



LNC Meeting Minutes, August 6-7, 2005, Kansas City, MO

To: Libertarian National Committee
From: Bob Sullentrup
CC: Shane Cory, Sam New
Date: 3/28/2006

Current Status: **Automatically approved on November 2**

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These minutes due out in 30 days:	September 6
Comments due in 45 days:	September 21
Revision released (latest) 14 days prior:	October 30*
Barring objection, minutes official 10 days prior:	November 2*

*** Relative to November 12 Baltimore Meeting**

The meeting commenced at 8:35am on August 6, 2005.

Attendance and Credentials

Attending the August 6-7, 2005 LNC meeting in Kansas City, MO were:

Officers: Michael Dixon, Lee Wrights, Mark Nelson, Bob Sullentrup

At-Large Representatives: BetteRose Ryan, Rick McGinnis, Admiral Michael Colley, Mark Rutherford, Bill Redpath

Regional Representatives: Dr. Jim Lark, George Squyres, Dena Bruedigam, Ed Hoch, Aaron Starr, M Carling

Regional Alternates: Tony Ryan, Emily Salvette, Tim Hagan, Chuck Moulton, Trevor Southerland

Acting office manager and Communications Director Shane Cory.

Regional representatives Michael Gilson deLemos (aka MG), Jeremy Keil, and Dan Karlan were not in attendance.

Also attending were Sean Haugh, Sam New, Rob Hodgkinson and Dave Owens.

Moment of Reflection

Chair Michael Dixon called for a moment of reflection, a practice at LNC meetings.

Public Comment

Rob Hodgkinson, the Kansas chair, addressed the group and noted his state's opposition to the dues increase, stating it was "not in Kansas's best interest" and recommended the group rescind its action.

In addition, Rob noted Kansas could benefit through candidate training. He saluted the Libertarian State Leadership Alliance, but noted the need for additional opportunities.

Rob reminded the group of the outreach dinner scheduled for that evening. Jerry Agar, a local KC talk show host, and Michael Badnarik were slated as speakers.

Jim Lark moved to recognize the fine work of Rob Hodgkinson and others in the KC area who helped promote liberty, most recently in his visit to Lawrence, KS the day before to promote campus activism.

Finally, the group recognized Dave Owens, a newly elected Libertarian mayor from Landenberg, PA.

Credentials Report

Secretary Bob Sullentrop confirmed the attendance of the members and alternates.

For completeness, the following table lists the composition of the current LNC as accepted at the May 31, 2004 meeting, and as subsequently amended. Most recently, Chris Farris, previously the Alternate from Region 4, has resigned. Trevor Southerland has replaced him.

Earlier, Mark Whitney replaced Mark Hinkle as Region 2, first alternate.

Former Executive Director Joe Seehusen resigned on July 25, 2005. His last working day was August 5.

Region	Affiliates	Representative	Alternate
Region 1, East	Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, New York, Connecticut, New Jersey	Dan Karlan, New Jersey	Mark Cenci, Maine
Region 1, West	Alaska, Washington, Montana, Wyoming, Idaho, Colorado	Ed Hoch, Alaska	1 st : Joseph Thompson Colorado 2 nd : Mike Fellows Montana
Region 2	California, Oregon, Hawaii	Aaron Starr, California M Carling, California	1 st : Scott Lieberman California 2 nd : Richard Burke

Region	Affiliates	Representative	Alternate
			Oregon
Region 3	Indiana, Michigan, Ohio, Kentucky	Dena Bruedigam, Ohio	Emily Salvette Michigan
Region 4	Georgia, Florida, Alabama, Mississippi, Tennessee, North Carolina, South Carolina	Michael Gilson deLemos, Florida	Trevor Southerland Tennessee
Region 5 West	Wisconsin, Illinois, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska Kansas	Jeremy Keil, Wisconsin	Tony Ryan, South Dakota
Region 5 East	Virginia, Maryland, Delaware, West Virginia, District of Columbia, Pennsylvania	Jim Lark, Virginia	Chuck Moulton Pennsylvania
Region 6	Nevada, Texas, New Mexico, Arizona, Utah, Oklahoma	George Squyres, Arizona	Tim Hagan, Nevada

Report of Potential Conflicts of Interest

No conflicts of interest were reported since the last meeting in Dallas, TX.

Paperwork Check

Chair Michael Dixon reviewed the items in the binders.

- Bob Sullentrup noted the minutes in the binder were not the most current. However, every LNC member has received electronically the latest, final and approved version.

Approval of the Agenda

The agenda Michael distributed at the meeting was amended as follows:

- M Carling recommended we remove the policy manual discussion from the agenda
- The strategic planning review was confirmed as still being scheduled for Sunday

The group accepted the agenda as amended.

Officer Reports

Chair's Report

Chair Michael Dixon began his report noting Joe Seehusen's contributions over his term:

- Joe led the Party out of its dire financial situation

- Joe presided when the Party underwent significant changes moving toward younger staff and non-party staff

Michael thanked Joe for his years of service.

Michael also noted transfers are in the works, most notably regarding banking arrangements.

Looking forward, Michael noted Shane Cory's significant contributions. Shane was hired for many reasons, including his potential for leadership. That leadership is now bearing fruit in the exact time when it is needed most.

Michael also noted he was disturbed to find reports marked 'confidential' left in the meeting room in Dallas after members had departed for the airport. Michael reminded the group of its obligation to keep confidential matters and materials strictly confidential.

Shane Cory set up an opportunity for Michael to appear on the Allen Colmes radio show. While it was a great opportunity to present Libertarian ideas to the general public at a time when America desperately needs it, the first caller, a Libertarian, marred the event. The Austin caller, Terry Liberty Parker, claimed Michael Dixon, the Party chair, had no business speaking for the Party. Instead, it was activists like him who represented the true essence of the Party. The call derailed, at least temporarily, the message to the public by introducing intra-party issues in a public forum.

Michael received many comments both positive and negative from the Exit Strategy white paper. LNC questions and discussion centered on the white paper including "why was it issued at all?"

The November 12-13 LNC meeting will be in Baltimore at the Embassy Suites. The rate is \$99/night and includes breakfast. Baltimore has light rail to get downtown.

Treasurer's Report

Mark Nelson's treasurer's report is attached as Appendix A.

Mark began by noting the LP's finances are better today than when former Executive Director Joe Seehusen started his term.

It is Mark's assessment that we find ourselves 'chasing membership' with too many fundraising letters generating more gross dollars, but at higher costs. We are sending letters to recipients who are not productive in terms of revenue generation. In the future, we should focus upon gauging dollars returned from our mailings versus dollars spent.

Mark made many suggestions in his report (Appendix A) ranging from accounting management, to the 2006 Convention to fundraising.

His two most important suggestions are in the areas of fundraising and dues:

- Consider ceasing the activities of the newly created congressional committee to limit competition to our core fundraising.
- Discontinue all plans for changes to the dues structure, including the already approved \$50 dues increase and the proposed \$0 dues program, to limit our risks.

Mark then distributed certain documents, and LNC entered executive session.

Secretary's Report

Bob Sullentrup moved to change the Policy Manual. He wished to provide a means of promoting draft meeting minutes for conference calls to official status in an orderly manner. The proposal also removed what Bob had (self-admittedly mistakenly) perceived to be micro-management of content.

Article III, Section 2, Position Description National Secretary would now read:

Section 2: POSITION DESCRIPTION OF NATIONAL SECRETARY

- A. The Secretary shall take minutes of all LNC meetings. Draft minutes ~~<INSERT> for LNC meetings scheduled as face-to-face meetings involving travel to a single site <END INSERT>~~ shall be mailed or e-mailed to all LNC members not more than 30 days after each meeting. ~~<INSERT> Draft minutes for conference calls (or meetings by video conference or other technology that permits remote access) shall be mailed or e-mailed to all LNC members not more than 10 days after each meeting <END INSERT>~~
<REMOVE> ~~Such minutes shall be comprised of only:~~

- ~~1. credentials check and attendees~~
- ~~2. submission of conflict of interest~~
- ~~3. final and proposed agenda~~
- ~~4. the full text of all motions including all amendments and votes~~
- ~~5. starting and ending times for sessions~~

~~The Secretary shall also include a brief synopsis of debates and discussions concerning all motions, amendments, and subsequent votes.~~

<END REMOVE>

- B. Promotion of minutes from draft to official between meetings.

Meeting minutes ~~<INSERT> for face-to-face LNC meetings <END INSERT>~~ may be promoted from draft status to official during the time between LNC meetings as follows:

Whenever successive LNC meetings, excluding conference calls, are scheduled more than 70 days apart, attendees may submit corrections, clarifications and changes to the draft minutes for the Secretary's consideration within 45 days of the meeting. The Secretary shall distribute an updated version of the draft minutes not later than 14 days prior to the subsequent meeting which reflects the content the Secretary deems appropriate.

The updated version shall be deemed official if no LNC member challenges the content to the Secretary before 10 days in advance of the next meeting. These provisions are void if the Secretary fails to distribute the draft minutes within 30 days after the initial meeting, or fails to distribute an updated version as described above.

(continued)

<INSERT>

C. Promotion of meeting minutes for conference calls from draft to official.

Meeting minutes for conference calls may be promoted from draft status to official as follows:

Assuming the Secretary mails or e-mails minutes from a conference call within 10 days of the conference call to LNC members as prescribed above, members shall have until 15 days after the conference call to submit requests to the Secretary for changes, alterations and corrections to the minutes.

If the Secretary then resubmits a version to the LNC by 20 days after the conference call, that version shall be deemed official on the 27th day following the conference call if neither the Secretary nor Chair receives any objection from any member of the LNC.

These provisions are void if the Secretary fails to distribute an initial version within 10 days.

In the event these provisions fail to produce official minutes for conference calls, the following face-to-face LNC meeting will address the minutes in question.

<END INSERT>

After some discussion, and after a request from Dr. Lark for more time to study the proposal, Bob withdrew the motion and will reintroduce it at a later time, perhaps Sunday. (As it happens, it did resurface.)

Employee Performance and Compensation Committee (EPCC)

Admiral Colley noted he and his committee colleagues are doing the following:

- Conducting review of Executive Directory Position Description in the Policy Manual
- Considering modification of Executive Director performance evaluation system
- Looking at various options to make the Executive Director bonus plan a more effective incentive; also involve more specific metrics for bonus evaluation

LNC members with suggestions should contact the Admiral.

In addition, the search for a new Executive Director has started. Admiral Colley is accepting proposals from professional executive search recruiters, but has not decided whether engaging a hiring professional is the correct approach.

Staff Reports

Executive Director's report

Shane Cory presented the Executive Director's and HQ reports attached as Appendix B.

To start, Shane addressed a fundamental question he has been being asked recently after the release of the Exit Strategy: "Why white papers?" The answer is simple: "We need a product." Such whitepapers are much more effective than a similar effort directed toward press releases.

The Exit Strategy generated 15 interviews for the LP. Moreover, Shane noted spikes in July for website activity for the release of the Exit Strategy and Michael Dixon's appearance on the Allen Colmes show.

Since we have not established a practice of releasing such white papers, and owing to the timing of the release – the morning after Bush's speech on the Iraq War – the quickness of the release may have cause some on the LNC to catch some flack. For that, Shane expressed his regrets. The next iteration of the whitepaper is in the hands of the LNC.

Shane also noted the pledge program needs to be revived, and HQ is addressing that. Moreover, in response to a question Shane noted that morale in the office is improving with staff members wishing to get beyond recent Executive Committee resolutions and get back to work.

Sam New presented the new State Chair's Training Manual. The purpose of the manual is to familiarize state chairs with policies, procedures and practices of working with HQ efficiently and effectively. This is to improve practices which have included new member lists submitted illegibly, incompletely, on napkins (really) and worse.

The manual includes:

- A letter of congratulations
- The LNC Policy Manual
- The LP Bylaws
- The material sales program.
- Instructions for submitting news information and events to LP News
- Inquiry submissions
- Address change forms
- Instructions on how to log on to Raiser's Edge to access and update affiliate data
- A form to report state officer information for publication on the website

LNC members suggested enhancements including:

- A FAQ page
- PDF files of the type in which forms can be filled in for the data entry forms
- The Secretary's Delegation Chair's manual first introduced at the 2004 convention

George Squyres wanted to know when another batch of Viewpoint materials would be produced. Evidently master artwork for the publication is not available, thus requiring it to be recreated. National is unable to fulfill it at the moment due to the \$12k cost for setup of a minimal production run. While George persisted in getting his question answered, time expired and a motion to extend, needing a 2/3 majority, failed 7-6.

Consent Agenda

With the Policy Manual change passed in May, the minutes were approved on July 27, there having been no objection to the final version released earlier.

Action Items Previously Submitted in Writing

Raiser's Edge Budget Resolution, "The EC Resolution"

Michael Dixon discussed the effect the Executive Committee's June and July resolutions regarding Raiser's Edge and moved to rescind both resolutions. While staff may have interpreted things in ways not intended by the EC, the effect had been profound, dramatic and for a time, adverse. Now with Joe Seehusen's resignation, Michael argued it was time to put the matter behind us and move on. Staff is interested in the same as well. M Carling seconded the resolution.

The resolution at the June EC conference call was as follows:

Whereas, the LNC believes that Raiser's Edge database program has not been given enough attention by the national staff so that it is accurate, reliable, beneficial to the national program and beneficial to the state programs, and

Whereas, the LNC appreciates its hardworking employees but believes their actions have not been focused on making the program work and in being responsive to the state affiliates and their needs;

Whereas the LNC has tried to informally address these issues, without success;

Resolved, the LNC orders the Executive Director to freeze all salaries and benefits unless otherwise required by contract or law;

It is further Resolved that the budget shall be amended to withdraw all discretionary spending by the Executive Director and there shall be no expenditure in the following areas:

Program line items, including all Outreach and Media Relations, with the exception of LP News and UMP; and

All project line items, with the exception of retiring the Ballot Access debt.

It is further Resolved that any direct or indirect violation of this motion by the Executive Director will be considered cause for termination of the Executive Director.

It is further Resolved that these salary freezes and budget amendments shall be in effect until processes are in place and implemented that result in:

- The monthly data dumps to the states including two phone numbers, if available and two e-mail addresses, if available; and*
- The monthly data dumps to the states including information the status of the most current address (labeled as the bad address field in the prior database); and*
- The monthly data dumps to the states reconciling to the monthly state by state membership report.*

And in July:

Whereas national staff has made significant progress in resolving the problems of the Raiser's Edge program; specifically, improving contact information, address verification, and coding practices; and

Whereas staff has communicated thoroughly with the LNC and affiliate leadership about actions taken and plans for continued improvement;

Resolved, that the LNC expresses its sincere thanks to national staff members for their cooperation and good work on the project this past month. The LNC also notes and appreciates the dedication of Jessica Neno Wilson and Robert Kraus in their outstanding efforts to resolve these issues.

The LNC voted unanimously to rescind both resolutions and remove the restrictions imposed by both.

Bylaws Committee Alternates

Michael Dixon noted that with the resignation of Chris Farris, Fred Collins, the first alternate, became a member of the Bylaws Committee. This left the list of alternates null.

In the original vote taken in Dallas, Donny Ferguson, Christy Ann Welty, Tony Wall and Phillip Schmitt tied for the third through sixth with two votes each. (LNC members could cast 10 ballots).

In a vote to order these four candidates, Christy Ann Welty emerged as the new second alternate with four votes. The others received three votes and NOTA 1.

A random number mechanism recommended by Aaron Starr and executed by the Secretary produced the ordering:

Phillip Schmitt, Donny Ferguson, Tony Wall.

Accordingly, the Bylaws Committee now consists of:

1. Geoff Neale, Chair
2. Bill Hall
3. Dan Karlan
- (resigned, and no longer on the Committee) Chris Farris
4. Sean Haugh
5. Rick McGinnis
6. Deryl Martin
7. Richard Moroney
8. Tim Hagan
9. Carl Milsted, Jr. Ph.D.
10. Fred Collins

Current Alternates:

Christy Ann Welty, first alternate
Phillip Schmitt, second alternate
Donny Ferguson, third alternate
Tony Wall, fourth alternate

Executive Session

The LNC entered executive session.

Dues Resolution

BetteRose Ryan moved the following:

- A. National dues shall be set at zero beginning January 01, 2006 and the following sections and words shall be struck from our policy manual:
- Article II Section 2 shall be stricken.
- In Article II Section 5 the words "Current members and contributors shall receive LP News" shall be stricken from the Policy Manual.
- B. That the National LP withdraw from UMP contracts 9/30/2005 and that the National LP give the UMP states a choice of either 6 months of full UMP payments starting October 1, 2005 or the 12 monthly payment with decrease by 1/12 of a full monthly payment each month as described in Article II Section 7 for UMP I states or Article II Section 8 E for UMP II states. The following sections and words shall be stricken from the Policy Manual:
- Article II Sections 7 and 8 be stricken from the Policy Manual. The words "lapsed members, number of previously lapsed members who renewed" shall be stricken from Article IV Section 2 B 3 a of the policy manual.
- C. The national LP shall develop plans and create budget set asides for the purpose of funding training for our members, affiliate officers, campaign managers, activists and candidates in the following, but not limited to, areas:
- Ballot Access
 - FEC Compliance
 - Fundraising
 - Database Usage
 - Member Recruitment
 - Candidate Recruitment and Training
- D. The LNC shall have a new affiliate agreement drafted which will be presented for approval to the LNC no later than the close of the November 2005 LNC Meeting. This agreement shall include but not be limited to the following areas:
- Ballot access agreements
 - Database resources (allowing States' access to National's database in return for access to the States' database among other things)
 - LP News
 - Material sales
 - Integrity clause
 - FEC Compliance
 - Adherence to Common Purpose

Bob Sullentrop seconded. BetteRose explained that this motion sets dues at \$0. It eliminates some of the Policy Manual language surrounding dues and outlines what one would get for certain contributions.

