

February 7, 2000

State of New York Office of the Attorney General
The Capital
Albany, New York 12224
Attn: Matthew Barbaro, Esq.

Dear Matthew,

The following is our response to your letter of 18 October 1999. In that letter you raise three questions: Item 1: Filing of Assumed Name Certificate Pursuant to General Business Law (“GBL”) §130, Item 2: Truth-in-Lending (“TILA”) Disclosures under 15 USC §1601 at seq. and Regulation Z, 12 CFR Pt. 226, and Item 3: Substantiation of Advertising Claim.

Item 1: Filing of Assumed Name Certificate Pursuant to General Business Law (“GBL”) §130

We have, in the past, used the notation “A Division of” with respect to our advertising and promotional materials. However, our efforts in this regard may not have achieved 100% with respect to the proper notation on every document published. Thus, we are taking appropriate action to remedy the problem.

Before discussing our remedy, however, it is appropriate to point out that in every information packet the notation of “A Division of” has been present within, even though it did not appear on every enclosure. The point is that there has been no attempt on our part to conduct business under an assumed name without notifying the public as to the identity of the company and its divisions. Rather, our quality control in this regard may have, from time to time, caused information to be sent out without the proper notation; that quality control issue is now being addressed (See enclosed marketing materials marked exhibit 1.). You will note that all the information material in exhibit 1 displays the complete identity of the corporate entity. Even though we are now in conformance with GBL §130, we believe that your agency will continue to harass our companies.

Please consider that Item 1 in your 18 October 1999 letter, according to your own statements to Martin Prinner, Esq. in a conversation following your letter of 15 July 1999, was not based on a complaint. You stated in that conversation with Mr. Prinner that you had received only one telephone call questioning whether or not it was legal for The Haganan Guest House to accept insurance payments. Specifically, no one has complained or even questioned, other than you, our conformance to GBL §130. Because there was no basis for you to pursue our companies with respect to GBL §130, we must, minimally, question your motives. That is to say, that even if we do change all our documentation and advertising to include the corporate assumed name structure, at this juncture there is no assurance that you will stop your onerous questioning on this matter.

Therefore, we direct your attention to exhibit 2, *Form T339, Certificate of assumed name, corporation: 11-98*. Even though, to the best of our knowledge, we are now in **perfect conformance** with GBL §130, and considering that throughout the State of New York many corporations are not, and further those that are not will never be forced into conformance by your office, we deem it necessary to go beyond the requirements of GBL §130 to protect our companies from your continued McCarthyism type “investigation.” Based on the evidence presented in the aforementioned exhibits, we demand that you provide Baldwin Research Institute, Inc. closure on this matter in the form of written notification that you and your office are satisfied with the action taken by Baldwin Research Institute, Inc. to comply with GBL §130.

Item 2: Truth-in-Lending (“TILA”) Disclosures under 15 USC §1601 at seq. and Regulation Z, 12 CFR Pt. 226

Please consider that Item 2 in your 18 October 1999 letter, according to your own statements to Martin Prinner, Esq. in a conversation following your letter of 15 July 1999, was not based on a complaint. You stated in that conversation with Mr. Prinner that you had received only one telephone call questioning whether or not it was legal for The Haganan Guest House to accept insurance payments. Specifically, no one has complained or even questioned, other than you, our conformance to TILA. Because there was no basis for you to pursue our companies with respect to TILA, we must, minimally, question your motives.

Moreover, your continued concerns with respect to TILA are disturbing, inasmuch as we have provided you with our information sheet and a copy of our promissory note, which are, in fact, in conformance with TILA. After yet another careful review we have again concluded that our information sheet (See enclosed information sheet marked exhibit 3) meets all the TILA requirements. The format and content of our information sheet was developed using the format and content by banks throughout our market area. Additionally, Parson’s Software has in the past provided our promissory note*. Parson’s Software is a national company that provides contracts for all 50 states. They have advised us that their promissory note meets and surpasses all the requirements of Truth-in-Lending not only in the State of New York, but in all 50 states (See enclosed contract marked exhibit 4). Further, be advised that these promissory notes are not “retail sales contracts,” but promissory notes. It is our understanding that any party can enter into a promissory note with any other party for any legal reason, any number of times, and such promissory note(s) is/are not limited by New York State statute.

[Note *: On January 1, 2000 we began using a new promissory note provided by Martin Prinner, Esq. (See exhibit 5.)]

Thus and at this time, we are unable to determine what your complaint is with respect to either our information sheet or our promissory note. Nonetheless, if in your judgement our information sheet and/or our promissory note are not in conformance with TILA, as you understand same, then it is incumbent upon you to clarify the nature of your specific concerns. You may rest assured that if you do have legitimate issues with either our information sheet or our promissory note, we will immediately take appropriate steps to rectify the specifically identified problem(s).

Item 3: Substantiation of Advertising Claim.

Please consider that Item 3 in your 18 October 1999 letter, according to your own statements to Martin Prinner, Esq. in a conversation following your letter of 15 July 1999, was not based on a complaint. You stated in that conversation with Mr. Prinner that you had received only one telephone call questioning whether or not it was legal for The Haganan Guest House to accept insurance payments. Specifically, no one has complained or even questioned, other than you, our treatment doesn't work advertising campaign. Because there was no basis for you to pursue our companies with respect to our advertising, we must, minimally, again question your motives.

