

# **APS Board Meeting**

Bellefonte, Pennsylvania

Friday, May 9, 2008

\*\*Denotes motion and board action (for searches)

**APS Board In Attendance:** Nick Carter, Wade Saadi, David Straight, Wayne Youngblood, Dan Walker, Denise Stotts, Joann Lenz, Michael Dixon, Janet Klug, Virginia Eisenstein (APS counsel). **By Phone:** Robert Odenweller, Steven Rod

**Staff:** Peter Mastrangelo, Ken Martin, Rick Banks, Wendy Masorti, Barb Boal

**Visitors:** Kurt Lenz, Dennis Gilson, Ken Lawrence. **By Phone:** Dwayne Littauer

## **I. President's Welcome**

**Nick Carter:** Called the meeting to order at 8:50 a.m.

## **II. Approval of minutes & Decisions of Executive Session**

\*\*Motion to accept the decisions made in the Executive Session by **Dan Walker** seconded by **Wayne Youngblood**.

\*\* Vote: Unanimous.

## **III. Reports**

### **Executive Director's Report (Mastrangelo)**

Executive Director provided a written report covering updates, year end, and first quarter information on various departments. Verbal highlights as follows:

#### **E-Newsletter**

As you are aware APS issued its first e-mail newsletter this week and received good response. We sent over 20,000 emails; 16,251 were delivered; only 29 unsubscribed; the email has been viewed by nearly 8,000 members; of the members who clicked on a link 14% looked at the "Tour of APS"; 11% on Expertizing article; and 11% on Marketplace. We are excited about its potential to provide current information to those members who receive it. Over time it will evolve with additional information and features.

### **APC and Campaign for Philately**

As you are aware, in recent months we have completed the Gordon and Mary Morison Pavilion, opened the Headsville Post Office as a contract post office, completed new tenant space and addressed various roof repairs (both permanent and temporary). Now it is time to focus on repairing the remaining roof system on the undeveloped portions of the complex.

To that end, the theme of our June fund raising appeal is “Raise the Roof.” The target for this phase of the campaign is to raise \$1 million to replace the roofs and repair the underlying superstructure on the remaining portions of the complex. This will stabilize and weatherize these buildings, protecting the interior from the outside elements. Once this is completed we can then focus the efforts of the campaign to complete the library portion of the complex. We have submitted a grant to the Pennsylvania Museum Historical Commission for a matching grant of \$100,000 to help with that project. We will continue to search for other grant and funding sources.

### **Website**

Based upon input from the board, we are in discussions with a vendor for the next phase of our Website development. It will take about 12 months to have the new site up and running once an agreement is approved.

### **Membership**

As of the end of December our membership stood at 42,865. Through the end of March 2008 membership is at 42,829. This is before we drop members (April) who have not renewed. As of the end of April membership went below 40,000 to 38,743. Our efforts now turn to accelerating new member recruitment and recapturing dropped members to rebuild our membership base back up to 40,000 and beyond. APS advertising and promotion has been revamped to focus on the benefits of APS programs and services. Yet our budget is limited and our success depends upon the help of our membership, clubs and societies. We'll be calling upon all sectors of our membership to help in this effort. We have updated our membership handbook for new members and have prepared discount coupons promoting various APS services for their use. Each new member will be able to take advantage of these added values. Chapters and societies will be able to take advantage of membership promotional activities in the months to come. Dealers, StampStore and circuit sales sellers can promote APS through our Business Reply Card program. All members can use the blow-in card in the June issue of *The American Philatelist* to refer a new member. Support materials for these efforts will be available on our website at [www.stamps.org](http://www.stamps.org). These include a “quick reference” of APS programs and services, instructions on how to refer or sign-up a member on-line and much more.

The rest of my report is in writing for review and I can answer any questions you may have.

**David Straight:** On the E-Newsletter, who is the editor and who is our contact point if we have information to share?

**Mastrangelo:** Fred Baumann is the main contact as he works on writing the content. We also have an internal board that meets each month to review content.

**Youngblood:** My question is on membership. This represents an almost 10% loss of membership. What was our projected loss, versus what we actually lost?