This motion in its entirety ultimately passed, but only after giving Robert's Rules a workout. A summary of the Policy Manual changes is provided at the end of this section.

M Carling moved to postpone the motion indefinitely. This would have had the effect of killing it for this session, but allowing for the possibility that it would reemerge in November. The motion to postpone indefinitely failed.

M Carling expressed the opinion that Item A is a violation of Article 7, Section 2 of the LP Bylaws. That section reads in its entirety: "Dues for membership in the Party shall be set by the National Committee."

Aaron Starr then moved to divide the question as follows:

Section 7 would be considered first, the Unified Membership Program, UMP, implications
Section 8 considered second, the alternative UMP section
Section 9 third, the small change to that section
Section 2 fourth pertaining to the dues
Section 5, fifth, the effect on LP News
Finally, Article IV section 2.

After some discussion, the Chair ruled the motion could be divided according to the sections presented in BetteRose's motion, namely, A, B, C and D.

Aaron moved to reorder consideration of the sections B, A, C and D.

A vote to divide the motion into sections B, A, C and D then failed.

Mr. Starr cited a provision in Robert's Rules that allows a member to call for separate votes when substantially different questions are bundled into one motion. Mr. Dixon accepted the provision and granted separate votes on questions B, A, C and D.

A motion to extend debate passed 7-6.

When the LNC voted on the matter, Aaron's ordering prevailed. Several people requested roll call votes.

Item B: LNC to withdraw from its Unified Membership Programs agreements with states.

In favor, 10:

Bob Sullentrup, Mark Nelson, Mark Rutherford, Tony Ryan, Ed Hoch, Admiral Colley,
George Squyres, Rick McGinnis, Dena Bruedigam, BetteRose Ryan

Opposed, 5:

Aaron Starr, Bill Redpath, Trevor Southerland, Jim Lark, Lee Wrights

Abstain, 1:

M Carling

Item A: Set dues at zero and remove *LP News* from current members and contributors

In favor, 8:

Bob Sullentrup, Mark Nelson, Tony Ryan, Ed Hoch, Admiral Colley,
George Squyres, Dena Bruedigam, BetteRose Ryan

Opposed, 7:

Aaron Starr, M Carling, Bill Redpath, Trevor Southerland, Jim Lark, Rick McGinnis,
Lee Wrights

Mark Rutherford did not vote

The Chair ruled this measure passed 8-7.

Mr. Starr objected to the ruling of the Chair declaring the measure had passed. Aaron claimed that according to Robert's Rules of Order, without adequate notice a motion to amend or rescind something previously adopted required two-thirds of those voting or a majority of the entire committee (or 10 votes). In this case, the motion amended a resolution to set recurring dues at \$50 had passed in February in Portland. In a 10-4 vote, the ruling of the chair was sustained.

Item C: Providing states technical assistance and training

In favor, 14:

Bob Sullentrup, Mark Nelson, Mark Rutherford, Tony Ryan, Ed Hoch, Bill Redpath, Trevor Southerland, Jim Lark, Admiral Colley, George Squyres, Rick McGinnis, Dena Bruedigam, BetteRose Ryan, Lee Wrights

Opposed, 0:

Abstain, 2:

Aaron Starr, M Carling

Item D: New affiliate agreement

In favor, 11:

Bob Sullentrup, Mark Nelson, Mark Rutherford, Tony Ryan, Ed Hoch, Bill Redpath, Admiral Colley, George Squyres, Rick McGinnis, Dena Bruedigam, BetteRose Ryan,

Opposed, 4:

Aaron Starr, M Carling, Trevor Southerland, Lee Wrights

Abstain, 1:

Jim Lark.

After the meeting, Aaron Starr wished to have his sentiment expressed in the minutes that he opposed the elimination of dues because he believes it violates Article 7, Section 2 of the LP Bylaws.

The effect of these motions is as follows:

ARTICLE II. MEMBERSHIP

Section 1: MEMBERSHIP STATEMENT

Membership forms produced by the LNC shall include a membership statement that meets the requirements of Article 7, Section 1 of the Party Bylaws. Any new wording for the membership statement shall be subject to the same review process as all other Party Literature. A list of wordings which have been approved for use in Party literature shall be maintained at the National office.

~~**Section 2: DUES**~~

~~For the purposes of determining delegate apportionment and eligibility to hold Party office under Article 7, Section 3 of the Party Bylaws, a member's dues shall be considered current if any of the following apply:~~

- ~~A. he or she is a first year member who has contributed Membership Dues of \$25 to the National Party during the preceding 12 months; or~~
- ~~B. he or she has contributed Membership Dues of \$50 to the National Party during the preceding 12 months; or~~
- ~~C. an affiliate party has collected \$10 from the first year member on behalf of the Party and forwarded it to the National office during the preceding 12 months; or~~
- ~~D. an affiliate party has collected \$20 from the member on behalf of the Party and forwarded it to the National office during the preceding 12 months; or~~
- ~~E. he or she is a life member of the Party.~~

Section 3: LIFE MEMBERSHIP

A member who contributes \$1000 during any twelve-month period shall be granted life membership in the Party. Also, honorary life membership may be granted by a two-thirds vote of the LNC.

Section 4: NON-MEMBER CONTRIBUTORS

Non-member contributors shall be provided all benefits provided to members, except for those rights specifically granted only to members by the Party Bylaws or this Policy Manual.

Section 5: BENEFIT

~~Current members and contributors shall receive LP News.~~ Members shall receive a membership packet and a membership card within one month after joining the Party.

Section 6: PREMIUM MEMBERSHIPS

The LNC may establish premium membership levels, including the contributions required for each level and the benefits received.

~~**Section 7: UNIFIED MEMBERSHIP**~~

~~A. Affiliate parties which join the Unified Membership Plan shall receive monthly payments in the amount of \$1 per member or contributor having national dues paying status, including life members, or higher amounts according to the following schedule:~~

~~Members or contributors who have contributed \$100 or more to the national party in the last 12 months, \$2/month; \$250 or more, \$3/month; \$500 or more, \$4/month; \$1000 or more, \$5/month.~~

~~B. The LNG shall establish transition policies for affiliates joining this program, covering such matters as phase in of payments and treatment of existing state members.~~

~~C. Affiliates leaving this program shall receive 12 phase out payments, starting with the amount they would have received for the month that they leave and decreasing by 1/12 of that amount each month.~~

~~Section 8: ALTERNATIVE UNIFIED MEMBERSHIP~~

~~A. Affiliate parties which join the Alternative Unified Membership Plan shall receive monthly payments of~~

~~• \$0.50 per member or contributor having national dues paying status, including life members, in the first twelve months following their membership or contribution, and~~

~~• \$1.50 per member having national dues paying status, including life members, after the first twelve months of their membership or contribution.~~

~~B. Affiliate parties which join the Alternative Unified Membership Plan shall retain all initial membership income in excess of \$13 for regular members and \$500 for life members for members recruited by the affiliate party.~~

~~C. A new member will be considered to have been recruited by the affiliate party in any of the following situations:~~

~~1. The affiliate sends the national portion of the initial membership income to the national office.~~

~~2. The affiliate forwards to the national office the member's original check or credit card information, in a package clearly marked as being submitted under this plan.~~

~~3. The national office receives payment directly from a new member accompanied by an application form with a source code indicating that it is to be credited to the affiliate. This source code and the application form must be approved by the national office before use.~~

~~In cases 2 and 3, the national office may deduct a processing fee, not to exceed the greater of one dollar per member or the costs of credit card processing, from the portion to be paid to the affiliate.~~

~~D. The LNC shall establish transition policies for affiliates joining this program or switching to this program from the Unified Membership Plan.~~

~~E. Affiliates leaving this program shall receive 12 phase-out payments, starting with the amount they would have received for the month that they leave and decreasing by 1/12 of that amount each month.~~

Section 9: MEMBER AND INQUIRY LIST SHARING

In an effort to provide support to state affiliates ~~and as part of the Unified Membership Program~~, the LNC sets forth the following guidelines for data sharing:

- A. For the purposes below, "constituent" is anyone who has paid money to the LP in the past, regardless of whether or not they signed the oath, along with all individuals who have requested information from the national party (aka inquiries).
- B. LNC-HQ will provide all officially recognized affiliates with a list of constituents residing in the area covered by that affiliate.
- C. The list will include the following data elements:
 - 1. A Unique ID to be provided by LNC-HQ
 - 2. The constituent's First, Middle (if provided) and Last Name
 - 3. The postal address on file to which the LNC-HQ sends postal mail.
 - 4. A home and work phone and email address - if the constituent has provided such information to LNC-HQ
 - 5. The county the constituent lives in, if that information can be obtained via commonly available sources within reasonable cost.
 - 6. The constituent's Join and Expiration Dates, if they are, or were, a member or subscriber.
 - 7. The LNC-HQ's donation classification level (basic, life, etc)
 - 8. Indication if the constituent has signed the certification or not.
- D. The LNC-HQ may, at its discretion, provide additional data elements. However it is under no obligation to do so.
- E. The LNC-HQ will make this list available within the first 5 business days of the month to the Chair of the affiliate, or his designee
- F. Only the Chair of an affiliate may request that additional people receive copies of the constituent list. HQ will establish and publish formal procedures for state chairs to follow in this regard.
- G. The LNC-HQ will endeavor to provide the list in the file format requested (PDF, Excel, CSV, etc), but is under no obligation to do so, as it cannot guarantee that all file formats will always be available.

- H. Should the LNC-HQ desire to change the quantity or order of the data elements, it will provide one month's notice of such change.
- I. The LNC-HQ makes no further guarantees regarding the format, method of delivery or structure of the data.
- J. All official communications regarding the database export format will be made via the state chairs e-mail list and a moderated database announce e-mail list to be administered by the LNC and that it is the responsibility of the affiliate chair to make sure the appropriate database contacts are on the database announce e-mail list.

In addition, Article IV, Section 2 is changed:

ARTICLE IV. NATIONAL HEADQUARTERS

Section 2: POSITION DESCRIPTION OF EXECUTIVE DIRECTOR

- A. The Director serves as the chief operating officer of the LPHQ, and in that capacity:

- 1. directs, administers, and coordinates the activities of the LPHQ, in accordance with the policies of the LNC;
- 2. directs the development and preparation of short-term and long-term plans and budgets for the LPHQ;
- 3. ensures the general and daily management of the LPHQ;
- 4. develops and maintains the organizational structure of LPHQ;
- 5. ensures that LPHQ procedures are fully documented;
- 6. appraises and evaluates the performance of LPHQ and Party operations, personnel, and activities;
- 7. initiates, reviews, and approves the appointment, employment, and termination of all LPHQ personnel, vendors and volunteers;
- 8. develops adequate and equitable personnel policies, including those dealing with employee compensation, and ensures that the interests of employees and volunteers as individuals are preserved and protected;
- 9. ensures that all LPHQ activities and operations are carried out in compliance with local, state, and federal regulations and laws governing business operations and political activities;

10. participates in the acquisition and sale of major assets, and in the investigations, evaluations, and negotiations of cooperative efforts with non-libertarian political organizations;
 11. maintains control over the Party's computer data base and develops distribution and pricing policies for mailing and telephone lists, with the advice and consent of the Executive Committee.
 12. has full authority and responsibility for major donor fundraising and all convention fundraising.
- B. The Director is directly responsible to the Chair, and reports to the LNC, and in that capacity:
1. maintains adequate and necessary communications with the Chair, and ensures that the Chair is kept fully informed of all pertinent LPHQ and Party activities;
 2. submits all contracts of over \$7,500 to the Chair for approval prior to any commitment of the Party to the contracts;
 3. submits periodic written reports to the Executive Committee and LNC including, but not limited to, the following:

- a. By the 27th day of each month, the Executive Director shall distribute to the LNC by email the following reports based on information through the end of the immediate prior month:
 - A balance sheet summary based on closed books for the month, including the balances in all restricted accounts
 - Monthly and year-to-date income statements based on closed books for the month
 - An analysis of income and expense items showing year-to-date dollar and percentage variance from budget at the same level of detail as the approved budget
 - A membership report for a minimum of two years in arrears, including starting membership, ~~lapsed members, number of previously lapsed members who renewed,~~ new members, and ending membership, and an identical report for LP News.
- b. By the 27th day of each month, the Executive Director shall distribute to the LNC by email the following reports based on information through at least the end of the immediate prior month:
 - A report showing accounts payable with aging information based on data no more than five days old

- A report showing accounts receivable with aging over 60 days based on data no more than five days old
 - The status of any pending litigation
- c. By no later than 14 days prior to each regularly scheduled LNC meeting the Executive Director shall distribute to the Committee:
- A report detailing staffing changes
 - A report showing the number of candidates currently recruited
 - A report showing the number of Libertarians serving in elected or appointed office
 - A report regarding ongoing ballot drives, including cumulative costs
 - A report when a direct mailing (other than a routine fundraising letter) is scheduled showing the scheduled drop date, estimated costs, and any other component of the project plan
 - A report showing when a direct mailing (other than a routine fundraising letter) is completed showing the costs, responses, and revenues associated with that direct mailing
 - A report of media contacts, interviews, op eds, and television appearances, tabulated monthly
- d. If the Executive Director is unable to distribute one or more of the reports enumerated immediately above in a timely manner by the 27th day of each month, the Executive Director shall distribute to the LNC by email a written explanation of why that report was not distributed to the LNC and the date by which it shall be distributed.
- e. Within five business days of receipt, the Executive Director shall distribute to the LNC a complete copy of the annual audited financial statements along with any other materials – including such things as management letters – provided by the auditor as part of the audit.

C. The Director, along with the Chair and the Executive Committee, is actively involved in the development of policies, plans, programs, and projects that cover Party operations, financial performance, growth, communication, and political action.

D. The Executive Director shall not change the LNC, Inc. Employee Manual without the written approval of the Chair. The Executive Director shall provide a copy of the most current LNC, Inc. Employee Manual to each newly elected LNC member or alternate at or before the member's first LNC meeting. The Executive Director shall provide a revised copy of the LNC, Inc. Employee Manual to the LNC within 30 days of any change and an indication of any changes made.

- E. If the Director discovers that a policy of the LNC – whether contained in this Policy Manual or otherwise – has been violated, the Director shall promptly inform the LNC of the violation.
- F. The Executive Director shall notify affiliates, via the state chair email list, of drop dates for direct response fundraising a minimum of 30 days prior to the mailing schedule.

Fundraising Letters

Chuck Moulton, in an effort to reduce the number of fundraising letters HQ sends, moved the following change to the Policy Manual:

ARTICLE IV. NATIONAL HEADQUARTERS

Section 2: POSITION DESCRIPTION OF EXECUTIVE DIRECTOR

- F. The Executive Director <INSERT> **serves the affiliates, and in that capacity:** <END INSERT>
 INSERT>
 - 1. shall notify affiliates, via the state chair e-mail list, of drop dates for direct response fund raising a minimum 30 days prior to the mailing schedule
 <INSERT> :
 - 2. **shall be limited to 6 direct response fundraising letters per year (1 per month on even months) to all states that opt-out of the normal fundraising schedule subject to the following conditions:**
 - a. **state chairs must provide written notice 2 months in advance to opt-out**
 - b. **state chairs must provide written notice to opt-in again**
 - c. **an intervening state chair election does not change opt-out/opt-in status**
 - d. **renewal letters are exempt**
 - e. **special project fundraising letters to past donors of that project are exempt.** <END INSERT>

Trevor Southerland moved to amend this motion as follows:

ARTICLE IV. NATIONAL HEADQUARTERS

Section 2: POSITION DESCRIPTION OF EXECUTIVE DIRECTOR

- G. The Executive Director *<INSERT>* **serves the affiliates, and in that capacity:** *<END INSERT>* *<REMOVE>*
1. ~~shall notify affiliates, via the state chair e-mail list, of drop dates for direct response fund raising a minimum 30 days prior to the mailing schedule~~ *<END REMOVE>* *<INSERT>* :
 2. **shall be limited to 9 direct response fundraising letters per year (in even months) to all states subject to the following conditions:**
 - a. **special project fundraising letters to past donors of that project are exempt**
 - b. **letters dealing with the pledge program are exempt.**

To take effect November 1, 2005. *<END INSERT>*

Michael Dixon suggested these items may be ones that might be better resolved via simple requests, and should not codify the methodology or limitations. Moreover, Shane Cory noted that HQ had been sending too many letters and was making strides to more closely target, tailor and streamline responses.

Trevor Southerland's amendment failed on a voice vote.

In a roll call vote,

In favor, 2:

Tim Hagan, Chuck Moulton

Opposed, 12:

Bob Sullentrup, Mark Nelson, Aaron Starr, M Carling, Tony Ryan, Ed Hoch,

Bill Redpath, Trevor Southerland, Admiral Colley, Rick McGinnis, Dena Bruedigam,

BetteRose Ryan

Lee Wrights abstained

Announcement

At the end of the Saturday session, Allen Hacker from California noted he will become the campaign manager for the Badnarik for Congress campaign in Texas's 10th district.

SUNDAY

APRC

Jim Lark moved to amend Article VI ("Organizational Structure"), Section 3 ("Administration") of the LNC Policy Manual by adding a new subsection E.

During the discussions Aaron Starr noted section 4 of the motion below should be last. The group endorsed that change without objection. The motion below now reflects a section 5 which had been section 4.

