

Let Freedom Ring!

Volume 6 Number 9

Available electronically at www.cmlc.org/cmlc/pubs.htm

September 2004

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Let Freedom Ring!/Libertarian Strategy Gazette are edited and published by George Phillips, 87-6 Park Avenue, Worcester MA 01605, who is solely responsible for the contents, for the Pioneer Valley Libertarian Association (www.pvla.net) and others. Subscriptions are available from the PVLA, c/o Carol McMahon, 221 Bumstead Road, Monson MA for \$15/year to Activists, \$20/year to others. Checks payable "PVLA", please.

LNC Meeting Reports

August 14-15, 2004, Cleveland OH

[Editor: We open with Sean Haugh's report and then continue with the public statements of George Squyres and Mike Dixon.]

by Sean Haugh

Howdy all! The drive from here to Cleveland is one of the most beautiful in the country. The meeting was worth it for the pastoral scenery alone. Southern Ohio is particularly beautiful country.

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1) The Cast of Characters:

Chair: Michael Dixon (North Carolina), Vice Chair: Lee Wrights (North Carolina), Secretary: Bob Sullentrup (Missouri), Treasurer: Mark Nelson (Iowa) At-large: Mark Rutherford (Indiana), Rick McGinnis (Texas), BetteRose Ryan (South Dakota), Bill Redpath (Virginia), Adm. Michael Colley (Alabama)
Region 1 East: Dan Karlan (New Jersey) alternate: Mark Cenci (Maine); Region 1 West: Ed Hoch (Alaska) alternate: Joe Thompson (Colorado); Region 2 (double region): M Carling (California) Aaron Starr (California) alternate: Scott Lieberman (California) alternate: Mark Hinkle (California); Region 3: Dena Breudigam (Ohio) alternate: Emily Salvette (Michigan); Region 4: MG De Lemos (Florida), alternate: Chris Farris (Georgia); Region 5 East: James Lark (Virginia) alternate: Chuck Molton (Pennsylvania); Region 5 West: Jeremy Keil (Wisconsin) alternate: Tony Ryan (South Dakota); Region 6: George Squyres (Arizona) alternate: Tim Hagan (Nevada); Executive Director: Joe Seehusen

2) **Ballot Access:** Ballot Access Project Manager Bill Redpath reported as of the meeting we had

[National Committee Meets] (Continued on page 2)

Badnarik Nears

All-State Ballot Access

Despite challenges, crises, and emergencies, Michael Badnarik will probably be on the ballot in almost every state in the United States. Oklahoma is in litigation, and the outcome is unclear. In several states, counting is still under way. As I write, Alabama is assembling its final signatures, but should be in good financial shape. We do not have definitive news out of Rhode Island or North Dakota, but both state parties had enough money and apparently enough petitioners to gain the required signatures. Rumors that Tennessee missed proved incorrect.

Badnarik appears in Massachusetts on September 17 for a Fundraiser at Bickford's Restaurant, Cochituate Road, Framingham (Mass Pike Exit 13 to Route 30, opposite Shopper's World). Saturday he addresses the Freedom Rally on the Boston Common. The anticipated audience is 50,000. For more information, see the Calendar at www.lpma.org.

Where Your Money Went

Our most popular feature reports on the campaign filings of The Committee for Small Government (the Massachusetts Income Tax Abolition campaign), The Badnarik Campaign, and the Libertarian National Committee.

In 2003 the Committee for Small Government raised \$48,820 and spent \$48,234, including \$374 to Peter Cuff as an expense re-imbusement, \$500 to William Pacheco for consulting, \$550 to the Hampton Inn for a meeting room, \$600 to Celeste Parent for consulting, \$617 for postage, \$2648 of unitemized expenses \$17,950 to Michael Cloud for consulting fees, and \$25,000 to Carla Howell for consulting fees. During 2004 it raised \$13,882 and spent \$15,920, including \$1420 in unitemized expenses, \$2000 to Muni Savyon as expense reimbursement, \$4000 to Carla Howell for consulting, and \$8500 to Michael Cloud for consulting. The Committee was dissolved on 5/20/2004.

The Second Quarter Badnarik for President fund reports income of 116882.64 and disbursements of 60416.05, with no debts or obligations outstanding. Expenditures included: It reported disbursements including to: Jon Airheart for 665 and 423 for con-

[Where Your Money Went] (Continued on page 10)

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(Continued from page 1) [LNC Meeting]

raised about \$158,000 for ballot access and spent about \$196,000. By this reckoning, the general fund is considered to have loaned the ballot access project line about \$38,000 to date. He estimated that there were immediate needs of \$27,000 to complete the New York and DC drives, and a total need of \$50-54,000 to finish everything

Oklahoma's lawsuit is not looking like it will be resolved in time to help us this election. While the petition for Presidential candidate Michael Badnarik was successful in West Virginia, the one for Gubernatorial candidate Simon McClure came up 1000 signatures short, which places our ability to win permanent ballot access in that state in jeopardy. We are pursuing legal action, since the deadline for the Gubernatorial petition is significantly earlier than the one for President. At the time of the meeting, ten states still had petition drives or other bureaucracy in progress. Since then, six of those states have successfully finished. Ballot drives are still in progress in Alabama, Kentucky, North Dakota and Rhode Island. Of these, only RI is expected to get on the ballot without outside assistance.

Alabama had originally started with an "Independent Alabama" petition which included Ralph Nader and Green Party nominee David Cobb as well as Michael Badnarik. Although there is nothing in state law prohibiting it, the state's Attorney General has squashed it. This is being appealed, but it also may not be resolved in time to help us this year. Currently Alabama is circulating their own petition instead. The ballot access issue has become a real hot button among LNC members. The criticisms are based on Redpath's lack of adherence to the budget and the ballot access plan passed by the previous LNC. This conflict of visions was predictable from the beginning, considering that we all knew about Redpath's passion for 50 state ballot access when he was appointed, and that Redpath's view is shared by a significant portion of the membership. Those who argued that we need to do everything possible to attain ballot status everywhere have apparently won the day. However this controversy will continue at least until the finances are resolved.

