

Minutes of the American Philatelic Society  
Board of Directors Meeting

August 6, 2003  
Columbus, Ohio  
Called to order at 2:35 p.m. EDT

Attendees:

Directors: All present (Peter P. McCann, President; Janet R. Klug, Ann M. Triggler, Roger G. Schnell, Vice Presidents; Lloyd A. de Vries, Secretary; Nancy B.Z. Clark, Treasurer; Ronald E. Leshner, Ada M. Prill, Stephen S. Washburne, Robert G. Zeigler, Directors-at-Large; John M. Hotchner, Immediate Past President.

Incoming directors: Ken Lawrence, John Flannery, George Fekete, David Straight, Nicholas Carter.

Staff: Robert Lamb, Executive Director; Scott Frazier, Comptroller; Dennis Gilson, American Philatelic Center Project Manager.

Also present: Society attorney Virginia Eisenstein, dealer liaison Irving Miller, about a dozen other members.

Society Attorney's Report:

Eisenstein: The Greg Stolow decision was rendered in favor of the APS, and the case was dismissed on February 14th. No appeal was filed. The Russell Case decision was rendered March 3rd, with the judge denying his motion. He filed a motion for reconsideration, which was also denied, May 16th. He has appealed to Superior Court.

As Society Attorney, she has reviewed documents, answered questions from the Board of Vice Presidents and President.

Klug moves to accept report, Prill seconds.

Clark asks if there is a written report.

Eisenstein: No one asked for it.

Unanimous vote to accept the report (orally).

Executive Director's Report:

Lamb: Small operating profit in 2002. Finances have turned the corner after three fairly rough years. Refers to the audit statement. Net assets of the Society and Library combined declined slightly last year, by \$300,000, from \$4.6 million to \$4.3 million. That's almost exactly the amount of the combined unrealized losses on investments for the Society and the Library. Some weakness in funds, but prospects for 2003 are much better. He expects an operating profit.

Very solid progress on the American Philatelic Center. It is on schedule and on budget. Phase I is complete except for minor building out and parking. He invites all to the dedication on August 16th. One tenant lease is signed, the Hugh Wood Insurance lease is in negotiations, and there are negotiations with a third tenant. There is a contract on the present building; the buyer is working on financing. Lamb expects settlement in early September. There is no reason not to think it will go through, but the penalty on the prospective buyer for non-completion is relatively small.

Once the sale is completed, Phase II will begin. Construction drawings are complete, and the renovation should take 6-7 months. The APS is in negotiations with the contractor for Phase I for Phase II.

Two possible delays: If the purchase of the present building falls through, and if the APS isn't satisfied with the price offered by the contractor. In the latter case, the job will be rebid, and that could delay the project for 3-4 months.

Triggle: How long if it all works until Phase II is ready?

Lamb: Seven to eight months.

Triggle: When does the new owner of the present APS building take occupancy?

Lamb: That will be in the settlement. The buyer has expressed flexibility, but the APS wants to move out as soon as possible, because it is paying rent to him. He would be happy to have the APS as a tenant for years. The target is to be out 8 months after the sale.

Washburne: Isn't the new buyer planning to demolish the present building?

Lamb: No, from what buyer has said and what has been heard he plans to subdivide the building, rehabilitate it, and make more intensive use of the property. There is no market right now in State College for another hotel.

Washburne: Wasn't the Board told about this?

Lamb: No, because it was mostly gossip.

Lamb: The most interesting and different thing since the last Board meeting is eBay. The relationship began two weeks ago, and has evolved a great deal in the months of discussion. He sees it as very beneficial to APS and the hobby.

Ebay has asked APS to review items forwarded by a Stamp Community Watch Group. If two committee members agree there is a problem with an item, they send it to the APS.

The APS has people who function like Sales Circuit book examiners, who look at the item. If they conclude there is a high probability that the item is not what it is supposed to be, the APS asks the seller to remove the item. The seller has a couple of appeals. He can produce a certificate; he can remove the item temporarily while gets a certificate, and then eBay will relist it; or he can appeal directly to eBay.

The APS has offered that if [an accused] seller submits the item to APEX and the eBay support group was mistaken in asking that it be taken off the site, the seller will get the certificate for free. One reason for that is that if the seller does remove the item from sale, he has incurred a certain amount of inconvenience. But the second reason is that the APS is so sure of its opinions that it doesn't think there is a high probability of making a mistake on these lots.

So far, more than 50 items have been referred to the APS. On some, the APS has said it wasn't sure that they should be removed. Some have been mistakes where the sellers didn't know what they were doing; the APS has asked that they change the Scott numbers and they have. "Some of them are real crooks" and all their lots referred to the APS clearly have been fakes, and the APS asked that they be removed. Ebay is now looking at disciplinary action against one of them.

The sellers are given 24 hours to remove lots, and if they don't appeal or the lots aren't taken down in 24 hours, they are referred to eBay and eBay removes the lots itself. "I think this is going to be a very important step in clearing up some of the problems on eBay."

