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Special Electronic Edition: The Badnarik Committee Preliminary Report http://www/cmlc.org/cmlc/Badnarik1.pdf

LNC Meeting Report

November 13-14, 2004, Arlington VA by Sean Haugh It is with a heavy heart that I write this particular

report. The Libertarian National Committee (LNC) revealed two very troubling aspects at this meeting. One is the overly political motivation for major decision-making. Many key issues were decided on who or what they like or don't like. The other is that this LNC is so anti-ideological that they cannot be trusted to help the Libertarian Party remain the party of principle as it grows (one of the goals of the Strategic Plan).

My mood was not helped by the fact that the Sheraton in Crystal City was easily the worst hotel where I have stayed in my travels with the LNC. Besides the rundown facilities and spotty customer service, we only found out upon arriving that it was a non-smoking hotel. Whoever chose this venue should not be trusted with this responsibility in the future.

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1) 2005 Budget

The 2005 Budget was approved with little discussion. It lacked the controversy of recent years because it is closely based on the new procedures developed last term (which produced the most realistic budgets we have had in recent memory), and also, I presume, because the document was effectively sold to the committee prior to the meeting.

Next year's budget projects income of \$1,860,109 and expenses of \$1,852,293. It assumes an average membership of 24,000 over the course of the year, and an average of \$48 raised per member. Both represent modest increases over recent performance. (Year end membership is projected to be about 22,000, and actual funds raised per member in 2004 is projected to be \$47.38.)

All outreach activities are budgeted at \$300,000. Executive Director Joe Seehusen reported that [LNC Meets] (Continued on page 2)

Badnarik Does Not Win But Other Libertarians Do

After an extremely vigorous Presidential drive, in which he campaigned 18 or 20 hours a day, Michael Badnarik finished fourth in the U.S. Presidential campaign. He narrowly lost to Ralph Nader, but finished far ahead of Michael Peroutka (Constitution) and David Cobb (Green).

In Massachusetts, Christopher DeLeo received 43,548 votes or 70% and was elected in a two way race for Regional Voc School Committee. In three way races for State Senate, Carolyn McMahon had 3,690 votes (5%) (including 14% in Monson and 10% in Holland) and Louis Sinoff had 1,674 votes (2%), and in three-way races for State Representative, Daniel Dunn had 1,501 votes{7%), Douglas Krick had 614 votes (4%) and Gregory Doherty had 670 votes (4%). In the two-way race for state representative, Raymond Leary had 1,630 votes (15%). By spending \$3 million, MA Republicans managed to lose two State Rep seats and a State Senate seat.

State Committee Meets

George Phillies writes: Following the Federal election, the LPMA State Committee met in Waltham. Almost every member was present. Doug Krick and Amanda Phillips had to leave early. The Rules Committee had again met without inviting its ex officio members, notably Walter Ziobro who was pointedly upset about having been excluded. It proposed guidelines for redoing the Bylaws. There was a nasty discussion between Peter Kuntz and 15-year-in-office Membership Secretary Dave Roscoe on his having supplied myself with a list of members so I could contact them about social hours and activism, as I volunteered to do in August, after state chair LaRoche had ordered that the list not be released. Elections were held for Chair and Vice Chair. Krick had planned to nominate me, but left for work. I said we should focus on real work. Tom LaRoche was reelected chair by an overwhelming margin. Michael Cloud was nominated for Vice Chair. Carol McMahon nominated me; I declined. Then Al Wilcox nominated me. I agreed as a courtesy to him, but when it came time to vote he voted for Cloud instead. Former Committee Member Steve Drobnis and Cambridge political activist Peter Sheinfeld urged local organization. Carla Howell spoke eloquently on the theme that we have tried local organization and it has not succeeded, but she presented no alternative.

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(Continued from page 1) [LNC Meeting]

this could be revised downward, depending on resources actually raised for this and also on continued efficiency provided by the new database and other measures. Treasurer Mark Nelson pointed out that Seehusen deserves credit for lowering the costs of outreach, membership, and LP News in the past year. All these lines performed above budgetary expectations in 2004.

The budget calls for \$10,000 to be spent on a candidate training and support program currently being developed by Seehusen and Chair Michael Dixon, and for \$7500 for media relations. Staff has the ability to raise and spend more money for media. The line items of contingency and surplus have been eliminated, in favor of a more direct accounting of the reserve requirement (generally equivalent to cash on hand). The reserve formula is 2% of revenue plus current accounts payable, which results in a figure of \$110,247. If the convention bills are paid this year as anticipated and the current Ballot Access project debt of \$32,360 is cleared, this would reduce the reserve requirement to approximately \$80,000.

Another change is a greater separation between programs, which are considered core activities that benefit the membership as a whole, and projects, which are considered to not necessarily benefit the membership as a whole and are expected to pay for themselves from extra fundraising. Projects include ballot access, branding, building purchase, campus outreach, convention, the drug war strategy and the Presidential campaign.

Seehusen gave a written report on the prospect of purchasing an office building in the DC area. The conclusion was that this is probably not feasible at this time. Our current lease at the Watergate expires in 2005. According to his consultants, we are already too late to begin the work of such a large capital campaign, and we must have a very strong assurance of success if we are to undertake it. Where the national office will be once our lease expires was not discussed.

Region 2 representative Aaron Starr offered an amendment which offered a new formula for calculating the limits on outreach expenses. Nelson did not accept Starr's amendment because in his view it is open to interpretation and has uncalculated implications for the reserve and budget limits. This amendment failed on a voice vote.

At-large representative Admiral Michael Colley renewed his concern that he does not see adequate LNC oversight. He feels the board should be more active in questioning unusual events outside budgetary constraints. The budget should be directive in nature, and is not currently in his view.