Some on the LNC have argued that ballot access needs to be returned to a core function within the budget, instead of being a theoretically self-funding project. It appears doubtful that this is the majority view, yet one can expect this issue to be debated in detail when it comes time to approve next year's budget. My personal opinion is that this argument is more about style than substance. What is being argued is how ballot access fits in with how we conceive of the budget and other approved plans of the LNC, and whether these guidelines should dominate over immediate practical concerns. The deeper question of whether the LNC should be ultimately re-

sponsible for complete ballot access, while still a vital part of the debate, receives less attention. Redpath disputed the welfare model of helping states with ballot access, pointing out that volunteer effort has increased in many states, and that it is unrealistic to think every state can suddenly get it together enough to take care of everything on their own. Even so, some states have made vast strides in this area, particularly Redpath's home state of Virginia.

Redpath also noted that only one letter for ballot access had been sent, back in March, and that staff has only allowed telemarketing to those who have given to ballot access in the past (about 1500 names). He said that another ballot access letter could bring in at least \$27,000, and argued for more freedom to raise the needed funds from the membership.

Redpath moved for a \$50,000 interfund loan from the general fund for ballot access. Carling moved to substitute a figure of \$27,000, which passed. Starr said the lack of a current balance was a great concern in making this decision, and Nelson reported that the current fund balance was under \$1000. Ryan pointed out that spending exceeded value in some states, including her own home state of South Dakota, and said we should let go of ballot access in these states. Starr suggested that the California state party could loan money for this purpose.

The amendment failed, and the vote on the main motion was an 8-8 tie, so it also failed. Roll call on the main motion (for \$50K) went as follows: Yes (8): Farris, Hoch, Karlan, Lark, McGinnis, Redpath, Sullentrup, and Wrights. No (8): Breudigam, Carling, Colley, Hagan, Kiel, Nelson, Ryan, and Rutherford. Not Voting: Starr.

Both Starr and Ryan said they would have voted for the lower number. Redpath then moved for \$27,000, which passed on a voice vote.

3) Presidential campaign: Geoff Neale, now working as Operations Manager of the Badnarik campaign, had requested all database info for anyone who had given money to the LP since the beginning of 2003, so they can conduct telemarketing among other fundraising from this group. He argued that the LNC had to give them this information because the Bylaws state that the LNC must give the Presidential campaign "full support."

The meaning of "full" was debated, and the committee concurred with Ryan's view that "full" does not mean absolute, as that would allow the campaign to essentially commandeer the national office and all national party resources for the duration. Carling expressed concerns that the campaign had been incompetent in managing their fundraising so far. McGinnis argued for the campaign's need of resources, while both Nelson and Redpath pointed out that the national party needed to raise money from the very same list of people. That summed up the debate on Saturday. Action was deferred to Sunday.

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On Sunday, Badnarik Campaign Manager Fred Collins appeared and gave his report. He detailed the New Mexico strategy, which is written about extensively on the LP and Badnarik websites. That state was chosen because of it was incredibly closely contested in 2000 and is expected to be a critical swing state again this election. The campaign ran 298 TV commercials over 10 days in early August. Polling both before and after these ads put Badnarik at 5%, however they did increase Badnarik's positive name recognition. These polls were part of an extensive set of polls purchased from Rasmussen, and very reputable firm, at a cost of \$22,000. If the strategy is judged to be successful, we should expect to see more of it in other swing states. They are keeping the October schedule open for now, but are planning to end the campaign in Ohio, one of the biggest swing states.

On the financial end, they replaced their treasurer with former national party Treasurer Deryl Martin. They have had reimbursement expenses of \$9000 to state and local parties for expenses of fundraising dinners, and have spent over \$30,000 on ballot access. On the positive side, their first fundraising letter brought in over \$100,000, and overall fundraising was about \$360,000. They have prepaid all their rent and similar overhead expenses to avoid accumulating debt.

Collins asked the LNC for money for both TV ads and ballot access. He cited Neale's argument and also the fact that the national committees of the Republicans and Democrats run their own ads for their Presidential candidates.

The LNC and the Badnarik campaign had already executed a contract detailing how they would share information. This process has had several bumps in the road, but now seems to be functioning. Dixon had reported that at one point data transfers had been suspended because they were not receiving any information back from the campaign. The matter was resolved within 36 hours.

Nelson moved to uphold the contract to the letter. Starr offered a substitute motion to provide the full list to the campaign as requested. Carling suggested another substitute motion to provide a paper list only to an appointed custodian chosen by the Executive Director. Starr liked that better and so withdrew his motion in favor of Carling's. This substitute passed as the main motion.

McGinnis recused himself since he has a formal role with the campaign, and requested a roll call, which went as follows:
Yes (13): Carling, Colley, Farris, Hagan, Hoch, Karlan, Lark, Redpath, Rutherford, Ryan, Starr, Sullentrop and Wrights.
No (2): Breudigam and Nelson.

Rutherford moved that an electronic copy be provided under the same conditions, which also passed. Another roll call was requested, with similar results, except that Breudigam voted in favor while Carling and Starr were opposed.

4) Severson resigns and other staff matters: Although it was not discussed at the meeting at all, LP Accounting Manager Rod Severson told many members that he had resigned. He is now no longer at the office. Both Nelson and former Database

Project Manager Geoff Neale had conflicts with Severson, which led to his leaving. I have heard no word yet on who is replacing him.

I personally would like to thank Rod for all the hard work he has done. At the previous meeting, the LNC had voted him a commendation, based on the recommendation of our auditors, for his heroic efforts in cleaning up our books. I will miss him. In other staffing matters, the LNC accepted the recommendation of the Employment Policy and Compensation Committee (EPCC) to give Seehusen a bonus of \$1100 out of a maximum of \$5000 for the 2nd quarter.