Dan Walker: What is the APS' response time?

Lamb: Usually within 24 hours.

Straight: Not working from originals, but from scans?

Lamb: Yes.

Straight: Concerned that may not be enough. Some things can only be detected with the object in hand. Doesn't want APS to be in the position of endorsing something that is a problem.

Lamb: The APS will say it does not have sufficient evidence from the scan to indicate that an item should be removed from sale.

One problem so far is that the Committee is very focused on U.S., no one looking at foreign material right now, and Lamb thinks it should be broadened to worldwide material. The APS has been looking at many Washington-Franklins lately, and can't tell the watermark from a scan, so has to say it has no basis to recommend that a stamp be removed from sale.

Washburne: How much staff time is being used for this? Understands APS is not being paid directly by eBay but through advertising.

Lamb: APS is paying two volunteers a token amount for review, but it is not a substantial amount of money so far. Staff time has been considerable. He has himself spent a full day, the first day of the operation, and has consulted extensively with the Society attorney. It is still taking a lot of Lamb's or [director of administration] Frank Sente's time, because every request to remove an item from sale is done with a message from headquarters. APS is not letting the examiners themselves do it, in order to protect the Society. However, he is not as concerned about the process now as he was three weeks ago.

Flannery: Does APS tell the sellers directly to remove items?

Lamb: APS recommends that they remove the items, it doesn't tell them to take them down.

Flannery: Does APS do so directly?

Lamb: Yes.

Flannery: Asks about the implications of telling eBay's customers, not APS' customers, what to do. What sort of liability is incurred?

Eisenstein: Thought APS was advising eBay and eBay would inform the sellers.

Lamb: APS advises the seller that it has looked at an item, why it thinks there is a problem and what the seller needs to do with it. In some cases where it's misidentified, APS says it thinks the seller needs to change the number and in some cases we say the seller needs to take it down. If case APS is wrong, the message outlines the appeals channels.

Flannery: Expresses uneasiness at APS notifying eBay's customers, as opposed to eBay notifying them.

Eisenstein: The eBay notice-to-seller draft is from eBay.

Lamb: That's the notification of concern. That's the notice that goes out when eBay removes an item from sale. APS doesn't take anything down, it only advises that eBay might remove the item if the changes APS has recommended aren't made.

Lawrence: Concerned that there are fakes that can't be detected from a scan. In StampStore, such items are flagged and sellers are advised to have them expertized. Gives the example of U.S. 519, which often has faked perforations. People should not be selling those without certificates and no expert in his right mind is going to let it go because it can't be detected from a scan. Says 99% of the 519's sold were fake.

Lamb: Agrees, but there are things that are so obvious and so easy, such as one guy selling revenues that were clearly altered stamps, but if APS can pick just the "low-hanging fruit," that helps members. The program does need to be expanded.

Miller: How do you know that a seller actually owns the stamp?

Lamb: We don't.

Miller: What if the seller scanned an auction catalogue picture, as has been done? Does allow that to pass imply that APS says it's a genuine stamp?

Lamb: APS isn't saying it's a genuine stamp; not in that position. APS has not gotten an auction catalogue item yet. He suspects that when that happens, APS will be able to identify it. But items are not chosen by APS, they are chosen by the watch committee. Two of its members have to agree that an item probably is bad, and tell APS why it's bad. The committee has not yet reported any auction catalogue items yet.

McCann: The watch committee is not part of APS, it's eBay's.

Lamb: That's an eBay function, exactly.

Zeigler: Doesn't believe it will be a liability situation for APS, because the Society is not making any positive statement that the stamps are one thing or another. The APS is not offering an opinion, just basically making a recommendation, and it's up to eBay to take the action that might create legal liability. APS is not trying to sell these stamps. He believes that the APS is fairly safe in terms of liability. Agrees with Lawrence that there are a number of items that are almost always fake every time they are offered, but you can't tell from a scan. He believes Lamb answered it adequately by saying that in such cases, APS recommends the sellers get certificates, and Zeigler doesn't see how that could make the APS liable.

Washburne: Recently put some items up for sale, and there was a warning notice to the prospective seller. It's wonderfully crafted, showing that it's not the Society, it's eBay that's doing it. It just says to make sure the stamp being sold is genuine. Doesn't see anyone being able to sue the APS.

Schnell: What is eBay doing for the APS?

Lamb: eBay has made it clear that it does not want APS to lose money on this arrangement. They are promoting APEX in this, they are promoting APS membership in a number of ways, they are looking at ways the Society's expenses can be reimbursed, and that might be done indirectly through participation in shows, advertising in the magazine, and they may contract with the APS to study something on the site, which eBay will pay for.

The man at eBay with whom the APS is working will be at the Affiliates Luncheon and General Membership Meeting, and Lamb thinks he will be willing to answer questions.