(Continued on page 3)

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Editorial

In 2003, the Committee for Small Government of Carla Howell and Michael Cloud raised \$48,820. During 2004 it raised \$13,882. (Source: http://www.mass.gov/ocpf/homepage_ data.htm and through dynamic links to the Committee for Small Government OCPF Filings.) According to the OCPF filings, almost all of that money was paid, as consulting fees, to Carla Howell and Michael Cloud.

In particular, in 2003 the committee gave \$17,950 to Michael Cloud for consulting fees and \$25,000 to Carla Howell for consulting fees. In 2004, the Committee gave \$4000 to Carla Howell for consulting, and \$8500 to Michael Cloud for consulting. That's over \$55,000 to the principals for consulting, out of less than \$63,000 raised.

In 2004, the Libertarian Party of Massachusetts has had major expenses. It published its newsletter. It ran its state convention. And it gave the bulk of its Treasury, \$4750, to the 2002 Senate Campaign, now long since ended, of Michael Cloud.

Libertarians around the United States might usefully remind their fellows of what can happen when they send their money off to remote places.

Last spring, control of the LPMA State Committee ended in the hands of Carla Howell, Michael Cloud, and a slate of 13 State Committee members. Since then, the State Committee has been a model of inactivity. State Committee support for our Presidential candidate was nonexistent. When the Badnarik State Coordinator, Richard Watras, asked for contact information on Massachusetts Libertarians, he was eventually told that he could do a blind mailing through a bonded mailing house. The State Chair refused to allow him to have actual names and addresses of members, so they could be phoned to see if they would like a lawn sign. At this point, Watras submitted his final report.

In the end, Michael Badnarik received fewer Massachusetts votes for President than Harry Browne had received in 1996 or 2000. The Libertarian Party of Massachusetts ceases to exist as a major party. The Party State Committee will lose its State recognition. It may be reincarnated as a private group supported by the UMP dole from the Libertarian National Committee.

Many of the Commonwealth's real libertarian activists, the people who are actually doing political work, have concluded that it is time for a new organization. **Liberty for Massachusetts** is that organization. *Liberty for Massachusetts will not compete with the LPMA, because it will do things that the LPMA State Committee does not:* Recruit and help candidates. Stimulate local organization. Do political acts: demos, petitions, referenda. Establish groups that raise money for politics. Educate the public. Build a real libertarian movement in Massachusetts.

Libertarians around the United States might ask their LNC representatives, given that it must recognize some new group as its affiliate in Massachusetts, whether it should:

Recognize a group whose prior incarnation did not do politics,

Recognize a group being formed by actual activists, Wait or see rather than taking action it might later regret.

2) Accounting and Auditing

As part of the database conversion, we are rebuilding our Chart of Accounts for the third time in two years. Let's hope that the third time is the charm, as this chart is the foundation for how we organize our financial data. The LNC and staff still find our financial reporting to be unclear, to the point where there were no reports made for a couple months. Mark Nelson has resumed producing these reports now that he is more confident of the accuracy of the data. Still, he reported that at the time of the meeting, receipts had not been posted since November 3rd. The October books had not yet been closed at the time of the meeting.

Nelson has personally taken over the process of FEC filings, having found the previous system to be "incomprehensible." He issued a report on the number of FEC filings and amendments for 2003 and 2004. It showed between 10-13 such filings in four months of 2003, and 5-7 in the other eight months. Often several amendments were filed on the same day. In 2004, there have been no more than three filings and amendments in any given month. Nelson said he is privy to several communications and questions from the FEC, but is not kept abreast of the responses we return to them.

LNC legal counsel Bill Hall reported that the FEC has launched an investigation of the LNC due to the high number of amendments in recent reports. This news came by phone, yet to date the FEC has not given us any written notice of an investigation. In a separate action, the FEC fine of \$3200 for filing our September 2003 report six days late is still unresolved. Hall had appealed the fine, noting among other things the FEC offices were closed for a hurricane at the time. The FEC acknowledged receipt of Hall's response back in December, but has yet to respond to our request to waive or reduce this fine.

The next FEC report is due on December 2nd. Nelson will travel to DC to prepare it, and is seeking the advice of outside consultants, including an LP member in Iowa who files these reports for the Natural Law Party.

Nelson raised the concern that our independent auditing firm of Frye and Wolcott may no longer be suitable for this task as Mark Frye performed bookkeeping services for us in the office for part of the time between Rod Severson leaving and new Operations Manager Jennifer Villarreal coming on board. The relationship was difficult, with Frye eventually leaving because he could not agree with the reporting demanded by the LNC. Having served on the previous LNC, I am somewhat mystified by this for two reasons. One is that we took great pains last term to simplify the reports we desired, and the other is simply that Frye was acting as a contractor at the time and thus is in no position to argue with what his employer requested of him.

Region 2 representative and Audit Committee Chair M. Carling said that the Audit Committee is still inquiring into the scope of Frye's services, and that the committee unanimously accepts Frye's statement that Frye has come nowhere near violating the standards for independence in auditing non-profits. Nelson disagreed with Frye's rationale and pointed out that even if this were true, the relationship does not pass the smell test to a casual observer. As one of those casual observers, I agree wholeheartedly with Nelson – as soon as Frye took on this internal assignment, his firm's independence from our operations was shattered. I personally cannot accept the legitimacy of any future audit conducted by Frye and Wolcott.

Despite these concerns, Carling appeared unmoved and stated that Frye and Wolcott will be used for the next audit. He also offered a motion to define the Audit Committee in the Policy Manual, which had previously not been addressed there. The new language gives the Audit Committee full authority to hire the firm to conduct the audit and to determine its scale and scope.

Nelson offered an amendment to change this power to recommend to the LNC the scale and scope of the audit. He pointed out that the proposal puts no limits on what the Audit Committee can do. This amendment failed, and the main motion passed on voice votes.