E. Advertising & Publication Review Committee:

1. The LNC shall appoint an Advertising & Publication Review Committee (APRC), and shall appoint the chair of the committee. The APRC, which shall consist of three members of the LNC, shall review the contents of advertising, publications, and other materials produced or distributed to the Party, to ensure that they are consistent with the Statement of Principles and the Party Platform.
2. Copies of periodicals published by the Party (including *LP News* and *Liberty Pledge News*), in-house fundraising letters, prospecting letters, and news releases shall be provided to committee for review immediately upon publication and/or distribution. The committee chair shall report to the relevant manager or editor, and to the Chair, any items which, in the opinion of the committee, were inappropriate.
3. The committee shall review advertising material, literature, inquiry response packets, membership packets, renewal letters, and any similar material to be distributed to members or the public (other than those listed above) after approval by the Chair and prior to printing, distribution or use. The national headquarters shall provide copies of proposed material to all members of the committee. All material must be approved by two-thirds of the committee before printing, distribution or use. The decision of the committee may be overruled by a majority vote of the LNC, or by a majority vote by mail (or e-mail) ballot of the entire LNC.
4. The committee shall also review materials authorized for use in Party educational programs, or which are otherwise to be promoted by the Party. The committee may authorize such use or promotion, subject to those appropriate conditions or disclaimers needed to maintain consistency with the Statement of Principles and the Party Platform.
5. The chair of the committee shall report the committee's decision to the national headquarters and to the Chair, as quickly as possible. If the material is not approved, the chair of the committee shall specify which items are considered inconsistent with the Statement of Principles and/or Platform, and is encouraged to suggest acceptable alternatives. Failure of the committee to object within 7 days of receipt shall be considered approved.

Aaron Starr moved to amend the reference to seven days above to one. Bob Sullentrup seconded. After some discussion, a friendly amendment changed the 'one day' to 'two days'.

A motion to call the question on the amendment failed and discussion continued.

The amendment then became, via friendly amendments to it:

Replace:
"Failure of the committee to object within 7 days of receipt shall be considered approved."

With:
"Failure of the committee to object within 3 days of receipt of original document and/or 1 day of subsequent modifications shall be considered approved."

This amendment carried.

Mark Nelson then moved additional amendments streamlining the reporting structure. The APRC would report to the Chair.

One of Mark's changes affected section 2:
 The committee chair shall report to the ~~<REMOVE> relevant manager or editor, and to the~~
 <END REMOVAL> Chair, any items which, in the opinion of the committee, were inappropriate.

The other change affected section 5:

The chair of the committee shall report the committee's decision ~~<REMOVE> to the national headquarters and~~ *<END REMOVAL>* to the Chair,

The amendment carried.

A call for division ensued.

After a vote by show of hands, the amendment failed.

After a plea from George Squyres who said he thought the previous show of hands was a vote on whether or not to divide the issue, a revote on the amendment ensued.

By a count of hands, the amendment carried 8-7 as originally declared.

Moving on to the main motion as amended, the motion carried 9-5.

Populating the committee

George Squyres recommended we populate the APRC at this time.

Lee Wrights was nominated as APRC Committee Chair. In addition, Jim Lark was nominated as chair. Mr. Lark indicated he was willing to serve on the committee, and that he was willing to have Mr. Wrights serve as chairman of the committee.

Aaron Starr moved to appoint the entire committee before naming its chair.

After some discussion, a show of hands ended in 7-7 tie. Michael Dixon cast the tie breaking vote in the negative causing the motion to appoint the entire committee before its chair to fail.

Mark Nelson volunteered to be on the committee. He was then nominated to be its chair, but declined the chairmanship nomination.

Dr. Lark would also serve on the committee.

Bill Redpath was nominated, and apparently this gave him some pause. However, he did not decline the nomination.

BetteRose moved to appoint Mark Nelson, Jim Lark and Lee Wrights to the committee with Lee Wrights as chair.

BetteRose's motion passed.

Conference Call Minutes

Bob Sullentrup reintroduced the motion he had withdrawn on Saturday. The point of that motion was to provide an orderly means of critiquing minutes from conference calls, updating them and having them be automatically approved with no objection after the final release. This provided the strong possibility of removing any rework of prior meeting minutes during the weekend of the current LNC meeting, a time when the Secretary is already fully engaged drafting the current meeting minutes and updating the Policy Manual before returning to his work.

This time, Bob reintroduced a sentence he had previously wanted to strike. The sentence he reintroduced (aside from the now-superfluous word 'also') was:

The Secretary shall include a brief synopsis of debates and discussions concerning all motions, amendments, and subsequent votes.

M Carling moved to amend this motion by striking all text referring to the content of the minutes in as much as such provisions are already covered in Robert's Rules (see passages around page 454). This amendment would once again strike the above sentence from the main motion.

The Secretary noted he writes minutes according to Bob's Rules of Order, which are more fluid, less rigid, more dynamic and accommodating and less bureaucratic than Robert's Rules, though none the less complete.

M's amendment failed.

Aaron Starr moved to amend the motion by changing the date by which members' changes are due from 15 days after the meeting to 5 days after the Secretary sends the draft of the minutes.

Aaron's amendment failed.

Returning to the main motion on the conference call minutes, the measure passed.

Agenda Change

At this point Mark Rutherford moved to add 20 minutes to the agenda in place of the policy manual redesign discussion that had earlier been removed, to discuss the LNC's revenue stream replacement in light of Saturday's move to reduce dues to zero. The motion passed.

Change to UMP

Mark Nelson, who was to have led the discussion on this issue, noted that the item has become moot in light of Saturday's actions.

Nelson, budgetary adjustment

Mark Nelson noted that for 2005 salary expense had been running ahead of budget while professional services (contract help) were running behind. This reflects a change in mix rather than a change in overall spending. The LNC manages its financial performance against budget by ensuring line items operate within ranges centered on the budgeted values.

Mark Nelson moved to transfer \$65k from the salary line of the 2005 budget to professional Services.

The motion carried unanimously.

Funds Transfers from Affiliate FEC Committees

Mark Rutherford moved:

The LNC and employees shall not accept directly or indirectly money from affiliates which are not FEC Committees.

After considerable discussion, the motion carried.

Mark Rutherford moved:

The LNC instructs staff to present a plan by September 19, 2005 to outsource material sales and LP News production and publication.

After considerable discussion, the motion carried.

(Note to reader: Certain legal requirements dictate the sparse commentary.)

Campus Organizing

Dr. Lark discussed his campus organizing activities which are included as Appendix C.

Ballot Access

Bill Redpath addressed George Phillies' Ballot Access Audit Report included as Appendix D. Bill Redpath's report is included as Appendix E.

Bill challenged the \$1-\$4 cost range per signature, noting he knew of no instance where the cost exceeded \$2 per gross signature. In addition, Bill stated that no meals were paid in ballot access, though lodging costs were paid.

Net-net, Bill estimated ballot access efforts produced 700k incremental Libertarian votes.

The LNC's discussion included ballot access – providing the ability for libertarian-minded voters the opportunity to vote for Libertarians – being a core component of our existence, and the LNC's ability to keep to and abide by the plan it had set for itself.

While at least one extension of time for this discussion carried, at last one failed by receiving a simple majority rather than the required two-thirds.

Strategy 3 Report

George Squyres provided a report on Strategy 3 that is included as Appendix F.

George noted the platform has a website for debate on platform planks. He had hoped to have all planks rewritten by this August meeting but did not accomplish his goal at this time.

With the polling feature on the website, George will be able to gauge which planks are not controversial. Those he intends to present in Portland en masse and seek a blanket approval. That would leave additional time to devote to other planks.

Topics for Discussion

LNCC

M Carling noted the Articles of Incorporation for the LNCC has not been signed and thus is not raising money at this time.

The purpose of the LNCC is to focus on getting Libertarians elected. In the wake of Campaign Finance Reform, the practical result of this organization is to allow contribution limits to increase from \$2k to \$25k.

Mark Nelson moved the LNC not support this committee and to withdraw its endorsement of it. Mark's motion died for lack of a second.

Jim Lark, one of the incorporators, had some misgivings initially regarding the articles of incorporation. His concerns have been addressed and he now expects to sign.

Office Relocation Status

Admiral Colley noted the office relocation, from the basement of the Watergate to the second floor, is in its final iteration with attorneys. A wall separating our new offices from our neighbor, a wall installed for the benefit of the neighbor and which the landlord wants us to pay for, remains the issue of contention.

We have offered an additional year to the lease, six years rather than five, as an item to entice the landlord to relent. The sixth year benefits us by putting our next office move, should it come to that, in an off-election year.

Revenue Stream Replacement

Mark Rutherford previously in the meeting asked for and received 20 minutes to discuss the LNC's revenue stream replacement in light of the action the LNC took on dues.

Aaron Starr moved the LNC no longer send out renewal notices for dues.

Aaron believed the matter was a moral one in as much as dues would be zero on January 1 as matters stand now, and that sending renewal letters was misleading or worse. BetteRose noted that we could easily tell members about the dues changes as an enclosure in the renewal letters.

Mark Rutherford implored the group to address revenue stream considerations rather than relatively minor issues of renewal letters.

The issue moved to a roll call vote:

In favor, 4:

Aaron Starr, M Carling Trevor Southerland, Rick McGinnis

Opposed, 11:

Bob Sullentrup, Mark Nelson, Mark Rutherford, Tony Ryan, Ed Hoch, Jim Lark, Admiral Colley,
George Squyres, Dena Bruedigam, BetteRose Ryan, Lee Wrights

Bill Redpath abstained, but later changed his vote to 'yes'

The group agreed to extend discussion for 20 minutes and broke for lunch.

Lunch

Upon returning from lunch Tony Ryan moved, and after friendly amendments to wordsmith:

That the LNC direct the chair to include a written notice with dues renewal requests explaining what benefit(s) will be received within the year following the renewal to wit:

- 1. membership which counts toward their home state's national convention delegate allocation*
- 2. Subscription to the LP News for another year.*

Further, that a similar explanation be offered to those members to those whose dues do not expire until a date after December 31, 2005, via the LP News, lp.org, and the state chair's list.

This motion carried 10-5.

Aaron Starr then moved that the LNC:

Form a Finance Committee that will raise money for the Party, naming Mark Rutherford its chair.

On a roll call vote, the measure passed 11-5

In favor, 11:

Bob Sullentrup, Aaron Starr, Mark Rutherford, Ed Hoch, Bill Redpath, Trevor S, Jim Lark,
George Squyres, Rick McGinnis, Dena Bruedigam, Lee Wrights

Opposed, 5:

Mark Nelson, M Carling, Tony Ryan, Admiral Colley, BetteRose Ryan

Program Committee

With MG not in attendance, Mark Nelson moved:

That the LNC encourage the Bylaws Committee to remove Article 6 thereby eliminating the Party Program.

The motion passed.

Audit Committee Report

M Carling noted he has not received 2004 financial statements and as a result has not been able to secure the services of an auditor. Mark Nelson stated the financials were available since the February Portland meeting. Mark Nelson will resend the report and M will continue in his efforts to secure an auditor.

Convention 2006

Michael Dixon reported

- Jim Lark has been contacting the LP of Oregon establishing what the local party may be responsible for in the 2006 convention, and what the LNC will assume
- Mark Nelson has been in contact with Geoff and Nancy Neale obtaining financial forecasts and documents
- Michael Dixon and Joe Seehusen had been identifying professional meeting planners and have received a proposal from a gentleman in Seattle. Mike will meet him in Atlanta in two weeks before deciding whether to sign a contract on a retainer for \$3k/month. Expenses for him would include this fee and an unknown number of trips for him from Seattle to Portland to size up the facilities and run interference. The meeting planner will arrange the A/V services, registration and caging services above and beyond staff's involvement, and other items. In addition, he will ensure we account for all costs in our plan and not have items such as overtime for security fall through the cracks

Certain details remain such as defining the details of the web work involved.

George Squyres moved the LNC empower the Chair to contract with the meeting planner, with the caveat to keep the LNC apprised of developments. The motion failed for lack of a second after someone noted the Chair was already so empowered by virtue of being Chair.

The convention will span the days Friday, June 30, 2006 through Monday, July 3, 2006. Exactly when the first session will occur is not clear. Delegate allocation calculations depend on whether the first business session is in June (then November, 30, 2005 membership numbers) or July 1 (December 31).

Resolution of Thanks to Joe Seehusen

Michael Dixon moved the LNC express its sincere thank and appreciation to Joe Seehusen for his work and leadership as Party Executive Director over the last 2.5 years.

The measure passed unanimously.

Resolution of Thanks to Missouri and Kansas

Jim Lark, on behalf of the LNC, expressed his thanks and appreciation to the Party members of Missouri and Kansas for their gracious welcome, hospitality and additional events they organized. Mike Ferguson and Rob Hodgkinson were primary.

Adjournment

The meeting ended at 2:21pm, not leaving enough time to start the strategy session. Instead, Admiral Colley, Chair of the EPCC, convened a discussion with interested parties discussing plans for Joe Seehusen's replacement. This was not a part of the LNC meeting.

Next Meetings and Next Conference Call

The schedule for subsequent LNC and national meetings is as follows

2005 Conference Call	September 21, 9:15 Eastern	
2005 Q4 meeting	November, 12-13	Baltimore, Embassy Suites airport
2006 Q1 meeting	March, 10-11, 2006	tba, Florida
2006 Q2 meeting	June 30, 2006	Portland, OR
LSLA (State Chair's)	Jan 27-29, 2006	Phoenix. Contact George Squyres.
(note, prior LNC meeting minutes mistakenly listed the prior week as the LSLA conference)		

Treasurer's Report

General Comments:

The June financial statements are included in the folder and were available on the LNC Discuss web site. Some preliminary July information may be available at the meeting.

I have concerns about the financials. The most notable is the improper tracking of Outreach Revenue and Expenses. With some difficulties, I believe this concern, and the others are being addressed.

I have presented the National Chair a format for developing a board member self evaluation, based on a session at the Heritage Institute event, and information he provided from a past client. I have not received a response. As noted in the past meetings report, the other idea presented, that presents some context to our Outreach activities, is "friend raising" vs. "fund raising." This needs explored further.

Membership:

The primary LNC budget metric is membership. Membership, defined as both certification signing members, and LP News subscribers, was budgeted to average 24,000 during 2004. The end of year, 2004 "members" and subscribers, and reported total membership on June 30, 2005 are shown below. Membership falls 2,366, or almost 10%, short of this projection. With a couple of good months anticipated for new member prospecting, we should be on target.

	Members	Subscribers	Total
12/31/04	20,283	1,894	22,177
06/30/05			21,634
Change			-534
% change			-2.45%
Budget Average			24,000
6/30/05			24,000
Projection			
Shortfall			2,366
% variance			-9.86%

Reserve Requirement:

The reserve requirement (Article 5, Section 5, Paragraph B) requires an average of 2.5% of Budgeted Revenue, with 2% of Budgeted Revenue in December. As of June 30, 2005, we remain seriously out of compliance with the current reserve requirement.

After monitoring the current policy for several months, I believe the policy is reasonably functional for our business model, until we develop a larger portion of our revenue from the Pledge program. If monthly Pledge revenue covered the majority of our core monthly expenses (occupancy, operations, payroll) plus UMP, a lower reserve may be reasonable. I believe the LNC needs to be very rigorous in managing cash and payables to come into compliance with this Policy as soon as is possible.

Appendix A. Mark Nelson, Treasurer's Report, Kansas City, MO, August 6, 2005

FEC

- as of the date of this report, there are no open requests for additional information.
- I have continued communications with the two consultants. They extended their review to our pre- and post-election 2004 reports. They are in the process of correcting recent filings and have been completing our monthly filings.
- the balance of the FEC disclosures will occur in an executive session.

Life Members

Unless we eliminate UMP, I intend to move that the LNC create a category for Honorary Life Members for life members who have not donated in over 10 years, or have donated less than \$1,000, lifetime, to take effective January 1, 2006. The only operational change would be that UMP payments for these members would be suspended. At this time, this would result in an estimated \$10,000 in expense reductions. I ask that the chairman tentatively add this to the Agenda after the scheduled actions on membership.

As stated in May, based on this limited review, and some ongoing concerns about granting and extending of memberships, I still strongly the idea of a review of the Raiser's Edge conversion.

Accounts Payable/Receivable:

The AP will change substantially from June to July, with Blackbuad and Rubino and McGeehin, the two oldest payables, both changing. Removing Blackbuad and reducing Rubino from the levels shown in the June AP, there are still just under 20% of our payables over 90 PAST due, with just under 50% of our payables being PAST due.

The AR still indicates there are several long overdue advertisers. As reported to the Executive Committee, policies are being put into place to address this issue.

BUDGET TO ACTUAL:

Top Line and Bottom Lines:

June's revenue was below the budget by just over \$48,000. To date, we are \$178,330, or 19% below budgeted projections. This suggests that the budget shortfalls are more than just the shortfall in membership growth, but are related to lower per member donations, or inefficiencies in fund raising activities.

Expenses have been managed to come in roughly \$18,500 below budget in June, and just under \$122,000 below budget year to date.

Projects and Program:

A summary of Project balances is shown in the attached Balance Sheet. There has been no tangible change in project balances, and no substantial project related fund raising has occurred, resulting in a shortfall in project reimbursement revenue.

Outreach:

Appendix A. Mark Nelson, Treasurer's Report, Kansas City, MO, August 6, 2005

Membership Revenue is not being properly accounted for in our outreach activities. These revenues are being recoded, and should be corrected by the August financial. The rough outcome will be a shift of \$30,000+ of Outreach Revenue to Membership.

Ballot Access:

Ballot access has a negative balance of \$28,177.82. Attempts were made to collect unfulfilled pledges, with less than \$1,000 of revenue. At the May meeting the Chair was asked to require the Ballot Access coordinator to submit a plan to retire this debt.