Your assertion "The issue of your clients' [meaning Baldwin Research Institute, Inc. and The Haganan Guest House] advertising...remains actively under investigation" is not new to us. I direct your attention to exhibit 6 (See enclosed letter exhibit 6.). You will note in the letter* that I make reference to an "investigation" being conducted by the New York State Office of Alcoholism and Substance Abuse Services. These McCarthyism tactics have been used again and again against our companies since 1992. We claim that your attention in this matter is not in the interest of truth-in-advertising but is a collusive effort against our companies with Alcoholics Anonymous, New York State Office of Alcoholism and Substance Abuse Services and the Roman Catholic Church. You may or may not be a knowing member of that conspiracy, nevertheless, the mechanics of that conspiracy initiated this "witch-hunt."

[Note*: The company and the program at that time were known as Tri-Key Group, Inc. and the Tri-Key Program, respectively. The defamation and McCarthyism was so devastating that we had to change the name of the company and program as a means to survive. The names were changed to Baldwin.]

Understand that we began our "Treatment Doesn't Work" advertising campaign in February 1999. By April 1999 our advertising had been reported on all three major television stations in the Capital District, was reported on many of the major radio stations in the area, and had been reported in the Daily Gazette, the Times Union, the Troy Record and the Amsterdam Recorder. The advertising itself had appeared in outdoor advertising, radio advertising, and newspaper advertising throughout the State of New York. Yet and during this time, a period of more than five months, there was no objection by anyone or any agency regarding our advertising. Moreover, we received hundreds of calls during that period from families of people with alcohol and drug problems, from alcoholics and drug addicts and from drug and alcohol counselors and professionals thanking us for "someone finally telling the truth." The point is that the public did not have a problem with our advertising, but for the most part applauded its honesty.

But then a sequence of events took place that had nothing to do with the "Treatment Doesn't Work" campaign but everything to do with our \$20,000,000 lawsuit against Alcoholics Anonymous World Services, Inc. Alcoholics Anonymous had been stalling this case for over two years. Finally, on 30 June 1999 our attorneys wrote Judge Lynch to set up a scheduling-conference, which he did. Alcoholics Anonymous was, of course, notified of the conference. As a result of that conference, on 6 July 1999 the Honorable Robert E Lynch, J.S.C.:

“Ordered, that pursuant to CPLR 316(3), the failure by the Defendant to comply with this Order within thirty (30) days of the date set forth below, shall result in the plaintiff’s Answer being stricken, a judgement being entered in favor of the Plaintiffs, and this action being set down for an assessment of damages.”

This order was recorded before 10:00AM **6 July 1999**.

Take note that the collusion between Alcoholics Anonymous and the New York State Office of Alcoholism and Substance Abuse Services to put our companies out of business had been going on for many years. I direct your attention to my 18 December 1997 letter to Ms. Jean Somers Miller, Commissioner, New York State Office of Alcoholism and Substance Abuse Services (See enclosed letter marked exhibit 7). In this letter, I make two important points: (1) the practice of using defamation and McCarthyism by OASAS to damage our companies had been an ongoing practice dating back to 1994 and before, and (2) OASAS’s defamatory statements have been consistent with those promulgated by Alcoholics Anonymous and are a result of a collusive relationship between Alcoholics Anonymous and New York State Office of Alcoholism and Substance Abuse Services.

On 13 January 1998 Julie Anne Rodak, Counsel for OASAS, responded to my letter of 18 December 1997. In that letter she states:

“...the Office of Alcoholism and Substance Abuse Services (OASAS) does not wish to put you out of business, nor do we wish to interfere with any lawful activity on your part.”

With this assurance, Arthur Pasquariello, Esq. arranged a meeting between OASAS and Baldwin Research Institute, Inc. during the summer of 1998. These meetings continued through the remainder of the year. The purpose of the meetings was to determine if there was a set of conditions under which The Hagaman Guest House, a Division of the Baldwin Research Institute, Inc., could be licensed by OASAS. After close inspection on the part of both organizations it was determined that The Hagaman Guest House did not provide services that were licensable by OASAS and further that Baldwin Research Institute, Inc. was not willing to change its program for licensing by OASAS. In November 1998 we communicated to Mr. Nicolas Colamaria, Bureau Director for Quality Assurance, OASAS, that we were grateful for having the opportunity to work with him and his staff during the course of 1998, but regrettably were unwilling to change our program simply to become classifiable, and therefore regulated (or subject to the regulation of) OASAS.

On 22 December 1998, Nicolas Colamaria responded to our letter expressing his disappointment and understanding with respect to our decision not to pursue a license from OASAS at that time. And, in the continued spirit of cooperation between the two organizations (specifically between N. Colamaria and myself) that prevailed throughout the 1998 meetings, Nicolas Colamaria wrote:

“In terms of your ongoing operation of the Hagaman Guest House, unless this Agency receives and confirms information to the contrary, based on this Agency’s previous findings and determinations concerning your provision of a didactic education program, as well as your assurances to this office, we will continue to view the Hagaman Guest House as being in conformance with applicable Mental Hygiene Law, in that it neither provides alcoholism and/or

We, of course, were grateful for OASAS's, specifically Mr. Nicolas Colamaria's, sense of fairness and his personal integrity. It is, however, of more than passing interest that the very same determination had been made years before by OASAS. On April 23, 1993, Raymond Conte and William Isaac of the Office of Alcoholism and Substance Abuse Services visited The Haganan Guest House to learn whether alcoholism services were being provided in order to determine if the facility needed certification as an alcoholism program. Mr. Conte and Mr. Isaac determined the following, which was conveyed to us in a letter from William LaChanski, then Bureau Director for Quality Assurance, OASAS:

“Based upon review of findings, it was determined that, at this time, Haganan Guest House is not providing any services subject to OASAS certification. We noted that in addition to providing sleeping accommodations, a didactic educational program based on the book Alcoholics Anonymous is also offered.”