Lamb has been very impressed with what eBay wants to do on this. There was a lot of skepticism in the beginning, which he shared. eBay has adopted a code of ethics, whose first draft was written by the APS and they are now looking to stop sales of forgeries on eBay entirely.

Regarding operating programs:

Internet Sales is doing well, 10 percent ahead of last year, heading for \$1.3-\$1.4 million in gross sales. It's still picking up.

Regular Sales: He's very pleased with what's happening in the Sales Division. Inventories have hovered around \$10 million all year, the highest level in three years. In July, Sales sent out 1,300 circuits, the best month it had this year, and, of course, getting the books out is important to boosting sales. He is optimistic that Sales will come in very close to budget and is getting out of its slump.

Expertizing continues to be strong. It's going to process 7300 items this year. It is a little shy of the record levels of 2001 and 2002, but it's still the third best year in its history. In 2002, APS made the service less attractive to non-members, and this, in part, accounts for the decline in use. APS now has to reverse that policy because of eBay and go back to servicing non-members, and Staff is working on a fee structure for that now.

The Education Department is working on a collaboration with the USPS. The APS has been concentrating on training trainers, limited by its budget from having a broad public outreach. However, Nancy Clark, Betsy Towle and Mary Ann Bowman have been involved with the Postal Service in producing a program to teach adults how to use stamps in educational programs, and Lamb is encourage. The USPS is spearheading it and has agreed to publish the book. Pennsylvania will be the pilot state for this program.

Election: The APS will keep the election ballots for six months and then destroy them if there are no appeals or challenges to the election six months from the date of the election. They are available for inspection.

Pigeon Release: Thursday at 9:45 a.m., the American Racing Pigeon Association will release pigeons in conjunction with the opening of Stampshow 2003. The mayor has been invited, and Lamb expects good media coverage. He hopes for a good crowd, and recommends that those present attend. The racing pigeons are like thoroughbred horses, and their owners spend tens of thousands of dollars on them. There will be an exhibit on the show floor, and pigeon mail will be established for Family Day on Sunday.

Washburne: Pigeons were mailed to some particular point in special boxes, and there were special mail services for mailing pigeons, with instructions to release them at such-and-such a spot, at such-and-such a time.

Motion to accept the Executive Director's report by Clark, seconded by Triggler. Passes unanimously.

Approval of Minutes:

Biloxi Board Meeting: Moved by de Vries to accept, seconded by Clark, passes unanimously.

Biloxi General Meeting: Moved by de Vries to accept, seconded by Clark, passes unanimously.

May 28 Telephone Meeting: Moved by de Vries, seconded by Washburne, passes unanimously.

Bylaws Amendment:

This was a proposal to clarify how the Board of Vice Presidents might handle a long drawn-out legal case, during which, at present, those accused remain members-in-good-standing.

Klug reports that nothing has been received yet from the Bylaws Committee, so action must be postponed.

Internet Committee Report:

Klug presents written report, summarizes that the recommendations are basically in two parts. The first part recommends changes and improvements to the stamps.org site, and includes examples of other sites to illustrate the suggestions made.

Part 2 address the members-only proposal made by Clark. Some of the improvements, such as improving Web site security, are absolutely essential. However, Klug points out that all of these recommendations have implications for finances that are not presently covered in the budget, but will have some sort of an impact on the Society's finances.

Schnell: Are there any cost estimates on this?

Klug: No. Can make ballpark estimates but feels the APS should deal with this on a day-to-day basis.

Moved by Triggler to accept the report, seconded by Leshner.

McCann: What's the ballpark figure for doing all of this?

Klug: Thinks it would be about \$35,000.

Lamb: Agrees. Thinks setting up the members-only section will be the most expensive part. APS has put a high priority on the security features, and believes most has and can be done in-house, but implementing them will cost more.

Washburne: Suggests asking eBay for help on that. eBay has good security; it is obviously something that is very important to them.

McCann: Agrees.

Lamb: StampStore is secure, but when book sales and the sales of the Old Glory booklets were added overnight, not all the security features were in place. He believes they are in place now.

Frazier: Credit card information at the APS site is secured.

McCann: Asks Klug what could be done right now that wouldn't cost \$35,000.

Triggler: The point is how much can the APS afford now; it's up to Lamb to tell the Board.

Lamb: The present site is only three years old, and so much has been added to it already. Suggests a redesign first, then the members-only section, for about half the cost.

Klug: Has a list of priorities that could be done with the least amount of money:

1. Improve security
2. Improve the search ability, because it is very difficult to navigate the site.
3. Install counters; can be done very inexpensively.
4. Reorganize the Web site.

The redesign would be nice but might not be necessary if the site were reorganized.

Lamb: If you streamline movement through the site, improve maneuverability and search ability, then he thinks the redesign would be a part of that. He recommends that.

Miller: Agrees with asking eBay for help.

McCann: Suggests doing the revamp in two stages, first the redesign from APS' present resources, and then the members-only and security parts of the revamp, seeing if APS can get support from eBay.