LP News:

LP News has fallen short of the breakeven budget, even with the inclusion of internal advertising revenue. Reportedly, costs are as low as possible, and that additional actions were being taken to increase revenue. However, to date, advertising rates have not been adjusted. I believe the LNC should direct the ED to bring LP News into compliance with the budget, i.e. adjust advertising rates.

Convention:

Despite my encouragement and concerns, no tangible discussion have move forward for 2006 Convention budget. Thus, it is not on tract for LNC review and approval at this meeting. This concerns me, so I prepared a draft report for the Chairman with the limited information available. This limited report suggests that it will be difficult for the convention to break even.

The serious risk associated with a financial setback from the convention must be given strong consideration in all our near term decisions.

UMP:

UMP expenses are \$20,000 below budget year to date. UMP is our largest single expense line.

As previously discussed, if UMP is not eliminated, I intend to ask the LNC to amend the UMP program to not make UMP payments for life members that have not made a donation in over 10 years.

If UMP is retained, I recommend that the LNC discontinue the original UMP program effective January 1, 2006. All states will have the option of migrating to the alternative program, or not participating in UMP.

Contributions:

Membership/Dues:

As noted above,\$30,000+ of the Outreach Revenue will be recoded to Membership. This still results in membership revenue being \$90,000+ under budget.

Renewal expenses are almost \$34,000 over the \$24,196.50 budgeted. This line still contains over \$22,500 in expenses that should be in Outreach. Renewal expenses are still over \$10,000 over budget.

I believe the \$0 proposal will have a modest negative effect on our gross revenue, and a notable positive increase to our net revenue. A substantial portion, if not most, of the revenue generated by renewal letters and renewal phone calls should be recaptured through general fund raising. Even if this renewal revenue were completely lost, it is substantially less than the UMP payments that are being eliminated. As previously discussed, the approved \$50 due increase will not significantly increase the net revenue to the national party.

Appendix A. Mark Nelson, Treasurer's Report, Kansas City, MO, August 6, 2005

Direct Solicitation:

Direct Solicitation revenue is \$53,000 below budget. Expenses have been minimal. I believe the LNC needs to ensure these donors are diligently and given a high level of professional service in Joe Seehusen's departure.

Pledge:

Pledge Revenue is over \$76,000 under budget, with a decline of over \$7,500 monthly since proper tracking began with Raiser's Edge. This is a serious setback. For years this has averaged \$1.25 to \$1.50/member, and has historically been our most stable revenue source. The LNC needs to focus all its available attention on improving the Pledge Revenue.

Notably, Pledge expenses are \$7,368 below budgeted.

Donations:

Donations are \$22,000 over budget year to date. This has more to do with the annual report being our largest single revenue source, and the decision to straight line budget, than any extraordinary success in our donations activities.

The Donations expenses, the largest component of our AP, are almost twice the budgeted amount.

Common Expenses:

Salary (Staff) costs are \$54,000 under budget. June was the last three payroll month. The next three payroll month is November. This is partially due to George's departure, and partially due to the level of salaries negotiated for other staff.

Some of what has traditionally been staff work has been outsourced (FEC Reporting), which has resulted in an increase in Professional Services expenses. I recommend moving \$40,000 from the Salary line to the Professional Services line to account for this expense shifting.

Occupancy and basic Operations are at budget. I believe the Operations incorrectly includes the website upgrade, which was separately budgeted as an acquisition. This would result in the Operations expenses being below budget.

As noted above, professional services are modestly over budget. I anticipate these will increase in the last half of the year.

Acquisitions and Governance are substantially under budget. As noted above, Acquisitions may not include the website upgrade.

General Conclusions:

The review of revenue and the associated expenses suggests that our fund raising activities have been overly focused on direct mail fund raising at the expense of other higher value/lower cost fund raising activities, such as maintaining/building the pledge program revenue and developing direct solicitations revenue.

Appendix A. Mark Nelson, Treasurer's Report, Kansas City, MO, August 6, 2005

Based on historical evidence, it doesn't appear that expense reductions from core operations, including salaries, can be made without impacting, possibly seriously, our ability to operate an office.

The current high level of Accounts Payable, the historical trend of lower revenue in the 2nd half of non-election years, the looming financial risk associated with the 2006 convention, and the trend of a modest drop off in core revenue as some donors shift giving patterns to attend the convention, suggest the LNC should be extremely cautious in its decision .

Based on the current circumstances, I have developed several suggestions which are on the following page. I encourage the LNC to keep these suggestions at hand throughout the meeting.

Based on the above, I suggest the LNC do the following:

General:

- rigorously monitor, and reduce, the payables and receivables over the next six months.

- increase cash on hand in excess of Accounts Payable to a minimum of one payroll cycle in November, 2005, one months UMP payments on our before January 1, 2006, and to one months UMP payments plus one months payroll on or before July 1, 2006.

2006 Convention:

- take all necessary steps to establish strong controls as soon as possible, and to maximize the 2006 Convention revenue and reduce expenses.

- ensure convention revenue is strictly segregated from core revenue and that convention revenue is not used for core expenses.

Fundraising:

- ensure that a regular schedule of fund raising letters is maintained. The lack of regular fund raising letters was the major cause of the LNC's financial problems in fall 2002.

- focusing direct mail fund raising on the segment of our list that has shown a historical expectation that it is likely to respond, plus untested donors, to increase the revenue per letter mailed.

- implementing a system of versioning and targeting direct mail fund raising to increase the revenue per letter mailed.

- use the expense savings from the lower level of house mailings to increase new donor prospecting.

- plan for an earlier drop and lower expenses for the annual report in 2006.

- the board become active in developing the pledge program by systematically contacting dropped pledgers to determine potential reasons for the drop in pledge revenue.

- staff implements a plan to aggressively prospect past pledgers, and current donors who have given to more than one letter, or have given over a certain threshold, for the pledge program.

- develop an external incentive for joining the pledge program, such as free travel and hotel for the 2006 convention, or invites to other events or other premiums.

- maintain a high level of professional contact with the direct solicitation donors, and continue to develop this program.

- consider ceasing the activities of the newly created congressional committee to limit competition to our core fund raising.

Dues:

- discontinue all plans for changes to the dues structure, including the already approved \$50 dues increase and the proposed \$0 dues program, to limit our risks.

LPHQ Update

Director of Communications' Report

by Shane Cory

General Media

- All media lists have been recreated and the blast fax program has been reinstated. A new media e-mail list serve has also been created with new media contacts.
- The new LP weekly update has been submitted regularly to all members while a separate LNC update has been created for internal purposes
- Since June, Joe, myself and even Sam have conducted over 25 radio interviews on a variety of topics including the Real ID Act, the PATRIOT Act and the Iraq Exit Strategy
- Various articles, some negative and some positive have been written regarding the Iraq Exit Strategy. Most notable of the negative articles was the Lew Rockwell piece "Regime Libertarians" which has driven over 1,800 people to the website and resulted in several articles countering his views and supporting the Libertarian Party.
- As you may have heard, LP Chair Michael Dixon appeared on the Alan Colmes Show (radio) to discuss the Exit Strategy before a large, national audience.

LP News

Daniel Cloud has, in my opinion, increased the quality of LP News over the past month by moving the publication from inwardly focused content to a good mix of political news and LP internal matters. After a discussion with Daniel regarding LP News content, he was enthused at the possibility of getting out into the "real world" for interviews and articles.

Daniel attended a protest on the Downing Street Memo in front of the White House to interview attendees and take photos of the event (featured in the July edition of LP News).

Among other things for the future, we plan on obtaining a day pass for the White House Daily Briefing where Daniel would have the ability to directly question White House Press Secretary Scott McClellan.

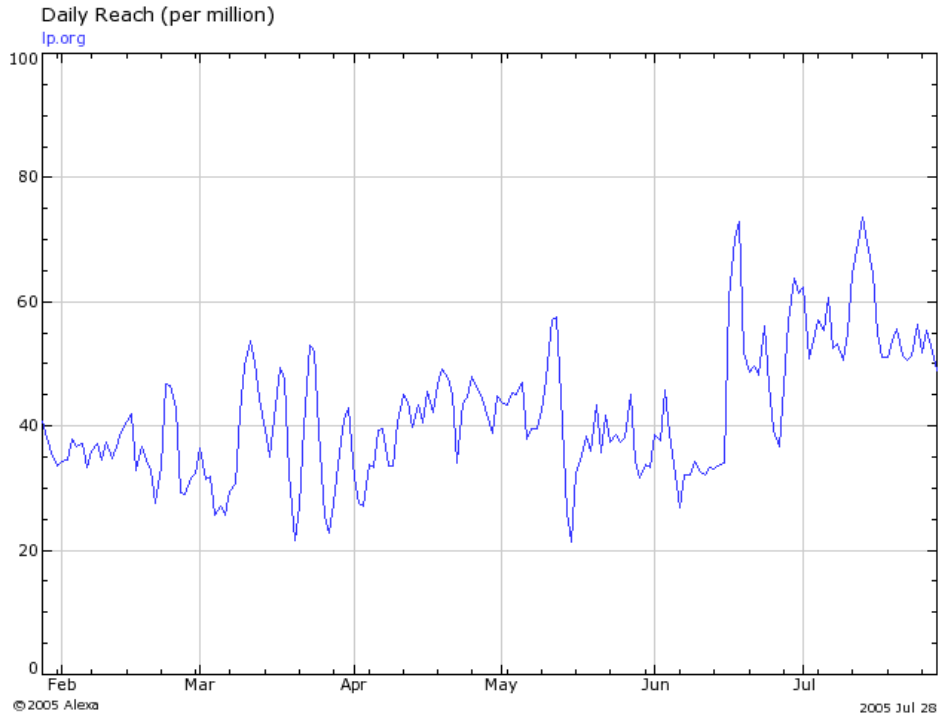
LP.org

The website is continuing to gain in popularity due to the Iraq Exit Strategy and the LP Blog. Possibly as a result of our gains over the RNC and DNC, both have upgraded their websites and the RNC has even added a blog (note that there is a standing prize to anyone who is able to post a negative comment towards George W. Bush and have it remain for more than 2 hours).

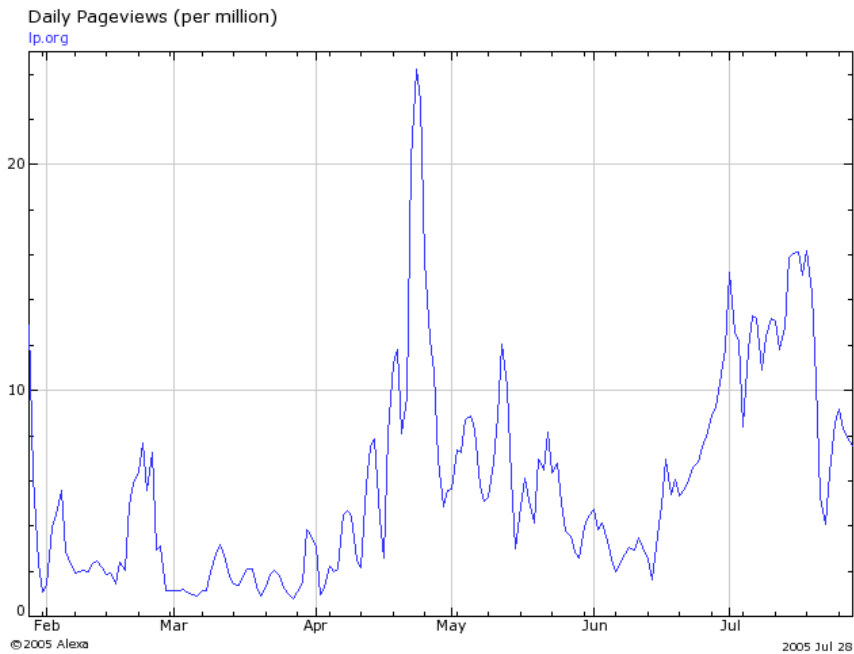
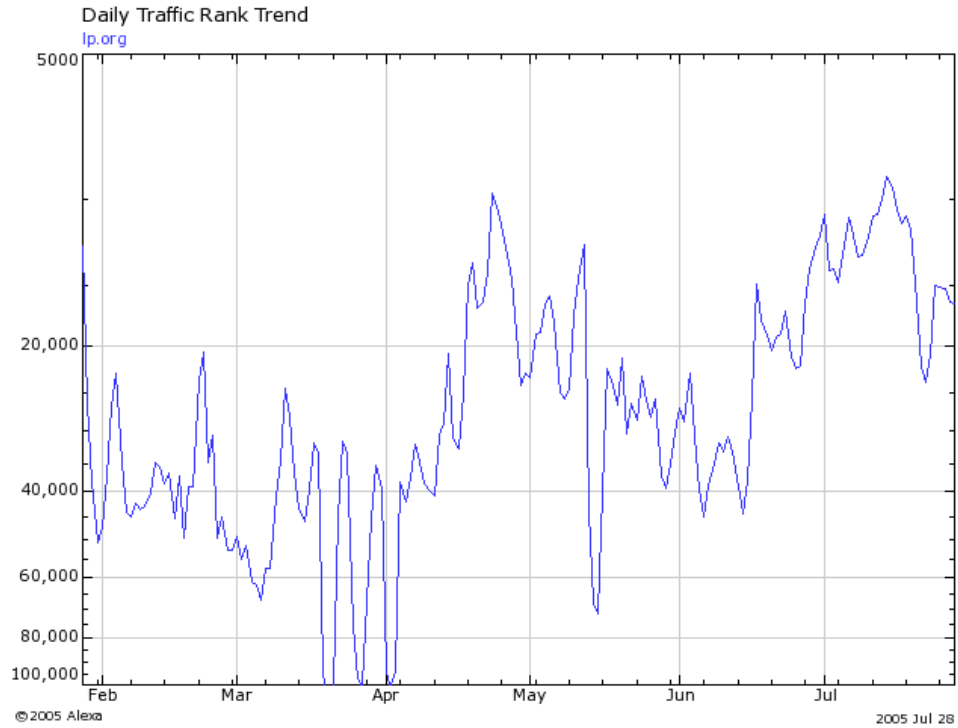
Below are the stats for the site:

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

Month	Unique Visitors	Sessions	Page Views
May	51,000	92,000	367,000
June	97,000	163,000	589,000
July	72,000	136,000	494,000



Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005



Top Referrers for the Year:

http://www.fark.com	23030	25.1 %	23183	10.1 %
http://www.stumbleupon.com/refer.html	3900	4.2	6029	2.6

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

		%		%
http://www.whatreallyhappened.com	2194	2.3 %	2219	0.9 %
http://www.lewrockwell.com/rockwell/regime-libs.html	1875	2 %	1875	0.8 %
http://www.politics1.com/parties.htm	1425	1.5 %	1425	0.6 %

Director of Operation's Report

by Robert Kraus

Blackbaud

As previously reported, prior to June's resolution, RE has agreed to credit us for the entire amount we owe in full -- value of \$24,188.93. I have also negotiated and they have agreed to in principle to concessions totaling over \$99,000.00 – these are as follows:

Evaluate and exchange the RE:Anywhere software for the Netsolutions software. The only thing this would cost LNC would be the annual subscription fee of \$1850. The fee may however be waived for the remainder of our contract period thru Dec if we do the exchange but I have not worked out final details. We will need to coordinate Netsolutions integration with our web based membership area. Once implemented, members who update their information from the web will be processed directly to RE. In addition, Netsolutions offers some enhanced web marketing capabilities. We are in the process of scheduling a meeting with Blackbaud's Netsolutions consultant.

Consulting assessment - The goal of this assessment was to determine exactly what was needed to get LNC's database in good working order. The assessment is not yet complete and I have asked for an update. Once it is finished, the LNC and Blackbaud will work together to determine responsibilities and timelines. Based on our conversations with their technical experts, we do know we have to upgrade our RE program and then download some patches to correct some problems with queries and exports. We have server maintenance scheduled (as of this writing) for the 1st of Aug which will allow us to proceed with the upgrades.

NCOA on demand with address, congressional district, phone & deceased on all 400k of our records plus 100k email updates. They have agreed to and we have already completed the address part of this record update. We are planning to proceed with the next installment after we upgrade our RE and complete the server maintenance. They will provide 4/each of these services over the next 12 months. Value \$42,000.00 + \$25,000.00 for 100k email updates.

Move from 5-7 to 8-10 RE users - This is the only request that RE cannot accommodate. The cost of upgrading to 8-10 users would be \$6250 and the additional maintenance

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

would be \$1500/year. Blackbaud claims it's a different software package so it would be like starting from stage 1 again.

Free attendance in next DC regional training center - RE will provide up to 15 days of training at our DC regional facility provided it is taken by the end of this year. We can use the days however we like; e.g. 3 people for 5 days, 5 people for 3 days, etc. Value \$8250.00

Explanation of why maintenance increased from \$6300 to \$7914 after 1st year - The first year of Maintenance in 2003 was more than \$6,300.00. We were billed \$6,300.00 for RE Maintenance but also \$1,886.27 for Address Validation and taxes. In 2004, RE says there was a 3% increase for inflation and we were billed for Address Validation in the amount of \$995.00, which is the renewal price. The inflationary increase of \$189.00 plus \$995.00 plus \$430.35 for taxes will bring us to the \$7,914.35 Maintenance total. The cost for the next year will be approximately \$8150 after Blackbaud's version of inflation, or \$10,000 if we ad Netsolutions. The billing period covers Dec 05- Nov 06.

Customer Service and Data Dumps

I have produced a new data dump format that is all inclusive providing up to 35% more records than the old three file data dump had. The new dump also includes all the primary preferred phone and email records. We are still in the process of consolidating these fields – completing all of the active and about half of the lapsed records so far. We have received a number of good positive feedbacks from the States and will be further restructuring the data dump to account for that feedback once all the consolidations are complete. About 80 % of the States requested / received the new data dump. The other states received all 4 dumps – the three old ones plus the new ones. I will continue to do the extra work and put out the extra effort to offer the old dumps for another month to accommodate those states that wish to receive them.