For more than seven years the activities of The Haganan Guest House have been determined to be legal by OASAS and that the services offered by Baldwin Research Institute, Inc. and The Haganan Guest House fall outside the statutory jurisdiction of OASAS. That being true there would be no reason for any employee of OASAS to comment, advise, discuss or otherwise make any reference regarding the services offered by Baldwin Research Institute, Inc. and The Haganan Guest House to any other New York State Agency or for that matter any third party. Yet, throughout our entire eight-year history employees of OASAS and employees of local agencies funded by OASAS have defamed Baldwin Research Institute, Inc. and The Haganan Guest House and tortiously interfered with their businesses. For years and repeatedly, we have demanded that the commissioners of OASAS stop its employees from defaming Baldwin Research Institute, Inc., The Haganan Guest House and their employees and that OASAS employees refrain from interfering in Baldwin Research Institute, Inc.'s and The Haganan Guest House's business relationships. Still OASAS's tortious interference and defamation of Baldwin Research Institute, Inc., The Haganan Guest House and defamation of Baldwin Research Institute, Inc.'s and The Haganan Guest House's employees continues even today.

The point is that even though Baldwin Research Institute, Inc. and The Haganan Guest House have been legally reviewed and determined to be legitimate businesses, and even though Julie Anne Rodak, Counsel for OASAS, has repeatedly asserted that OASAS was not defaming our companies and employees, nor was OASAS tortiously interfering with our businesses, members of Alcoholics Anonymous and supporters of Alcoholics Anonymous in the employ of OASAS and local government agencies funded by OASAS have conspired to keep Baldwin Research Institute, Inc. and The Haganan Guest House from competing in a market in which it has had and does have a legal right to compete.

For the past eight years we have had to defend our companies and ourselves from defamatory attacks and tortious interference in our business relationships perpetrated by a conspiracy among Alcoholics Anonymous, OASAS and local agencies and programs funded by OASAS and the Roman Catholic Church (The Roman Catholic Church is the largest single provider of drug and alcohol rehabilitation programs in the US). In an effort to stop Alcoholics Anonymous from continuing its illegal campaign against our companies and employees, we initiated a \$20,000,000 lawsuit against Alcoholics Anonymous World Services, Inc. in April 1997. This lawsuit is currently in progress. For the past two years we have advised both OASAS and the Roman Catholic Church that if they and their employees did not stop defaming our companies and tortiously interfering with our business relationships then they, too, would be included in the existing suit or be sued in a separate action.

What all this has to do with the New York State Attorney General's Office and your current "investigation" of Baldwin Research Institute, Inc. and The Hagaman Guest House is just this: the New York State Attorney General's Office and you are now either knowing or unknowing participants in this ongoing conspiracy against our companies and employees.

You will recall earlier in this letter, on 6 July 1999 the court decided in our favor on a very important motion in our lawsuit against Alcoholics Anonymous World Services, Inc. On that same day Mr. James P. O'Hanlon*, Associate Commissioner of New York State Office of Alcoholism and Substance Abuse Services issued a "DIVISION OF PROGRAM OPERATIONS ADVISORY" (See enclosed letter marked exhibit 8.). It is significant that this "ADVISORY" was not confined to OASAS but was broadcast to Certified Providers, Local Designated Agencies, Local Governmental Units, Local Service Districts and County Probation Departments.

(*It is believed that Mr. O'Hanlon is, or has been, a member of Alcoholics Anonymous or that a family member of Mr. O'Hanlon is, or has been, a member of Alcoholics Anonymous or that a personal or business relationship of Mr. O'Hanlon is, or has been a member of Alcoholics Anonymous and that Mr. O'Hanlon's association with Alcoholics Anonymous was the cause of Mr. O'Hanlon illegally issuing an advisory to those organizations that control the treatment market in the State of New York regarding The Hagaman Guest House and Baldwin Research Institute, Inc. and that such advisory was defaming and tortiously interfered with their businesses.)

In the "ADVISORY" it informs the recipients "Please be advised that the following organizations are not certified by the New York State Office of Alcoholism and Substance Abuse Services (OASAS):

Hagaman Guest House
9 Church Street
Hagaman, New York 12086

Baldwin Research Institute
P.O. Box 700
Hagaman, New York 12086"

This advisory is certainly inconsistent with OASAS's findings that "we [meaning OASAS] will continue to view the Hagaman Guest House as being in conformance with applicable Mental Hygiene Law." Furthermore, it begs the question: has OASAS sent out advisories concerning other guest house operations? Or has OASAS sent out similar advisories with respect to Alcoholics Anonymous, a not-for-profit corporation headquartered in the State of New York that claims to provide treatment for alcoholism and is not certified by the New York State Office of Alcoholism

and Substance Abuse Services? And, if OASAS has not routinely issued such an advisory regarding Alcoholics Anonymous, a direct competitor of Baldwin Research Institute, Inc. and The Haganan Guest House, then OASAS's advisory regarding Baldwin Research Institute, Inc. and The Haganan Guest House is outside of OASAS's normal operating procedures and therefore is a direct, deliberate and planned tactic to damage Baldwin Research Institute, Inc. and The Haganan Guest House and to tortiously interfere with their businesses.