**Mastrangelo:** Our projected loss was as of the fiscal year. I believe we can break 40,000 by the end of the year. I think we are about 1,113 off of what we projected as far as budget preparations are concerned.

**Carter:** In a normal year we loose 7%, so probably the dues have added the other 3%.

**Martin:** We have dropped 7% for non payment, but that is not a net loss.

**Walker:** In talking about the roofs for buildings 3, 4 and 5, how are these buildings going to be used? Are they going to be the library?

**Mastrangelo:** Building 5 will be tenant space; buildings 3 and 4 will be the library.

**Walker:** What happens to the current library?

**Mastrangelo:** Our long-term plans when the library moves into buildings 3 and 4 is to develop building 1 into gallery museum space.

**Joann Lenz:** On Nancy Clark's Stamp Talk Show there is a blurb that says membership is almost 50,000.

**Mastrangelo:** We need to get that fixed.

**\*\*Motion to accept Executive Director's Report by Walker, seconded by Denise Stotts.**

**\*\* Vote: Unanimous.**

### **Treasurer's Report (Dan Walker)**

**Walker:** Last year we started to do an inventory of our donated property (stamps). You read the *Wall Street Journal* about off-balance-sheet liabilities a lot of companies are having problems with it. We are lucky we have off-balance-sheet assets. We have some fairly important assets that are not reflected on our balance sheet, such as the C3a. And in these times when finances are tough we should just keep in mind that these are not on our balance sheet.

Donations, in the last five years we have averaged \$553,377 in cash donations, excluding estates. If you include estates, we have averaged \$786,795. At year end 2007, the APS had \$52,000.00 in exhibit stamp frames on their balance sheet. You will notice in the

March financial statements it is now zero. Basically they were fully depreciated and Rick wrote them off. There are some lease hold improvements on the balance sheet and those will probably be written off by Rick in the near future.

There is a difference between the sales division and internet sales. Combined inventories for both divisions is \$13.4 million dollars estimated for 2008. Of that, 65% is Sales Division and 35% is Internet Sales. When you look at the current budget's revenue for 2008 it is \$821,000 total revenues for both divisions – 55% is Sales Division, 45% is Internet, which means the Internet is growing faster.

My final comment is that last year we did write off \$126,000 of the Rex Media website contract. When the final auditor's report is received in mid-June, we will show a small operating profit of \$23,000 -- \$26,000 and you should realize that if it wasn't for the Rex Media fiasco things would be a lot better.

**\*\*Motion to accept the Treasurer's Report by Youngblood seconded by Wade Saadi.**

**\*\*Vote: Unanimous.**

#### **IV. New Business**

##### **A. Affiliate Applications**

###### **1) Women Exhibitors as Affiliate #260**

**\*\* Motions to Accept Women Exhibitors as an APS Affiliate by Janet Klug, seconded by Stotts.**

Discussion:

**Michael Dixon:** I find this to be discriminatory and sexist. I would like to see a statement that men may also participate in the activities of this group. I understand they permit that, but I would like to see it clearly stated before we condone this sexist organization as an affiliate of the society as it is contrary to the perceptions that we have set for ourselves of equality.

**Stotts:** In our newsletter and in our publicity there is a line that states we are open to all but we explore philately from a woman's point of view. It is in all of our paperwork.

**Dixon:** If this is the document upon which we accept this affiliate, then it needs to clearly state that it is open to all. I would accept it with this amendment.

**Klug** accepts amendment to her motion.

**\*\*Vote: Unanimous**

## 2) **Internet Philatelic Dealers Association as Affiliate #261**

**Steve Rod:** What is the benefit of joining this group? What do they do? I'm concerned about why we need another dealer association?

**Dixon:** Their specific service as stated here is as a sales organization and I have difficulty with this one.

The Board has requested additional information before making a decision. They wish to see bylaws etc. We will defer to the next meeting for staff to provide additional information.

**\*\*Defer until August, pending further information.**

### **B. Florex – Canej Recommendation**

**Carter:** It is recommended by Canej that we accredit Florex as a WSP Show. Florex has been in and out of WSP status. They dropped out several years ago – I don't know the exact story.