Prior to the June resolution, we were in the process of increasing productivity by initiating morning meetings at 9:30 am, making sure phones were answered, installing a time clock system to better track hours, coordinating a dress code and other work place policies to place our staff in the "mind set" of working and producing to further our cause. Joe always reminded us that we work for the people who send us the money and the little old lady in Iowa who sends us \$5 each month didn't pay us to fight with ourselves – but to change this country and the world. I would like to be able to continue these efforts when we are allowed to move forward.

Financial

Cost Controls: I would like to return my focus to reviewing various contracts to cut costs and keep spending in check. I was almost finished evaluating new medical and 401k plans that would have cut our benefit costs in half (about \$25,000 in total savings per year).

Mid Year Audit: I have completed over the last two weeks an audit of the first 6 months for this year. The adjustments to the financial statements resulting from this audit were reflected in the EOM Jun Report. These included properly booking prospecting income as

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

outreach; moving EDLAAC expenses from outreach to fundraising; reviewing and properly posting fundraising and program expenses; and ensuring that the income reports from Raiser's Edge match up with QuickBooks. Additional prior month adjustments are expected to be made as RE is corrected for split gifts.

A/P: To comply with the EC's directive on Accounts Payable, we unfortunately made a renewed effort to concentrate on reducing aged payables at just the same time our revenue started to drop dramatically.

It is never a good business decision to pay invoices based on date alone. Factors that need to be considered, before a payment is made, is how important a certain vendor is to your continuing operations, if you are going to be using the vendor again in the future, has the vendor been asking for payment (or for an older expense perhaps they have already written off the debt), what are the reasons behind not paying one vendor over another, what other expenses are coming up (UMP, Rent, Payroll) and what other revenue generating activities are planned so you can properly project what cash reserve you might need to meet these near future obligations?

I am currently in negotiations with a few of our vendors, like Integram which produced the Annual Report, to reduce their charges and work out a payment schedule. In addition, I was able to negotiate a \$2500 reduction in the Rubino balance which was \$5000.00 based on paying them by Mid August. The balance of the Blackbaud has been written off this month (July). To further reduce payables, however, a concentrated effort will need to be made on outreach and direct solicitations efforts, to boost our revenue in the near term.

A/R: I have worked with Dan and Shane to renew our collection efforts, keep A/R under control, and prevent some of the problems of the past. In addition we are looking at ways to increase the profitability of LP News and we have been working to establish some business practices in regards to LP News Advertising which now include:.

a) Reviewing ad rates quarterly to make sure they are adjusted for printing cost increases. We have recently received a 35% increase in printing which we will incorporate into our new ad rate structure. The new rates will apply to both internal and external customers. We re-bid the printing a few months ago and were unsuccessful finding a printer that came under Walton Press. However, we will be re-bidding once again to see if any improvement in cost can be made.

b) We are also looking to build in enough margin to cover the addition of an outside ad sales rep, who will work on a commission basis, which will allow us to increase the number of ads (thus, ad revenue) for LP News. These ads sold by the rep will all be pre-paid eliminating the need for follow-up and collections.

c) Restricting further advertising by any party running a balance over 90 days past due.

I would advise writing off the old (over 1 year old) accounts receivable since we do not expect any of these to be paid off in a timely manner. Although the current aged A/R is about 1/4th of where it was at the beginning of the year (it's currently under \$1000.00) I will continue to be more aggressive in our collection efforts on current accounts more than 90 days past due.

Development Coordinator's Report

By Jessica Lynn Neno Wilson

Direct Mail

In early June, we were embarking on a big direct mail push to prospects and lapsed members. With the resolution, we were allowed to continue with any projects that we currently had under order. These projects were: a) a house letter dealing with medical marijuana, b) a version of this medical marijuana letter to some of our lapsed members, c) another round of our "Mega Guilt" letters to other lapsed members, and d) prospecting letters to Registered Libertarians.

Along with this, we were running NCOA (National Change of Address) updates through Blackbaud as part of our compensation package. This should improve the number of people we reach by 10-20%. We also purchased through a discounted deal with Aristotle, 160,000 Registered Libertarian names. We now own those names and can mail to them as many times as we like. These names were already NCOA updated. We also have a discount option to purchase the rest of those names should we wish to within three months.

Basically, with the address updates and big push to prospect, we had a better chance than ever to meet the 5,000 members goal. I calculated that would only be able to meet it if we "dropped" (meaning taken to the post office) by July the 8th, although earlier is always better.

Due to the resolution and the restructuring of my time to focus on Raiser's Edge while getting out four huge and important mailings, only one mailing (our first segment of the Mega Guilts) was dropped by my target date. End of the month fundraising reports should show the current (though early) results of these mailers. Please take a look at those when they are distributed.

Lastly, in order to get better per piece prices on printing, when we intend to do multiple drops of one letter (like Mega Guilt) we order more than the anticipated quantity of the first drop. (Example: We might order 50,000 and intend to do 2 drops of 25,000 over a month's time.) We took this approach with the Registered Libertarians and the Mega Guilts in this round of mailings.

Thus, we mailed the 25,000 of each we were planning to drop, but we had already printed 50,000. Now, since we cannot spend monies to drop the remainder of them due to the resolution, we have timely letters which we have paid for which are not generating much needed revenue because they are sitting on the floor of a warehouse. This opportunity cost cannot be exactly measured but it is yet another consequence of the resolution and the spending restrictions in it.

Pledge Revenue

I was specifically asked to address the reasons why pledge revenue is declining. I will not blame this decline on the RE resolution, probably to the surprise to those of you that

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

believe these reports are a CYA exercise on the part of the staff. I will begin the story much farther back than that.

Last summer, prior to the Raiser's Edge implementation, HQ realized that the difference between actual pledge revenue and potential (promised) pledge revenue was significant. We made an effort to close the gap. This process has been detailed in all of my previous reports. We have done calling and small in house mailings to delinquent pledgers and pledgers with expired credit cards. We also put a solid focus on customer service, especially for pledgers. This resulted in gains being shown in specific areas, such as decline rate for credit cards.

However, a number of highly varied incidences took place that caused many pledgers (but particularly many high dollar pledgers) to cancel their pledge. In addition to that many pledgers have decided to just stop sending them in. Some even called me and told me that they were "pissed" about one thing or another and just never thought about officially canceling, just stopped sending the donations in.

Since October 1st, 2004 we have had 232 pledgers cancel their donations, for a total of \$5,491.34. This is much more than any monthly amount we have recovered through our pledge maintenance efforts. Many more have lowered their pledge amounts. Still more have ceased to honor their pledges.

Among the many issues that have caused pledgers to cancel or decrease their pledges or stop sending them in are:

- a) Unemployment
- b) Medical and Disability
- c) The double credit card charges due to Chase Moore in October
- d) Continued random double charging until I took over pledge charging
- e) Disappointment with the Badnarik Campaign
- f) Secret LNC vote to raise membership dues and not raise UMP payment
- g) Lack of agreement with LNC priorities
- h) Post election donor burnout (a phenomenon across the board with fundraising)
- i) Other internal political battles within the LP and LNC

Essentially, I note these things because off of the top of my head I can count hundreds of monthly dollars that have been cancelled due to reasons beyond the staff's control. Sometimes the reasons are personal or political. Other times they are more administrative and internally politically oriented. This is a challenge that could only be overcome by the LNC making less controversial decisions or by staff adding new members to the pledge program.

A move to undertake that project was underway. I was making training manuals, interviewing callers, and otherwise gearing up for a summer devoted to growing the pledge program. There are posters and documents scattered throughout my office which have been gathering dust. I stopped recruiting when Juliet left and I was asked to take on those enormously important duties. Also during that time, I missed an issue of Liberty Pledge News, which admittedly accounts for some of the missed revenue in June. The May issue never went out. It just slipped through the cracks.

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

However, this will be remedied as this function is ceded back to the communications department where it belongs. We should complete that transition by the November board meeting. That should improve the timeliness and quality of the publication. I accept responsibility for that mishap but this one mistake does not negate the overall downward trend in revenue.

Once I had corralled the basic database core function problem back in May, I returned full steam to the pledge program project. I was then asked to include broader Raiser's Edge issues in my daily tasks. This decreased the amount of time I was allowed to spend on the pledge program. However, everything was moving forward. Directly before the resolution was passed, I was told that membership was now the sole focus and to stop for a weeks all non-membership or Raiser's Edge related activity.

When the resolution was passed and I stopped all pledge program activity, including the customer service function, which was ceded to Chris Thorman and Kelly Kohut due to necessity. I miss the interaction with the pledgers and I feel the inability to continue to build my relationships with them will hurt the program in the months to come.

Basically, the resolution did not cause a decline, but it slowed the solution to the problem. Priorities from the board and from the Executive Director that were filtered to the staff indicated that membership and not pledge revenue were the priority. Real analysis of the problem should look at both the broad patterns of revenue (like shifts in staff time and priorities) and the details of donor choice (the reasons why they stop donating.) Those reasons do not negate actual mistakes by staff, but merely fixing those sorts of individual problems will not cure the problem.

Intern Report

We continue to employ interns on a regularly basis. We opened up a new source of interns this summer through the Fund for American Studies. This relationship has been fruitful so far and should continue. We continue to have great relationships with the American University Washington Semester Program. Students and young people are still very interested in what we have to offer as an office experience.

As a side note, it is difficult and a bit embarrassing to try and explain the kind of internal political battles that go on within the LP and our interns do return to their programs and write papers about the office dynamics and they speak with their families. What happens in our office does affect our public image. The more normal we can be, the less crisis-oriented, the better.

Raiser's Edge

Over the past month and half, I have made tremendous strides towards improving the data within Raiser's Edge as well in documenting processes and policies which will ensure data integrity in the future. I would like to first outline my progress as it pertains to the specific areas addressed in the "resolution", then list my activities as it pertains to broader Raiser's Edge issues, and lastly detail my to-do list for and my progress towards completing it.

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

The resolution stated three goals for LP-HQ to achieve with Raiser's Edge and our data sharing with the states. For reference, they are as follows: A) the monthly data dumps to the states including two phone numbers, if available and two e-mail addresses, if available; and B) the monthly data dumps to the states including information the status of the most current address (labeled as the bad address field in the prior database); and C) the monthly data dumps to the states reconciling to the monthly state by state membership report.

I generally worked on the first two goals, in conjunction with Robert and with advice from Shane. I will take the two goals in turn. I call the first one "Phone Type Consolidation" and the second the "Bad Address Field Question."

Phone Type Consolidation

Per the phone type consolidation, it was found that not all phone numbers available for a person were being pulled for export to the states. We thought this might be fixed by designing, testing and reassigning a simpler more streamlined phone type naming system (I call it a schema.) I designed the system with help from Robert and then took a segment of the database (the deceased and dropped members) and tested the schema by running global changes to replace the old phone types. It takes 87 global changes total, but it seemed to work when Robert ran the test dump.

I spent the weekend doing the same thing for the active members. ***This needs to be done slowly so that we do not make RE run extremely slowly or crash our server.*** Over the next 30-45 days, I hope to be done with the rest of the database and then retire the old phone types. By the time of meeting, I will have completed the actives, lapsed, deceased, and drops. Inquiries and other segments of the database will take more time. My completion rate by the August dumps and this board meeting will represent more than a quarter of the entire database, but it is the most important part of the database and by all accounts makes the dumps much easier to use.

I use two computers while at work and two RE log-ins. I run these global changes all day on one computer and do my regular work on the other one. I do not see how I can work any faster without endangering our server.

A few side notes here, prior to the July data dumps I thought as a bonus that I should try to isolate all of the bad numbers that our callers here at HQ have found over the past months. They add actions to the record indicating a bad number so that they do not waste time trying to call that number again. They have been doing this for months, even before Chris Farris and I designed the new "Bad Home Phone" and "Bad Work Phone" types. I isolated them and changed those phone types to bad – this will be a value-add for us and for the states.

Lastly, when we had a security and training problem with a high school intern who added 45 new phone types (which were useless personal emails), Jennifer and Juliet tried to find a way to isolate and remove those types. They were told by Blackbaud and others that there was no way to fix it; it was permanent. I found a way to do it and permanently remove them from clogging up our phone type system.

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

The new system slots the phone numbers and emails into several broad categories and into priority categories indicated by numbers. 1=Primary, 2=Secondary, 3=Additional. The categories include: Business or Work Phone, Cell Phone, E-Mail, Fax, and Home.

- **BUSINESS:** The following phone types under the old schema have been incorporated into the Business or Work Category: Business, Business – Box, Business – Voice, Work, Work – Box, Work – Voice, Work – Voice – 1, Work – Voice – 2, and Work – Voice – 3. If an individual only has one number in this category it will be marked: **1Primary Business or Work**. If they have two, the second one will be marked: **2Secondary Business or Work**. If they happen to have three numbers in this category, the last one will be marked: **3Business or Work**.
- **CELL:** The following phone types under the old schema have been incorporated into the Cell Phone Category: Cell - Voice. If an individual only has one number in this category it will be marked: **1PrimaryCell**. If they have two, the second one will be marked: **2Secondary Cell**. If they happen to have three numbers in this category, the last one will be marked: **3Cell**.
- **E-MAIL:** The following email types under the old schema have been incorporated into the E-mail Category: Email, E-Mail, E-mail – Home, E-mail – work, E-mail – 1, E-mail – 2, and E-mail - 3. If an individual only has one e-mail in this category it will be marked: **1PrimaryE-Mail**. If they have two, the second one will be marked: **1Secondary Email**. If they happen to have three numbers in this category, the last one will be marked: **3Email**.
- **FAX:** The following fax types under the old schema have been incorporated into the Cell Phone Category: Business – Fax, Cell – Fax, Fax, Home – Fax, and Work - Fax. If an individual only has one number in this category it will be marked: **1PrimaryFax**. If they have two, the second one will be marked: **2SecondaryFax**. If they happen to have three numbers in this category, the last one will be marked: **3Fax**.
- **HOME:** The following phone types under the old schema have been incorporated into the Home Category: Home, Home – Box, Home – Voice, Home – Voice – 1, Home – Voice – 2, Home – Voice – 3 and Primary. If an individual only has one number in this category it will be marked: **1PrimaryHome**. If they have two, the second one will be marked: **1SecondaryHome**. If they happen to have three numbers in this category, the last one will be marked: **3Home**.

This system allows Raiser's Edge to pull more information in a more accurate way for data sharing with the states. All types marked with a number 1 in front of it, (whether it is primary or secondary) will be provided, when available, to the states, in 90% of cases providing at least 2 phone numbers and 2 e-mail addresses to the states. (NOTE: This will only be true for active members this month. It will not be true for lapsed and inquiries until next month.)

For reference, those number 1 types are: 1Primary Business or Work, 1Primary Cell, 1Primary E-Mail, 1Primary Fax, 1Primary Home, 1Secondary E-Mail, and 1Secondary Home. Two additional phone types (Bad Home Phone Number and Bad Work Phone Number) will also be provided, for a total of nine phone types.

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

The Bad Phone Number Types will be more accurate over time as we root out more inaccurate numbers, and will be greatly benefited in a few weeks when we run Data Enrichment Services through Blackbaud as part of our compensation package. We will find the bad numbers and update many of the current numbers. Any bad numbers that HQ Development Callers identify are marked and changed in the phone type area.

NCOA, Address Updates, and the Bad Address Field

With our Blackbaud consultant in house, Usama – Robert and I researched the transition of the 1/2/3 bad address field from Fox Pro to RE. We found out where it went and what happened with it, but came to the conclusion that this didn't add much value, as a "ping" system for bad addresses was not the best choice. Also with almost a year intervening, re-implementing that info would not solve anything, as it would potentially mark good addresses as bad.

With the serendipitous resolution with Blackbaud, we found a solution with our NCOA process which was scheduled to run this week anyway. After I re-imported the results of the NCOA screening, I use the "footnotes" of the NCOA to write two queries – one for the addresses either updated to be good or verified as good and one for addresses that were not able to be updated or verified as bad ones.

I then used those groups to populate the "Has No Valid Address" field in RE. I made sure the good addresses were unchecked – that is – marked as valid and that the bad addresses were checked – that is – marked as invalid. This field will be exported to the states, thus fulfilling the requirement of the resolution. It will not be the same as the FoxPro field, as it will be a Yes/No, On/Off kind of field – either is valid or not. This will be communicated to the states via Robert and Shane prior to their dumps.

Of note, NCOA updated roughly 16% of the addresses in our database (out of 400,000 records.) That means we will reach more people and the states will reach more people. This process also confirmed as bad addresses about 2% of database. The rest were verified as good. The states will also be notified as to the possible shift in their membership and membership numbers, due to moves. With these NCOA updates, quarterly people will be virtually moving in and out of their state

Address Validation is a process that we run every month in order to make sure we have proper postal codes and county information for our addresses. We also use this at HQ in order to "spot-check" new members and inquiries as we add them to the database. This process will not tell you if someone has moved or tell you if the address is bad. It merely improves the address for processing. It makes sure that city, state, and ZIPs all match and make sense. It adds the ZIP+4 to the regular zip code. It also fills in county information and additional postal codes such as DPC and CART.

NCOA (National Change of Address) is a slightly different service. We have not had this service before now. Through our negotiations with Blackbaud, we have this service quarterly for a year. This service will tell you if someone has moved and give you the new address. It will also tell whether or not an address is bad. When we ran NCOA for the first time last week, the process updated over 64,000 records in our system, a little over 16% of our entire database.