There was a question in the Executive Director's report of how he will communicate with and implement the will of the board. Dixon will be meeting with Seehusen after each meeting to review what new directives the LNC has issued and how they can be accomplished. Although he attends every meeting, it was still not always clear to Seehusen what the LNC expected of him. After each meeting, Seehusen also sometimes runs into practical problems of how to implement LNC decisions from a business perspective. It is expected that this post-meeting review with the Chair should smooth out these issues.

Several members mentioned the backlog of errors and outdated information on the affiliates pages of the website. Part of this is due to the transition from Dianne Pilcher to Sam New. However Seehusen reported that they have gotten on top of the updates, and all affiliates are constantly encouraged to review their pages and send any changes to New. Seehusen concluded, "we aren't where we need to be with customer service."

On a brighter note, Jessica Wilson has been managing a highly successful intern program. Three intern began around the time of the national convention and have been producing great work in both quality and quantity.

5) Finances: As evidenced by the arguments over ballot access, money is currently tight at the office. Dixon reported to the state chairs after the meeting that the interfund loan to ballot access had come out of their normal \$30,000 cushion, which is used to pay bills as they come in. This will need to be repaid, however the situation is not yet critical. It may mean that current projects, such as the database conversion, and outreach efforts are delayed.

Some LNC members both publicly and privately spread the rumor that UMP payments to the states were threatened by the ballot access appropriation. Dixon stated that the situation could only really become a problem in October if the current fundraising letter underperforms or projects require extra expenditures ahead of schedule. While it might be helpful for states to voluntarily defer their UMP payments, so far this is not a replay of the situation faced in 2002-03, where these payments were delayed for several months.

Seehusen reported on current national fundraising efforts. While pledges have increased since the convention, they have had a problem keeping track of expiring credit cards. Jessica Wilson has begun calling pledgers to get the updated information, and a notice was placed on the front page of Liberty

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Pledge News asking members to check their own credit card information and contact the office if it is new. Wilson is also in the early stages of developing a major donor program. Membership continued to increase in July, the fifth straight month it has gone up. This also has come from a renewed emphasis on contacting those who have recently lapsed. Total membership as of July 31st was 22,017.

At the meeting Nelson made it clear that he is not happy about the difficulty he has been experiencing with staff in getting the reporting correct. There were no standard reports produced for June or July. Nelson cited pledge income, outreach income and expense, and salaries and contract labor as problematic areas. He also noted his concerns about how project funds and asset depreciation are tracked. The database conversion expenses are still not completely budgeted, and the convention and ballot access items present their own questions. Also, an unbudgeted \$38,000 was spent on computers, which has further eroded cash flow.

Nelson also reported that we were not in compliance with our reserve requirements in June or July, and will probably not be by year's end. On the other hand, it has been quite some time since we have banked our fully mandated reserves, if indeed we ever have.

Nelson proposed several policy changes to tighten our book-keeping and reporting, most of which passed. These included more detail in the membership and project reports, on how staff time is accounted, and give staff more freedom to handle expense reimbursements and an overage in the rent line item. Probably the most controversial and far reaching of these was a

motion to change policy so the Executive Director no longer needs the advise and consent of the Chair to hire and fire staff. The lease on our space in the Watergate building is up at the end of 2005. The LNC tasked staff to report at the November meeting on the feasibility of purchasing a building in the DC area, including our ability to raise funds for the project, and on the rates and terms we should expect on mortgage financing. Carling, speaking for the Audit Committee moved to retain Frye and Wolcott for the 2004 audit. Nelson pointed out that the firm exceeded their budget by over 50%, on the other hand they did a very complete job after some years of lax auditing. Starr offered an amendment that the bid not be substantially more than the previous year's. The amended motion passed. Wrights requested a roll call, as follows: Yes (7): Carling, Farris, Hagan, Karlan, Lark, Redpath, and Starr No (6): Colley, Hoch, Keil, McGinnis, Nelson, and Wrights. Abstaining: Rutherford. Not Voting: Breudigam.

Nelson distributed materials about the preparation for the 2005 budget. The main points are as follows:

The budget should incorporate conservative revenue, expense and membership assumptions.

It should project unrestricted major Donor income of 10% of total income.

It should project a per member increase in pledge income.

It should continue all current project lines as accordion items.

It should expect LP News to break even, by increasing ad rates and decreasing its size.

It should be presented to the committee by October 25th.

It should include a projected review of the 4th quarter of 2004.

Of these seven items, Nelson said the LP News and major donor items represented major policy changes. Colley added an eighth item, that the budget is the directive of spending authority. Starr suggested this is redundant, but Colley said this had never been made explicit. After deleting the suggestions about how LP News should break even, the budget assumptions including Colley's amendment were approved.

6) Convention Past and Future: The Convention Committee has not been able to make a final report on Atlanta. The original bill from the hotel was dozens of pages of confusing and inaccurate detail, and was for \$40,000, which was about twice what was expected. The bill has since been negotiated down to about \$20,600. However, the convention finances are still completely unsettled.

There was a question raised about how all this was handled in our FEC filings. Apparently staff held off on reporting this invoice, otherwise any discounts we may have received would be considered corporate contributions under campaign finance law, which is not allowed. In the discussion, it was noted that FEC reporting and the generally accepted accounting practices we employ sometimes make conflicting demands on our accounting procedures. The upshot is that Nelson is working with staff to file amended FEC reports, noting the invoice was in dispute at the time, so we don't get in trouble for filing a false report.

At the last meeting we heard that the convention had made an estimated \$20,000 in profit. Nelson reported that the current estimate is that it is \$19,000 over budget, minus banquet fund-

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raising, and the LNC voted to give Seehusen the authority to pay the convention bills beyond his budgetary authority. No word on when final numbers from the Atlanta convention will be reported.