Klug: Doesn't want Clark's members-only proposal to get lost.

Lamb: Wants to put off the members-only section, because while it's important, it's going to take the most in-house resources to maintain, also.

Clark: It was already voted to approve it, so it's just a matter of timing, and that's a staff issue.

McCann: Suggests Board accepts the report and let the Staff implement it as was just discussed.

Triggle amends motion to include letting the staff implement it. Motion passes unanimously.

McCann thanks Klug and points out the committee consisted of Klug, Clark, de Vries and Lamb.

Stamp Shows:

Lamb doesn't think there is a recommendation on winter shows at this time.

Sandical:

Its president, George Kaler, had requested permission to reduce the show from three days to two, citing a lack of attendance and a preference by its dealers. McCann referred the letter to the Committee on Accreditation of National Exhibitions and Judges (CANEJ), which is chaired by Klug.

Klug: Sandical made a good case to be a two-day show in 2005, and the committee recommended the show be allowed to try a two-day schedule in 2005, provided it meets all of the other requirements for a WSP show and provides the Accreditation committee with a full report after the show.

McCann: According to the APS Bylaws, a change like this requires the approval of the Board.

Clark moves, Schnell seconds, to accept the committee's proposal. Passes unanimously.

Washburne: This is just for one year?

McCann: Yes, after which it will be taken up again by the Accreditation Committee.

#### Rules For Shows:

Triggle presented a report from CANEJ reviewing the Requirements For Shows, Section B, especially B9 and B10 pertaining to the number of frames, and Section D, Judging Requirements. The CANEJ subcommittee (Triggle, McCann, Phil Stager) reviewed whether it would be advisable to amend these requirements to make it easier for WSP shows to maintain their accreditation from financial, operational and logistical standpoints. The panel also reviewed Section E, on loss of WSP certification, to determine whether it might be advisable to offer more leniency in the number of byes or number of years for byes that may be taken before loss of accreditation, and the reinstatement procedures.

#### Recommendations:

1. B1 - The Judges' Manual should reflect that the exhibit year is no longer defined from "July 1 through June 30." Two Grand Award winners from the same Show in the same C of C year are not allowed. The APS Director of Shows and Exhibitions, Ken Martin, uses the STAMPSHOW of one year to a flexible point in June/July of the following year.

It is proposed that B1 be changed to:

"The exhibition must be an established and recognized major show...The exhibition year is defined as BEGINNING WITH STAMPSHOW OF ONE YEAR AND ENDING AT A FLEXIBLE POINT IN JUNE/JULY OF THE FOLLOWING YEAR AS DETERMINED BY THE APS DIRECTOR OF SHOWS AND EXHIBITIONS."

2. B4e - It is proposed that "medal level prizes" should be changed to "MEDAL LEVEL AWARDS."

3. B8, B10, and E1a - There should be more license and flexibility for Shows to experiment. Innovation should be encouraged. This would happen at the discretion of the CANEJ Committee.

It is proposed that B8 be changed to:

"Any show that wishes to exclude exhibits based on Division...must request permission in advance from the CANEJ. SIMILARLY ANY SHOW WHICH WOULD EXERCISE MORE INNOVATION (SUCH AS INVITATIONAL EXHIBITS, EXPERIMENTAL CLASSES, OR OTHER ORIGINAL TYPES OF EXHIBITS) AND FLEXIBILITY SHOULD ALSO SEEK PERMISSION AND BE ENCOURAGED. To ensure broad national appeal..."

It is proposed that B10 be changed to:

"Each World Series show must present at least 2,500 pages of philatelic material, of this, at least 2000 pages must be in competition UNLESS SPECIAL PERMISSION HAS BEEN GRANTED AHEAD OF TIME FROM CANEJ FOR AN INNOVATIVE SHOW. THIS WOULD OCCUR ON AN INFREQUENT BASIS..."

It is proposed that E1 a be changed to:

"Loss of WSP Certification will occur if a show fails to attain the required page count for two consecutive years or twice within a five year period UNLESS SPECIAL PERMISSION HAS BEEN GRANTED, B 8 AND B10."

E3 - Reinstatement is possible for a Show that had become disaccredited for less than 3 years if it can demonstrate it is now in good order. It is recommended that the Show operates two years successfully before re-accreditation is awarded.

It is proposed that a new E3 be incorporated:

" REACCREDITATION FOR A SHOW IS POSSIBLE IF THE DISACCREDITATION OCCURRED NOT MORE THAN 3 YEARS AGO AND THE SHOW REAPPLIES AND PROVES IT CAN OPERATE IN GOOD ORDER FOR TWO YEARS."

Lamb: Disagrees with B8, specifically "other original types of exhibits;" says it is too judgmental.

There is discussion on this point.