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

It also noted that about 2% were bad addresses which were un-updatable. Queries grouping the "good" or verifiable addresses were created and global changes were run in order to remove the "Has no Valid Address" tag if they were updated. Conversely, the bad addresses had the "Has no Valid Address" field checked through a global process.

Every time we process NCOA, some membership "movement" should be expected by the affiliates. Members, lapsed members and inquiries could have moved into or out of their states.

It was brought to our attention that whenever NCOA is run and when someone moves, NCOA does not automatically update the county information. That has to be done by the Address Validation. Address Validation will be run before the August dumps to correct this issue and in the future every quarterly NCOA update will be run in conjunction with the Address Validation as an immediate follow-up. This is a learning process.

Broader Raiser's Edge Issues and Business Rules

I have composed a 16 page Business Rules Guide for Raiser's Edge. It still needs some editing but it is functional. I will continue to instruct the staff in what they need to do in order to upkeep and/or implement these new policies and procedures. This guide includes a complete reworking of the coding system and rules for data improvement. The coding project is finished and will just need to be kept up. I have included spreadsheets with multiple worksheets on it that outlines the entire new coding system.

Having Usuma here at the office from Blackbaud really helped me on Friday to clarify my thinking on these issues. One of the biggest things that Usuma helped me accomplish was the means with which to implement the split gift system. No data entry has been done in July so far and tomorrow morning Susan and Gladis have been thoroughly trained by me for the new methods of entering membership gifts over \$25. I also found a very easy way to clean up 80-90% of the mistakenly un-split data from 1/1/2005 to the present. This was a big win! This is still on my to-do list, but I am working on it.

There is still much to be done, but a great deal of progress has been made. It's amazing what we can do when we have the proper support and knowledgeable consultants. The progress I have made should go a long way to fixing the data problems with the affiliates and our internal reporting and budgetary issues with RE.

This project – though surprising sometimes – has not been easy. The technology is often user-friendly but having the institutional knowledge going back several years and several project managers is difficult. Our Blackbaud consultant was astonished at how much I had learned about Raiser's Edge in only a few months of really taking over data management. With further training, I will learn even more.

However, I don't think these solutions that I am implementing could have been done any sooner, as the knowledge base takes time to build. I am happy that I have stayed with the project long enough to develop that knowledge and implement solutions for the LNC.

Remaining Projects on Raiser's Edge and Progress Update

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

I spent significant time after my vacation correcting quarterly and month-end reports in the interest of getting accurate information for the LNC. I am now writing this report. However I did have time to train Gladis and Susan on split gifts and complete all tasks outlined above. I had an intern work on one or two of the basic data entry projects for me, but I want to do the split gifts corrections myself to ensure accuracy. Again, I have been running global changes non-stop while I work every day I am at work.

Here's what I have done and have left to do.

Luke Phillips, one of our summer interns, worked on changing all Soft-Credit Join via state members from "Honorary" to "Join via State or Pledge." I think he did a great job and has probably fixed most of these.

- Change pledgers who are not life members to "Join via state or pledge"
- Conduct the "un-split membership gift" data clean up from 1/1/2005 to 6/30/2005
- Continue with the global changes for the new phone types to include all inquiries and the rest of the database.
- Write a proposal for a better way to categorize memberships and store the information in RE (Delaying this to see what the LNC committee on this topic comes up with first)
- Research in conjunction with Robert where the "oath" is official store and updated and incorporate that data into the business rules
-

Usuma is working with Robert and I to look at a best solution for Batch Importation of data from the states, although I am firmly convinced of the uselessness of this item since NCOA will give us more up-to-date information in 90% of cases than the states could provide. We would actually be un-doing good addresses in many cases. I do not think this would be good business move for the LNC and it would be a technical rabbit hole to go down.

LP News Editor's Report

by **J. Daniel Cloud**

Printing costs

By now most of you should be aware that the cost for printing *LP News* recently (in April, I believe) was increased by a hefty amount, from approximately \$1,400 per issue to more than \$2,000 per issue. The August issue, for example, cost something like \$2,300 to print, for the same 20 pages/issue that I've been doing all this year.

When I was told last winter that the paper was (for the first time ever) going to be expected to break even using only advertising revenue, I lowered the size of the paper from 24 or 28 pages per issue to 20 pages, chopping the printing cost almost in half -- from approximately \$2,400 to about \$1,350-\$1,400 per issue. Now, the price is back up.

When I made that change, I bid the paper out to several other printing companies -- we currently use Walton Press in Atlanta, Ga. -- and got bids in the \$3,000-\$4,000 range. It was obvious that Walton's price beat that amount, so staying with that printer was an easy choice. However, I will soon be bidding out that work again, to see if I can get a

better price. The increase in printing costs, as I understand it, was directly attributable to an increased cost of paper and ink, which were driven up by increased cost of transportation, etc.

Advertising

I have been more aggressively trying to sell advertisements in *LP News*, with some success. The list of people who can and will advertise in the paper is limited by federal restrictions, since we at the LP cannot take "contributions" from corporations -- thus eliminating most businesses as advertisers.

Those who can advertise -- political campaigns; self-owned, unincorporated "businesses"; and occasional internal-oriented "idea" ads -- continue to advertise, but not in high enough numbers to support the paper, as you know.

I am in discussions with an ad broker who sells ads for Reason magazine, and we are working toward a method through which he would sell ads for *LP News* on a commission, non-fee basis.

Additionally, Shane Cory and I are looking at revisions to the advertising rate sheet, which will likely result in higher ad prices, decreased discounts for buying multiple ads, and a normalization of what various advertisers pay. Some advertisers enjoy large discounts for advertising, thanks to agreements that predate my employment as *LP News* editor. I am trying to come up with a solution to the issue, one that will not be punitive to our long-time advertisers but which will also allow the LP to generate increase revenue.

These changes should be enacted before the next issue of *LP News* (October, since I'm currently working on September) comes out.

Various other *LP News* issues

I understand there is some discussion of eliminating the dues structure for LP membership, which would assumedly necessitate making people pay for an actual subscription to *LP News*, or which would make the paper a more direct benefit for a larger contribution to the party.

I also understand that there is some discussion of creating a "business" separate from the main LP budget for *LP News* alone, to enable the paper to take advertisements from incorporated companies and other currently barred sources. Such an action would also, of course, make it much more obvious whether or not the paper is paying for itself.

If I am directed by the LNC, the eventual newly hired ED or the communications director to come up with a proposal for paying for *LP News* under such a structure, I will do so -- allowing for some direct contribution to *LP News* for subscriptions, as well as considering advertising revenue.

Affiliate Services, Special Projects, and Outreach Report

by Samuel P. New

State Chairs' Training Manual

At the direction of the chair, I have launched a project to create a training manual for all incoming state chairs. The purpose of this manual is to congratulate state chairs on their elections to office, thank them for their efforts, and provide them with a number of tools that will help them leverage their efforts as well as those of the members and activists in their states. The manual will also serve as a mechanism to facilitate better communications between the state affiliates and the national office.

The binder includes:

- a welcome letter
- a copy of the current LNC Policy Manual
- the LNC Bylaws, instructions for ordering materials
- instructions for submitting stories, announcements, and elections to LP News (per the instructions of Daniel Cloud)
- contact information for LNC members
- contact information for HQ staff
- a reproducible form for reporting new members, renewals, and address changes to HQ
- a reproducible form for providing HQ with address changes for members
- instructions for making changes to the given state's portion of LP.org
- a form for reporting the contact information for state officers.

Samples of the training manual have been provided at this meeting. Please feel free to take a look, and offer any feedback that you might have. I will be happy to consider it. I believe that this is a worthwhile endeavor that can help us significantly standardize our affiliate relations.

Material Sales

Over the course of the last several months, our stock of outreach literature (i.e.: A New Vision for America, Is This the New Political Party that You Have Been Looking For, etc.) has been gradually depleted. Unfortunately, many of these brochures, specifically the full-color pieces, are extremely expensive to print (\$12,000+) and must be printed in large quantities. As a result, the capital required to replenish the supply is not currently available. I have included a current count of all available inventory with my report. In my opinion, the entire material sales program must be evaluated. If we are to simply re-order the brochures that we have published previously, then the content must at least be re-evaluated. Additionally, some graphic overhauls are probably in order. This begs the question, "Do we overhaul each publication and invest several thousand dollars in replenishing the inventory, or should we look at alternative options?" Answering this is fairly complicated. Our flagship literature piece, A New Vision for America, is glossy, full-color, compact, and covers a variety of issues and positions. It is handy and useful for all types of outreach events (from gun shows to gay pride parades), and should be continued. My personal experience at outreach events has been that New Vision is by far the most popular literature piece. The remainder of the literature should probably either be discontinued or updated and overhauled. To diversify our offerings, and to give LP customers better options, we have discussed setting up our own store with Café Press. By utilizing Café Press, Libertarian shoppers could purchase T-shirts, golf balls, towels, mouse pads, and the like, at no cost to the LP. This would satisfy some of the demand that

Appendix B. Headquarter's Report, Kansas City, MO, August 6, 2005

we have seen for such items, without forcing us to create these products in bulk quantities. As for literature, I believe that we should offer, at a bare minimum, one flagship, multi-issue publication. However, we do not currently have the available funding to order another printing of A New Vision for America. I am open to suggestions, and hope to resolve this problem as soon as possible.

Webmaster Duties

I have recently overtaken the duties as webmaster. Thanks to training from Communications Director Shane Cory, I have begun monitoring and updating the content on LP.org. Additionally, I have worked with many states to establish accounts so that states can monitor the content of their portions of LP.org, thereby eliminating the role of HQ as a middle man. As I continue transitioning into this role, I will actively be seeking the Communication Director's advice and assistance. We are continuously striving to make LP.org the most effective, accurate, useful outreach tool that it can be.

Outreach

Due largely to the spending and operational freeze, cash flow problems, and staff turnover, many of the Washington-based outreach projects have been temporarily halted. Without the ability to pay sponsorship fees, event participation is limited. However, we have made some meaningful contributions to the American Family Business Institute, a group that focuses primarily on the repeal of the Death Tax. Additionally, I have been invited to join a group called the Property Rights Coalition. The will meet weekly on Capitol Hill, and will focus on both intellectual and physical property rights. Members of Congress will be present at each meeting, and the group will discuss the best ways to defend property rights on a variety of fronts. If our participation is allowed under the resolution, I think the coalition will present an excellent opportunity for us to once again embrace a mainstream, popular issue that also resonates well within the LP.

CAMPUS ORGANIZING REPORT

Submitted to: Libertarian National Committee, August 6, 2005

Submitted by: James W. Lark, III
Representative, Region 5E
Libertarian National Committee

The following report will provide information concerning efforts to build and support Libertarian campus organizations. I shall provide an updated report at the LNC meeting should additional information become available.

1) I regret to report that since the previous LNC meeting in Dallas in May, I have had much less time to invest in campus organizing activities than I had anticipated. Thus, I have not completed some of the projects mentioned in my previous report, such as the campus organizing manual (see comment below)). In addition, I am still undecided as to whether the campus organizing website should be hosted on a separate websites; there are advantages to both choices.

2) The campus organizing manual is still undergoing revision. I anticipate that a revised version will be available on the website by July 31.

3) I am continuing to investigate opportunities for LP representatives to appear at conferences, workshops, and other events that involve young people (especially political activists).

4) I am slowly building a list of activists (many of whom are students) who are willing to perform "back-office" tasks that are important to the success of a national campus organizing network. I hope that by the date of the LNC meeting in Kansas City, some of the activists will be working upon these tasks.

5) Within the next month I intend to send a letter to several people to ask them to serve as a part of an advisory board for the national campus organizing network. I hope that by the date of the LNC meeting in Kansas City, some of the activists will be working upon these tasks.

I have recently met with various leaders of campus organizations (such as Travis Wright of the University of Washington Libertarians and Will Little of the Libertarian Society of the Appalachian School of Law) to help them with their efforts. I hope to meet with many more activists during the coming months, especially on my planned tour of northern California in late August.

Please join me in thanking Trevor Southerland (recently elected Region 4 Alternate Representative), who continues to provide tremendous assistance to the national campus organizing project by virtue of his service as chairman of the National Libertarian Youth Caucus, as well as his work with the Libertarian Party of Tennessee.

Final Report on Presidential Ballot Access Expenditures

George D. J. Phillies
phillies@4liberty.net
508 754 1859

Core Report

This is my Final Report on LNC Ballot Access Spending, as commissioned from me by the National Chair on Income Tax Day, April 15. The Executive Summary begins on the next page.

Let me begin by stating that Robert Kraus has been extremely cooperative and helpful in this effort. Recall that he inherited the financial records for last year. He did not create them.

The National Party for direct and indirect costs spent \$200,652 on petitioning, \$21,230 on litigation and related expenses, and \$48,576 on fundraising, office, and mailing costs. The National Party still owes \$12,499 for ballot access, according to its FEC reports. Freedom Ballot Access spent \$18,530 toward ballot access and Badnarik itemized \$36,597 in ballot access expenses.

Implications: I have two major issues: 1) Based on limited data from state organizations, parts of the ballot drive were extremely expensive. 2) In a fundamental sense, my audit was a failure.

To repeat point 1), *the Ballot Drive became very expensive*. Some petitioners were apparently paid not only at a per-signature rate but were also paid for travel and lodging. This increased actual costs per signature from \$1-2 per signature up to \$3-4 per signature. Because no contracts or invoices with petitioners have been found, I cannot in general be more specific as to who was paid what. I have had statements to me from several state party officials that there was an inverse correlation between how much we were paying and productivity, in particular that the more highly paid petitioners that they saw were among the less effective.

To repeat Point 2, *my Audit had serious failures*. There are two problems:

- a) *The National Committee lacks basic financial records*. There are a set of computer spreadsheet entries. There is no paper trail backing the spreadsheet entries.
- b) Money was disbursed without any agreement as to what reports would be due from states and persons receiving money. Correspondingly, *most states have ignored my requests for information*.

I gather from Mr. Kraus that the previous policy in party headquarters was that whoever was working on a project would put the financial records in a file folder or folders. I have asked repeatedly for the folder that matches this audit. *If there had been a folder for last year's ballot access drive, it has not been found, despite a diligent search*. There are no records as to who authorized any particular expenditure. If there were ever a dispute as to who authorized a payment, there might be no way to resolve the question. Mr. Redpath claims all expenditures were approved by the National Chair, but there are no records to validate his assertion.

The National Committee has voted "*Projects shall be self-funding and shall expend or obligate only money which has been received unless such expenditures or obligations are approved IN ADVANCE by the LNC.*" To carry out this rule, either a separate bank account would be needed or there would need to be a list of receipts, by date, that could be matched against expenditures, by date, to ensure that expenditures and obligations did not go beyond receipts. I have found no indication that such a list of receipts was ever created. If it did exist, it was ignored, as witness the ballot access fund's substantial debt.

Executive Summary

- The National Party Headquarters, State Chairs, Treasurers, and Executive Directors of involved States, Freedom Ballot Access, the Badnarik Campaign, and Mr. Redpath were requested to transmit appropriate supporting information.
- The National Party for direct and indirect costs spent \$200,652 on petitioning, \$21,230 on litigation and related expenses, and \$48,576 on fundraising, office, and mailing costs. **According to the LNC's FEC reports, the LNC also still owes \$12,499, but some of those reports are contradicted by other data.**
- Freedom Ballot Access spent \$18,530 on ballot access efforts. The Badnarik Campaign itemized \$36,597 in ballot access expenses, which does not include spending to ship documents around the country to validate that Mr. Badnarik was our nominee.
- As practicable, a state-by-state breakdown of available volunteers, required signatures, and LNC spending has been generated.
- Spending ranged from one to four dollars per signature collected. In some cases this included paying for accommodations and meals for petitioners, as well as a per-signature payment. Having run for Federal office, I find payments other than piecework to be unconventional.
- I have from the LNC a spreadsheet showing amounts spent and to whom disbursed. Some payments for petitioning do not indicate the state in which signatures were collected. I am aware of one state in which the LNC had signatures collected, for which I cannot identify any matching expenditures.

Table of Contents

- 1....Core Report
- 2....Executive Summary, Table of Contents
- 3....Appointment, Data Collection, Responses, National Party Records
- 4....State Records, Spending by State
- 7....Unaggregated Expenditures, Outstanding LNC Debts, Anomalous Spending Issues
- 8....Challenges
- 9....Appendix A Dixon Appointment Letter
- 10....Appendix B List of States, Sample Inquiry Letter
- 11....Appendix C Communications with National Headquarters
- 12....Appendix D Memos between William Redpath and George Phillies
- 14....Appendix E State Reports (Appendix S1-D.C., Appendix S2-New York, Appendix S3-New York)
- 18....Appendix F Badnarik Campaign Spending; Appendix G Freedom Ballot Access 2004 Financials.

Report by George Phillies

Appointment

On April 15 I was appointed by Mr. Dixon to make a report on how the LNC's ballot access money was spent. April 16 was the LPMA State Convention. On April 17 I sent requests for information to involved persons. I have made follow-up inquiries to persons who did not respond originally. This preliminary report covers my findings to date. I would like in particular to thank Robert Kraus, Joe Seehusen, Sam New, Wes Benedict, Werner Hetzner, Bonnie Scott, Shannon McMenamin, Chuck Moulton, James Babb, and David Jahn for their information.

Data Collection

On April 15, the National Chair sent email to each State Chair announcing my appointment and requesting their cooperation with my efforts (Appendix A: Appointment Letter). Requests for Information were sent by me on April 17 electronically to each State Chair, Treasurer, and Executive Director in each state that appeared likely to have received money from the LNC. (Appendix B: List of States, Sample Letter). They have since been repeated. Separate requests were sent to the Party Headquarters (Appendix C: Correspondence) and to Mr. Redpath as coordinator of the ballot access project (Appendix D). Information for Freedom Ballot Access came from Sean Haugh and I. Additional information was obtained from the FEC Disclosures for the Badnarik Campaign and for the LNC.