Seehusen reported that about 90% of convention funds were not placed in a separate bank account as mandated by the LNC in their meeting last June. He said there was a technical problem involving direct deposits from the website (which generated a very large part of the income) making this very difficult. However Seehusen was very clear that while the funds were deposited in the general account, they were accurately accounted for in the ledger. LNC members were very accepting of his rationale, yet still many seemed upset that Seehusen did not report this to the board until now.

There has been further controversy about how the proceeds from the banquet (about \$47,000) has been spent. The pitch that night from Barbara Goushaw was to fund basic operations at national, particularly so more staff could be hired during the busy election season. Except for a \$25,000 "loan" from this money to ballot access, it is unclear exactly how this money has been spent. There have been some great interns added to staff this summer, yet the paid positions have not yet materialized. Nelson moved that staff report on the use of convention banquet funds, which passed. Despite the questions raised above, convention finances have not had a seriously negative impact on the budget this year, which can be considered great progress.

The next main event is the annual State Chairs' Convention in St. Louis, January 22-23, 2005. For more information, contact Bob Sullentrup at rwsully@charter.net. Matters pertaining to site selection for the 2006 convention was scheduled for the next meeting. The last weekend in June of that year has been selected, as Independence day is the following Tuesday. The site is still undecided, with Portland, Austin and Denver still the leading contenders. Nelson attempted to have the cities of Memphis and Nashville added to the list, which failed. A motion was made to direct staff to pick a hotel among the choices and start negotiating, which passed. They do have the option to select another city if it can manage a more attractive deal. My prediction is that they will select Portland for 2006 and Denver for 2008.

Moulton argued strongly at the meeting and in a subsequent post to the state chairs' list that the July 4th weekend is critical to candidates, which makes their participation at the convention difficult at best that weekend. In his post, he urged those members who share his concern to contact the LNC, particularly your regional representative and also Convention Committee members Mark Cenci and M Carling and demand the selection of another weekend. Now is a good time to contact these folks, as well as Joe Seehusen, if you also have something to say about site selection.

Region 1 Survives: Prior to the meeting, someone who successfully remained anonymous complained to Dixon that Region 1 did not have enough members to be a super region, which sends two representatives and two alternatives to the LNC. Region 1 is composed of northeastern and northwestern

states, functioning practically as two separate regions but uniting to make the numbers work. The question was whether membership numbers should include those not living in the US for the purposes of determining how much is actually 20% of the membership, the amount needed to form a super region.

Starr and Carling advanced the view of the anonymous poster. If this interpretation had carried the day, then Region 1 would be forced to select only one representative and one alternate for the entire region. Others pointed out that there is absolutely no mechanism in the Bylaws which allows the LNC to take action once involving seating regional representatives once the convention is final. Squyres attempted to move a definition of membership for this purpose as being only those members within affiliated state parties. However this was ruled out of order by Wrights, who was presiding at the time, at the urging of Starr, as this would constitute a change in the bylaws which the LNC cannot make. Rutherford appealed the ruling, seconded by Ryan, who suggested that the definitions of "membership" in article 7 and "national party membership" in article 10 of the Bylaws were in conflict. Wrights' ruling was upheld. MG moved to defer consideration of this matter to the next convention. Dixon offered a substitute which was accepted as friendly to affirm the decision of the convention as final without ruling on its correctness, and refer it to the Bylaws Committee. This passed.

7) Database Update: Geoff Neale has resigned as project manager of the conversion to Raiser's Edge, but is still contributing as a volunteer advisor. Seehusen is now responsible for the project. The second pass of transferring data from the old system was in process at that time, and is still hoped to be the final pass. September 13th is still projected as the date for the new system to go live, however later developments have called that into question (see the section on finances). Seehusen is looking for vendors to provide regular list cleanup. Some programming language still needs to be written for basic routines, such as running credit cards and distributing data. The cost for this was not budgeted, but is not expected to be too much of an overrun even at \$40 an hour.

Dixon will provide the source code for the overlapping functions of the website, which were developed by our previous website vendor and are being phased out, to Bonnie Scott of the New York LP so she and her team of computer geeks can attempt to develop other modules which will help the interaction of state parties with the new database. Carling moved to make this code available to all state parties, which failed. Dixon reported that he will make the transfer once Scott signs a nondisclosure agreement.

8) APRC abolished and other committee news: The Advertising and Publications Review Committee (APRC) had been revived after laying dormant for six years. Lee Wrights served as Chair, with Dave Dellinger of Georgia and Sean Haugh of North Carolina as members. The committee conducted an extensive review of all current publications coming from national, and found them to be almost entirely in compliance with the platform and the Statement of Principles. The one exception was the LP Program, which was issued in 1995 but still in effect. The current Program Committee is active and should have

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a replacement document ready soon. The APRC report should be found elsewhere in this issue.

Wrights moved to amend the policy on this committee, and Starr moved a substitute to abolish it entirely. Starr expressed a concern that there are "too many auditors and not enough statesmen" involved. Starr's substitute passed and the committee was abolished. A roll call was requested, which follows: Yes (11): Breudigam, Carling, Colley, Hagan, Keil, McGinnis, Nelson, Redpath, Rutherford, Starr, and Sullentrup. No (6): MG, Hoch, Karlan, Lark, Ryan, and Wrights.

The question still remains of who will now be responsible for ensuring that our materials conform with our principles and platform. Some argue that this responsibility now falls to the LNC itself, while others seem to continue the trend to trust staff to handle it all. Karlan later pointed out a reference elsewhere in the Policy Manual to the APRC. The LNC declined to correct this.