**Stotts:** It was one person doing all the work and they burned out.

**Carter:** They are now pulling it back together. The issue is that we ask for four years in order to requalify and this has had only three.

**Martin:** Other shows, such as Philatelic Fiesta, which temporarily discontinued and previously had WSP status have been allowed entry without the full four years of requalifying. Florex has completed three of the four years. They are asking for similar treatment and that is what Canej is recommending.

**\*\*Motion to accept the recommendation of Canej to accredit Florex as a WSP Show by Klug, seconded by Walker.**

**Straight:** Are we still expecting a full report from Canej in August? We need them to consider the question of three and four years? Do we want to stick with four years or do they feel three years is adequate for requalifying? I don't care which one they recommend, but we need to consider the question.

**Stotts:** Canej's one concern was exhibits. I feel that once Florex is WSP accredited they will get more exhibits.

**\*\*Vote: Unanimous**

### **C. Election Policies and Guideline Recommendation**

**Carter:** You have before you two documents. One is a discussion of what went on and the second is a red lined revision of the existing election policy and procedures.

**Dwayne Littauer:** I'm not going to go through and explain every time we changed capitalization, but I think it might be helpful to go over the main parts we considered and our recommendations. This was not an easy project because there were a lot of competing interests. A major focus was freedom of expression versus negative campaigning. We recognized that the Society has a more intelligent membership than most groups, and our view was that the more they know about the candidate the better choice the members can make. Our general stance is to allow free expression but the question is what to do about the negative campaign issue.

We talked about the extent to which the Society reviews and controls the content of ads. Our conclusion was that the primary role of the APS is to be a neutral facilitator by supervising the nomination process and providing equal access to society services and facilities. We came up with the recommendation in the proposed changes, that the grounds for reviewing candidate advertisements would be very limited - limited only to consistency to Bylaws, Code of Ethics and to protect the Society.

We spent some time talking about renting the Society mailing list and we understand from Virginia Eisenstein that members have rights to this list by law. We recommend that we add to the election policy a requirement that any member who rents the mailing list provide a written statement that the mailing list will be used only for campaign purposes. We are alerting the member as to what his or her obligations are but we are not supervising to make sure he or she follows them.

Another topic we looked at is the jurisdiction over election complaints. The previous policy and procedures created an Election Ethics Review Board and it was created to deal with election related complaints including those that violate the APS Bylaws and Code of Ethics. But when we looked at it, we did not see that that board had any disciplinary authority or any fact finding authority. We then looked at the Bylaws and found that the Board of Vice Presidents is the disciplinary body of the Society and it has the authority to expel or otherwise discipline members. Our recommendation was that the current Bylaws stay as they are and that the Board of Vice Presidents remain the body that has the authority to hear complaints. Further, that the Ethics Review Board be the new name of what is now the Election Ethics Board and it have a much more limited role. It would simply review the actions of the Executive Director and *The AP* editor - if they decide that an ad should not be published that, the member would have a way to have a quick review. But this board would not hear any election related ethics complaints; those would go to the Board of Vice Presidents.

The last and maybe the most difficult issue that we looked at was the argument that the APS administration should intervene on behalf of members to correct errors in campaign statements that are submitted for publication. We concluded that there is really no way that staff could ever insure that all campaign statements are error free. We became concerned the more we looked at it that even getting involved with this was a quagmire

that would lead to legal problems. The Society would be taking on an obligation it does not have now, and it could cause a great problem in the future. We concluded that it would be very difficult and unwise for the Society to take on the obligation of insuring that all campaign ads are error free and that they are all truthful. In an earlier draft of the policy changes we had included a statement that said that the Executive Director would review contents for obvious factual errors. We concluded that this was really the same problem that it is undertaking an obligation the Society doesn't have and what is obvious to one person may not be obvious to another person and it would expose the Society to legal problems. So our recommendation was that the grounds for review be limited only to consistency with election policy (which we are recommending to be revised somewhat) the Bylaws, the Code of Ethics, and to protect the Society. To protect the Society is really a broad thing that we are thinking in terms of legal protection too. If someone is going to publish something that will cause the Society some legal liability then we believe the Executive Director should have the authority to not run the ad. And if the candidate is not happy, we are recommending that the Ethics Review Board be the one that gives a quick review to that decision.