Responses

National Party: The National HQ responded immediately and on the first following business day to my request. On April 29, I telephoned Mr. Kraus, who was extremely polite and responsive. I remind the LNC that he was not with us when most of these transactions took place, so he is working through someone else's records. He expressed to me the observation that the LNC Office usually keeps all material on each project in a distinct file folder. For example, there is a file folder for the 2004 National Convention.

There is no sign of a file folder corresponding to the 2004 ballot access drive. There is no sign of a file folder corresponding to our chief external fundraiser, Mr. Kohlhaas.

State Party Records: I have had responses from Texas, New York, the District of Columbia, and Alabama, and from Freedom Ballot Access.

Mr. Redpath has responded to my initial inquiry, saying that he kept no records.

National Party Records

I have received from the National Party a series of spreadsheets listing expenditures. In many but not all cases, these can be associated with expenses in particular states. Others are apparently fund raising expenses.

There are no copies of any cover letters, supporting memos, records of conversation, or other supporting documents. I had initially requested a copy of the supporting memoranda and others bills, and the cover letters that accompanied the checks. I had supposed that these would in each case be filed with the matching check, so finding these would not be challenging. *There is no documentation that explains or justifies any LNC expenditure. If there is dispute, there is no way to settle who actually approved the ballot access expenditures.*

Members of the LNC reminded me of LNC rules: Policy Manual, Article V (Finances), Section 1 (Financial Procedures), paragraph B (Special Projects and Task Forces), subparagraph 2 "Projects shall be self-funding and shall expend or obligate only money which has been received unless such expenditures or obligations are approved IN ADVANCE by the LNC." *There appear to be no income statements, so I cannot report when or by how much this project overspent.*

Spending by State

I have received a report from Shannon McMenamain (DC Chair) (SubAppendix S.1 of Appendix E), supported by a longer telephone conversation. I have received an extensive memo from Bonnie Scott (NY State Vice Chair) (SubAppendix S.2 of Appendix E), and a separate financial report by the LPNY Treasurer. I have received a complete account from Wes Benedict, Texas State Executive Director (SubAppendix S.3 of Appendix E).

The following is a state-by-state aggregation of the data. The LNC Ballot Access plans provided the number of members in each state as of July 2003, and the estimated required number of signatures. LNC and Freedom Ballot Access expenditures are taken from spreadsheets supplied by the LP National Office and by Sean Haugh. State Reports for the states for which I have responses have been incorporated, and appear as Appendices.

Alabama

Alabama had 251 members in 2003. 5000 signatures were needed for Ballot Access. The LNC sent Alabama \$2500 on July 9, \$2000 on August 17, and \$5742.38 on September 30. Between Independent Alabama and the Libertarian Party of Alabama, Freedom Ballot Access invested \$4030. The Badnarik Campaign sent \$5000 on August 27. Total investment in Alabama was therefore \$19,272.38, or \$3.83 per signature. However, \$5000 of this may have been refunded to the LNC, so perhaps the cost was only \$2.83 per signature. There is no substantial report from the LPAL.

Connecticut

Connecticut had 245 members in 2003. 7500 signatures were needed for ballot access. The Badnarik Campaign invested \$15,000. Freedom Ballot Access invested \$3600. The total spending was therefore about \$2.50 per signature. There is no report from the LPCT. They have had a major change in officers, and the new officers cannot contact certain of the former officers.

District of Columbia

The District of Columbia had 66 members in 2003. 3600 signatures were needed for ballot access. 150 signatures were collected by the active members. The LNC sent DC three checks for \$4500, \$5200, and \$4000 in late July and early August. Freedom Ballot Access invested \$30. The LPDC invested approximately \$4000 of its own money. The total was approximately \$18,000 or nearly \$4 per signature collected.

The LPDC faced a very narrow time window, competition from Republicans paying \$5 each for Nader signatures, and petitioners who raised their rates after it was too late to replace them. An LPDC report is attached.

Illinois

Illinois had 737 members in 2003. 25000 signatures were needed for ballot access. The LNC sent Illinois \$5000 on April 12, \$10,000 on June 2, \$10,020 on June 14, and \$7500 on June 15, for a total of \$32,250 or \$1.30 per signature required. LPIL did not respond to my inquiries.

Kentucky

Kentucky had 131 members in 2003. 5000 signatures were needed were need for ballot access. The LNC sent Kentucky \$5613.49 on September 30. Freedom Ballot Access invested \$30. The Badnarik campaign records sending \$5000. Total spending was therefore about \$10,643 or \$2.13 per signature required.

New Hampshire

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

New Hampshire had 223 members in 2003. 3000 signatures were needed for ballot access. Freedom Ballot Access invested \$30. At least three prominent New Hampshire Libertarian activists have stated to me that the LNC did send several petitioners to NH for several weeks. This includes statements by the State Chair at the LPNH State Convention. I have been unable to identify LNC expenditures for the New Hampshire ballot access effort. The petitioners apparently collected simultaneously for Badnarik and Nader. Under NH law, when the same voter signs two petitions, whichever campaign gets their petition to town hall first gets to use the signature.

New York

New York had 701 members in 2003. 15000 signatures were needed for ballot access. 24708 signatures were collected, including 9033 by volunteers. The LNC sent New York \$18000 on August 17. Freedom Ballot Access invested \$4650, for a total listed here as \$22650. LPNY sent an extensive report.

North Dakota

North Dakota had 27 members in mid-2003. 4000 signatures were needed were needed for ballot access. Freedom Ballot Access invested \$530. The Badnarik Campaign sent \$3000. There is no record of an LNC contribution. Total spending was \$3530 or approximately ninety cents per signature. I have no report from LPND.

Ohio

Ohio had 704 members in 2003. 5000 signatures were needed for ballot access. The LNC sent Ohio \$3000 on June 29, apparently for petitioning, and for legal expenses \$1000 on January 10, February 10, March 10, and April 10. Freedom Ballot Access invested \$1630, so the total for petitioning and legal expenses was \$8630. I have no report from LPOH.

Oklahoma

In Oklahoma, lobbying and litigation were pursued. Freedom Ballot Access made available \$500 that proved not to be useful and was in the end not spent. The LNC on various dates sent \$17,230 for litigation expenses. I have no report from LPOK.

Oregon

The Badnarik Campaign paid the Oregon Secretary of State \$1000 for ballot access.

Pennsylvania

Pennsylvania had 801 members in 2003. 23,000 signatures were needed for ballot access. Freedom Ballot Access invested \$150. The LNC sent Pennsylvania \$5000 on June 10 and \$6300 on July 9, for a total of 11,300, and to petitioner Jay Russell \$2000 on June 18, \$2000 on July 9, \$8280.25 on July 30, and \$4233.81 on September 30, for an individual total of \$16514.06 and a grand total of \$27,964.06. Expenses approached \$1.20 per required signature. I am advised that the actual total signature count included 14,257 volunteer signatures and 29,979 paid petitioner signatures, for a total of 44,000+ signatures.

I previously reported "Mr. Jay Russell of Pennsylvania, who was paid \$16,514.06 for petitioning, was the original LPPA U.S. Senate candidate. He received that nomination on the basis of his commitment that he would personally collect the required signatures to put him (and as an automatic bonus our presidential candidate) on the ballot, a feat he has previously been a major factor in accomplishing for another party. It is my understanding that Pennsylvanians do not recall an indication at the convention that Russell expected to be paid for petitioning."

Matters in Pennsylvania are a bit complex. I received an extensive report from some Pennsylvania State Party officers. I received a retraction or withdrawal of the report from other officers.

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

To this I will add that, the day before Mr. Russell received the nomination, the nomination according to my Pennsylvania sources had already been given to another Pennsylvanian. Through a debated parliamentary process, that prior nomination was nullified, and given to Mr. Russell. There is some disagreement as to precisely what promises were made by Mr. Russell, or by his chief supporters, on the convention podium or elsewhere, as to whether Russell would personally gather all the signatures needed for ballot access, or whether he would only gather enough additional signatures as needed to put himself on the ballot. Certainly, he was a prolific petitioner who gathered vast numbers of signatures. Mr. Russell may also have been paid for petitioning done outside Pennsylvania. At least some Pennsylvania petitioners apparently were paid for travel and lodging as well as per-signature rates. Individuals were in some cases paid at a net rate of over \$3 per signature.

South Dakota

South Dakota received \$4980 on March 3, \$5000 on March 24, and \$7500 on April 30, for petitioning in the one case where a reason is specified for the spending. South Dakota had 34 Party Members as of mid 2003 and needed to collect 3,346 valid signatures by collecting an estimated 5600 raw signatures to put the candidate on the ballot, or 8364 valid signatures by collecting an estimated 14,000 raw signatures to put the party on the ballot for two elections. I am advised by Richard Winger that the latter path was used, because it had been started early on. The LNC thus spent about \$1.25 per signature relative to the path chosen, or over \$2 per signature relative to the cheaper path, to put the candidate on the ballot. I have no report from LPSD.

Texas

Texas, with approximately 1100 members as of mid 2003, spent \$145,000 on ballot access, including acknowledging \$45,000 from the National party, \$75,000 raised internally, and \$25,000 borrowed from members. This is close to \$90 per state member raised by the state party. I received a very extensive report from LPTX.

Texas needed to collect 45,540 signatures and actually filed 82,000, of which 9,500 were collected by volunteers (close to 9 per state party member) and 72,500 were gathered by paid petitioners.

The total cost per signature was \$2.00 (average of total expenses over total paid signatures was \$145,000/72,500) or \$3.18 (average total expenses over required signatures without considering volunteer signatures was \$145,000/45,540).

LNC records indicate sending \$5,000 to "KohlhaasTX" on April 8, \$25,000 on April 26, and \$20,000 on May 6, which differs from the State Party report by \$5000.

West Virginia

West Virginia had 71 members in mid-2003. 12,693 signatures were needed for ballot access. The LNC sent \$5460 on May 13, \$1000 on June 29, and \$3000 on July 19, while Freedom Ballot Access invested \$150. The grand total was \$9610 or slightly more than 75 cents per signature. I have no report from LPWV.

Unaggregated Expenditures

\$17,558 was paid to Mr. Kohlhaas for fundraising. I have been unable to assign a substantial number of expenditures, including approximately \$10,000 in petitioning, to ballot access in any one state. \$9,550 for 'Ad and Admin Charges' is the largest single unallocated and undocumented expenditure, followed by matching expenditures of \$1688 and \$2972 for "Sept Renewals" and "postage".

Outstanding LNC Debts

According to the most recent report of the LNC to the FEC, there are outstanding debts for

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

ballot access, namely:

Gary Fincher \$1926

Crystal Lawson \$726

Jay Russell \$4234

LP-KY \$5613

for a total of \$12499. The first two numbers also appear elsewhere in the data I have, as though the debts had been paid.

Anomalous Spending Issues

- The amounts assigned by these records to the Texas Campaign (\$50,000 in payments to "KohlhaasTX", Texas, and TX) do not match the Texas Party statement that the National Party paid them \$45,000. Are there administrative/fundraising costs not seen by the Texans? There are no records that would clarify how much of KohlhaasTX properly went to Kohlhaas as the fundraiser.
- For 9/15/2004, item #912943 to Advanced Mailing Services, the Ballot Access campaign paid \$1,688.02 for "Sept Renewals", and two days later to the same place by \$2,972.21 for postage. I cannot name an expenditure describable as "Sept Renewals" that would be a legitimate ballot access expense, but perhaps it is the label on the entry that is odd and not the spending.
- Payments for "Postage" were made to "Tri-State" on dates after or far after the end of the ballot access campaign, namely \$688.28 on October 12, 2004 and \$696.30 on November 29, 2004.
- While other express transmission charges are in the \$10-20 range, on June 26 UPS was paid \$157.66 to ship a package 21X1432 to Kohlhaas. This is a remarkably large sum for shipping, though it might have been to a remote point in Alaska.
- Amounts paid to Bob Lynch on April 17, Jay Russell on September 30, LP Kentucky on September 30, and LP Alabama on September 30 are quoted as amounts paid, to an odd number of pennies, which is strange unless these were payments against itemized invoices. No such invoices have been found in the National Office. The same is true of some payments to UPS, to Scott Kohlhaas, and to Bill Redpath for telephone charges.
- I cannot assign to the "Petitioner" expenses of \$6500 to Mr. Kohlhaas, \$726 to Roger Pope, \$726 to Crystal Lawson, and \$1926 to Gary Fincher to a particular state, because records available to me do not name a state.

Challenges

- The National party has no paper trail of records allowing me to validate any of the reported expenditures.
- I did not receive responses from most states.
- Mr. Redpath says that he has no records.
- I would have expected that accompanying each expenditure there would be a paper trail: A record of the purpose, receipts as appropriate, and a signed purchase authorization indicating which Party officer or staff member approved the spending, and for what nominal reason. I have been unable to find this trail, which might have explained some expenditures.

Appendix A - Dixon Appointment Letter

From: owner-statechairs@hq.lp.org

Friday, April 15, 2005 8:56 AM

To: statechairs@hq.lp.org Subject:

Note to be posted to the statechairs {Message from Michael Dixon

I have asked the Dr. George Phillies to coordinate the data collection and reporting of a Ballot Access Project Audit which was requested by action of the LNC at the November meeting. He will be contacting many of you to request some financial and ballot access information from the 2004 election cycle. I hope that you will give him your cooperation and support as he attempts to compile some cost of ballot access information which the LNC has been interested in for some time.

He has already obtained the data he needed from the National Office (accounting and expenditure details)

I have asked that he make a preliminary report to the LNC at our meeting in May, and a more detail report in the weeks following. For this reason, I hope that you will offer him your swift attention to the questions that he will ask of each of your organizations.

Michael Dixon

Chair

Libertarian National Committee

Appendix B - List of States, State Letter

List of States Contacted: Alabama, Alaska, Connecticut, District of Columbia, Illinois, Kentucky, New York, Ohio, Oklahoma, Pennsylvania, South Dakota, Texas, West Virginia

Sample Letter

Dear (names),

As you may have been advised, I have been appointed by the LNC to examine how the LNC spent its money on ballot access for our 2004 Presidential candidate. The LNC's most direct interest is how the LNC's money was spent, but in order to do a better job in 2008 the LNC would certainly be interested in seeing the big picture.

If you already have a report on ballot access suitable for the LNC, I'd be happy to receive that.

The records, that I have been sent, list LNC payments to your state for ballot access of (amounts), but this list may be incomplete.

Different states have different ballot access paths. However, in most states, it is reasonable to ask:

How many signatures did you need? How many signatures did you collect? How many were collected by volunteers?

and

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

How much money did your party raise in-state for ballot access? How much was paid for signature collection? What did you spend it on? in particular, what did you spend the LNC's money on, e.g., per-signature payments?

One set of questions does not fit every state perfectly. I'd love to talk. Late evening 508 754 1859 9AM - 7PM 508 831 5334 or send email phillies@4liberty.net as to when I can call you.

Best, George Phillies

Appendix C - Communications with National Headquarters

Message to Sam New and Joe Seehusen 4/17/2005 14:09PM

Subject: Ballot Access Spending

Date: Sun, 17 Apr 2005 14:09:42 -0400

From: George Phillies <phillies@4liberty.net>

To: samuel.new@lp.hq.org, JoeSeehusen@hq.LP.org

Dear Joe and Sam,

As you may hopefully have been advised, the National Chair has asked me to report to the LNC on how the ballot access effort was carried out last year. As you know, this was a project-based effort, which succeeded in ensuring that our candidate was on the ballot in 48 of the 50 states.

One of the pieces of information I need for this is a list of where the money was sent and why. Mark Nelson has been kind enough to send me a spread sheet, which I attach. I have added states when I could guess them from the document. It is a very well presented spread sheet, but like most spread sheets it represents only an outline. In particular, for some lines I see only a person's name, but no indication of why they were sent the money or the purpose of the spending.

I therefore need copies of whatever paper records are available explaining these expenditures. I understand these may be more or less detailed.

I realize that sometimes spending records are updated. If there is an updated spreadsheet, please forward it to me.

As a lower priority item, one of the points of our project based funding scheme is that expenditures were nominally only supposed to go out after the targeted money came in. Is it possible to ascertain from our records which donations covered this spending and, if so, when they arrived? The original request I received indicated an interest in having me include in my report a comparison. I understand that we ended up in the red.

If there are other records in your possession, which I would reasonably have asked for if I knew about them, copies of them would also be appreciated.

All documents should be sent to Professor George Phillies Physics/WPI 100 Institute Road
Worcester MA 01605

I realize you are extremely busy. I am most grateful to you for your assistance in this matter.

Cordially,

George Phillies

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

Text of Response from Sam New 4/17/2005 14:49PM

I'm going to copy this email to Robert Kraus, our new ops director, in hopes that he can help find the documents that you need. If you don't hear from me tomorrow (Monday), feel free to follow up. I'll work with Robert, and see what we can come up with.

Text of Response from Joe Seehusen 4/18/2005 10:44AM

Professor Phillies,

Thank you for this memo. I will forward it on to Robert Kraus in accounting.

Robert Kraus: Please confirm with Michael Dixon where this project fits into your priorities and then communicate to Professor Phillies a timetable for responding to this request.

Thank you, Joe Seehusen

Appendix D - Memos between William Redpath and I

Memo to William Redpath 4/17/2005

Dear Bill,

As you may hopefully have been advised, the National Chair has asked me to report to the LNC on how the ballot access effort money was spent last year.