Nelson had suggested several policy manual changes to be included in the consent agenda near the beginning of the meeting. They were: to allow for departure from Generally Accepted Accounting Procedures (GAAP) when dictated by the Policy Manual; to recognize dues payments as contributions and not as deferred revenue; to not count non-real-estate assets as capitalized assets (thus recognizing on the balance sheet their resale value of zero); and to change the 12 month period for calculating the 110% ceiling for increases in the budget from ending on October 31st to simply the 12 months preceding budget approval.

Carling had successfully gotten these items removed from the consent agenda and moved to a separate spot on the agenda for Sunday. When they came up then, Carling used a completely bogus parliamentary maneuver in an attempt to derail them entirely, by pointing out that the Chair had failed to allot any time for these items. Fortunately the board had better sense and after some wrangling voted to give them 10 minutes, with only Carling and Starr voting against. It is most unfortunate that the one person at the table most knowledgeable of the minutiae of Roberts' Rules of Order so utterly fails to comprehend that the entire purpose of parliamentary procedure is to facilitate discussion, not stifle it.

The race for Treasurer is clearly not over. During the consideration of Nelson's proposals, Starr (who lost to Nelson at the convention) repeatedly referred to Nelson's proposals as dishonest accounting. Once the discussion was over, Dixon took a point of privilege to object to Starr's characterization, and Starr replied that he recognized a difference of opinion with the Chair.

Region 5 East representative Jim Lark at this time, and quite consistently during the first meetings of this term, has pointedly asked for the opinion of Starr and At-large representative William Redpath on any matter of the slightest controversy proposed by Nelson, since these two gentlemen are licensed ac-

countants. While I find it perfectly plausible that Lark simply wishes to discover the opinion of the professionals sitting on the board (much as At-large representative Mark Rutherford is frequently asked for his legal opinion since he is the only practicing attorney on the LNC), the effect is to undermine Nelson's efforts to do the job the membership elected him to do. Besides constantly reminding the board that Nelson is not an accountant by trade, Lark also gives Starr and Redpath a ready platform to criticize Nelson's ideas. The truth is that if either of them felt they had something to add to the discussion, they are perfectly capable of raising their own hands to speak.

Once these motions were finally considered, the change in capitalization of assets and the timetable for calculating the budget limits passed, while the allowance for departure from GAAP failed and the recognition of dues as simply contributions failed. The failure to approve any wiggle room from GAAP now means that there are most likely sections of the Policy Manual in direct conflict with each other.

Later in the meeting, Nelson proposed and the board agreed to remove language from the Policy Manual requiring the party officers to sign affidavits acknowledging that they have read and understood the Policy Manual. Both Nelson and Dixon reported that on the advice of counsel, no one in their right mind would sign such a document.

The LNC held a dinner to meet with major donors on Saturday night. Dixon stated that he wants this to be a regular part of LNC weekends, so that our contributors can have regular access to the committee. LNC members paid \$60 a ticket for dinner at an upscale local chop house, while donors were invited

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3) Database

Michael Dixon reported that the new Raiser's Edge database system was installed one week past the original schedule. A beta version was in use for a few weeks before that.

The information sent to state parties since the installation has been extremely deficient. The October reports were pretty much useless. Dixon described them as a "failure." I can speak as an end-user, having served recently as our state party's interim Membership Secretary. The October "report" consisted of two conflicting lists of current members, although one appeared to be accurate. However I have no way of knowing for sure if it is.

The November reports were hardly better. Here in NC, we received three spreadsheets, of current members, lapsed members, and inquiries. I cannot speak to the accuracy of the first two reports, except to say that I did not notice any problems with them. One positive is that I only found two duplicate entries among the list of current members, indicating that the office has made significant progress cleaning up the data.

Unfortunately, the list of inquiries was 6714 names with no dates attached. I sincerely doubt that there were so many inquiries in the last few months just in North Carolina, and am guessing that this list is of all inquiries ever made from here through national sources. Without knowing when these inquiries were made, this is useless information, and I hope no one incorporated it into their own state database.

I brought up this particular point during public comment at the beginning of the meeting. During his report, Joe Seehusen claimed that there were dates included in that report. I just now checked the file for the third time, and have confirmed that indeed there are no dates there.

The states used to receive a daily dump of inquiries which came from the national party website, calls to the 800 number, and the Advocates for Self-Government website. This stopped in the spring when control of the website was transferred from Joe Dehn to Shane Cory, who is contracted by the national office. The Badnarik campaign reported that they received over 14,000 new inquiries which they forwarded to the national office.

Since this data has not been transferred to the state parties in any useable form for several months, it is pretty obvious by now that we have completely wasted our opportunity which comes only once every four years to follow up with the large number of inquiries generated by a national election and turn them into members and local activists. Instead I get the occasional angry email telling me that since we never responded to their inquiry we obviously aren't serious enough to merit the writer's consideration. In each case, this is the first contact I have had with these people.

The Badnarik campaign's Operations Director Geoff Neale has offered to send the data they collected directly to the states

for a processing fee of \$25. I have asked our state party to take advantage of this kind offer, in hopes that we can salvage some little of this opportunity. If you want this information directly from Austin, contact Neale at opmgr@badnarik.org.

In other Raiser's Edge news, the data cleanup continues. There remains only an \$8000 difference in our donor history to be reconciled out of the over \$28 million the party has received since it began. Mark Nelson and staff are committed to reconciling it to the penny. While this difference is a very low percentage of total income over time, for the individual donors affected it is a very significant difference indeed. This should be fixed about the beginning of December.

State party access to the database is still on target to begin implementation by year's end. A handful of states will be chosen as a beta user group by the end of December, and all states should have access by the end of January. This may require the purchase of new user licenses, at a cost of \$1800 per license, part of which may be passed on to the states. We currently have purchased seven user licenses, which is enough for staff but not for the states.