In other committee news, the following appointments were accepted: EPCC: Rutherford (Chair), Keil, Ryan. Audit: Carling (Chair), Bob Franke of Florida and Deryl Martin of Tennessee. Convention: Mark Cenci (Chair), Carling and Michelle Pogue of Colorado. The Program Committee will report next meeting. Lark gave a campus organizing report, detailing the beginning of more comprehensive campus outreach program. He is working with staff, the Badnarik campaign and Trevor Southerland, who is the Chair of the LP Youth Caucus. They are planning regional campus organizing seminars and eventually hope to get a new staff member devoted to campus organizing and support. Our interns have been especially valuable in this process. Nelson pointed out that this is a project line accordion item. He said he would eventually like to see this effort sustained by students outside the national office.

9) Strategic Plan lives: Dixon continues to view the Strategic Plan (SPT) as vital, in spite of the convention's vote against affirming it. He plans to move forward with SPT, including the annual review early in 2005. He cited the success of the Platform reformatting project, which is Strategy 3 of the Plan, and wants to duplicate that success.

Jeremy Kiel was appointed as the Champion of Strategy 1 (branding). Jim Lark was appointed as Champion of Strategy 6 as it relates to campus organizing. Dan Karlan expressed interest in being Champion of Strategy 5 (defining relationships between affiliates and the national party), and MG spoke up for his interest in Strategy 14 (internal education). No action was taken on either of these self-nominations.

10) Membership Dues redux: At the end of the meeting, Starr made a motion to raise basic membership dues to \$50 after the database conversion is completed. He suggested an effective date of January 1st, 2006. This did not appear to be planned. The issue was postponed indefinitely, and may well be placed on a future agenda. This issue could easily take up as much time on the current LNC as it did on the last one.

11) Internal relations: There was a great amount of time spent on how the LNC relates to itself, staff, and the outside world. I believe this is material that is fascinating to some, but not all of

my readers. I find it sufficiently fascinating that I plan to devote a separate article to the matter next issue.

12) One final amusing note: At the end of the meeting, Breudigam moved that the LNC nominate Michael Badnarik and Richard Campagna for President and Vice President. She reported that some states have not accepted the vote of the convention, however no other detail was given. The motion passed unanimously, except for McGinnis abstaining.

This report is funded by your generous donations. As a state party Executive Director who loves getting paid dirt just to be a full time Libertarian, I can only continue to provide them if you contribute. Please contact me at seanhaugh@mindspring.com or 919-286-0152 to find out how you can help. Also feel free to call or write if you have any follow-up questions on this report.

Report of the Cleveland LNC August 14

"George Squyres" <gsquyres@earthlink.net>(As publicly distributed) This report will be, as I have done in the past, part factual report and part commentary. You ask me to represent your interests to the national committee, and this report must include my understanding of what those interests are, and my comments on how I see those interests being addressed.

The national committee held its first real meeting for the new committee in Cleveland on August 13-14. Chair Michael Dixon gavelled the meeting to order at 8:32 AM. In attendance were Vice Chair R. Lee Wrights, Treasurer Mark Nelson, Secretary Bob Sullentrup; At-Large Representatives Mark Rutherford, Bette Rose Ryan, Bill Redpath, Rick McGinnis and Admiral Michael Colley; Regional Representatives Dan Karlan, Ed Hoch, Aaron Starr, M Carling, Dena Breudigam, Michael Gilson, Jeremy Kiel, Jim Lark and George Squyres. Alternates present were Emily Salvette, Chris Farris, Tony Ryan, Chuck Moulton and Tim Hagan.

As always a new committee has to find its feet, and this one was no different. Our hopes of moving the meeting along at a rapid pace disappeared when Mike Dixon's report took two hours instead of one. The rest of the meeting ran the same course, with the usual wrangling and debate over minutiae and procedure.

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The Treasurer's report from Mark Nelson was the exception, moving fairly quickly through a long report and many action items. Most of these were geared towards fixing policies that created roadblocks and conflicts. I think we have a good two years to look forward to in terms of our reports being accurate and insightful.

Numerous reports on various housekeeping matters were given, mostly of the progress of various committees. One action taken in this vein was to abolish the APRC, the Advertising and Publications Review Committee, and return this function to the LNC. The LP Program was also pulled, though not abolished, inasmuch as nothing has been done on the program and it was in conflict with the new platform.

There was a long discussion of what has already come to be called "Region One-gate." It seems there is an ambiguity in the Bylaws defining what a national member is, and someone posted onto one of the national discussion lists that the makeup of region 1 was invalid because they used the wrong numbers for regional makeup. In fact there is not an ambiguity, as the Bylaws are clear on the definition of what is to be counted as members for purposes of delegate allocation. The committee moved to refer the matter to the Bylaws committee, which interestingly will likely not meet until the next national convention. Now that's what I call politics!

There were some other things that transpired during the meeting that I am very disturbed about, and which I strongly feel need to be brought to your attention.

The most disturbing occurrence was the vote by the committee that has effectively thrown out the concept of all projects being self-funding. This model was adopted by the last LNC as an essential component of fiduciary responsibility, after the actions of previous committees to take funds from whatever source and use them for whatever seemed most pressing at the time. Self-funding projects are not to receive general funds, but instead are to fundraise their own revenues and are restricted to spending only those revenues that they raise, after first paying to national 10% of their revenues to cover the inevitable costs that are incurred by national staff executing a portion of the project's operations. This would guarantee that no individual could highjack the party's staff, office and operations for their pet project.

Yet this is exactly what has been done with the ballot access project. At the national convention's Sunday night banquet, approximately \$47K was raised as general funds to beef up office staff for the needs we knew were inevitable with the presidential campaign, and to allow us to handle the expected inquiries, new members, media relations, etc. I personally wrote a check that night in response to Barbara Goushaw's plea to contribute so that George Getz could go back to doing his job as media coordinator, rather than the fundraising he has spent his time on. \$25K of that money was given to the ballot access project which had exhausted the funds it had raised; I guess I am just a stupid old redneck, but that strikes me as fraud, and a gross violation of our own rules.

