

Let Freedom Ring!

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LNC Fiscal Challenges Income Plummets; Treasurer Reportedly Suggests Consideration of Financial Exigency

FEC filings for the Libertarian National Committee show that its September 2005 income was \$82 504, below even its August of \$98 956. This is an annual rate of under one million dollars a year, far below the 1.8 million dollars that had been budgeted by the party. National Treasurer Mark Nelson has reportedly suggested "...the LNC discuss declaring a state of financial exigency..." as provided in the Policy Manual. However, UMP payments are being made, state parties from which I have heard having received the October payment at the end of October.

Reports reaching us indicate that: Current LNC expenses exceed revenue, with accounts payable increasing from August to September. Pledge income is well below what it was prior to the installation of the news database system. The proposed changeover from internal to outsourced production of LP News, which apparently had

[Lfm Sets Recruitment Goals] (Continued on page 2)

LNC Treasurer Raises Financial Issues

The LNC Treasurer's report to the Libertarian Party National Committee for the November LNC meeting has been supplied to Let Freedom Ring! by sources outside the LNC. The report is quite long, but is seen at www.smallgov.org. A summary of salient points compressed form this report follows. According to the report:

The LNC isn't generating enough revenue to cover expenses. Pledge Revenue increased in September, but remained below levels obtained prior to Raiser's Edge installation, and remains below budget. In September, Accounts Payable exceeded cash available by over \$95,000. Accounts Payable, which grew from August to September, included the printing bill for the 2005 annual report (sent out last winter), which has not yet been paid. According to the Treasurer, the LNC currently has no method to gauge how much has been purchased but not invoiced.

[LNC Treasurer Report] (Continued on page 3)

LPMA Urges LNC: Return to Moderate Dues, Revive UMP Plans for State Dues Are Adopted.

Meeting on October 22, the Libertarian Party of Massachusetts State Committee voted unanimously to call upon the LNC's Regional Representative to work for restoration of National Party dues by the LNC, in a moderate range of \$25-\$30 a year, and to restore the Unified Membership Plan.

The role of dues was felt to be increase commitment to the party. They identifies doer and donor people, without excluding people who cannot afford \$50. Small dues help; large dues exclude. Zero dues were felt to be ill-advised.

Noting that the National Party might not see the wisdom of the LPMA's recommendations, the LPMA then voted that if the National Party did not restore the Unified Membership Plan, then effective January 1 the LPMA would set State Party dues of \$15 per year, to be treated as state funds payable to the OCPF account. There are already 14 or so dues-paying state party members.

Liberty For Massachusetts Launches Fundraising Drive

At its October 22 meeting, the Liberty for Massachusetts State Organizing Committee voted to launch a fund raising campaign, in support of its objective of running 81 candidates for State Representative every two years. The campaign will be a serious fund raising effort from persons who have historically contributed to libertarian causes in Massachusetts and adjoining states. The money cannot be used directly for candidate support—to support a candidate directly, you must give to a Libertarian state or Federal PAC, which can lawfully donate to candidates up to various limits.

The fundraising theme is "We're working for liberty. Send us money." with text explaining what LfM does, how to join, why you become a volunteer, and ask for money. An initial mailing to a sampling of donors is planned. An important aspect is convincing donors that LfM is already active, with appearances at outreach events, libertarian brochure distribution, and an active event calendar. An important target will perhaps be mobilizing volunteers to help candidates with ballot access.

Liberty for Massachusetts now live at <http://www.LibertyForMassachusetts.org>

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(Continued from page 1) [LNC financials challenging]

not previously been priced, is apparently more expensive than expected. The nominal financial state of the LNC is apparently improved by some number of UMP checks totaling over \$5000 that were not cashed, and that were written off without approval of the write-off by the LNC rather than being replaced.

The National Committee has as of some days ago not yet been presented with a budget by the staff. Proposals were made that the LNC should be forwarded the budget when ready, if it is not ready at its November meeting, and it should then act on the budget via mail ballot, meaning that there would be no real opportunity for amendments or open face-to-face debate within the committee before the vote.