The Badnarik campaign developed an FEC module for Raiser's Edge which they have given to the national party. This should be uploaded with donor data by the beginning of December, and the states should see this donor data with their January reports. Now that the Presidential campaign is winding down its operations, Neale has agreed to return as project manager to oversee the last of the conversion to this new database. (Editor's note: Some time after the adjournment of the most recent LNC meeting, but prior to the completion of this report, Mr. Neale rescinded his offer to return as project manager and informed the Chair that he will no longer be involved in the database conversion in any way.)

In his report, Seehusen said that the development and fundraising data generation with Raiser's Edge is vastly superior. He questioned the wisdom of installing a new database in the middle of a Presidential campaign, yet concluded that the ability to project major donor revenue and membership growth for the 2005 budget makes all the trouble worth it.

Seehusen was also able to report the very recent hiring of Jennifer Villarreal. She replaces Rod Severson, who left shortly after the previous LNC meeting. Her resume is very impressive, and she has already displayed a welcome can-do attitude and an attention to consistent management of data and personnel. While it is still too early to draw any conclusions, as she does not even start full time until December 1st while she completes her commitment to her previous employer, she does seem to have wasted little time getting up to speed. Her hiring gives me hope that the bugs in our database and accounting systems will be worked out to everyone's satisfaction soon. More importantly, she has the confidence of Nelson, as a positive working relationship between our Treasurer and our Operations Manager is critical to success and has been lacking up to this point. The LNC has chosen the Portland Hilton and Executive Tower as the site of the 2006 Libertarian National Convention.

Other sites considered by the Convention Committee were the Austin Hilton and the Denver Hyatt. Denver was eliminated because the week of July 4th, 2006 was not available, the facilities were not adequate, and their price was not competitive.

The LNC was given the options of Portland, Austin, or none of the above, which would open the site selection process to cities that missed the final cut such as Nashville and Minneapolis. The vote was by secret ballot, and the results were a very strong endorsement of Portland. The tally was Portland 12, Austin 1, and NOTA 4.

The debate over site selection took over two hours over both days of the meeting. Geoff Neale gave the LNC an extensive review of his visit to Portland in April with his wife and past Convention Committee Chair Nancy Neale and Joe and Jan Seehusen. He concluded that the Portland facilities are not big enough to hold us. From his description, the delegates' experience would be more like Indianapolis in 2002, where people had to walk all over creation to travel between their hotel rooms and the convention floor, and not at all like Atlanta this year where everything was very conveniently arranged under one roof.

The Oregon LP sent their Executive Director Richard Burke to the meeting to lobby for Portland. They definitely got their money's worth, as Burke turned out to be a very effective salesman. Much of the debate centered around Neale's criticisms of the Portland facilities and Burke's counters to them.

Burke's main selling point was purely political, that the Oregon LP was excited to support the convention and they should be rewarded for their relative growth and success of recent years. He held that the Hilton was indeed adequate for an off-year convention that generally draws significantly fewer people than one in a Presidential election year. In the end, the LNC chose to ignore the warnings about the adequacy of the facilities and went with the political argument.

Having served on the previous Convention Committee, which involved quite a lot of work on site in Atlanta, my perception is that the ability to put everything in one building and the support of the local party are both critical elements to a successful convention, so I am not completely dismissive of the political considerations. We chose Atlanta in part because of the strength at the time of the Georgia party, yet three years later we found that this strength had dwindled to the point where local volunteer support was lacking. Being the eternal optimist as well as a big fan of those Oregon Libertarians, I trust that the Oregon LP will continue to grow and can deliver the support they have promised.

Since the next LNC meeting is scheduled for Portland in February, we will see for ourselves then if the LNC made a good decision.

4) Convention 2006: Portland

Region 5 East alternate Chuck Moulton renewed his objection to holding the convention over the Independence Day holiday,

as it conflicts with many events our candidates should be attending in their hometowns. The Convention Committee and the LNC agreed that the convention should stay on that week, however the Convention Committee did seem to take this into some account by recommending that the convention be shortened to three days to give attendees time to get back home before July 4th.

On the recommendation of the Convention Committee, the LNC voted to charge staff with hiring a professional management company to plan and stage the 2006 convention, and to negotiate the final terms of the convention contract. The fact that we ended up being extremely dissatisfied with the last independent contractor we hired to do this, in large part because we could not see how paying them saved us any money, was not mentioned at all during the discussion.

Convention Committee Chair and Region 1 East alternate Mark Cenci announced at the close of his report that the committee was disbanded and a new committee for convention oversight would need to be appointed at the appropriate time. He said the entire process was "distasteful," because it was dominated by political rather than professional concerns. He recommended that in the future, independent contractors should manage the site selection process as well as the staging of the convention itself.

The LNC also considered the remaining issues and reports about the most recent convention. There is a disagreement on whether or not the 2004 convention in Atlanta made a profit. Nelson reported that convention costs exceeded revenue by over 10%, and the LNC gave its permission to pay the outstanding bills. The final bills for the convention should be paid this month.

Nelson's report said that the convention lost \$18,908, which roughly equates to the 10% overhead fee designed to cover staff time. Neale, representing the previous Convention Committee, filed his own report which accounts for the staff overhead fee and claims that the convention made a profit of \$23,476. In the meeting, Nelson said that they are only \$700 apart on income. I personally am still unclear on how these two reports can disagree to the tune of over \$42,000.

The only negative in Neale's financial report was the loss of \$12,093 on the concert by Jimmy Vaughan. It was expected that there would be interest by the general public in this event, but that did not materialize.

According to Nelson, there remains no clear accounting of how the funds raised at the convention banquet were spent, and in fact this may not be possible. However, Seehusen in his report claims that this has been done. Neale's report shows \$39,952 in gross revenues from the banquet. One thing is clear though – the funds raised at the banquet were not spent on hiring more staff to support the Presidential campaign, which was the pitch we were given at the time.