It was only at the Cleveland meeting after considerable hell was raised over this in back channel email that this transfer was

turned into a loan. Further, after Bill Redpath's plea that the sky was falling, another \$27K was loaned to ballot access, which in effect means that the project will be allowed to run a negative balance to the tune of \$52K. A number of us had questioned any further money going to ballot access without firm reason to believe the money would be repaid.

As a result of this, the LNC will likely not have the money to pay its bills, including the monthly UMP payments to states. Yes, you did read that right. California has already agreed to defer its UMP payments for the duration of the cash crunch.

Now don't get me wrong. I think ballot access is one of our most important issues at the national level. But so is the long term solvency of the organization, and making states self sufficient for this type of core activity is a critical part of that. Further, when I see states like Texas absolutely bust their butt and dig way down deep, so much so that everyone eats beans for a while, I have a real problem when the LNC slaps them in the face by handing out welfare checks to states that don't lift a finger to make it happen. We set a business plan in place as to what it would take if a state was to get LNC help, and Texas stepped up. Should we expect Texas to step up again if they see everyone else getting by on welfare? We have violated the business plan, the fiduciary mechanisms we set in place to guarantee the financial health of the organization and the responsibility to the membership that we said was paramount, and done so in such a way as to put us in an insolvent position with regards to our responsibility to our affiliates. This is not something I can countenance.

I am also disturbed that ballot access has spent over \$196K prior to the loan of another \$27K, and that there has been no accounting of how the money was spent. We have received verbal reports, legally known as hearsay, that we have paid out more in expenses to petitioners than we have paid to them for signatures. A simple report of the ballot access expenditures was presented in the chairman's report, with no detail that would answer these questions. I have asked Mark Nelson how we can get an accounting of this money and he has said it must come from Bill Redpath, and there is a move on to demand an accounting from the project manager. Until we get an accurate accounting of this, The questions will not go away. Arizona fundraised the cost of signatures for its ballot access, much of it out of the officers' pockets, and I know what we paid out in terms of cost per signature and for expenses. The numbers don't match some of the other states by a wide margin. Some states also have not put any of their own money, time or effort into their ballot access proceedings, in direct conflict with the plan That was approved.

I am further disturbed at the lack of a report from the convention committee on the outcome financially of the convention. Once again we have verbal reports that the convention was making money, which conflict with the few written reports we have, incomplete, that say we have lost about \$20K. A report was promised for Cleveland which was not presented. There is a disputed bill with Marriott that has been negotiated down, but it does not appear in the reports that we do have. Again we have no answers. More disturbing is the fact that we have found out that contrary to explicit LNC instruction, convention funds were not segregated by staff into a separate account, but were once again commingled

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with other moneys. Joe Seehusen reports that there was a problem with online payments that created a difficult situation, but the fact remains that this problem was never brought to the LNC, and Joe's response was by many accounts inadequate. I am still waiting for answers to this.

Raiser's Edge is supposed to go online on September 13. This too may be impacted by the cash flow shortage, as the project will not have the funding if we end up short on UMP payments and such. If that occurs, the exact startup date will be uncertain. The problem is the unbudgeted expense for the hardware of \$38K along with the outflow to ballot access of \$52K, has left us with uncertainty as far as funds to complete the project.

I have one minor thing to report, hopefully of a better nature. The national office has the Libertarian Viewpoints in large supply, and is now willing to give them out in blocks of 5-10K for the cost of the shipping. This is something I would encourage each of you to pick up on, as these things work well for county fairs, parades, activist events, etc. It would be well worth it to stockpile these for future use, but keep in mind that BCRA counts their purchase as a contribution to the national committee. Given the problem with UMP payments, it might be a good time to take Viewpoints as payment. Negotiate your best deal to include shipping.

As a final general comment, I am very disturbed by what I have detailed above, and feel that the state chairs of the region, and of the other regions need to step in and call the LNC to account for the events of the last few months. We put in place mechanisms to keep things running properly, and those mechanisms are not being carried out, leaving us in a state that the LNC promised would never happen again. The votes in some of these matters have in part been split along the lines of new members versus old, and believe in part we are struggling with some of the new members not having the institutional memory acquired over the last term. I don't see any of this as being devious, just ill-advised.

National Chair Michael Dixon wrote in response to Squyres' statement

UMP Payments Threatened? -- An Answer

First I apologize for not being on this topic earlier. I did not realize this "issue" was taking on a life of its own, and I was traveling off line with a client, and then traveling all day yesterday. First a recap of the circumstances. At the LNC meeting recently the LNC voted to allocate money that was not in the budget to the ballot access effort. The amount was \$27,000 and it was spent the next day on two important state efforts. The rules of the LNC allow the committee to alter the budget (technically a spending authority) at any time by majority vote.

Ballot Access is a project and thus is funded based on its project contributions. In other words the spending authority for Ballot Access is unlimited if money has been raised. The action of the LNC was to alter the budget in order to allow Ballot Access to go into the "Red" temporarily and "repay" the amount at a later date. There was nothing "wrong" about this action, however it does pose several problems.

1. This repayment, will need to occur at some point in the future, when we could assume other items will need to be funded. In essence those efforts take fundraising away from some effort that would be valued at that date. Several projects on the horizon that could be delayed due to this are: programming for Raiser's Edge, television ads for the Federal Campaigns, Raiser's Edge Anywhere (state access to the new database), outreach to new members and new constituencies. In fact outreach was already halted

due to the item in point #2.

2. This action depleted our cash on hand. In essence the LNC had been operating with a "cushion" of approximately \$30,000 at all times. This is not a policy, or a rule, it was merely the practice that Joe and I had been following. This was not strategic, it was the rules, in that this money was actually money raised for other projects and was in the bank awaiting use by those projects. The practical effect of this "cushion" was that it allowed us to, have very little concern about the timing of our payables and our receipts. We could pay a bill on the 15th, knowing that revenue would be arriving the following few days and not have a concern about the "float". The practical effect of the expenditure of these other projects funds are that timing is now an issue, and that those projects cannot now spend their funds.