The recent Treasurer's report to the LNC, visible at <http://www.smallgov.org>, speaks of an extensive series of frictional points between the staff and the National Committee. The Treasurer lists several points at which the staff has allegedly failed to carry out specific instructions of the cognizant National Committee members to perform or not perform various tasks, including filing required reports to the LNC and placing or not placing various materials in or with LP News.

The Treasurer expressed serious concerns about the monthly fundraising letters. It would appear from his remarks, as forwarded to us not from directly the LNC, that money raised by fundraising letters is being spent on routine operational expenses and not on the purposes for which the money was nominally raised. If true, this would be a very serious charge, indicating that the National Committee's fundraising operations violate the Statement of Principles.

A significant factor contributing to the financial uncertainties is that the LNC still does not have a rudimentary purchase order system. As I remarked in my report to the LNC on Ballot Access spending, there is no paper trail: There is no record of who authorized mailing a particular check, why the money was paid, or whether the amount paid corresponds to the amount that had been agreed upon in advance. From the Treasurer's remarks, the lack of purchase orders leads to another black area. The LNC cannot be certain what it has committed to pay until invoices are received, so in addition to the visible debts based on invoices received and not yet paid, there are also invisible debts relating to purchases and commitments that have been made but not yet invoiced. For example, it seems that someone committed to pay a convention planner an unspecified amount, even though not funds to pay the planner were ever appropriated by the LNC. Similar issues arise on Ballot Access.

Correction

Last issue we reported that former Libertarian Scott Bludorn switched party registration to run as a Republican. He has switched *party* but his state does not have party *registration*.

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George Phillip's books *Stand Up for Liberty!* on the Local Organization Strategy for the Libertarian Party, and *Funding Liberty* on the 1996-2000 Presidential campaign anomalies, are now available in paperback and ebook format. For more information <http://www.3mpub.com/phillies>

Massachusetts Libertarian News

November

10 6:30 PM PVLA Monthly Meeting, Hu Ke Lau Restaurant at Mass Pike Exit 5, Chicopee

19 6:00 PM WCLA Meeting, Tweed's Restaurant, Grove Street, Worcester

December

6 8:00 PM Lowell Area Liberty Association, November/December Meeting *note unusual date* Outback Steakhouse, Reiss Avenue off Lowell Connector, Lowell

14 6:30 PM PVLA Monthly Meeting, Hu Ke Lau Restaurant at Mass Pike Exit 5, Chicopee

Web Sites Covering Libertarian Candidates

jimcondit.org

billhees.org

Wmlp.org/candidates/

Underwood_Robert_Spring_counc_en.htm

Rob Power is organizing a new Cambridge libertarian group, Drinking Freely, modeled after the highly successful Democratic Party group Drinking Liberally. See drinkingfreely.com for dates when they become available.

Selzer Expelled from CA Party His Expulsion is Later Revoked

Marc Selzer, whose television program *The Libertarian Alternative* has been made widely available to Libertarians across the country for later broadcast, was briefly expelled from the California Libertarian Party by the CALP Operations Committee. The Operations Committee attempted to install Ted Brown as Southern California Vice Chair to replace Selzer. The expulsion and installation have since been retracted by the same committee. The authority of the California Operations Committee, as opposed to the California Executive Committee, to make expel a member has been challenged.

The underlying debate appears to arise from the California State Party plan to hold its State Convention on a cruise liner at sea, meaning that the minimum cost of attending the state convention would be hundreds of dollars, and that members would be unable to limit their attendance to business meetings. Questions arose as to whether holding a state party convention outside the state was legal under California law, and questions were it seems referred to the California Secretary of State about this matter, though, as is now clear, not by Marc Selzer. Based on the allegation by members of the Operating Committee that Selzer had claimed during a state party Judiciary Committee meeting to have filed a complaint with the state government, Selzer was expelled. A good tape recording of the event, at last report available at <http://holtz.org/Library/MarketLiberal/MediaAppearances/> contradicted eyewitness claims stating that Selzer had filed a complaint with the State government. The Operations Committee then unanimously retracted its previous action, taking the position that Selzer had not been expelled and had always been a party member and Southern California Vice Chair.

Letter to the Editor

Liberty for Massachusetts voted to establish goal of running 81 candidates for the House. At the last PVLA meeting forming coalitions was discussed. Some of the familiar groups were mentioned such as Citizens for Limited Taxation.