The following statement in OASAS's ADVISORY further supports this allegation. It directs organizations statewide that received the ADVISORY that, "Persons in need of alcoholism and/or substance abuse treatment services should not be referred to these organizations." There are several observations regarding this statement by OASAS that need to be challenged legally:

- (1) OASAS already determined on two separate occasions over a five-year period that Baldwin Research Institute, Inc. and The Haganan Guest House were operating legitimate businesses in conformance with New York State Laws and regulations. Directing 90%+ of the referral sources in the State of New York not to refer people to Baldwin Research Institute, Inc. and The Haganan Guest House is a flagrant abuse of the government's power. These referring organizations are either licensed by OASAS, have employees licensed by OASAS or are funded by OASAS. Based on OASAS's positions of power over these referring organizations, these referring organizations are not at liberty then to ignore OASAS's advisories and decide for themselves as to whether referring people to Baldwin Research Institute, Inc. and The Haganan Guest House is proper or improper. But even if they were at liberty to ignore OASAS's advisory, such action is unlikely in that more than 50% of OASAS's staff and substantial numbers of the employees of the recipients of the OASAS Advisory are now or have been members of Alcoholics Anonymous, a clandestine organization with an agenda to exert monopolistic control over the alcohol treatment industry. OASAS's Advisory, authored by OASAS employees connected with Alcoholics Anonymous, is consistent with Alcoholics Anonymous's monopolistic designs for the alcohol treatment industry.
- (2) OASAS already determined on two separate occasions over a five-year period that Baldwin Research Institute, Inc. and The Haganan Guest House were operating legitimate businesses in conformance with New York State Laws and regulations. OASAS directing 90%+ of the referral sources in the State of New York not to refer people to Baldwin Research Institute, Inc. and The Haganan Guest House is wielding monopolistic control of the market. OASAS already determined that Baldwin Research Institute, Inc. and The Haganan Guest House are legally providing educational services for people with drug and alcohol problems. Thus, denying consumers the choice of alternative, competitive services by controlling the referral sources in the State of New York and exerting of such control over the market solely on the basis of Alcoholics Anonymous and OASAS not wanting competition is monopolistic.
- (3) OASAS, Alcoholics Anonymous and the Attorney General's Office were

all aware for months of our advertising campaign that “Treatment Doesn’t Work.” During those months there were no complaints by the public; OASAS did not question our advertising; nor did the Attorney General’s Office notify us of any concerns. But on 6 July 1999 The Honorable Robert E Lynch, J.S.C signed an order against Alcoholics Anonymous. Later that same day the aforementioned OASAS ADVISORY was sent, an advisory that was intended to defame Baldwin Research Institute, Inc. and The Haganan Guest House and tortiously interfere with their respective businesses. This advisory was not an act to fulfill OASAS’s statutory responsibilities—this was an act to use governmental power to support a co-conspirator, Alcoholics Anonymous, by damaging Baldwin Research Institute, Inc.’s and The Haganan Guest House’s reputation and by inflicting financial damage.

- (4) But this conspiracy was not confined to just OASAS. Apparently a few days after 6 July 1999 and according to you, you (or your office) was contacted by a person who had attended a conventional drug and alcohol treatment program a few months prior to contacting your office. Further and according to you, this individual reported to your office that she had contacted The Haganan Guest House and inquired whether or not The Haganan Guest House accepted insurance as a form of payment. This individual claimed to your office that the person she spoke with at The Haganan Guest House advised her that The Haganan Guest House accepted insurance as a form of payment. There are several troublesome aspects about this report. First, why was this person calling in the first place? According to you she had remained sober since being in treatment a few months before, so she really had no reason to ask about our policies with respect to insurance; for that matter, she had no reason to call at all. The fact is that she had, and currently has, no legal basis for a complaint. The information she received, she did not, nor did she intend to, act upon, because she was not in need, at the time, of any of the educational services and insurance arrangements she was asking about. But had she acted upon the information she received from her call to The Haganan Guest House, she still would not have grounds for complaint. Insurance companies have, in the past, paid for the social/didactic educational program offered at The Haganan Guest House. There is nothing illegal about these transactions. If an insurance company or an HMO, for whatever reason, pays for an educational program, it is solely the business of those organizations. Thus, the complaint you acted upon was, in fact, a red herring. Additionally, this person who allegedly filed a complaint, if such a complaint was indeed filed, is a member of Alcoholics Anonymous. If, as you stated she was in a conventional treatment program, she would have been instructed to attend meetings of Alcoholic Anonymous, thereby making her a member. Did it not occur to the Attorney General’s Office that the one complaint from a member of Alcoholics Anonymous, an organization that our company is suing for \$20,000,000, might not be reliable? And, would you have us believe that the Attorney General’s Office initiates “investigations” on the basis of every single telephone complaint it receives? We think not. Furthermore, there is sufficient evidence to link your McCarthyism activities in this matter with the

