

Strandberg, John (NCRR)
From: Ramm, Louise (NCRR)
Sent: Monday, April 26, 1999 7:02 AM
To: Harper, Joellen (NCRR); Strandberg, John (NCRR)
Subject: FW: Coulston Fdn

John & Joellen, As you can see, Wendy is pleased about our road trip and especially the financial status report that you did, Joellen. I think we need to get together and figure the next step, especially where the short-term money might come from. Also, I'm sure glad that NCRR did not have anything to do with the endowments! Joellen, did the FDA contract person ever get back to you about the contact language concerning their endowments?

Also, I hope that Wendy gave Francine the other report so it's clear that we certainly did not see any animal abuse. John, along that line, could we find out about the final necropsy report on the 3 chimps that died several weeks ago? I'm concerned about the incomplete information that CF gave to Bobby and Denise. I'm assuming that Denise would get follow up information.

From: Baldwin, Wendy (OD)
Sent: Friday, April 23, 1999 10:17 PM
To: Beaven, Vida (OD); Ramm, Louise (NCRR); Sibal, Louis (OD)
Subject: RE: Coulston Fdn
Importance: High

this is very explosive...thank you Vida for your note...
 Louise is doing an excellent job, she led a very complex site visit to Coulston...we now have the best financial report that we have ever had re: the Fdn.
 I met with Dunn, undersec'y at Agriculture this week, re the actions they could/might take...
 I will be back monday and we can bring anyone else into the loop -- over the already large number -- and see if there is any new issue. thanks, wendy
 p.s. this meeting has been excellent, great attendance and very interactive; also the Brain Institute here looks super. see you next week...wendy

-----Original Message-----
From: Beaven, Vida (OD)
Sent: Friday, April 23, 1999 5:30 PM
To: Gray, Roz (OD); Little, Francine (OD)
Cc: Baldwin, Wendy (OD); Ittelag, Tony (OD)
Subject: RE: Coulston Fdn

I know; I agree.

-----Original Message-----
From: Gray, Roz (OD)
Sent: Friday, April 23, 1999 4:43 PM
To: Beaven, Vida (OD)
Subject: RE: Coulston Fdn

Is Tony Ittelag up to speed on this issue? I think this one has the potential to be a nasty oversight issue, particularly with the endowment funds apparently having been spent for other purposes. This could be another NIH management problem if they think we have not been diligent in our oversight of such contracts. We have been keeping Marc Smolonsky abreast of these developments.

-----Original Message-----
From: Beaven, Vida (OD)
Sent: Friday, April 23, 1999 4:25 PM
To: Little, Francine (OD)
Cc: Baldwin, Wendy (OD); Thomas, Anne (OD); Gray, Roz (OD)
Subject: RE: Coulston Fdn

Francine, this is a VERY explosive situation that Wendy has been tracking closely. Please talk to Wendy before you send the information to Hastert incase a cover note should go along.
Wendy, please coordinate with Francine.

-----Original Message-----

From: Little, Francine (OD)
Sent: Friday, April 23, 1999 3:53 PM
To: Varnus, Harold (OD)
Cc: Baldwin, Wendy (OD); Beaven, Vida (OD); Thomas, Anne (OD)
Subject: Coulston Fdn

Just to keep you in the loop, we have been asked to provide funding and a status of allegations of animal abuse against Coulston Fdn. for Cong. Hastert. We are collecting the information from relevant staff. Once the data is conveyed to Hastert's staff, we will try and find out what may be looming on the horizon.
thanks.

New Mexico 1999

March 8: OPRR letter to CF on concerns related to USDA complaints of February 9.

March 9: Letter from OPRR to Coulston responding to March 3 CF letter.

March 10: Coulston meets sequentially with USDA, OPRR and NCRR with varying stories.

March 12, 1999: Conversation with Ron DeHaven. Really serious concerns about CF. Animal welfare and financial stability, both long and short-term. Coulston reported putting \$6.8 million of his own money in the facility already.

March 16: Meeting of J Vaitukaitis, L Sibal, N Garnett, R. DeHaven, J. Harper, and J. Strandberg - See attached notes.

March 16: Lou Sibal reports that the AF transfer of chimpanzees to Coulston was completed by August 5, 1998.

March 17: Conversation with Lou Sibal. He reported that conversation with Phil Snoy revealed that the FDA contract with Coulston will run out at the end of the summer. Bob Purcell will become the PI of the NIAID contract. This fiscal year the NIAID contract was \$600,000 for 10 animals with use fees paid up front. The endowments are \$60,000-65,000 per animal. Steve Feinstone (FDA), a hepatitis C worker on the Chimp committee, applies to the NIH for grants. Sibal reported the fact that the AF did a thorough review of the Coulston financial data but could not release it due to prior agreements with Coulston. Coulston also had received money (? amount) from NYU in conjunction with the transfer of the LEMSIP chimpanzees.

March 18: L. Sibal and JDS met with AF contractor, April 5, 1999, April 5, 1999, Doug Jones, who turned over documents related to chimpanzee divestiture with the proviso that they not be released to the public, but that they could be given to other government agencies.