McCann: The subcommittee was trying to give some examples of what could be done. The rules are written so rigidly that if a show wants to do something different like Sarasota did this year, there was almost a penalty for them not having a classic exhibition. The subcommittee wanted to rewrite the rules to allow more flexibility, without needing the Board's approval each time.

Triggle: The subcommittee not only canvassed information from CANEJ, but also from exhibitors, judges, show organizers. The report is not just three people's opinions but those of quite a few people. She really thinks that many people didn't want to lower standards, many didn't want to change anything significant.

Lamb: Had the same reaction to B10: That "an innovative show" is too judgmental. It suggests CANEJ is in favor of innovation but not too much of it.

Lawrence: It seems to discourage innovation and maintain the status quo. Show after show after show can't continue to do what it has done, can't keep venues, can't keep dealers, and question is whether APS will lead in a new direction or, as this report, opposes changes but invites shows to request exemptions.

McCann: Disagrees. Says the report was a short-term attempt to make sure the rules are flexible enough so shows don't have to go to the Board for permission each time they want to make a change. This was not meant to be the definitive statement of what WSP shows should be. Says APS is in a dynamic process of making the shows more innovative; cites last five years. There are more types of exhibitions now that are very popular with exhibitors.

Lawrence: But the report says "No, that's a radical proposal, we said no."

Triggle: Lawrence was one of the people whom she asked for input. He made a suggestion to consider reducing the number of WSP shows to 20 or 25, and increasing the number of smaller exhibitions whose medals would meet national standards and their grand awards would be eligible for the Champion of Champions competition. Lawrence said that would create a new class of national exhibitions. The committee looked at this and mentioned it to others outside the committee, but they didn't see the logic, as most specialty societies are content to meet at a sponsoring WSP show.

In a way, it's a win-win situation for the society: They don't have to do any of the planning, they don't have to do anything about the show itself, they have no financial risk.

There was also concern that in a smaller show with a three-member jury, the same jurors would be used too often. There was no support for this idea, and so it was not put in as one of the subcommittee's recommendations.

Lawrence: He proposed it exactly because he knew that the shows would resist it, and for every society that wants to stay with the old system for as long as it can, he has no objection. All he was saying was that the APS needs to open the door and lead the way to what comes next after this system doesn't work any more. He knows that there are societies that would hold conventions in more desirable circumstances and over longer periods of time and in more pleasant surroundings than downtown expensive hotels if they were given that option, and the APS ought to give them that option.

McCann: Does not disagree with anything Lawrence said, but he interpreted the subcommittee's mandate as looking at a very short-term situation to do some housekeeping to modify the rules to give it some flexibility so that there wouldn't be a problem as there was with SANDICAL where Board action was necessary to allow a change from a three-day to a two-day show. It was never intended to be a long-term solution for exhibiting in the future. It was just intended to correct a few things.

Klug: Was surprised when the report was sent to her that there weren't more changes recommended. It's really a very conservative report, but it addresses exactly the issues that she was worried the most about, which is that right now CANEJ has absolutely no flexibility. This allows APS to go gently into that process rather than just throwing out these rules completely and starting from scratch again. She is not displeased with the report. The present rules do not allow flexibility.

McCann: This is not a closed book; it is just a start.

Lawrence: Wasn't going to speak up about it until Lamb said he also read it the same way Lawrence did.

McCann: He didn't read it that way, Klug didn't read it that way. He believes that this will continue to move while Klug is president. Asks if Board understand the intent of the rule changes.

De Vries: In section 3, the existing language says that the show must demonstrate that it has a new committee and a stable venue, enough frames and lots of dealers. The later recommendation doesn't mention coming up with a new committee...

Triggle questions where this is.

De Vries: The last page is the recommendation and two pages before that is what he assumes is E3, loss of WSP certification and coming back from the dead.

Washburne: The original statement was that if a show was disaccredited, it had to start the whole process from scratch.

De Vries: Agrees, and the Board talked about streamlining the re-accreditation at the last meeting.

Washburne: It was two years before reaccreditation was possible...

De Vries: His question is that if the venue was the problem, and he believes that was the problem with Filatelic Fiesta, does this require a new committee or just that there be a committee.

Triggle: Questions whether de Vries is working from the report.

De Vries: He is reading from the materials that he was given.

Triggle: The actual rules for shows are in smaller type. In the subcommittee's original report and recommendations, it's been changed.

De Vries: Based on what he was given, again asks if a new show committee is required.

Washburne: Look at the last line.

De Vries: Says he is looking there and it is not mentioned there. Is that intentional or just an omission.

Triggle: Says de Vries is working with the wrong report. On the last page under E3, it's underlined...

Klug: What Triggle has there is not what the Board got in its packet.

Triggle: All right.

McCann: He doesn't think a new committee is required. Calls for a motion to accept the changes in the Rules for Shows. Leshner moves, Washburne seconds.

Clark: Asks for clarification on E8: Does it now read "similarly, any show which would exercise more innovation, including but not limited to invitational exhibits, experimental classes or other types of exhibits?"