defaming and tortious interference of our businesses by OASAS. Our original meeting with you was scheduled on 3 August 1999. The day following this originally scheduled meeting Mr. Prinner attended a conference at the Gideon Putnam in Saratoga Springs. An individual known to Mr. Prinner joined Mr. Prinner for lunch and inquired how Mr. Prinner's meeting went with the AG's Office the day before. Naturally, Mr. Prinner was quite surprised by the question. Mr. Prinner inquired of his acquaintance how it was that he came to know about the meeting with the Attorney General's Office. This fellow offered as an explanation that he is lead attorney for OASAS. OASAS's lead attorney's response raises the question: why would you be discussing a preliminary meeting of inquiry with OASAS or any other agency? The answer is that clearly you and OASAS were working together on this matter and OASAS's interest at that time was to damage our legal businesses and bar us from legally competing in a market that is monopolistically controlled by Alcoholics Anonymous, OASAS and the Roman Catholic Church. Thus, your interests must have been the same. This becomes an even more convincing argument when considered in light of the fact that two weeks later a friend and member of the Attorney General's Office called me on another matter. I naturally assumed he was calling about the investigation that you had initiated. This friend, who is in a position in the Attorney General's Office to have known about such investigations, knew nothing about your investigation. As a friend, I asked that we let the investigation run its course and that I would provide progress updates as appropriate. The purpose for telling you this is to raise the obvious question: Why would someone in your own office, someone who should know about such matters—not know, and someone in a completely different agency who really should not know—does know? This, then, brings us to yet another reasonable question: are you or any of your superiors or any member of your family or close friends a member or members of Alcoholics Anonymous? It certainly appears as though you or someone in your organization has aligned themselves or joined with the Alcoholics Anonymous/OASAS/Roman Catholic conspiracy to put Baldwin Research Institute, Inc. and The Hagaman Guest House out of business thereby protecting the conspirators' monopoly over the alcohol and drug treatment industry.

In the unlikely event that you are not part of the conspiracy, the preceding discussion may appear to you as just a series of coincidences and our assertion of a conspiracy, merely paranoia. Such a conclusion might be acceptable had these three organizations not entered into a conspiracy to deal with a totally unrelated matter which resulted in the death of a well known figure in the Albany area. In this particular matter, an employee of St. Peter's Hospital stole certain records of patients of the drug and alcohol treatment program. The employee, through a series of events and at that time, left the records with the person who is now deceased. The now deceased person, an ex-hospital executive knew that the records had been stolen and such thievery was in violation of federal law. He met with OASAS to encourage OASAS to protect the rights of the patients and to force St. Peter's to fix their problem. OASAS's response was to threaten this 78-year-old gentleman with jail and ruination of his lifetime reputation. He tried to fight them but because of his advanced years and the enormous pressure that the conspirators were able to inflict he was unable to endure. As an example of the pressure, according to him, Father Peter Young invited him to

lunch where Young explained that if the records were not returned immediately that it would be a sin against the church. This fellow being a devout Roman Catholic was devastated by this type of bullying and ended up in a mental ward with a nervous breakdown shortly thereafter. And although he had enjoyed good health as a retired senior, once this conspiracy against him among Alcoholics Anonymous, OASAS and the Roman Catholic began his health deteriorated rapidly. He died in early 1999. In the end the counselor (an active member of Alcoholics Anonymous) who had stolen the records moved from St. Peter's Hospital to a state run facility where she still has access to patient records. There were no sanctions against St. Peter's Hospital and there was no notification to the proper federal agency by OASAS as is required by law. We have a complete file of the incident as part of our evidence in our suit against Alcoholic Anonymous. Maybe he would have died at the time he did anyway—but then one would have to ignore the obvious “cause and effect” relationship between his declining health and the onset of the conspiracy. I suspect his family could make a very good case for wrongful death against the three conspirators.

Additionally, there is irrefutable evidence of Alcoholics Anonymous using government agencies to obstruct and to crush any attempt by individuals or organizations that try to compete. In Mexico for example, the competing organization's president was jailed and the organization's book inventory was confiscated and destroyed. The red herring that was used to destroy the competing organization by government agencies was copyright infringement. The flaw in the Mexican government's position was, and is, that there exists no legal copyright in the country of origin, the United States, of the document allegedly copyrighted in Mexico. Several organizations produce the same document in the United States, and Alcoholics Anonymous is unable to stop the production because Alcoholics Anonymous does not have an enforceable copyright in the United States. Thus, the Mexican producers of the document could have been copying the book *Alcoholics Anonymous* that is published by I.W.S. Inc. (1994) of Croton Falls, NY located here in the United States and not be in violation of Alcoholics Anonymous's claimed Mexican copyright held by Alcoholics Anonymous Mexico, if indeed, there can be a legal copyright, given the fact that the same information appears in the public domain in the United States. This very same tactic is currently being employed in Germany.

Neither of these cases began as legal actions. Initially members of Alcoholics Anonymous began smear campaigns against the individuals involved and the resulting organizations. When the defamation and tortious interference failed to stop the growing success of these new organizations Alcoholics Anonymous called on its members in government to initiate criminal charges against the new organizations and their respective leaders.

The only difference between the chronology of the Mexican and German situation and ours is that we sued Alcoholics Anonymous before they could move to using their government employed members to initiate trumped up criminal charges. As we have continued to pose a threat either as competition or whistle blowers, Alcoholics Anonymous has responded in a predictable pattern. Similar to the situation of the stolen patient records, the Mexican matter and the matter in Germany, Alcoholics Anonymous has used its members to intimidate, defame, harass, investigate, charge and prosecute its competition. You are either a pawn or a player. Either way, we have not yielded under the defamation, harassment and tortious interference during the past ten years and you should know that we certainly will not yield now.