March 29: Phone call to Ali Javadian requesting information on status of chimpanzees. He expressed great concern about the situation noting lack of funds and loss of animal care staff because of inability to pay them.

Subsequent conversations with LR and JV determining need for a site visit.

March 31: Pat Foltz (UAB) (205-934-0790) called because she had received a call from Ali Javadian related to his concerns about the CF ability to care for the chimpanzees. Foltz has an NIAID grant which supports 10 Coulston chimps plus 4 which were transferred from LEMSIP. She also reported Javadian's recommendation to Coulston that Coulston step down as CF director. On my inquiry, Dr. Foltz reported that she had worked with, i.e., inoculated with AIDS related materials, 50-60 animals in the past at LEMSIP and that the majority of these animals had been transferred to the CF. Much of this was done with French money.

April 1: Phone call from Dr. Javadian (financial officer of CF since last October (505-434-1725)). Javadian had talked with Coulston last week. He said that he will not continue to cover the payroll, etc. Javadian reported the need for a plan. Coulston did not wish to address the issue. According to Javadian, there is, at maximum, support for a week from April 2 (i.e., April 9). Vendors are again not getting paid. The NCI and NIAID grants are not being renewed.

Javadian proposed to Coulston a short-term plan which would include an employee committee to solicit funds from private sources, reorganization of the Foundation, and to take advantage of the facilities for further program development. He noted that private sources of support have dried up because of the adverse publicity.

As note, Javadian has talked with Coulston. He feels that the 2 week period is critical and will be happy to provide documents, etc. "We can deal with Coulston's anger.

April 1: Copy of e-mail from the USDA to OPRR reporting the deaths of three chimpanzees at the CF. Necropsies were done by a histologist and the preliminary reports (MI on two of them) are not really credible.

April 1: Letter signed by JDS and L Ramm to Coulston asking for clarification of financial situation.

April 1: Conversation with Denise Sofranko (USDA - [REDACTED]) to arrange meeting in Alamogordo on April 6. She reiterated that the concerns she found at the Foundation included noncompliant housing, basically overcrowding and insufficient enrichment. The Foundation staff reported that the enrichment program was being done by a staff member, Tom Rice, who supposedly wrote the program with Dr. Katherine Bayne (now at AAALAC).

April 5: Telephone call from Ron DeHaven (USDA) reporting a call which he had received from Fred Coulston on Friday, April 2, in response to the letter which was sent (FAXed) by me and Louise the previous day. In this conversation (Ron has extensive notes) Coulston denied ever telling the USDA that the Foundation was in financial trouble despite the statements which Coulston had made to DeHaven on his D.C. visit in the presence of two attorneys.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health
National Center for
Research Resources
Bethesda, Maryland 20892

June 16, 1999

Frederick Coulston, Ph.D.
Chairman and Chief Executive Officer
Coulston Foundation
1300 La Veile Road
Alamogordo, New Mexico 88310

NCCR Grant Number: U42 RR 03582-12

Dear, Dr. Coulston:

[Financial information] of the Coulston Foundation,
NCCR has made a supplemental award to the cooperative agreement in support of the
Chimpanzee Biomedical Research Program. This supplemental award Financial
[Financial info] of the Foundation. However, NIH is not in a position to maintain this
level of funding for your organization. [Financial
] of the Foundation.

You ignored the request in our letter of May 18 that you make a stated commitment to the
development of a plan for the financial stability of the Foundation and the chimpanzee colony for
which you are responsible. The [
provided with your May 24 letter indicate that the Foundation [

[Financial] This plan must be
submitted to NCCR by August 1, 1999. In the meantime, we would like to arrange a meeting
with you, Dr. Javadian, and Dr. Couch to be held in July in Bethesda to discuss the elements of
this plan. We will contact you shortly to determine the date for this meeting.

In providing the supplemental funds, NCCR has imposed special terms and conditions of award
in accordance with HHS regulations at 45 CFR 74.14. The special award conditions are
provided as an attachment to this letter. In drawing funds from the Payment Management
System against the award, the Foundation indicates acceptance of these terms. If you or your
staff have any questions about any of the special requirements, feel free to contact us. We are
willing to work with you and other employees of the Foundation to provide technical assistance
to the extent possible. We also strongly recommend that you contact other comparable
chimpanzee facilities for advice on programmatic and business management matters.

The supplemental award issued to the Foundation on June 11, 1999, includes \$137,242 in
facilities and administrative (indirect) costs. NCCR expects that these funds will be used, in part,
to provide at least partial payment for the following urgent needs of your organization that were

Page 2 – Frederick Coulston, Ph.D.

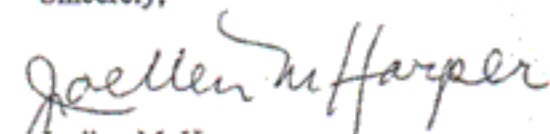
delineated in the letter from Sonia Otero of May 24. Direct support has not been provided for these items, since they represent costs that are incurred for common purposes of the organization as a whole that cannot be identified specifically with the NCRR award.