**Carter:** Thank you for all your work. I would like to hear from the Board. I would like a motion.

**\*\*Motion to accept the Election Policy and Guidelines as recommended by Youngblood, seconded by Dan Walker.**

Discussion:

**Youngblood:** First, I think we need to be clear that what we are bottom-line discussing is the more involvement the APS has in election policy the more we open ourselves up to legal involvement in the future -- the more liability we have. So, then what we need to discuss basically is the difference between our minimum legal obligations versus our moral obligations to the Society. In this past election and a couple other elections, the mentality has been to play till the whistle blows rather than what is common-sense decent behavior between individuals. We can say all we like in a document that negative campaigning is its own self-correcting problem, but obviously no one would engage in it if it didn't have benefits. The fact that this happened in our Society as well as national politics is interesting, but we shouldn't ever justify one based on the other because we are a hobby organization. We should hold ourselves to higher standards than that. Basically, what is our moral obligation versus our minimal legal obligation?

**Littauer:** I agree with that entirely. We really struggled with this problem. We want to do the right thing, and we want to have a very civil election. But the problem is that the APS cannot get involved with censorship. Unless it poses a problem with the Society, I think that once you go down that road and begin censoring people's ads it puts APS in a very precarious position. It is a good idea from a concept standpoint, but when you get down to actually implementing and putting it into effect that is where we really have problems.

**Mastrangelo:** Without going over past situations, in these policies where they stand now and ones that you approved in August and then with these changes, the guidelines are still all basically there. They all clearly state that “positive issue-oriented campaigning is the norm. Negative campaigning reflects poorly on the Society and on the candidate who engages in it. Candidates are expected to present as facts only material that they are able to verify as facts. The corollary is that opinions should be clearly labeled as such.”

These are the guidelines, the Executive Director still has the authority to review ads based on the Bylaws, the Code of Ethics and these guidelines. If something jumps out very negative, I assume I can still talk to the candidate about that to remind them of the guidelines to see if they would change that presentation. So some of that stuff I think is still there.

**Youngblood:** I think a fantastic job has been done on this overall and it is a very solid document. The only single housekeeping change that I would propose to make to it is on the first page, item number six where you struck the words **and are unlikely to exceed \$150**. I think we need to somehow still keep something in there to that effect, otherwise we will discourage anyone who is not wealthy from serving on the board.

**Littauer:** Our concern about that was that with increases in prices it doesn't seem to make sense to put a number in a document that would have to be revised every few years. And the Executive Directors and APS staff can certainly tell anyone who is interested what to expect, but the idea would be that this should be a document that would not need to be revised every few years.

**Mastrangelo:** We can estimate what the shared costs might be and advise people on that.

**Carter:** There is another point; it depends on how many candidates participate. In the last election there were four candidates who decided not to participate in the mailing so that raises the average cost to the other candidates. So you don't know until the last moment. That is another reason not to have that number in there.

**Youngblood:** Understood, but there is then no general guideline of what to expect. It is not about the people around the table now; it is about the people in the future who will be Executive Director, who will be potential candidates, who will be dealing with anything like this. It is very easy if you do not face limited finances to simply not take the needs of others into consideration on a very basic level. Those costs creep up there very quickly with things that one person may think is necessary that really isn't, and is an undue burden to the person who really cannot afford it. With anything that we enact I'm always concerned about making sure that there is equal access to every member and not just those who can afford it.

**Carter:** Would it be suitable to include in the notice call for nominations in the November *AP* this year's estimated costs?

**Mastrangelo:** We plan to do that.

**Littauer:** That is a good compromise.

**Stotts:** It is optional to participate in candidate mailing. I was one of the candidates that opted out because of costs. My entire campaign was \$10 out of pocket. You can win without money.

**Carter:** So is that administrative statement acceptable?

General Yes.