McCann, Klug, & Triggle: Yes.

Fekete: Asks if there are any other changes.

McCann: What Triggle had were the actual total rules for shows. She did some underlining on them. The rest of the Board didn't get copies of that, and she assumed that all the Directors had that.

Eisenstein: The wording of B10 was changed also?

McCann: Yes.

Clark calls the question.

Passes unanimously. McCann notes that he is also in favor.

Washington 2006 Awards:

Triggle: Proposes that APS provide an award for the Grand Prix National, as it did at Pacific 97. Estimates the cost at about \$4,000.

McCann: The APS has always done this in the past and recommends the Board approve it for 2006.

Lamb: \$4,000 is considerably less than APS has spent in the past for international shows.

Clark: Agrees this is less than previously, and moves to accept. Schnell seconds.

Washburne: Just the National?

Clark: Yes.

Klug: Up to \$4,000?

Zeigler: Thought Triggler would attempt to minimize the expense to the society by trying to raise part of it from other sources.

Triggler: No. The other sources would supply the special prizes. That's what is common.

McCann: In the motion, the Board will assume up to \$4,000.

[The motion specifies "up to \$4,000 from this year's budget."]

In favor: Klug, Triggler, Schnell, de Vries, Clark, Leshner, Prill, Washburne, Hotchner.

Opposed: Zeigler.

Motion passes 9-1.

Zeigler: Doesn't think there's been an adequate discussion in terms of budgetary line items. The Board is adding expense after expense. He would like to see some plan for raising some of this instead of just throwing it all into the General Fund. The Board is just digging a deeper hole.

Budget:

Refers to reports from Lamb and Carter. The Finance Committee at its meeting took two major steps: One affects the use of the Life Membership Fund and the other treats the investment income on an accounting basis but no longer as a line item in the operating budget.

The procedure of charging all Life Membership costs to the Life Membership Fund, when only a portion of the Life Members actually pay for that category, puts substantial pressure on the account. The Finance Committee addressed the situation by moving the costs for those members who receive their Life Membership as a result of long-term membership to the General Fund. The dues of the paying Life Members continue to come out of the Life Member Fund.

In the 2003 budget the figure is revised to \$45,733 from \$184,140. The proposed 2004 Budget has the Life Membership Fund charged \$46,598. The figure would have been \$186,390 were this step not taken.

Incoming Treasurer Nick Carter did the analysis which provided the background information for the Finance Committee decision.

The other major step was to remove the investment income as a budget line item. This allows a better measure of the Society's operating performance. In past years the fluctuations in the market had made computing income in the General Fund complicated.

The rising cost of health insurance has made a substantial impact on personnel costs. Despite staff size remaining at a bare-bones level and the cost of living increases at a minimum 2%, the APS has

projected an increase of just under \$100,000 and that is primarily from the health care insurance costs.

Membership income increased by \$179,000 in 2003 because of the dues increase. In 2004 we anticipate a decline of 650 members. In past years, the decline has been greater than that, so this is a very positive step.

The Biloxi winter show cost us \$26,434, unlike the Riverside show, which was financially successful. The loss was greater than anticipated due in part to the last-minute cancellation of a major dealer due to death [Hugh Goldberg of Subway Stamp Shop]. The summer shows remain popular.

The American Philatelic Center project continues to be financially sound.

Some changes in the Budget surprised Clark. The budgets for both years reflect an increase of \$40,000 for advertising for fund-raising and membership promotion, and the Board had authorized about \$15,000 for that.

Clark praises Lamb, Frazier, and the Finance Committee for their hard work over the past several years.

Miller: Asks how Biloxi lost money if Hugh Wood was subsidizing the show.

Lamb: Wood was only subsidizing Riverside. APS has not asked him for help with Biloxi because he has been very helpful on the American Philatelic Center project.

Klug: The report by Carter addresses the Life Membership Fund's immediate problem, but where is the General Fund going to get the money to make up its shortfall, and what steps will be taken to restore money to the Life Membership Fund?

Lamb: Not sure the Life Membership Fund will ever make up the funds. One option is to replenish it out of the operating budget and the other is to seek donations. He doesn't think replenishing the Life Membership Fund will appeal to potential donors, and he isn't sure the Board would want to do anything that would compete with the Society fund-raising programs. So he sees replenishing the fund from the operating budget as the only solution.

That's one reason why there is a problem with next year's budget. It isn't a problem this year, because the deficit is in the budget, with all the investment income taken out of it. The budget doesn't show the potential insurance payment on the Stolow case, nor any donations. If those come in, the 2003 budget will probably have a positive number. However, he does not see those as enough to help next year's budget, and expects more cuts will be needed to balance next year's budget.

Klug: That anticipated her next question: From where is the \$162,000 shown as the operating net shortfall coming?