We cannot win if we are not on the ballot. Our candidates need the help getting the signatures to get on the ballot. If we find 81 candidates many of them will be running for office for the first time. If we wait until the candidate gets the signatures on his own, I doubt we will have anywhere near 81 candidates running.

Our relationship with groups that at first glance would support our platform is not good. When I ran for state rep I got 130 signatures, 20 short of what I needed. At that time I had to get signatures of un-enrolled voters or Libertarian voters. Pro-gun groups, pro-marijuana groups, anti-tax groups, and pro-civil liberty groups simply did not help me collect signatures.

Later some groups sent me forms, and if I filled them out they might endorse me. I sent notes back explaining that since their members refused to get involved in the nomination process the only candidate on the ballot would be anti-gay, pro-gun control, anti-libertarian, and a proponent of high taxes. Candidates do not need armchair endorsements immediately, they do not need certificates on their walls, they need help in the streets collecting signatures.

If your organization has a particular purpose and your members refuse to get candidates on the ballot that support those goals, maybe you organization is not as anti-tax, pro-gun, anti-war on drugs, or whatever else it is that you say you want. It should not have taken much of an effort by "special interest groups" to push me over the edge to the required 150 signatures.

One person asked me if I "earned" my endorsement. I got news, any candidate that spends days getting signatures has "earned" his endorsement. A better question is "has you organization earned the right to call itself a political action group."

But I think we should not be bashful about making demands on so-called pro-gun groups, pro-marijuana groups, low tax groups, etc. That is what we need people in the streets getting signatures. I also think we need to somehow expand the search for a coalition beyond the usual groups that Libertarians traditionally court.

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

[Editor: Indeed, at its last meeting the Liberty for Massachusetts Steering Committee agreed that we should identify groups, identify events in which we can do outreach, push the coalition idea with other groups, and do physical contact and personal contact with them. The Political Facilitator was called upon to work on these issues.

(Continued from page 1) [LNC Financial Crisis]

The preliminary September membership report indicated a negative number of new subscribers, which appears to be impossible. A recent prospecting letter had under \$25/donor average response, but the number of donors equaled the number of new subscribers/members, which would also appear to be impossible.

The treasurer proposed several approaches to improving financial controls. In particular, he proposes to institute a purchase order system. This will allow the LNC to determined what has been purchased but not invoiced. He reports that Michael Colley is investigating lower cost office options, which are a highly predictable expense but according to the Treasurer are under 5% of expenses. [LFR: They are \$9794.37 for last month or nearly \$120,000 per year, more than one month's income.] On the other hand, initial bid(s) indicate that outsourcing LP News may be substantially more expensive than our current arrangement.

Several 2004-04 UMP checks outstanding (a total of \$5,455) were written off without board or officer approval. This is money the LNC owed the states. Because the states have not yet cashed the checks, the debt is assumed not to be there any more. The Staff reportedly stated that they were directed to do this by the past ED. The Treasurer believes that the LNC's approval to write off checks is required, and that even with the ED's direction, staff should come to the Chair, Treasurer, or LNC for approval. The Treasurer noted to the LNC that staff was especially critical of suggestions to contact states about the uncashed checks that were written off, and that they have also been slow to address an April, 2005 uncashed UMP check to the TXLP.

There is apparently a no-bid contract for a convention planner. The staff has received an invoice, but there are no funds budgeted to pay the invoice. There is concern about the convention planner's pricing and about reporting issues.

The report speaks of an extensive series of frictional points

[LNC Financial Crisis] *(Continued on page 4)*

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between the LNC and its Staff.

Speaking of the Weekly Update, the Treasurer notes that the staff has changed which numbers it presents to the LNC, saying that this a long term pattern in staff/board relations -- only the most optimal "facts" are reported. For example, the reports showed new pledges, not the typical metric, gross Pledge dollars collected. The Treasurer is now personally monitoring Pledge Income, and urges that the LNC would be better served by a complete recap of the internal problems that created the sustained drop in Pledge Revenue at the time Raiser's Edge was adopted. He also recommends specific metrics, namely Revenue and Expense Budget lines, that are primary. He proposes that the LNC's current reporting and financial requirements provide a good policy system, but the LNC is ineffective in enforcement of its rules for staff. He believes that the total revenue should be accurate, but that in assignment of income to revenue streams roughly 10% of the Outreach, Contributions and Membership transactions were questionable.

