Cuba will be available at <http://www.cubatrade.org>, the Internet site of the U.S.-Cuba Trade and Economic Council.

I shall cherish many of those individuals and companies with whom I have interacted, both in the United

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States and in the Republic of Cuba. They have faithfully supported me when, for some, such support has not been without cost.

Do I have opinion, analysis, and value yet to share, context yet to provide? Yes. I know not yet what, if any, forum is suitable. One of the determinants confirming that now is the time for me to depart the organization is the recognition that far more of my discussions with journalists have become off-the-record or on-background or not-for-attribution. While such discussions are an important component of the information gathering process, I am struggling mightily to constrain opinion. I continue to learn that experience breeds perspective.

The future of the U.S.-Cuba Trade and Economic Council? The organization remains funded and can continue. There is a question, however, as to whether there needs to be such an organization at this time-given the realities of the commercial, economic, and political relationship between the government of the United States and the government of the Republic of Cuba. What is needed more at this time- an organization that provides or an organization that promotes? My vote- the provision of information remains critical. Given the complexities of the United States-Republic of Cuba relationship, credibility is more necessary than popularity.

Regardless, the feasibility of the organization should not be based upon its ability to provide financial benefits to its officers and board of directors. That has not been the functionality of the U.S.-Cuba Trade and Economic Council, but it seems to be the primary objective of some other organizations involved with issues relating to the Republic of Cuba. Again, though, few seem to care about conflicts of interest.

I do know that my time with the organization is completed. Not nearly with the results I would have imagined, but nevertheless completed. I do not want to risk debasing further what I have worked tirelessly to construct since 1993. I have fought ferociously to protect the role of the organization- fearing not any confrontation, whether in the United States or in the Republic of Cuba. This effort has come with costs, both expected and unanticipated. With retrospect, I would alter little. A difference has been made.

My father's passing changed me profoundly. I discovered emptiness. Confronted guilt. Embraced change. Rediscovered the importance of friendship. My father was a happy man and a generous man. People would smile at the mention of his name. They still do. A man that people missed when he died. They still do. He made a difference. Quietly.

With his death, I have an opportunity to continue his legacy and, quite possibility, create one of my own, but in a world far removed from the one that I have thus far traveled. My father's business world has far more goodness, far more appreciation, far more meaning.

I want to be the son that I should have been while my father was alive. I want to work on relationships. I want him to be proud of me.

Far too often, second chances are not obtainable; and that may be the case here. I am determined to try. So, here I am. Time to move on... to move forward.