**Ken Lawrence:** I sent in some of my concerns for consideration, and I presume that they were considered and not accepted, so I just want to put them before people so that they can be considered and I would be interested in Dwayne's response.

**Littauer:** That very last part was a response to your part on preventing false campaign statements and you are not the only person to make that point. It is something we really struggled with; it is a very difficult problem.

**Lawrence:** Let me make two other points then. One is that it is not really true that the Election Ethics Board in 2004 policy lacked enforcement authority. It is true that the authority was not spelled out in the policy, but it certainly was in the minutes of the board meeting that the board had the authority to rule quickly. The reason for creating the Election Ethics Board rather than submitting complaints to the Board of Vice Presidents and the Appeals Tribunal was explicitly stated in the report that the existing provisions of the Bylaws lack the impartiality that interferes with an election and it is necessary to create. Now there is no guarantee, it is possible that the Board of Vice Presidents might be impartial but usually it is not true. Usually they are involved in the election and so the specific proposal that the board adopted was to create an impartial enforcement authority to handle those complaints. That is one point.

The second point that I want to make is that nobody has a Constitutional right to membership in the APS. We do hold people to higher standards than citizenship under the Constitution. And so I think censorship is not a legitimate way to describe holding people to higher standards. For example, in 1988 I had to defend myself before the Board of Vice Presidents on a complaint that I had violated the Code of Ethics because of what I wrote in a book review. Now I think that that example shows you that we do in fact have standards that exceed those of what you do in a normal community or municipal or state and I would like to reassert that.

**Littauer:** I appreciate all the points. On the Election Board authority, I was not aware that there was any enforcement authority in any of those meetings. I guess the concern was it was never embodied in the final policy and even if it had been you still have a problem with the overlapping jurisdiction where you don't know who really has the

authority to hear the complaint. If it was never spelled out that this was in lieu of the Board of Vice Presidents, you have a problem with forum shopping. Impartiality - we realize that any group can be partial. We really felt the Board of Vice Presidents was the better authority to handle complaints because after all the Society is here to benefit the members and the membership elected the Board of Vice Presidents. The membership did not elect the Election Ethics Board and so it's the BVP that the members are looking to exercise authority. So we felt like the BVP really was the group that should be hearing complaints.

**Lawrence:** I understand the differences and I am not trying to start an argument. I am just trying to put my point of view on the record. So let me just clarify one specific point. There was not an intention in 2004 to create conflicting jurisdictions, the enforcement authority of the Election Ethics Board was limited to its authority to intervene to prevent certain or to correct certain inflammatory or otherwise uncivil campaign rivalry. But as far as any violation of the Code of Ethics, no it did not have that enforcement authority. Those complaints would still go to the BVP. But it was recognized that they would not go there until after the election anyway which was too late for the problems that concerned us.

**Dennis Gilson:** In most elections the BVP as a slate is going to be involved. How can they be an arbitrator for election ethics if they are campaigning and/or are supporting someone who is campaigning? That would seem to me to be an argument for having a separate impartial board. And perhaps the reason we did have a separate impartial board in force. How would that have been applied in this last election?

**Eisenstein:** The BVP that was in office prior was the Board (cut off by Gilson)

**Gilson:** It was only a coincidence that they were not running for election. That will not always be the case.

**Wade Saadi:** One of the problems with a review board is I assume it must be picked by the president and that is the same thing. The president may be partial as well as the BVP may be partial and around the table of the board there is certainly partiality. So I think what the review committee has done is just stayed with the Bylaws instead of putting another layer in there that can be just as partial as the BVP. I don't understand why this feeling is that this Ethics Review Board might be some kind of impartial holier-than-thou group that is any less tainted than the BVP may be.

**Littauer:** We considered the idea of making a review board a self-perpetuating group. The trouble with that was that it would be viewed by the members as being a very elite group that was detached from the Society that the members didn't elect and it could evolve into a monster.

**Klug:** If the BVP finds itself in a conflict of interest situation can they not just send the question to the Appeals Tribunal for litigation?