Lamb: Doesn't think it will be \$162,000 but APS will have to find the money, and he doesn't know the answer right now. The APS has been struggling to come out of the hole in the last couple of years. He thinks last year was not bad; this year's performance is going to be better. Lamb expects to evaluate how programs are doing this fall and possibly recommend to the Board some further cuts for next year, unless performance gets better in some of the programs or the APS can find additional funding.

The staff tends to overstate on the preliminary budget, stating the maximum expenses and being very conservative on income, so next year the budget may balance, but he's not sure right now.

Klug: At its last meeting, the Board approved an expenditure for frames. That money doesn't seem to be accounted for this year or next year. What is the status of the frames?

Lamb: Frame negotiations are under way with MDI. At one point, they didn't want to manufacture the legs. The frames were complete except for the legs, and APS wouldn't accept the frames without them. APS also wanted the frames crated and put on pallettes, and MDI was resisting doing that. MDI has now agreed to have a contractor do that, and APS has agreed to buy the frames. It would not show up in the budget because that would be a capitalized expense.

Klug: Doesn't see expenses relating to eBay in the budget.

Lamb: When the budget was drawn up, there wasn't enough information. It will be a separate program, and will probably show up as a separate item in next year's budget.

Zeigler: Is there a ballpark figure yet?

Lamb: No. So far, APS has spent \$50 on eBay, not including staff time. But it's not yet a budget item.

Fekete: Without Subway's cancellation in Biloxi, how much of a loss would there have been for that show?

Lamb: APS lost two ways with Subway's cancellation. Subway was supposed to haul APS' show supplies and equipment to the show, so APS not only didn't get the booth rental but also had to pay extra for shipping to Biloxi.

[Martin later supplies the figures: \$3600 in booth rental, approximately \$1600-1700 in shipping, for a total of just over \$5,000.]

Carter: Praises the staff, impressed at the cost-cutting at headquarters. The Life Membership Fund will run out of money in 3½ years. It's going to need \$750,000 replenishing to get it where it should be. That must be addressed.

Also, Clark mentioned the forecast of losing 650 members, but Sente's forecast is based on a membership campaign. If there is no campaign, the loss in membership may be greater.

Walker: The 2004 budget, even with the dues increase, shows a \$162,000 deficit?

Lamb: Yes.

Zeigler: Asks for a figure on what the dues increase has meant, plus or minus; has it worked to the APS' advantage?

Lamb: Yes.

Zeigler: But the overall deficit is still not getting much smaller.

Lamb: The reason for the negative income figures this year is that the investment income has been removed as an income. That removes about \$60,000. If that is included, as well as other income,

Lamb believes the budget will balance. He won't promise the budget will balance next year, but he expects to make a good run at it.

Zeigler: But that will again use investment income to make up the shortfall in the operating budget?

Lamb and Clark: Yes.

Lamb: It's not just the operating budget, because the operating budget is being used to make up a \$120,000 shortfall in the Life Membership Fund.

Zeigler: It's just a pyramid.

Lamb: Exactly. APS is having to make up \$120,000 now on top of many other expenses. Of his 10 years running the APS budget, the last three have been particularly difficult. Traditional programs have declined—at one point, the Sales Division had declined very badly—membership has been declining, and APS had to find income in other places to make that up. The investments not only disappeared but became a negative figure, so that operations were having to make up for that.

This year, Lamb feels much better. The operations he was so worried about are sounder. Some have lower levels, but he believes they are healthy. There has been an awful lot of automating and streamlining at headquarters, and APS is able to run those programs on fewer people. Even though the balance looks awful this year, he feels much better about the long-term health of the Society than he did two years ago, and is not as concerned about this year's negative balance. He is worried about next year. He is not sure how the APS will cope with that, "but we will."

Carter: Wants to lay to rest a myth about APS finances. The APS could've increased dues quite a long way and still continued to increase its revenues. The "price elasticity" is about 0.1. Thinks there is space in the next two years to take out the discount. He does not think APS should do any more than that. However, the Board should not worry too much that because it is raising dues, APS is going to lose lots and lots of members.

Walker: If membership is down, can the APS reduce its personnel?

Lamb: Personnel reduction was actually more than 10%, when you consider that APS started new programs like Internet Sales. Most APS activities today are dependent on the volume being provided by that service, as opposed to membership levels. The AP is the only thing sensitive to membership levels. Its staff is down to three people, and it can't go much further down.

Carter: Two-thirds to three-quarters of expenses are overhead and can't be reduced.

Washburne: Questions why the miscellaneous income category is so large — \$20,000.

Lamb: When you've got a \$3½ million budget, a \$20,000 line item is essentially miscellaneous.

Frazier: Agrees that miscellaneous income of \$20,000 is unusual for the APS, but doesn't recall exactly what it was.