Neale recommended that the future of convention organizing lies in 527 organizations. These groups can raise and spend money without the limitations of a political committee, including being able to accept money from corporations. Not only would this allow for corporate sponsorship of various convention events, it

would also enable us to sell vendor space without requiring payment from the vendors' personal funds. He said that an professional management firm cannot handle credentialing or speakers for our party, and that hiring a new staff person to run it in house would be inefficient given the short and intense timeline of preparing for a convention.

Neale also noted two areas which need to be vastly improved for future conventions, data capture and the website. This year, website updates took weeks or even months, hampering the ability of the Convention Committee to properly publicize new developments. (Similar complaints about the website have arisen in regard to updates from state parties and especially in how slowly they added information about Michael Badnarik's campaign after the convention.)

5) Ballot Access

Ballot Access continues to be a source of controversy among the LNC. As previously reported, Project Manager and LNC at-large member Bill Redpath ditched the plan passed by the LNC in 2003 in favor of an aggressive strategy to get us on the ballot in every state possible. We succeeded in getting Michael Badnarik on the ballot in all states except for Oklahoma and New Hampshire.

There are 13 states where LNC support meant the difference between success and failure. These states delivered about 140,000 votes for Badnarik, over one third of his national total. In other words, if Redpath had not done what he did, instead of a slight increase in the performance of our Presidential ticket compared to last election, we would have seen a precipitous decline in this important metric, which could only be bad for media relations and member morale.

Redpath reported that our ballot access efforts also allowed us to run 31 more candidates for US House and two more for US Senate.

Redpath spoke in detail about why we failed to get on the ballot in New Hampshire. I have written about this situation previously [http://www.libertyforall.net/2004/oct3/Ballot.html]. In his view, the main obstacle to success was that there was no one person in New Hampshire dedicated to making it happen. We had an op-

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portunity to send paid petitioners there, but on August 8th LPNH Chair John Babiarz reported they had collected enough signatures, so no outside help was sent. There was no indication even on the day of turning in the signatures that they had not collected enough. A fundraising dinner for Republican Governor Craig Benson was held in Babiarz' home that very night. (Benson lost his reelection bid.) [[Editor: Without disagreeing with Sean Haugh's account of the LNC meeting, the LPNH convention was told a very different report.]]

While Redpath acknowledged there are a variety of conspiracy theories attempting to explain New Hampshire's failure, he said there was no evidence that this was anything more than a simple screw up. Even so, the lack of ballot access in New Hampshire was particularly harmful for a variety of reasons. It was one of the key contested states in the Presidential election, depriving Michael Badnarik's campaign of using their swing state strategy there. Due to the support of the New Hampshire LP for the Republican Governor, who lost his reelection bid, no Libertarian candidate attempted to file for Governor. A separate petition for US Senate candidate Ken Blevins also failed, which meant that there was no LP candidate in the two races where permanent ballot access could be gained by winning just 4% of the vote.

Redpath asked Babiarz to write a letter of apology to be published in LP News. Babiarz agreed, but to date has not produced this letter.

The LPNH convention was held on October 1st, and Babiarz was reelected as Chair without opposition. Region 1 East representative Dan Karlan attended the convention. He reported that the state party was quite nonchalant about their failure, and that apparently their problematic relationship with the national party is driving down all Libertarian political activity there.

Arizona was never this bad.

Nelson refused to approve payments of \$3378 to petitioners Gary Fincher, Roger Pope and Crystal Lawson due to inadequate documentation. He was not opposed to paying these debts. He simply felt it was not consistent with his fiduciary responsibility to approve these payments on his own authority, and said the LNC as a whole must approve them.

Region 6 representative George Squyres renewed his complaint of what he calls the deeper issue of overspending which the LNC has avoided addressing. Admiral Colley expressed his agreement with Squyres' view.

Redpath objected to the characterization of a lack of proper documentation. He pointed out the difficulty of obtaining traditional contracts and receipts in hiring petitioners. Most contracts with petitioners are verbal ones, and documentation of signatures turned in is dependent on each state coordinator. Redpath noted that this does not mean there were inadequate cost controls. My own experience in running large petition drives is consistent with how Redpath described his methods of accounting and reporting in these matters. All deals with paid petitioners are done with a handshake and recordkeeping is entirely dependent on the various state coordinators. As with the 2004 convention, there is a disconnect between the LNC's desire to uphold their principles of accounting and project management versus an ability to actually get anything done. In my opinion, while Squyres' complaint is not without legitimacy – after all, without any cost controls we could easily find ourselves on the brink of bankruptcy again – it does express more love for procedure than action. Clearly the new project management ideals have not yet matched reality, and the LNC must choose whether they are more interested in upholding their process in the face of reality or actually make our processes conform to our needs. On this issue, Redpath's insistence that the job get done has won out, but at some significant political cost to Redpath.

Region 3 alternate Emily Salvette moved that the LNC approve payments of about \$15,000 to cover these petitioner expenses plus money that Redpath had personally loaned to complete the ballot drives in Kentucky, North Dakota, and Alabama. This was approved without a dissenting vote. So while the opinion of the committee is still divided on how to support ballot access, at least they all still have the sense to pay their good faith debts.

This motion did not include overdue payments to fundraiser Scott Kohlhaas, which are in dispute. Because of his lack of payment, Kohlhaas stopped making ballot access fundraising calls at the beginning of October. The accounts payable report of September 30th shows a payment due Kohlhaas from August of \$335, and nothing due for September. Kohlhaas estimates that the amount due him for fundraising commissions is closer to \$4000, although a precise number cannot be determined without a report from staff on how much was received in the mail from his calls.