With the "cushion" spent I notified the LNC that they should be aware that in the case that payables were due sooner than this months revenues arrived (a new fundraising letter was sent into the USPS on the 23rd) we could be in a position of delaying some payments by a few days or a week. And, if the fundraising letter currently in the system is not average or better we could be in a short cash position at the end of September.

At no time in this communication did I suggest that UMP would be halted, or delayed. In fact if you review the facts I distributed at that time the issue was one that would become a problem only in October.

However, it is prudent of everyone to realize that at anytime that cash is short there is a benefit to delay pay ourselves rather than creditors who would be less forgiving, or even begin legal action, or report said and harm our credit rating. Two states have come forward and offered to defer their UMP. I have answered both with the response that should be clear from this email. I do not expect this to be an issue, unless the fundraising letter under performs, or if the other projects demand access to their funds at some point during this repayment schedule.

In addition to the offers to defer UMP there are several groups of LNC members who are working to raise major donor funds for Ballot Access and other efforts. I will be keeping the LNC up to date on the status of our cash position. I receive a status report on this weekly and I communicate each weekend in an email to the LNC.

Once again I apologize for this issue erupting like this. I only wish we got as much attention from state chairs on other matters. You could benefit the National Party tremendously by doing 3 things for us. 1 Check your state page on the lp.org site and send updates and corrections to Sam New at the HQ. 2 Check your candidate list on the lp.org site and do the same. 3 There was a practice in the past to email national inquiries to the states as we processed them. This table was lost and we need to rebuild it.

Please send Sam an email. Indicate to him whether you want this info (yes or no) and if you do want it, who, you would like to have receive this information. As soon as we have significant response on this item we will be able to restart this process. It is a great way of getting the local activists in touch with new inquiries and turn them into volunteers and activists while they are still energized by their inquiry.

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Letter

Background: Back in July, the LPMA State Committee had been scheduled to hold a face-to-face meeting on August 7th. The State Chair cancelled the meeting, and replaced it with a meeting by email with an Agenda limited to an LPMA booth at the Freedom Rally on September 17. There was then an electronic discussion of the electronic meeting's validity, additional agenda items were moved, and after a while the electronic meeting was replaced with a face to face meeting, to be held after our press date on August 31. As a response to the electronic meeting, which because of its nature would not readily be open to persons not members of the State Board, we received the following letter from long-time party member Steve Drobnis:

I am quite concerned that we are moving in the wrong direction. Lately, after 14 years in this party and over 4 years on the state committee, I am seeing a clique. These issues are of great consequence, as we are becoming similar to our opponents. First and foremost, you can never hold a public meeting private. Email is a private enterprise. It is limited to only those on the list.

Chat rooms also are private as only those that know of the timing would be there and can not carry on a dialog that a open meeting allows. Conferencing either through electronic media or telephone is also unacceptable as all of these issues restrict the ability for new libertarians to attend. When I first became interested in our party, I was able to attend the state committee meetings and watch true democracy in action. I could not vote, but I was allowed to express my opinion, and provide input. I like my fellow libertarians were allowed to bring this party to the height that we recently achieved.

It is not one person or a small group of people that is the party, but all Americans that are entitled to freedom of speech and expression. I may not be a member of the committee currently, but, what concerns me is the lack of scheduled meetings for the year, not sending out a e-mail now and again that a meeting will be held. It seems that the party lacks direction, and leadership at this moment. The reason is that people are being cast aside for the few. Actions are being taken that say if you do not play my way, do as I say you can not be part of my game. Yes, life is a game, but Liberty was a right when this country was started. We as Libertarians stand for this right, but what I see currently is that we are becoming them. The things we stand for and stood for are somehow being infested with the Democratic and Republican philosophies within our ranks and must stop immediately.

I am not attempting to put us down, but to rekindle the fire within us to bring about what are forefathers had thought for us. Freedom, Liberty and the Pursuit of Happiness. Equality for all and not those that will only follow. Not being told that if you do not vote my way and control the issues as I see you can not play. Our ideals are too important to stop and allow these actions to continue. We are fighting against ourselves and thus our opponents are winning.

Currently, I feel politically homeless. I will not and cannot vote for any of the candidates running for President in good conscience. At least for the last 14 years I always had a Libertarian that I could cast my vote for and also to say "Don't blame me I

voted Libertarian." Let's stop the bickering and get down to real action. Schedule meetings, create a true committee without worrying about the time restraint. Stop saying well you must follow and not discuss issues you will be a follower. Jefferson, Franklin, Hancock and the rest are turning in their graves.

...Steven B. Drobnis

Letter

Maybe people who are looking for great things are looking in the wrong direction, the East. They should look to the West, the direction of enlightenment.

In the Pioneer Valley Libertarian Association, based around Springfield, We have Candidate Carol McMahon running for Senate. She did very well in the last election.

In my case I failed to get on the ballot, but I was invited to participate in a debate for the Ninth Hampden House District. There were three candidates there. I am now running on a write-in. I will probably get a few votes, judging at the audience laughter at my remarks regarding the three democrats. I complained so much that Mayor Ryan invited me for a meeting to discuss my complaints about city government. He noticed that I was "only" person who used his real name on the Mass Live forum.

We have people working on National Campaigns.

Robert Joseph Underwood
83 Cherrelyn St. Springfield, MA 01104-2441

News

In other News notes, we are in receipt of a missive from Richard Freedman to LP National Chair Michael Dixon, saying

"It has come to our attention that you are still using brochures with a photograph of Ilana Freedman, and her promotion of the Liberty and Trust. As Ilana left the Libertarian Party two years ago, and is now running for Congress as a Republican, please discontinue use of her picture in your promotional material."

Freedman's picture appears in the Libertarian Viewpoint brochure.