Now as for your red herring of “truth in advertising,” I have included an article (Exhibit 9) by Stanton Peele, a psychologist and author of six books, as well as numerous popular and professional articles, on addiction and alcoholism. He is a fellow at the Lindesmith Center, a drug-policy foundation in New York City. In an article published in the March/April 1998 issue of *The Sciences*, Mr. Peele makes the following observations. “Gordis’s overoptimistic interpretation [that treatment works] notwithstanding, represents a public-relations triumph for the alcohol-treatment industry in America. But the blanket assurance that “treatment works” does precious little for most people who drink too much.... Deborah Dawson, an NIAAA epidemiologist, then analyzed interviews with 4,585 NLAES [National Longitudinal Alcohol Epidemiologic Survey – 1996] who at some time in their lives been alcohol dependent.” Dawson’s study conclusively showed that untreated alcoholics are approximately 2 times more likely to get sober and stay sober than alcoholics subjected to treatment. The study showed that no treatment is better than treatment. Seemingly this should be a problem for OASAS inasmuch as OASAS is spending more than a Billion Dollars of taxpayers money to achieve results that could be achieved without spending anything. If an actor in the private sector was doing the same thing, that private sector actor would be prosecuted for fraud.

Mr. Peele also reported on techniques that work. He reported: “Project MATCH (which stands for Matching Alcoholism Treatments to Client Heterogeneity) was not the first effort to assess alcoholism therapies; a team led by the psychologist William R. Miller of the University of New Mexico in Albuquerque has been examining many smaller such studies for two decades. In 1995 Miller and his colleagues rated forty-three kinds of treatment by combining the results of 211 controlled trials that had compared the effectiveness of a treatment [method] with either no treatment or with other alcoholism therapies. The treatment with by far the best overall score was ‘brief intervention’—followed by social-skills training and motivational enhancements...The Miller report described the standard treatment in the United States as ‘a milieu advocating a spiritual twelve-step (AA) philosophy, typically augmented with group psychotherapy, educational lectures and films, and ... general alcoholism counseling, often of a confrontational nature.’

Yet those same therapies ranked at the bottom of the Miller team’s list, with far less proof of their effectiveness than other treatments. The conclusion, then, is startling: The most frequently used therapies in American alcoholism treatment are those for which there is the least evidence of success.” The therapies that ranked at the bottom of Miller team’s list are the exact therapies licensed by OASAS. The therapies for which there is the least evidence of success are the exact therapies licensed by OASAS. Mr. Peele was being kind when he uses the phrase “least evidence of success.” The NIAAA Dawson Study showed that depriving alcoholics of the standard type treatment would actually improve their chances of recovery.

But these studies discussed by Mr. Peele are far from the only studies that have demonstrated that more people with alcohol problems recover without treatment than do those who receive treatment. I direct your attention to *Recovery from Alcohol Problems with and without Treatment: Prevalence in Two Population Surveys* by Linda C. Sobell, PhD, John A. Cunningham, PhD, and Mark B. Sobell, PhD (Exhibit 10). This is a published report presented in the *American Journal of Public Health*, July 1996, Vol. 86, No. 7. This report clearly demonstrates that more alcoholics recover without treatment than do those who receive treatment, at a rate of more than 3:1. To say that “treatment doesn’t work” according to this study, and many others, would be a gross understatement of the affect of treatment. Again and again the data is indicative

of treatment actually producing poorer results than no treatment. The conclusion then suggests that the type of treatment, such as that licensable from OASAS, may lessen the chances for alcoholics' to recover.

While this may seem a severe conclusion, I direct your attention to a quote from a report we are just now requesting. It states: "In the case of alcoholism, our whole treatment system, with its innumerable therapies, armies of therapists, large and expensive programs, endless conferences, innovation and public relations activities is founded on hunch, not evidence, and not on science...To determine whether a treatment accomplishes anything, we have to know how similar patients who have not received the treatment fare. Perhaps untreated patients do just as well. This would mean that the treatment does not influence outcome at all. Perhaps treated patients do worse: that is perhaps the treatment is really harmful in unexpected ways so that patients who are not treated get better more often. Perhaps even if the treatment is helpful, a little bit of it is just as useful as a lot of it." While this sounds like it came directly from Baldwin Research Institute, Inc., it did not. This is a report written by Dr. Enoch Gordis in 1987, *Accessible and Affordable Health Care for Alcoholism and Related Problems: Strategy for Cost Containment* published in the *Journal of Studies on Alcohol* 48:579, 1989. Dr. Gordis is the Director of NIAAA.

Even today Dr. Gordis, although less candid in his presentation, reports that treatment and no treatment achieve at least the same results and in most cases no treatment achieves better results. In *Alcohol Alert* a publication of the National Institute on Alcohol Abuse and Alcoholism, No. 43, April 1999, Dr. Gordis reports the following: Some studies conducted among alcohol-dependent patients have found that brief intervention is as effective as more expensive treatment approaches used in specialized alcohol treatment settings (8, 9,41,42). Edwards and colleagues (8) compared the effectiveness of one session giving brief advice to stop drinking with standard alcohol treatment among 100 alcohol-dependent men. ... One year later both groups reported a 40-percent decrease in alcohol related problems. After 2 years patients with less severe problems were more likely to report improvement if they received brief intervention than if they received intensive treatment. However, patients with more severe problems were more likely to report improvement if they received intensive treatment (43)."