This is most unfortunate, as Kohlhaas possesses unparalleled experience in ballot access fundraising dating back at least ten years. We hired him for the North Carolina efforts in 1996 and 1997, and will strongly consider hiring him again for our current drive. I hope this dispute can be favorably resolved so that such a precious resource is not squandered by the national party for future ballot access needs.

In the discussion of the 2005 budget, Redpath moved that \$68,000 be added for ballot access, and that it be moved from project to program status. Specifically, this would be \$50,000 for the current North Carolina petition drive, and \$18,000 to complete one in Nebraska. Both states would gain full party access for the next four years by completing their drives now.

Region 4 representative Michael Gilson De Lemos (MG) spoke against making ballot access part of the general fund, although North Carolina is one of the states in his region. Moulton pointed out that ballot access is one of the key factors the FEC uses to determine what is a real political party. Starr spoke in favor of ballot access as a common cost, saying that although the job is relatively easy in his state of California, he recognizes that it is not so easy in other states. Redpath's motion failed on a voice vote.

There were some other Policy Manual changes which were passed in wake of Redpath's management of the ballot access project. At-large representative BetteRose Ryan moved that project monies can only be spent if they are raised in advance. Squyres proposed a format for auditing projects which was quite

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create greater long-term efficiencies. From my own experience, such an attitude eventually undermines the ability and authority of any manager. If this or any other major project is to succeed, Seehusen will have to feel the pressure lift off of him enough that he can give these matters the attention required to make it hap-
pen. These arguments from Seehusen did not deter the LNC from sup- porting Keil's proposal. The strength and detail of the plan and the long pent up desire to bring the branding project to some completion outweighed the current ability of staff to carry it out. It will be interesting to see if Keil receives greater cooperation from staff in sharing donor information and enabling project fundraising from the membership than Bill Redpath got as ballot
 access project manager. 7) Dues Increase Redux Aaron Starr offered a proposal to increase membership renewals to \$50 a year, while keeping first year dues at \$25. The proposal also included many subsequent revisions of policy relating to membership, including an increase in Unified Membership Payments (UMP) payments to the states of \$18 to \$30 phased in over a year's time; eliminating the original UMP formula and migrating states that use it to the new formula; giving the states more flexibility in processing memberships; eliminating UMP payments for first year memberships gathered by the national party and letting the states keep all of the money from first year members they recruit; and granting membership to elected office hold-
ers. After much discussion of how the board would treat the motion, the main proposal failed 8-8, and Starr withdrew the remaining parts. For once I was quick enough to record the show of hands (no roll call votes were taken the entire meeting). Voting in favor of a dues increase were Carling, Colley, McGinnis, Redpath, Squyres, Starr, Sullentrup, and Wrights. Voting against were MG, Hoch, Karlan, Lark, Nelson, Rutherford, and Salvette. Ryan ab- stained. Michael Dixon added his vote to the negative to create a tie, stating that such an important and controversial matter should not be decided by an 8-7 vote.
George Squyres then offered a motion to increase dues to \$40. This was ruled out of order by Dixon, but after an objection by Vice Chair Lee Wrights, Dixon reversed himself and allowed the motion to be made. It failed on a voice vote.
My personal analysis is mixed. I have had quite a long time to consider this issue, as it was a hot topic in the previous term. It is true that our costs have risen to the point where we lose a few dollars on basic \$25 memberships, and that fact alone seems to justify an increase. On the other hand, Mark Nelson cited the sur- vey undertaken last year which showed that we would lose so many members at any increased price point that the financial im- pact would be neutral to negative, debunking the assumption that a dues increase would increase revenues and better cover costs.

I feel for the guy, as I have been on both sides of this management conundrum before, being so deeply mired in what is due right now that one cannot take even 15 minutes to step back and I believe that the membership and the LNC itself could be sold on a dues increase. After all, Libertarians implicitly understand economics, and could be convinced that dues should make a profit

for the national party. Yet I have been of the opinion for some time that while membership has great value, we need to build other revenue streams and move away from our reliance on dues for our fundraising. As Michael Gilson De Lemos pointed out, UMP was originally conceived as a way to wean ourselves off our dependence on dues. Although that is a somewhat separate issue, I suspect that a dues increase coming before other methods of increasing income would only serve to further cement the status of dues as the foundation of our fundraising.

One sales point that would be fatal to acceptance of a dues increase is the perception that the LNC is trying to balance its budget on the backs of our members. This is a main reason why this could not pass in the previous term, and is only possible now that we have recovered from the near severe financial crisis of 2002-03.

Yet another crucial sales point is the general goodwill our members have for the national party. A dues increase would be a lightening rod for all feelings about the party, whether positive or negative. My perception is that until recently the mood of the party has been extremely favorable, probably more than ever since 2001. Yet given many of the issues addressed elsewhere in this report, member confidence in the LNC and its stewardship of the party is eroding. We may very well have missed out on the window of opportunity to get this proposal passed and generally accepted by the membership.

8) Staff Performance Concerns

Some LNC members have begun to openly or privately question Joe Seehusen's performance as our Executive Director. The most common concerns cited are a lack of communication and underperformance in fundraising. It seems to be a common occurrence that phone calls and emails to Seehusen by LNC members and state chairs are not returned. Some LNC members have told me that getting a straight answer from Seehusen can at times be difficult to impossible. When he was hired, we were all led to believe that he would be spending significant time on outreach to major donors and fellow traveler organizations, which has not occurred.

In his report, Seehusen addresses many of these concerns directly. He notes that most of what we do in the national office is administrative work, keeping his attention on office management and leaving him little to no opportunity for outreach and development. Objectively speaking, the list of administrative issues he has had to handle in the last year is quite significant. Besides the database conversion and staff turnover noted elsewhere, during a Presidential election year there is always far more immediate work to be done than there is staff to do it all, leaving little time for any forward thinking action. He wrote, "We don't have a party to have a back office." He would like to see roughly two thirds of staff activity spent on growth, development, and media, yet current resources do not allow for this.