Roughly the 2nd week of September, the staff was directed to prepare a draft budget. The draft was to be available on September 25, 2005, with an EC meeting to be scheduled soon thereafter. As of late October the draft budget had not be completed. The Treasurer hoped that staff would provide a draft budget well before the LNC meeting. The LNC could then provided direction to the Executive Committee, which would present a final budget to the LNC for approval via a mail ballot in early December.

The staff has apparently reported plans for fundraising for a proposed educational program. There is no explicit LNC approval of the program, no establishment of policy, and no budgetary guidelines. The Treasurer has concerns about the educational program's content, focus and implementation, and urges that the LNC should establish clear, concise metrics to measure program effectiveness prior to implementation. On the other hand, the staff expressed concerns about Ballot Access expenditures. There is no spending authority for Ballot Access, other than fund raising expenses, without LNC approval of a Ballot Access plan.

It seems that someone used UMP funds to offset a full page LP News Ad. There are issues with this act under current FEC regulations. The Treasurer describes a discussion of this point himself between himself, party counsel, FEC consultants, and staff. The LNC may have to absorb this ad's cost. It seems that the LNC is still bundling the California Newsletter with issues of LP News being sent to California. [This observation may surprise readers in many other states, who were not aware that the LPCA made a deal with national under which the LPCA state newsletter would be wrapped around LP News so that the two would be mailed together.] Indeed, the September issue of LP News was late because the LNC staff was waiting for the CA newsletter. In early summer, according to the Treasurer the staff had been specifically directed to discontinue cobundling the state and LP Newsletters, because there are issues with FEC regulations. The Treasurer reported that September was the first he was informed that discontinuance did not occur; he has not received confirmation that the practice has been discontinued.

The Treasurer also was critical of certain aspects of fund raising practices. According to the memo:

My questions about the accuracy of fund raising statements have been answered with a "we are trying to raise money," or a "we need to do what is necessary to keep the donors checks flowing" attitude.

My questions about measures for the effectiveness of activities have been answered by statements about the need to do something to keep donors involved.

There is an adamancy about sending monthly fund raising letters, not to address the topic of the letters, but to pay ongoing and prior bills. Notably, we are now having discussions about sending out the 2006 annual report, and have not yet paid for the 2005 report printing..

The Treasurer urged that the LNC identify the important reporting requirements and insist that they be enforced. HE urged that the LNC count donors, rather than members and subscribers, and look at the record over a minimum of five years. He urged that the LNC budget deal with the convention, the educational programs, and ballot access, none of which have current money. He urged that the Executive Committee meet monthly in light of the serious financial circumstances. He urged that the financial reports should be made clearer and should more directly correlate with the budget lines. And finally he urged that the LNC should move forward with the hiring of an Executive Director as quickly as possible.

Time for a Change

It should be painfully obvious to the readership that it is long past due to have drastic change at the Libertarian National Committee. Consider the so-called 'zero-dues' plan, which was adopted with no consideration of how or from whom the LNC budget was to be raised, or whether that level of additional fundraising was even vaguely possible. The zero-dues plan implied that LP News would now be sold as a separate subscription, and would be outsourced, but in coming to this decision there was no prior analysis of how much an outsourced LP news would cost, or from whom it would be purchased. Supporters of the zero-dues plan made fanciful and extravagant claims as to its positive effects on fundraising, for example that it let us raise money from nonmembers or that it would greatly increase income. None of these claims appear to have held up, and it is inapparent that there was credible supporting evidence.

On the same line, the crossover last year to Raiser's Edge, made with no systematic test of whether or not the system could give readable output to state parties, appears to have thrown away an entire Presidential election cycle. Every four years, we have a Presidential election, with attendant interest in politics, and great upswing in inquiries. Those inquiries may have happened, but my state and many others could not tell what they were until long after the Presidential election season was over, because RE files were unreadable.

And now we have party finances falling apart at every seam, because the members have noted dues going from \$25 to \$50 to \$0, so far, this year, with challenges to the legality of \$0, and have stopped wondering if someone is minding the store.