PHILADELPHA (January 23, 2007) – Independence Seaport Museum has filed suit in Massachusetts against John S. Carter, former President of the Museum, alleging misuse of the Museum assets by Carter and seeking damages. Mr. Carter was terminated as President in June 2006 after an extensive internal investigation revealed evidence of the misuse of Museum funds for the purchase or repair of vessels for Mr. Carter's personal benefit, the misappropriation of Museum assets, including vessels and artwork, the misuse of Museum credit cards and other personal expenditures charged to the Museum by Mr. Carter. The Museum has demanded the return of all Museum assets and reimbursement of all misappropriated funds as well as the cost of the investigation.

In addition to the lawsuit, the Museum has filed an insurance claim based on the same allegations as are set forth in the lawsuit. This claim is currently under review by the insurance carrier.

In connection with these matters, the Museum notified the appropriate governmental authorities and is cooperating fully with the government's investigation of these claims.

"The Independence Seaport Museum has come through a very difficult period, but we are on the mend," said Peter McCausland, Chairman of the governing Board of Port Wardens. "We are doing the right things to insure that the Museum reaches its full potential as a valuable contributor to the Delaware Valley community. Our recent efforts have been very well received by our many supporters, including those in the philanthropic community."

McCausland cited the following recent achievements by the Board and staff:

- In May 2006, an anonymous donor made **a $1 million endowment gift** to the Museum, one of the largest single gifts in the Museum's 46-year history. The same donor simultaneously made a $100,000 gift to support the 2006 operations of the Museum.

- In June 2006, consultant Nancy Moses, an expert in the business of non-profits, was retained to prepare **a situational analysis**, which she delivered at the Board of Port Wardens' September meeting. The Museum will follow this up with **an intensive organizational assessment** under the auspices of the **Philadelphia Cultural Management Initiative (PCMI)**. Since its inception in 2003, 22 non-profit organizations have benefited from PCMI's Organizational Assessment Program.

- Also in June 2006, the historic yacht, *Enticer*, which was built in Camden in 1935 and donated to the Museum, was sold **for $1.9 million**.

- In July 2006, Board members met with legal and financial experts to discuss "best practices" of the U.S. **Sarbanes-Oxley Act**, which established national standards for corporate governance.

- In September 2006, the Museum's Spruce Street residence was sold **for $2.15 million**.

- In November 2006, a new temporary exhibit, ***Women and the Sea***, produced in collaboration with Mystic Seaport and The Mariners' Museum, opened to a large crowd.

- In December 2006, **four new members joined the Board**: **Thomas F. Emlen**, a sailing and fishing enthusiast who has extensive professional experience in yachting and boat maintenance; **Peter H. Havens**, Chairman & Portfolio Manager of Baldwin Management, LLC, a private, independently owned firm that serves families, foundations, and non-profit institutions; **Richard Hayne**, President and Chairman of the Board of Urban Outfitters Inc., which has moved its headquarters to the former Philadelphia Navy Yard; and **Richard B. Worley**, a sailing and fly-fishing enthusiast, and Managing Partner, Permit Capital LLC, an investment management firm.

- During 2006, the Museum's invested funds grew from about **$7 million to $12 million**. A larger investment fund will generate higher earnings, which will help maintain and expand programs that serve scores of visitors each year, including 22,000 children, many of whom attend schools with scarce resources and few extracurricular activities.

- During 2006, total public and private funds raised by the Museum **increased by almost 190 percent** over the $1.2 million that was raised from all sources in 2005.

- In 2006, the Seaport Museum began work on a new 69-seat **Panoramic Theater** on the first floor, thanks to **a $400,000 grant from Governor Ed Rendell**. In partnership with the **Entertainment Technology Center at Carnegie Mellon University**, the Museum will produce a maritime film to be shown in the new theater when it opens in 2007.

- In 2006, prominent individuals and institutions supported the Museum. For example:

  H.F. (Gerry) Lenfest made a $100,000 gift to support Museum operations (<u>Nov. 2006</u>)
  PA Historical and Museum Commission awarded $84,235 to restore *USS Olympia*'s wheelhouse (<u>Oct. 2006</u>) and $67,500 for the Museum's operations (<u>Dec. 2006</u>).
  Philadelphia Cultural Management Initiative, supported by **The Pew Trusts,** awarded a $60,000 grant to hire a full-time Group Sales Manager (<u>Nov. 2006</u>).
  U.S. National Park Service awarded $22,500 for an oral history project (<u>Sept. 2006</u>).
  PNC Bank joined **The Hamilton Family Foundation** and **Brandywine Realty Trust** in supporting a scholarship program for disadvantaged Philadelphia schoolchildren to participate in the Seaport Museum's educational programs (<u>July 2006</u>).
  Albert M. Greenfield Foundation awarded a $50,000 grant to organize and conserve

historic maritime documents in the Museum's Library (<u>April 2006</u>).
1772 Foundation awarded $50,000 to restore the *Olympia*'s wheelhouse (<u>Feb. 2006</u>)

The Museum is currently conducting a search, with the assistance of Isaacson, Miller, a leading Boston based search firm, and anticipates hiring a new President in the next few months.

"We are thankful for the support and encouragement we are receiving from friends of the Seaport Museum during this difficult time," McCausland said. "We will continue to earn this support by doing the right things to make the Museum one of the premier maritime museums and an important part of Philadelphia's vibrant academic and cultural communities."

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