A major part of this effort is explaining where the money went and what it was used for. I realize that you were extremely hard at work actually getting people on the ballot rather than working as a bookkeeper.

I therefore need copies of whatever records are available explaining these expenditures. In particular, if you have information as to who our petitioners were, and how many signatures they collected in which states, that would simplify my efforts.

If there are other records in your possession, which I would reasonably have asked for if I knew about them, copies of them would also be appreciated.

All documents should be sent to Professor George Phillies Physics/WPI 100 Institute Road
Worcester MA 01605

I realize you are extremely busy. I am most grateful to you for your assistance in this matter.

Cordially,

George Phillies

There is a subsequent correspondence. In a message dated May 2, 2005 I responded to:

William Redpath wrote: All expenditures were made by the LP National Office, or by the state parties, or by Freedom Ballot Access. I, myself, never made an expenditure; therefore, I have no paperwork.

by writing

To: William Redpath wredpath@his.com

Cc: Michael Dixon, Chair dixon4chair@earthlink.net; Lee Wrights Carolinnus@aol.com; George Squyres gsquyres@earthlink.net; Mark Nelson lpiachair@mchsi.com

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

Sent: Monday, May 02, 2005 7:51 PM

Subject: Re: Ballot Access

Mr. Redpath,

I am sorry to hear that the original email went astray. This is why this is a preliminary report.

I want to be sure that I am understanding what you have said. You requested (from FBA) or called upon the National Party Headquarters to transmit checks to various parties, and you have no record of any of your requests (letters, email file, telephone logs) or any of the reasons for any of them? You were reimbursed for telephone expenses, and you have no record of those expenses?

Are you sure?

George Phillies

to which Mr. Redpath responded:

George:

I was reimbursed several hundred dollars for incremental cell phone expenses during the petition drives. I do not have that documentation. I throw my cell phone bills away after they are paid. The backup should be at the National Office.

I might have e-mails that were sent, but I cannot look for them now because I am leaving town on Thursday for almost two weeks and have a full schedule in the interim. In any event, I would think that all e-mails requesting funds (and their approval by the National Chair) would be in the National Office, in the accounting files. Please let me know if that is not the case.

Bill Redpath

Note in Particular Mr. Redpath's assertion: "(and their approval by the National Chair)"

Appendix E. State Reports

Appendix S1 - D.C. Report

A message from Shannon McMenamin:

Hi George-

Just an FYI, Carol has resigned as the DCLP Secretary, and from what I understand, is no longer even an LP member. But Rich and I will be able to answer any questions that you may have about the DCLP Ballot Access Drive.

The signature goal was 3600.

Rich worked closer with the petitioners in the final days of the drive than I did, and I'm sure he will correct me if I'm wrong; but I recall the final number of signatures collected being around 5200, (to account for the inevitable DQs.)

We had about 150 signatures collected by volunteers, which for a party of our size (about 5 active members, only 1 of whom was willing or able to petition regularly) and level of inactivity wasn't too bad.

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

We solicited the help of fellow area state LPs, but most either had their hands full with their own ballot access drives or were more inclined to send checks than to work with us for signatures.

How much money did your party raise in-state for ballot access? Again, Rich will correct me if I'm wrong, but I believe the DCLP anted up around \$4K for ballot access.

How much was paid for signature collection? What did you spend it on? All of it. We only spent money on collecting signatures and housing the petitioners.

In particular, what did you spend the LNC's money on, e.g., per-signature payments? Same as the above.

Had we had more time in the beginning to lay the groundwork, I can see a few things that we could have done differently. However, I assumed the Chairship at the end of June, shortly before the petitioning window started. (In DC, you cannot legally petition for ballot access until July 2, and the deadline is August 17th. Perhaps the tiny window of time provided, and the fact that we were denied a month that we could have used to petition-between Memorial Day weekend when the LP chose Badnarik and when the DCLP were allowed to start petitioning on 7/2-is an issue to be raised with sympathetic LP lawyers before the next election?) -If I'd had more time in office before the petitioning window opened, I'd have started a fundraising drive to supplement the DCLP treasury. -Also, I'd have questioned more closely what the DCLP was paying for. It seemed like the price kept going up, then suddenly we were paying for a hotel room for the petitioners...and frankly the ones we had were not getting huge results. I'd prefer to see future hotel costs paid only when the petitioners hit certain performance goals. -Also, the petitioners were seeking sigs for other petitions at the same time that they were doing ours, which I didn't think was the most professional way to handle things.

However, we did face a few very real problems that need to be taken into consideration as well:

-Emotions were running high this year on both sides and the feeling that "this wasn't the year to vote third party" because "too much was at stake" was drummed into people's heads until it became dogma. That hurt us badly, because the two sides were so whipped up against each other that it really was hard to get them to see a third party candidate as a viable option. The sense that "you're not going to win anyway, and we need to stop Bush/Kerry" was pervasive. And as you can imagine, it was especially bad here in DC, where a lot of people work in politics. I can't tell you how many people wouldn't even talk to me when they found out that we were petitioning for a 3rd party candidate. -We also had a problem getting and keeping quality petitioners when we couldn't compete financially with the Big Two. When the GOP is paying \$5/sig to get Nader on the ballot, it's hard to compete when you're only offering \$1.25/sig. Or \$2/sig, in the crunch time. This isn't news, but it was a large factor here.

I hope that gives you the information that you need. If you have any further questions, feel free to contact me.

Best, Shannon McMenamin

Chair, DCLP

I (GP) also spoke at length with Shannon McMenamin. The LPDC was faced with the circumstance that they had a short time window, some petitioners began to demand more support after they started work, and with the short time window replacing petitioners was not always an option.

Appendix S.2 - New York Report

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

The following is based on a series of messages from Bonnie Scott and Werner Hetzner, and has been re-ordered to comply with non-e-mail prose standards.

New York needed 15,000 total valid signatures required. 25-30K is what we need to be safe. New York got 24,708 in 2004.

9033 signatures were collected by volunteers in 2004. State Committee Members collected 2613 signatures, or 29% of the volunteer signatures gathered. Jeff Bennett, a candidate for state senate in Rockland county, collected about 50% of the volunteer signatures gathered in NY in 2004.

New York raised around \$100 in-state for ballot access. It spent about \$10K of LPNY money (not specifically raised for ballot access) on collecting signatures. That went to paid petitioners. It also raised around \$22,000 from the LNC and Freedom Ballot access.

Bonnie Scott explains: Please note that per-signature payments are technically illegal in NY. However, if you ask what you paid people and how many signatures they collected, the LPNY ended up paying between \$1 per signature and \$3 plus expenses per signature. The expensive signatures were collected by the pros sent from National.

S.3 - Texas Report

I received from Wes Benedict a record of an exchange of messages, repeated below in order of transmission:

George Squyres wrote on 11/21/2004, 11:15 AM:

The LNC agreed to the audit of the Ballot Access project. While the information is still fresh and available, I would like to ask you to put together the numbers and other factors such as time that are more subjective. We are going to do this again in four years, and we have the chance now to get a lot of information that will make that process easier and far more informed. I know it is work, and there is never a lack of that, but we have an opportunity to see what this actually cost us, and educate our view into the future.

I have attached the entire audit in MS Word, but have copied below the portion that is relevant for Texas. Anything beyond that you can put into it to detail the subjective costs is welcome, as we need to know the human costs in this as well as the numbers.

Thanks to all of you in advance,

George Squyres

Subject: Ballot Access Audit Date:

11/22/2004, 11:59 PM

From: Wes Benedict wesliberty@aol.com

To: George Squyres gsquyres@earthlink.net cc: Patrick J Dixon telppatjdixon@earthlink.net,

Rick McGinnis rmcginnis@austin.rr.com, Michael Gilson gilsondelemos@msn.com, Anthony Garcia agarcia@erealty.com

I understand the desire to collect this information. This is a very big project and we never assembled this data here in Texas in the organized fashion or categories you are requesting. In addition to burning the

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

midnight oil on this project, we burned through 2 treasurers this year before landing our third, Anthony Garcia, who occasionally accomplishes small miracles like you are requesting.

Below, I included preliminary estimates of the data for many of the important items.

Aside: If you can help me locate 1) the most recent LP national budget (with a report that breaks down revenue to show how much national gets from monthly pledgers) as well as 2) a membership number per state report so I can see how Texas is doing compared to the other 49, I'd appreciate it.

Thank you

Wes Benedict

Executive Director Libertarian Party of Texas 512-442-4910

Subject: Re: Ballot Access Audit Date: 2/1/2005, 8:27 AM

From: Wes Benedict wesliberty@aol.com

To: George Squyres gsquyres@earthlink.net

George,

I sent some numbers in the 11/22/04 e-mail re-posted below. Unfortunately, I do not have the data to complete the rest of the numbers in the detail you are requesting. We had 2 Treasurers resign during the course of the entire ballot access project (including the months after the signatures were turned in when expenses were still being paid). We didn't have adequate accounting controls in place and couldn't find anyone to do it either.

Some subjective comments:

The ballot access drive was very expensive and time consuming. I worked as a full-time volunteer on this project for 6 months. Several other volunteers put in lots of time as well. None of the official LPTX State officers at the time participated significantly in the ballot access project. In the end, the ballot access project in Texas exposed weaknesses in our state and county organizations, but allowed Texas to select a slate of new officers who had proven themselves by successfully completing the ballot access project in Texas.

I don't have a great solution for dealing more effectively with ballot access around the country. I understand the desire for the LNC to get out of the business and let states stand on their own. Texas would have failed without financial help from national and guidance from Bill Redpath.

- Wes Benedict

Executive Director Libertarian Party of Texas 512-442-4910

The Texas numerical report as transmitted to George Phillies, April 2005

Revenue Sources:

Payments from LPN: \$45,000

Direct mail and phone solicitation: \$75,000 (includes in person, website and other categories as well {not just direct mail & phone; 75,000 is an approximate estimate at signature turn-in time; the number is a moving target as funds continue to come in to pay off loan below)

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

Payments from campaigns:

Loans from any sources: \$25,000 (from 5 LPTX members)

Total Gross Revenue for the project: \$145,000

Direct Costs:

Total Expenses: \$145,000

Results:

Total signatures required: 45,540

Total signatures filed: 82,000

Total cost per signature: $\$145,000/72,500=\2.00 (average total expenses/total paid signatures);

$\$145,000/45,540=\3.18 (average total expenses / required signatures without considering volunteer signatures)

Number gathered by volunteers: 9,500

Number gathered by paid petitioners: 72,500

Appendix F. Badnarik Expenditures

These are the actual expenditures taken from the Badnarik Committee's FEC reports, and identified as "Ballot Access" Spending. They do not include costs for shipping checks around the country, nor do they include very substantial expenses for shipping documents to the candidate and thence to various other states with signatures, etc.

LP ME 7/29/2004 \$7097

LP CT 7/30/2004 \$5000

LP CT 8/03/2004 \$5000

LP CT 8/10/2004 \$5000

LP LA 8/17/2004 \$500

Oregon* 8/19/2004 \$1000

LP KY 8/24/2004 \$5000

LP AL 8/27/2004 \$5000

Roland Riemers (ND) 8/17/2004 \$1000

Roland Riemers (ND) 8/26/2004 \$2000

Total \$36 597

Appendix G. Freedom Ballot Access 2004 Financials

Freedom Ballot Access Freedom Ballot Access has filed its IRS 990 form covering its 2004 income and expenses.

Appendix D. George Phillies, Ballot Access Audit, Kansas City, MO, August 6-7, 2005

For 2004, Freedom Ballot Expenses had income of \$20,317 and expenditures of \$19,285. Included in the expenses were \$362 in payments to independent contractors, largely for telemarketing fund raising, \$403 in other payments (largely credit card charges, fast-track shipping of checks to remote locations, and setting up a bank account). Fundraising expenses were thus under 4% of income.

In addition, Freedom Ballot Access spent \$18,530 on ballot access efforts, leaving \$1022 cash on hand. Support included: Independent Alabama \$30, and Libertarian Ballot Access efforts in: Alabama \$4000, Connecticut \$3600, D.C. \$30, Kentucky \$30, New Hampshire \$30, New York \$4650, North Dakota \$530, Ohio \$1630, Pennsylvania \$150, and West Virginia \$150.

BALLOT ACCESS PROJECT REPORT

AUGUST 6-7, 2005 LNC MEETING
KANSAS CITY, MISSOURI

Fundraising:

35 people (including me) donated at least \$1,000 to the Ballot Access Project Fund in 2004. In late July, I mailed a \$1,000 check to Ballot Access Project Fund. On or about July 26, I mailed a letter to the other 34 people asking them to join me in sending a special \$1,000 to the Ballot Access Project Fund. I prepared and mailed the letter myself, paying for all postage, including on the return envelope. Jessica Wilson helped me prepare the reply card. Caging is being handled at the national office.

According to Chris at LPHQ, to date, "at least seven or eight people" have responded with \$1,000 contributions to the Ballot Access Project Fund. I have no more data at this time.

I sent a draft Ballot Access Project letter (to be mailed to the house list) to Jessica Wilson on Sunday, July 24. I have followed up with an e-mail inquiry and two phone messages as to where this stands & have not heard back.

Ballot Access Status:

The LP has ballot status in 27 states, versus only 16 states for the Constitution Party, 16 for the Green Party, 6 for the Natural Law Party and 5 for the Reform Party.

There is what the BAP can do to help our state parties in the 2006 midterm elections—and to gain ballot status for 2008:

Arkansas—The state party has started a petition drive and has a few hundred signatures. With 10,000 valid signatures, we can run a candidate for Governor. If that candidate gets 3% of the vote in 2006—which is eminently doable—we'll have ballot status for 2008.

Illinois—We'll need 25,000 valid signatures to get on the ballot in 2006. 5% of the vote for any statewide office will get us ballot status in 2008 for all statewide offices (including President). 5% for Governor will get us full party status.

Maine—We need 4,000 valid signatures to get on the ballot. If we get 5% of the vote for Governor in 2006, we'll have party status for 2008.

Massachusetts—We need 10,000 valid signatures to get a statewide slate on the ballot. We have been on the midterm ballot in MA four times (1982, 1994, 1998, 2002) in our history. If we earn 3% of the vote for any statewide office—which has been accomplished all four times—we'll earn ballot status for 2008.

Nebraska—We only need 4,735 valid signatures to earn party status for the 2006 election. We'll need 5% of the vote for any statewide office to stay on the ballot for 2008. According to Richard Winger of Ballot Access News, any party that ran a full slate of candidates in midterm elections always earned party status—going back to 1910!

Appendix E. Bill Redpath, Ballot Access Report, Kansas City, MO, August 6-7, 2005

New Hampshire—We only need 3,000 valid signatures to get on the ballot for Governor. If we earn 4% of the vote, we will have regained party status in New Hampshire.

New Mexico—We only need 3,782 valid signatures to regain party status in New Mexico through 2008.

New York—We need 15,000 valid signatures to get the LP on the ballot in 2006. If we earn 50,000 votes for Governor, we will earn party status through 2010.

North Carolina—If the ballot access legislation that is still alive in the NC legislature passes and is signed into law, our petition drive is done. If not, we'll need to collect about 75,000 more total signatures to get back on the ballot through 2008.

North Dakota—We can do what no other minor party has ever done in ND. If we get 7,000 valid signatures to get on the ballot, and then earn 5% for Secretary of State or Attorney General in 2006, we'll have ballot status for 2008.

Other states:

AL—We could do a full party petition for 2006, but it requires 41,012 valid sigs. It is probably best to wait & do a presidential petition with 5,000 valid sigs in 2008.

DC—We will probably have to wait until 2008 to petition for President.

WV—Petitioning can start anytime for 2008.

KY—Defer presidential petitioning until 2008.

PA—Defer presidential petitioning until 2008.

OH & OK—Lawsuits pending.

States that should be able to handle their own ballot access: IA, VA, WA, TN, RI (petitioner but no money supplied in 2004), MN, NJ

Bill Redpath

STRATEGY THREE REPORT AUGUST 2005

Submitted to: Libertarian National Committee, August 6, 2005

Submitted by: George Squyres
Champion, Strategy Three

Major points of progress in implementing Strategy Three over recent months are led by the ongoing rewriting of individual planks under the new format and the improvements in individual plank language and presentation that it has yielded. By the Kansas City LNC meeting in August all planks in the platform at that were not rewritten and passed in Atlanta shall have a suggested rewrite posted to the Strategy Three website. Many thanks are owed to Shane Cory for building a website that has served the needs of the project admirably.

David Aitkens of Colorado has, out of his own pocket, paid for an advertisement in LP News advertising the website and inviting party members to participate in the discussion. This ad will run through the convention in Portland and hopefully provide substance to the open and transparent way in which the project is proceeding.

The suggested rewrite of the Immigration plank has been posted not only to the website but also in the July issue of LP News along with a full page write up of the reasoning behind the proposal. The response so far has been positive, and if it continues so then we have a good chance of passing the plank in Portland. The position moves away from the traditional position of purely open borders, but does so in a way that adheres strongly to property rights.

At least one state has already selected their nominee to the '06 Platcomm and I have begun encouraging other states to begin thinking of who their nominee will be. The chairman has indicated the LNC will select its nominees at the Baltimore meeting in November and I have encouraged members of the committee to be thinking of who those nominees will be.

Of concern is the possibility in Portland of a backlash to the changes in Atlanta. In Portland the momentum for change will either continue or be stopped. If it is stopped, it will be difficult to restart. If it continues then the full implementation of Strategy Three will likely be completed by the '08 convention. There is continually growing support for a blanket passage of rewritten non-controversial planks along the lines of what was done in Atlanta, the chief complaint with the Atlanta Platform being that it did not go far enough. I suggest that the LNC regional representatives give consideration to this and begin the discussion within their regions.