**Eisenstein:** Although I was not Society Attorney then, in years past I understand the litigants agreed upon an arbitration body. I don't want to answer your question directly off the top of my head. I want to think about it more.

**Lawrence:** I can give you the answer. What Virginia said is correct. We referred one case to compulsory outside arbitration after it was determined that our bodies were not impartial.

**Mastrangelo:** Think of the processes that are involved. The first time something is going to rear its head is when I read an ad or a candidate finds out something that another candidate is doing that is not fair that does not go along with the guidelines, etc. and as the contact for elections, we take a look at it I make some sort of determination that may be within my authority. Let's say I have to make a determination that the ad has to be pulled. Well, I make the determination, the person doesn't like it and they go to the Ethics Review Board for immediate attention. But then let's say the Ethics Review Board says its okay and it gets printed and somebody still doesn't like it. Then they file a complaint. That then goes through a process to of trying to rectify the parties can work things out themselves 30 days before it gets to the review board. There are opportunities along the way to try to rectify things before it gets elevated to a higher level.

**Barb Boal:** If you are going to review the ad, as long as I have been here we have always reviewed the ads, maybe made a phone call, but for the *AP* we are under a very strict deadline. From the time that ad comes in until the time the magazine goes out the door, you are looking at 10 working days. Can these types of issues be resolved in 10 working days? There needs to be a timetable in here if it involves an ad. It has to have some kind of quick resolution.

**Kurt Lenz:** Say a March mailing a mailing goes out showing a picture of Joann Lenz coming out of a movie theatre holding a six-year-old boy's hand. What recourse is there in terms of timing of the election or what would happen other than a civil lawsuit? What corrective measures are applicable within the Society and its view of morality?

**Mastrangelo:** Our complaint resolution process and or our legal system. From what I understand we cannot censor what goes out in the mailing. By providing policies we are alerting them to the things that they need to adhere to.

**Kurt Lenz:** So you're saying legal action.

**Eisenstein:** No there is also the complaint procedure with the APS Board of Vice Presidents.

**Kurt Lenz:** But that takes months.

**Littauer:** In this situation it's already mailed out, so there is no need for quick resolution in that case.

**Lawrence:** The actual example is the 2003 election where the answer was an Executive Director's column in *The AP* refuting the scurrilous stuff that had been put out by candidates and that was ratified by the 2004 policy. Which you are now proposing to repeal – that is what the argument is about.

**Carter:** One of the things that has been added here is the requirement when you rent the mailing list that you adhere to the ethical standards of the APS – we did not have that before. This is very important to put in.

**Kurt Lenz:** But there is still no remedy within the Society itself?

**Carter:** But there is a higher level of expectation because the candidates actually sign something and send it to the Society stating they will adhere to the APS ethical standards.

### **Call the Question**

**\*\*Vote:** 9 to 1 in favor to accept the Election Policy and Guidelines as recommended.

**Joann Lenz** opposed.

**\*\*Motion Passes.**

**Youngblood:** Personal comment. I still have concerns with our election policies but my need to protect the Society as a director outweighs some of my personal feelings about how we get this done. I don't believe that we can legislate appropriate behavior, but I think we need to continue to look at this over time. I don't think this is a finished document by any means.

**Carter:** It is a step forward and I agree that we need to continually review this.

**Carter:** I need to inform the board that Duke Day is not in a condition to continue being the Stamp Theft Chairman. About a month ago Duke's wife informed us of his health problems and after a lot of searching I reached out to Nick Lombardi who has lots of experience in this area, and Nick is acting head of that committee. Inquiries will go to him. Duke is still the Chairman, I do not want to release him, but Lombardi is now acting chair. We are still looking for a replacement for Dmytro Bykovetz for the Translation Chairman – we'll keep you posted.

**\*\*Motion to Adjourn by **Straight**, seconded by **Dan Walker**.**

**\*\*Vote:** Unanimous

**\*\*Addition:** At 5:48 p.m. (EST) May28, 2008, President Nick Carter asked for an email vote to accept the Internet Philatelic Dealers Association (IPDA) as an APS affiliate. A motion to accept was made by Lenz, seconded by Saadi. The vote was unanimous.