

I write to address the two allegations made by Mr. Moore in his email to the TCFE community dated March 3, 2019: (1) that an unnamed employee allegedly directed \$198,020 of temporarily restricted funds without board authorization or approval, and (2) that the same unnamed employee conducted a benefit for a community member without the authorization or approval of the board of directors of the Traverse City Film Festival.

While I appreciate Mr. Moore's cagey reference to an "unnamed employee," it is clear, based on his statements, that the unnamed employee is me. Mr. Moore's allegation that \$198,020 of temporarily restricted funds were used by me in my position as the former Executive Director of the Traverse City Film Festival is correct. The funds were used to pay TCFE's bills because the TCFE was faced with a budget shortfall and general lack of funds in 2017.

It is my understanding that Mr. Moore and Kathleen Glynn donated \$200,000 to the TCFE in 2014 as a part of their divorce settlement. Though in press releases Mr. Moore described the donated amount as \$250,000, TCFE only received a \$200,000 donation as of the date of my termination by Mr. Moore in late December 2017. Mr. Moore allegedly earmarked the funds to be used for three program initiatives: Mike's Movie Night, the State Theater Project, and distributing films. I use the term "allegedly" because -- while Mr. Moore did unilaterally declare his intentions to use the funds to promote his pet projects during the 2016 board of directors meeting -- the terms of the donation were never put in writing, TCFE never signed a restricted donation agreement with Mr. Moore or Kathleen Glynn, and the board of directors never voted to approve terms of use for the donation.

I was instructed to earmark this \$200,000 donation for actions that, in my opinion, would provide both personal and financial benefit to Mr. Moore, and which therefore constitute a conflict of interest. Nevertheless, between 2014 and 2017, over \$200,000 was spent by the TCFE on these projects, including tests for Mike's Movie Night during the TCFE, staff time developing the State Theatre Project and assisting theaters around the US, and, most significantly, TCFE's distribution of Michael Moore's 2016 film, MICHAEL MOORE IN TRUMPLAND -- a conflict of interest that was never brought before the board.

Unfortunately, in 2017, the TCFE experienced a budget shortfall, as it did almost every year since its founding in 2005, despite Mr. Moore's protestations to the contrary. In 2017, circumstances were so severe that I, as Executive Director, made the decision to temporarily direct the use of these funds to ensure that our programs and regular operations could continue and so that we could continue to employ our staff. Meanwhile, I undertook fundraising activities to replace the funds for Mr. Moore's use by year end. Although I was well aware of Mr. Moore's personal wishes, the use of those funds to pay TCFE bills was not a violation of TCFE policy or procedure, and I stand by my decision.

Mr. Moore was informed of how these funds were spent and the plans to replace the funds in December of 2017. Contrary to the allegations Mr. Moore has made in the press, there is no

confusion as to what happened. TCFE was out of money and I did what I had to do as Executive Director to keep it alive. I was terminated from my employment as a result of this disagreement with Mr. Moore. He then made a unilateral decision to hide the facts from the public, and distributed a press release telling a story about my voluntary departure, including a quote that he wrote for me.

Mr. Moore's second comment, that the same unnamed employee conducted a benefit for a community member without the authorization or approval of the TCFE board, is demonstrably false. The benefit in question was a request for donations for the family of Lars Kelto following his sudden death on June 4, 2017. Mr. Kelto had been a TCFE volunteer since January 2006, he was an IT contractor for the State Theater and the TCFE for many years, and he created the trailer for Mr. Moore's film MICHAEL MOORE IN TRUMPLAND. I personally spoke to Mr. Moore, the President of the TCFE Board of Directors, very shortly after the death of Mr. Kelto, and requested that TCFE provide a way for the community to make donations for the Kelto family. He approved this request, saying, "Of course." He then sent an email to TCFE supporters and TCFE board members on July 8, 2017 containing a link to make donations to the Kelto family. All of the donations received on behalf of the Kelto family were provided to the Kelto family. At no time during this public effort did any member of the board of directors express reservation or concern.

I took my role as Executive Director of the Traverse City Film Festival and its important place in our community very seriously, and I have no wish to harm the reputation of the festival. However, I also take my personal and professional reputation very seriously. Therefore I am consulting with my legal team to determine whether Mr. Moore's statements on behalf of himself and the TCFE are actionable defamation for which a legal remedy is appropriate. If such legal remedy is necessary, I look forward to disclosing the truth of what happened in 2016 and 2017 in a forum in which all of the facts may come to light, including the way the TCFE board of directors functioned prior to my departure, and Mr. Moore's role in that system of operation.

Deb Lake