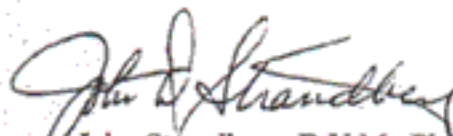
Outstanding
debts

Since we consider the to be of primary importance of those listed, we request that you provide written documentation to us once this repair has been completed.

If you have any questions, please feel free to contact Ms. Harper on 301/435-0844 or Dr. Strandberg on 301/435-0744. We look forward to your response and a continued dialogue as you strive to resolve the problems currently facing your organization.

Sincerely,


Joellen M. Harper
Director, Office of Grants Management


John Strandberg, D.V.M., Ph.D.
Director, Comparative Medicine

cc:

Dr. L. Ramm, NCRR
Dr. L. Sibal, Office of Extramural Research
Dr. R. Couch
Dr. A. Javadian

Enclosure



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health
National Center for
Research Resources
Bethesda, Maryland 20892

April 1, 1999

Frederick Coulston, Ph.D.
Chairman and Chief Executive Officer
Coulston Foundation
1300 La Velle Road
Alamogordo, NM 88310

Dear Dr. Coulston:

We were pleased to meet with you last month and to discuss the status of the chimpanzee colony at the Coulston Foundation. However, since that visit, we have had lengthy discussions with our colleagues at the U.S. Department of Agriculture (USDA) and the NIH Office for Protection from Research Risks (OPRR) over our mutual concerns about the activities at the CF as regards to the stability of the organization and its potential impact on the welfare of the animals. The descriptions provided to the three organizations on the stability of the chimpanzee colony at the Foundation were quite different. Since the NCRR has a considerable investment in the Chimpanzee Biomedical Research Program at the Foundation, we need clarification of several issues.

In conversation with us, you indicated that the financial condition of the Foundation was sound and that you were in the process of constructing facilities to move animals from the Air Force facility. This is apparently at odds with information provided to Dr. DeHaven at the USDA in which you indicated that the CF was having severe financial difficulties. Would you please resolve this contradiction and describe the status regarding the overall financial stability of the Foundation and the time frame for constructing animal housing facilities for all the chimpanzees at the La Velle Road site? It is important for us to be aware of any circumstances which might affect the colony animals supported by the National Center for Research Resources (NCRR) and the Public Health Service as well as of all the other animals at the Foundation.

We request information on these and any other pertinent issues related to our funded program at the Coulston Foundation by **Noon (Eastern Daylight Time), April 5.**

Sincerely,


Louise E. Ramm, Ph.D.


John Strandberg, D.V.M., Ph.D.

cc:
Dr. Couch
Dr. DeHaven
Dr. Garnett
Dr. Sibal

March 3, 1999

TO: Pat Abell
Office of Management Assessment

FROM: Deputy Director, NCRR

SUBJECT: Request for a Financial Assessment of NCRR's Grant to the Coulston Foundation (U42 RR03582-12)

Due to a number of recent concerns associated with the financial stability of the Coulston Foundation (CF), the National Center for Research Resources (NCRR) is requesting an assessment of the financial status of CF as it relates to NCRR's Cooperative Agreement with the CF, "Chimpanzee Biomedical Research Program" (U42 RR03582-12). The purpose of this grant is to maintain chimpanzees for biomedical research. Approximately one hundred chimpanzees are supported through this mechanism; however, the total number of chimpanzees at the CF is about 650. Some of these chimpanzees, not supported through the NCRR cooperative agreement, have been on NIH-supported protocols, primarily through contracts with both the National Cancer Institute (NCI) and the National Institute of Allergy and Infectious Diseases (NIAID) to provide chimpanzees for intramural scientists. The NCI contract has subsequently terminated and NIAID is currently considering a new contract.

We are making this request due to the following: there has been a continuous commentary on perceived problems at CF by animal rights activists; there has been a sudden reduction in the workforce at CF, with about ten percent of the staff leaving the organization; and there have been significant changes in the veterinary staff over a short period of time. At this point, it is unclear if these situations are related to financial difficulties at CF.

Our primary concern over possible financial difficulties at CF is the potential impact on the welfare of the animals. Recent investigations by the USDA have resulted in charges against CF for violations relating to the physical plant as well as non-compliance with veterinary care. Although CF subsequently responded to an Office of Protection from Research Risk's (OPRR) query about the veterinary staffing, OPRR placed the Animal Welfare Assurance for the CF into a restricted status. If CF is in financial difficulty and that is part of the reason for the reduction and changes in general and veterinary staffing, it may pose an imminent threat to the welfare of all of these animals, whether supported by the NIH or not. Also, it has just been brought to our attention that the Sacramento regional office of the United States Department of Agriculture (USDA) is planning a financial assessment of CF.

Since I have been tasked by Dr. Varmus to be the point person for the complex situation at the Coulston Foundation, I am asking that this request be expedited. NCR staff and I would like to meet with you or staff about this request. Thank you for your consideration.

Louise E. Ramm, Ph.D.

cc: Dr. Wendy Baldwin
Ms. Joellen Harper
Dr. Lou Sibal
Dr. John Strandberg
Dr. Judith Vaitukaitis