To that end, Seehusen has already begun to outsource material sales and mail processing, both of which take up much time and space in the national office. He also recommended we outsource convention planning, which the LNC approved later in the meeting.

Seehusen made several other suggestions which did not get an apparent reaction from the LNC. He noted that most non-profits expect their board members to raise money, and challenged each LNC member to give or raise \$10,000 a year. He called for an overhaul of the Policy Manual and our financial statements to make them simpler and easier to understand and follow. He also requested that the LNC seek more feedback from staff and consider the cost/benefit ratio before making their decisions which affect staff performance.

Jessica Wilson, now with the title of Development Department Team Leader, reported that the pledge program and membership renewals have been brought in house. She has a staff of two full time people and some part-timers who are making the calls. These employees are systematically educated and tested on the party platform and resources such as state chair or LNC representative contact information so that they can easily answer the common questions asked by donors. Following up on pledgers with declined credit cards or past expiration dates is finally being done regularly starting this month. Now that this is being done regularly, the next focus area is to try to convert \$25 basic members into monthly pledgers.

Wilson spoke of plans to change inquiry response from a soft sell of simply sending them an infopak to a harder sell involving phone and direct mail contact. She is consulting with Dan Lewis about testing various ideas along these lines. The infopaks are now going out on an intermittent basis, every couple of weeks or so as demand piles up. Expanded telemarketing would require more staff than we currently have either the physical space or user licenses for the database to accommodate at this time. In everything, she has paid close attention to documenting all her systems and procedures for future use.

Communications Director George Getz reported that he has streamlined the data collected on media contacts, to differentiate between those contacts which actually result in stories versus those which do not. He said the clipping service which had been abandoned during the financial crunch of last year has been resumed again as of last week. Most of his production in the last several months has been in the service of the Presidential campaign, with Getz using every opportunity to promote Michael

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Let Freedom Ring! Badnarik, even for press releases generated solely by the national office. tary troops oversea station on the other

In his report, Getz also spoke strongly in favor of preserving the size and scope of LP News. He noted that our monthly newsletter is the main source of communication between the party and its members, to the point where LP News is the only tangible sign of LP activity for the majority of them. Member surveys and feedback have consistently given LP News top marks for customer satisfaction. His concern is that if LP News loses quality, we will lose members. I noticed that the most recent issue was 20 pages instead of the customary 36 pages. It will be interesting to see if Getz' warning proves to have merit.

Employment Policy and Compensation Committee Chair Mark Rutherford reported the difficulty in defining the media component of the bonus structure for the Executive Director. Seehusen receives a bonus of \$250, not to exceed \$1000 per quarter, for every national television appearance or dedicated story in a major newspaper or magazine if they are directly attributable to staff. The close connection with the Presidential campaign and naturally heightened interest in the party during election season made attribution more difficult to determine. It is also true that this metric does not cover all media performance by staff. Seehusen's quarterly bonus is also based on increases in monthly pledge income and membership, and on a survey of LNC members.

The LNC held an executive session to discuss Seehusen's performance. After coming out of it, Rutherford moved that Seehusen's bonus for the previous quarter should be \$1020. This passed by voice vote. Since all of the discussion was held privately, the reasoning behind this figure is completely unknown outside the LNC.

Chuck Moulton asked if there were any plans to hire a Political Director. Seehusen replied that he wants a "junior person" to get that going again. He did not offer any specifics about what this person would do. Seehusen did say that more staffing was needed to comply with the demands of the budget and LNC policies. The 2005 budget allows for two new positions, which Seehusen said would be mid-level organizers for time consuming tasks.

9) Refusal to hear legitimate member complaint At the last meeting, the LNC voted to abolish the Advertising and Publications Review Committee (APRC). The APRC was charged with reviewing all party materials to ensure their conformance with the party Platform and Statement of Principles. At the time, when asked what to do about any member complaints along these lines, they said that the LNC as a whole would hear them. They probably guessed that this would be the end of it.

They guessed wrong. Less than two months after this action, the national office issued a press release quoting Michael Badnarik as advocating the removal of 150,000 American troops from Iraq so they could be transferred to Afghanistan to aid in the search for Osama bin Laden and other al-Qaeda personnel responsible for the attacks of 9/11/01. This is clearly counter to the Platform in several respects, most notably the sentence in the Foreign Intervention plank, "End the practice of stationing American mili-

tary troops overseas." Clearly, moving 150,00 troops from one station on the other side of the world to another does not pass muster.

Carol Moore brought forward the complaint, although she was by no means alone in her analysis. After some debate prior to the meeting, it was placed on the agenda towards the end. Once the topic came up, Mark Nelson moved objection to consideration, which quickly passed.

Lee Wrights denounced this move in the strongest possible terms and stormed out of the room. I can't blame him, as this is far and away the most shamefully hypocritical act I have ever witness in all my time following or serving with the LNC. They have left no avenue whatsoever for members to bring forward their ideological concerns, and proven that they have no interest whatsoever in defending the Platform and principles of this party.

The general mood of the LNC to be primary concerned with the non-ideological business of running the party is understandable and even appropriate. But here they have crossed the line, becoming openly hostile to Libertarian ideology. Any one who is not willing to stand up for the Platform of the party has no business running it. By abolishing their mechanism to handle these member concerns outside of board meetings, encouraging staff to not reply to these concerns, and then refusing to deal with them themselves is a big black mark against the legitimacy of their leadership. Fortunately, we still have the convention to vote them out en masse if they do not reverse their decision. Even if they do change their minds later, the damage to their reputation is done.