While Dr. Gordis reported that "...patients with more severe problems were more likely to report improvement if they received intensive treatment," such an assertion is in direct conflict with the results of the NIAAA Dawson Study that reported: "For those whose drinking problems had emerged twenty years or more before, twice as many of the treated alcoholics as the untreated alcoholics were still abusing booze (20 percent versus 10 percent). Among the long-term group, fully 60 percent of the untreated subjects had reduced their drinking to the point where they had no diagnosable problem." It is important to remember that Dr. Gordis is not without bias in his more recent publications. After all his paycheck depends on there being a treatment industry. His turnabout from "treatment is potentially harmful" to "treatment works sometimes" certainly raises questions as to Dr. Gordis's integrity as a researcher. But this is not the only instance where Dr. Gordis's integrity is called into question. He spent \$27 million dollars of taxpayer's money to prove "treatment works" when it is matched up with patient characteristics; he proclaimed that his study, in fact, showed that matching treatment with patient characteristics improved treatment outcomes; but the truth willed out when independent researchers, including Baldwin Research Institute, Inc., evaluated Dr. Gordis's results (See exhibit 11, *New Section for Treatment Doesn't Work Report*

entitled *Analysis of the MATCH Study*).

Such proclamations of treatment success are common among biased researchers trying to prove that treatment works. In fact, these non-scientific proclamations are so common and so ludicrous that the scientific community is now publishing articles ridiculing these reports. I direct your attention to *An Invitation To Debate: How to have a high success rate in treatment: advice for evaluators of alcoholism programs* by William R. Miller (Department of Psychology, University of New Mexico) and Martha Sanchez-Craig (Addiction Research Foundation, Toronto, Ontario, Canada). This article appeared in *Addiction* (1996) 91(6), 779-785. The abstract reads as follows: "Two seasoned alcohol treatment researchers offer tongue-in-cheek advice to novice program evaluators faced with increasing pressure to show high success rates. Based on published examples, they advise: (1) choose only good prognosis cases to evaluate; (2) keep follow-up periods as short as possible; (3) avoid control and comparison groups; (4) choose measures carefully; (5) focus only on alcohol outcomes; (6) use liberal definitions of success; (7) rely solely on self-reporting and (8) always declare victory regardless of findings." While Miller and Sanchez-Craig's humor is not lost to us, the tragic truth they expose is not humorous. Alcoholics and drug addicts are dying every day because of studies that are published proclaiming that treatment works when, in fact, everyone in the treatment industry knows that it doesn't.

To compensate for this lack of success, officials in the treatment industry are now trying to claim techniques that are not treatment are now considered treatment. For example, in the Match Study and other information published by NIAAA, NIAAA now refers to brief intervention as a form of "treatment." In *Alcohol Alert*, No. 43, April 1999, Dr. Gordis states: "The finding that brief intervention can be an effective means of intervening in alcohol problems adds an important tool to the clinicians repertoire of treatment options." Suggesting that brief intervention is a type of treatment is simply absurd. While Dr. Gordis and others want to extend the term "brief intervention" to include up to four professional counseling sessions or more, such a definition is inconsistent with the meaning of the term brief intervention. Moreover, there is no evidence that professional counselors are any more successful administering brief interventions than virtually anyone else is.

Consider the study conducted by the Kansas City Veterans Administration Medical Center. "At the end of one year here's how the three groups compared: (1) No treatment: thirty-seven of fifty alcoholics were still drinking (76 percent failure rate). (2) Antabuse only: thirty-nine of forty-nine were still drinking (80 percent failure rate). (3) Full treatment services: Thirty-nine out of forty-nine were still drinking (80 percent failure rate)...Inexplicably, the alcoholics who got no treatment at all did slightly better than those in either of the other groups" (Joan Mathews Larson, PhD, *Seven Weeks To Sobriety*, page 16). In this study, the group with no intervention beyond a normal doctor's appointment once a month did better than all the treatment that could be brought to bear. Brief intervention and no intervention have been shown to be just as effective and often more effective than any type of professional treatment.

Study after study, expert after expert agrees that no treatment produces equal (or better) results than any of the current treatments. If the studies cited here dealt with any subject other than drug and alcohol treatment and where the data so overwhelmingly demonstrated that the untreated group (control group) achieved equal (or better) results than the treated group (test group), there

would be no controversy as to whether or not the treatment worked—clearly if it was anything other than drug and alcohol treatment, it would be considered fraudulent to advertise that such treatment worked.

In the *NIAAA 25th anniversary: advances in the neuroscience of alcohol*. Gordis E - Alcohol Clin Exp Res - 1996 Nov; 20 (8 Suppl): 38A-44A, Dr. Gordis identifies the current sad state of affairs and makes a case for exactly the driving force of Baldwin Research Institute, Inc. Dr. Gordis states: “We also have historical baggage in our field - the tremendous profusion of slogans and exaggerated claims for the efficacy of treatment over the years which are simply false and which are now coming home to roost. There are two unspoken principles that underlie constituency activity in every other area of health. The first principle is that *all treatment is provisional*. Today's treatment is the best we can do today; hopefully, tomorrow's will be better. No treatment is sacred and shielded from criticism. The second assumption is that *better treatment will come from research*. These unspoken assumptions of most every other health constituency are not yet part of the lay culture in alcoholism....For one thing the public really does understand the limitations of treatment and no longer believes the exaggerated claims entirely...There are unique obstacles, however, which the treatment community has and faces in becoming a member of this public alliance for research. First of all, the treatment community is under financial siege. Because of managed care, many programs do not know if they actually will survive, consequently, it is hard for many in the treatment world to muster the energy and time for longer-term goals that do not seem of immediate importance. Some of it is ideological; Bill Wilson wrote the book on AA in 1935 and some people believe that nothing needs to be added. But alcoholism is not the only area where there is inertia in adopting new treatments; in every branch of medicine, new therapy has to wait before the physicians respond to the research findings. Maybe there is a bit of virtue in that conservatism but in our field it has really slowed things down. Decisive new therapies also can be perceived as possible economic threats...”