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(Continued from page 1) [Where Your Money Went]

tract services, \$2000 to Michael Badnarik for travel, two payments of \$3600 to Fred Collins as campaign manager, 2101.07 for computer equipment, \$540 for web design, payments to Laurie Kopp for contract services totaling more than \$6200, travel expenses for 313.50, 505.70, 2385.29, 483.36, 776.74, 334.11, 673.20, and then \$1015 to the LNC for convention issues, bulk mailing for 10117.86, \$10000 to Aaron Russo for tv/video production, \$6000 for an office lease, campaign signs for 270.00, \$254 for bumper stickers, under \$1200 for telephones, \$2500 to the LP of West Virginia for ballot access expenses, and miscellaneous amounts for bank fees, office supplies, photographs of the candidate, and postage.

For the month of July, the Badnarik campaign raised \$179,470 and spent \$139,824, leaving \$94,836 cash on hand. Expenditures included Furniture Rental for 335.99 and 265.89, to Jon Airheart for Administrative Assistance: 1326.00 and for expense reimbursement 234.67 and 833.97. Fred Collins received for campaign management on 07/14/2004 \$3600.00 and on 07/26/2004 another \$3600.00. Kopp Lorrie received for Accounting Fees 1369.00, 2025.00, 2559.38, and 2437.50. Sean Haugh reports that the campaign has since severed its relationship with her. Genama Inc. Information Services received \$1500. Marina Neale for Administrative Assistance received 336.19, 319.00, and 420.75. Patti Singer for Administrative Assistance received 281.25 and 322.50.

The candidate received a \$1000 cash advance for expenses. The candidate's running mate Campagna Richard, whose \$200,000 in committed support as promised at the convention remains totally unseen, received advances totaling over \$1700. Travel-related expenses variously itemized included 358.26, 2633.55, 2412.29, and 16535.79, the last including catering.

Printing disbursements were for amounts including 1721.18, 254.00, and 1695.75. Postage & Shipping came to 1000.00. Computer equipment included charges of 271.56, 384.82, and 1296.32. Aaron Russo for Public Relations received \$40,000. This expenditure appears to be the Badnarik TV campaign in New Mexico. Rasmussen Reports was given \$24,000 for a series of polls extending from now through the election. Payment was made now under a policy of paying for items when procured to avoid leaving the campaign in debt. McGinnis Rick for Unidentified reasons received 1728.00 and 193.60, not to mention equipment and supplies reimbursements of \$489.50, and 323.52. Neale Geoffrey received reimbursements of \$2170.06. The campaign paid Filing Fees in WV of 2500.00.

In July the LNC had income of \$148,377 and spent 150,207. In June the LNC had income of \$207,905 and spent \$282,762. For the month of July the LPMA State account had income of \$55 and an expense of \$35 for fundraising. According to LNC filings, UMP payments to Massachusetts for the past three months were \$703, \$723, and \$730.

Freedom Ballot Access this year has raised close to \$18,000, and supported ballot access by sending so far \$4000 to Alabama, \$3600 to Connecticut, \$2030 to New York, \$1100 to Ohio, \$530 to Kentucky, \$530 to North Dakota, \$150 to West Virginia, \$150 to Pennsylvania and money to Independent Alabama, New Hampshire, and DC. To read more about Freedom Ballot Access <http://www.freedomballotaccess.org>

Letter

Does your state plan on running candidates in 2006? Does your state's petitioning period include the July 4th weekend? If you answered "yes" to both those questions, consider what follows to be a critical action item.

As many of you know, July 4th weekend is the holy grail of petitioning. July 4th weekend is a neverending parade of fireworks displays, carnivals, and (coincidentally enough) parades. All of those are golden opportunities for ballot access: big crowd events in public places. In addition, my experience has been people are in such a patriotic mood that they are much more willing to sign petitions than usual. I estimate that my signature per hour rate on July 4th weekend is 5 times what it is any other day petitioning in front of a grocery store, post office, train station, etc.

Not being able to petition on July 4th weekend will cost your candidates and state party time and money. Volunteers will bring in drastically fewer signatures or have to commit to drastically more time. Shortages may be made up by paid petitioners, which costs you money.

As an example, here in Pennsylvania we are considering asking every party member to block off primary day and July 4th weekend to help with ballot access. We feel that if sufficiently well organized, our ballot access drive (25,000+) could be taken care of entirely by petitioning on that one weekend. For all of the above reasons, it is critical that as many Libertarian activists as possible be available to petition on July 4th weekend.

This weekend I had the privilege of attending the Libertarian National Committee meeting in Cleveland as region 5E's alternate. To my astonishment, a motion was proposed directing the staff to investigate convention sites for the 2006 Libertarian National Convention with July 4th weekend as the preferred date (the only date listed in the motion). Although I pointed out the effect this choice would have on ballot access, they passed the motion anyway. Apparently ballot access only matters to the LNC during presidential year elections, not off years.

If the LNC has its way, many of our best Libertarian activists (our most committed petitioners) will skip July 4th weekend petitioning to attend the 2006 convention. Alternatively some activists will choose to petition and miss the convention.

In my opinion holding Libertarian National Conventions on July 4th weekend is political suicide.

I strongly urge you state chairs to direct the LNC to change the preferred date of the 2006 Libertarian National Convention to anything but July 4th weekend. It's especially important that you speak with your regional representatives because they are supposed to be accountable to the states in their regions.

Talk to probable 2006 candidates in your state. Ask them if they want their best opportunity for hundreds of signatures on their petitions ruined by the Libertarian National Convention date selection. Suggest that they contact the LNC about this decision as well. <http://www.lp.org/organization/lnc/directory.php>

Mark Cenci and M Carling are on the Convention Committee. Convention details get locked in quite fast. They need to be planned far ahead of time for things to run smoothly. If we don't get this fixed very, very soon, it will be too late.

Obviously this message does not reflect the feelings of the whole LNC, just my personal opinions. I speak here as a concerned individual.
Chuck Moulton
Region 5E Alternate, Libertarian National Committee