As a member of the APRC when it was abolished, I can tell you exactly how we would've handled this situation. With the APRC, we would have an easy avenue of resolution. First, we would investigate how much of the press release was generated by the campaign and how much of it was written by staff. Since it was a time sensitive communication, we could not have prevented this occurrence, and we would have no authority to tell the Presidential candidate what to say. But we could issue a report to the LNC and staff clearly stating the deviance from our core ideological documents. This would have been received gratefully by staff, as we had already forged a very positive working relationship with them. We would recommend no sanction beyond simply asking staff to not make the same error in future communications.

What the members of the LNC failed to realize is that this process affords a significant protection to staff from these member complaints. The responsibility for a reply would have a home, and could be discharged without lingering controversy.

Unfortunately, without any possibility of an official forum to air these concerns, this issue will now continue to fester for the foreseeable future. Moore used the public comment period at the end of the meeting to announce that she would be openly advocating a dues boycott of the national party. This could have been avoided.

It's quite obvious that a major reason for the objection to consideration was simply that a lot of folks on the LNC find Carol Moore annoying. Several members mentioned to me afterwards

that they only voted to uphold the objection because it was her. The political consideration of who we like or don't like won out over simply doing the right thing.

Fortunately, our Communications Director George Getz is a man of deep and caring conscience. He remains sensitive to member concerns and almost certainly has taken the lesson to heart without me or the APRC or anyone else having to formally submit it to him. But without the APRC, or any similar mechanism, he now has little opportunity to positively respond to this criticism that is visible to the entire membership.

10) Miscellaneous

George Squyres reported that there is a new website provided by staff for member discussion and input into the Platform reformatting project. He did not have the URL handy, and later said that it would be January before it would be ready to use.

Jim Lark reported on his campus organizing efforts. He is working with Trevor Southerland, Chair of the LP Youth Caucus, to develop a business plan which may be presented at the February meeting. They are mindful that as a project, campus organizing and outreach must be self-funding, and are working on ways to raise the necessary money. Lark continues to work with state parties and campus groups to respond to student inquiries, place LP representatives in a variety of youth-oriented conferences and workshops, and network existing organizations. His groups is looking into establishing a new website separate from lp.org, and are currently revising the old campus organizing manual.

The preliminary report by the Badnarik campaign team is quite extensive and juicy, which merits its own article. I should have that article finished within a few days, at which time I'll forward it to the campaign team and to those who have donated to the fund that allows me to attend these LNC meetings as a reporter. It will appear in the next issue of Liberty For All.

One very interesting aspect of the meeting was the board's original commitment to the process and how it broke down after a certain point. They had obviously agreed in advance to not support any extensions of time for considering agenda items and to otherwise support the Chair in moving the meeting along and keeping all discussion germane. However, during the discussion of the 2006 convention towards the end of Saturday, the committee started to get silly and lose focus. Michael Dixon admonished them for dickering and not paying attention, which merited the first extension of time. Afterwards, time extensions were regularly approved. On Sunday, it was apparent that the board was far more interested in getting out by early afternoon as planned rather than actually considering the remaining business. I believe this was a factor in the summary dismissal of Carol Moore's complaint. Immediately after that, a series of cost-saving measures brought forward by Chuck Moulton also fell victim to an immediate objection to consideration, and Michael Gilson De Lemos made the mistake of putting off his presentation of the Program Committee until after adjournment, which was very sparsely attended, if indeed anyone at all stuck around to hear it. As with the concerns over project management, this LNC seems more interested in upholding their internal processes than in doing the business of the party.

The next meeting will be held at the Portland Hilton, the site of the 2006 Libertarian Party national convention, on February 26-27, 2005.

This report is funded by your generous donations. I can only continue to provide them if you contribute. The next trip to the opposite coast will be rather expensive, and I will not be able to attend that one in particular without your assistance. All donors to my meeting report fund receive my LNC reports and articles as they are submitted for publication. 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.

During the General Election campaign, Badnarik raised slightly more money than Browne did in the same period. Badnarik faced the challenge that the LNC required that Badnarik rent the Party mailing list, and insisted that he was only allowed to use it twice during the General Election campaign.

Badnarik Vote Totals

The vote totals (Subject to change for recounts) were Ralph Nader 428,861 votes Michael Badnarik393,589 votes

In Massachusetts, Badnarik had 15,712 votes, or 0.54%, slightly behind Harry Browne's 2000 vote count. Other votes included (and I may be missing some results): Indiana 18,058 0.73% Idaho 3,844 0.64% Illinois 32,208 0.62% Arizona 11,856 0.59% New Mexico 11.856 0.59% Georgia 18,387 0.56% Alaska 1,745 0.56% Texas 38,787 0.52% Wyoming 1,171 0.48% Washington 11,955 0.42% California 47,721 0.40% Oregon 7,212 0.39% Nevada 3,176 0.38% Montana 1,733 0.38% Pennsylvania 20,851 0.37% Utah 3.375 0.36% Missouri 9.831 0.36% Vermont 1,102 0.35% Colorado 6,789 0.35% Kansas 3,875 0.34% Virginia 11,032 0.34% Hawaii 1,377 0.32% North Carolina 11,7310.34% Maine 1,855 0.27% North Dakota 851 0.27% Ohio 14,331 0.26% Maryland 6,094 0.26% Nebraska 1,962 0.26% South Dakota 964 0.25% Wisconsin 6,424 0.22% South Carolina 3,608 0.22% Michigan 10,552 0.22% D.C. 442 0.21% Rhode Island 908 0.21% Connecticut 3,361 0.21% Iowa 2,923 0.20% Tennessee 4,844 0.20% Alabama 3,525 0.19% New York 12,878 0.19% Kentucky 1,328 0.18% Florida 11,996 0.16% Delaware 586 0.16% Kentucky 2,624 0.15% Mississippi 1,678 0.15% Louisiana 2,781 0.14% New Jersey 4,233 0.12% Oklahoma NOT ON BALLOT New Hampshire NOT ON BALLOT