Certainly Baldwin Research Institute, Inc. reporting the truth to the public about drug and alcohol treatment not working is an economic threat to treatment programs. Furthermore publicly reporting that treatment doesn't work is an economic threat to OASAS whose entire existence is dependent on the drug and alcohol treatment community. And it is a direct economic threat to Alcoholics Anonymous, who derives the bulk of its revenue and members from the treatment community.

Notwithstanding, Baldwin Research Institute, Inc.'s real economic threat to these organizations, Baldwin Research Institute, Inc. is also offering competing organizations and the public a real solution. Changing current treatment programs to alternative programs based on research and to programs that have produced results better than the control group results is the exact point that Dr. Gordis is making. Our data is so conclusive that we invited OASAS (in writing) to assign a researcher or observer to our facility for one year during which time the research or observer would become an integral part of the research effort. OASAS, to date, has declined.

With respect to our research, I have included a draft copy of *Treatment Doesn't Work*. You, no doubt, will be tempted to reject our report on the basis that it is not of a nature that you would consider “competent and reliable scientific evidence.” This sort of rhetoric is always employed by existing paradigms to reject new paradigms resulting from “out-of-the-box”

researchers.

Your temptation to make qualitative judgements as to the competency and reliability of our work or the work of other researchers who we chose to present raises two serious questions. First, who is going to determine what is or is not “competent” and what is or is not “reliable scientific evidence?” Certainly you are not in a position to serve as an *expert* in such an evaluation. There are, however, individuals who could qualify as experts in such matters and who are in the employ of the AG’s Office. Unfortunate for you, these experts agree with our findings that, indeed, treatment doesn’t work. Second, by what standard is the analysis of competency and reliability going to be judged. If the standard emanates from proponents of the existing paradigm, proponents such as OASAS and other government agencies in the “business” of alcohol and drug treatment, these proponents are not impartial. Moreover, proponents of the current paradigm including OASAS and the NIAAA have proven to be unable to conduct even the simplest of scientific studies (See analysis of OASAS Study in *Treatment Doesn’t Work Report* and *Analysis of the Match Study*).

Nevertheless as you and the AG’s Office step on this slippery slope keep in mind that out-of-the-box researchers have never been able to qualify, by government standards, as either reliable or competent. By government standards, Edison could not have qualified as an expert in electricity; Ford could not have qualified as an automotive expert, Einstein could not have qualified as a physicist, the Wright’s could not have qualified as aviation experts, Fuller could not have qualify as an architect, and Copernicus and Galileo did not qualify as astronomers. The point is that out-of-the-box or more accurately stated “out-of-the-current-paradigm” thinkers are all blasphemers, heretics and eccentrics until the downfall of the old thinking and the acceptance of the new, more true, paradigm. But the crux of this matter is not whether our research or the research of those we recite is or is not competent and/or reliable. The issue at hand is whether or not we have a right to say publicly “Treatment Doesn’t Work,” without permission from the government.

I, personally, went to drug and alcohol treatment and it didn’t work. All those who are directly connected to Baldwin Research Institute, Inc. had the very same experience. That is they, too, went to drug and alcohol treatment and it didn’t work. We do not owe you, the AG’s Office, the State of New York or any other government agency any further explanation other than those simple truths. The governments’ agencies, OASAS and NIAAA, say “treatment works.” Our personal experience directly conflicts with the governments’ propaganda that “treatment works.” Thus, we have a right and a duty to inform the public that the government is wrong. In this country we have a right to publicly disagree with our government without governmental interference. Our ads have only expressed a dissenting point of view with governmental claims that “treatment works.” We have no obligation to prove our point of view. You are, by the very nature of your investigation, trampling on our First Amendment Rights. Moreover, you knew before you even began this investigation that your position was, in fact, in violation of the First Amendment Right to free speech.

Thus, we assert that your entire investigation resulted from the Alcoholics Anonymous, OASAS and Roman Catholic Church collusive efforts to destroy our businesses by harassment, defamation, tortious interference, monopolistic control and misuse of governmental powers. Be advised that we will not yield our cause that is so desperately needed by alcoholics and drug addicts.

Like bloodletting of old, the treatments promulgated by OASAS and NIAAA are hurting and sometimes killing the very people that they are supposed to be helping. We will not stop our efforts until every drug and alcohol treatment facility throughout the country is shut down forever or until these facilities change their programs to programs that work.

Finally, if you continue with this investigation, that is, you do not provide us with a written conformation that your investigation is officially closed, we will forthwith initiate a legal remedy to force the Attorney General of New York State to stop its McCarthyism tactics in this matter and seek to recover damages caused by this onerous investigation.

Sincerely,

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