Lawrence: Fifteen years ago, the Society was making a substantial amount of income annually by designating a large prosperous auction firm as the official APS auction at Stampshow, and the Board then decided that rather than take the money, to spread the auction around as Stampshow moved. However those who attended Stampshow in (possibly) 1986 recall that the Steve Ivy firm was the official auctioneer and brought in the media to make a big event out of selling the inverted Jenny. It

made the news. Perhaps Ivy didn't pay APS a lot of money, but the Society then could afford to take a pass on the income. The current problems aren't just the deficit side that everybody is looking at. It's not just that there might be more things to consider cutting, which he would resist, but APS should take a look at other ways to make money that might not have been maximized for various reasons but should be.

Miller: The auction companies at the shows don't pay the APS anything?

Lamb: No, they pay.

Miller: Is there a bidding process?

Lamb: No, no bidding process.

Miller: Are more auction firms interested than can be used?

Lamb: APS sometimes has to get on the telephone and get auction firms, depending on where the shows are being held. The APS has trouble finding firms for shows on the West Coast.

Miller: Would think that if there were two or three auctions at these shows, particularly the summer shows, that APS could generate more income by taking just one company a year.

Lawrence: There was one company that was paying a big royalty and they were advertising in the magazine. Every piece of literature they put out said "Official APS Auctioneer." It was a big deal; it was very different.

Klug: It might be worth putting the auctions out to bid.

Clark & McCann: Agree.

Hotchner: One big company might offer more, but APS shouldn't exclude the smaller ones.

Lamb: There was a large dealer; that may be partly what stimulated that line item. One large auction house has approached APS about getting exclusive rights to just the summer show. He suggested also including a smaller auction house, and the big one said no. He asked the large auction house for a specific proposal, and that auctioneer has backed off on making an auction. Lamb can't be too specific, but this auctioneer has an auction, has his own facilities and doesn't want to make a bid while he has those facilities, but he's looking at giving them up, and then making a bid for the APS auction.

De Vries: Not sure that the economy hasn't changed so much in 15 years that even if APS had one big auctioneer with an exclusive deal, it would make as much money from the deal. It's not Steve Ivy any more, it's Ivy Mader, and that in turn is part of some other company. Doesn't think one big exclusive auction would be as remunerative as it was 15 years ago.

McCann: Disagrees, thinks it probably would be.

Lawrence: The economics of it are even more favorable now.

McCann calls the question.

Washburne moves to accept, Triggles seconds.

In favor: Klug, Triggler, de Vries, Clark, Leshner, Prill, Washburne, Hotchner.

Opposed: None.

Abstaining: Zeigler. (Schnell absent for this vote.)

Selling Counterfeit Stamps on StampStore:

Lamb: There is no policy now on selling forgeries. Forgeries are submitted for sale, and, in fact, there are 100 items now that are pending. Some of them have been pending for a year or more, and Lamb wanted to raise the issue with the Board. It's an important issue because it overlaps the discussions with eBay, and APS needs to have a clear policy before moving ahead with eBay.

He is proposing that APS sell three types of forgeries:

Classic Forgeries, such as Sperati's and Fournier's; it may be necessary to be specific about which ones are included in this category. Some of those are collectible items.

Postal Forgeries, which are highly collectible.

Stamps Marked Indelibly by the owner and are sold as forgeries and marked as such.

He also proposes not selling any other forgeries on the site.

Triggler: Doesn't think Fournier or Sperati or Postal Forgeries need to be marked.

McCann: Disagrees; thinks there is a semantic difference. "Marked" means "identified."

Lamb: No, he means marked. If the owner wants to sell it on StampStore, as a forgery, he can. But if it's not marked, then it's going to go right back into the marketplace and somebody is going to be deceived with it again and again...Anything that is not a Postal Forgery or a Classic Forgery should be physically marked.

Leshner: Questions the use of the terms "counterfeits," "fakes" and "forgeries."

Lamb: He is using the three terms interchangeably. APS asked forgery expert Varro Tyler many years ago whether there was a difference between a counterfeit and a forgery, and he said no.

Leshner: Trying to defraud the government...?

Lamb:...is a Postal Forgery.

Leshner: Revenue Forgeries should be included as well.

Lamb: Agrees.

Miller: Just because something is called a "Classic Forgery" doesn't make it any less dangerous. Even those can filter back into the market passed off as real stamps, and doesn't think calling something "Classic" means it shouldn't be marked "fake" or "forgery" on the back. He feels any fake sold on the site should be marked as such.

Walker: There may be problems selling U.S. Postal Forgeries.

Eisenstein: DeVoss refused to allow the APS Sales Division to sell such items for that reason. She isn't sure what the laws are on that.

Prill: Expresses concern about the federal law.

Zeigler: Thinks the federal law would only apply to U.S. forgeries, but agrees with Miller that there is no definition of what a Classic Forgery is. Cites examples in his specialty area that are hard to detect. He doesn't think APS has to insist that everyone mark their stamps, but if it is going to go through StampStore, it had better be marked indelibly, no matter what kind of forgery it is. Sperati's are especially dangerous because they need to be compared microscopically.

Hotchner: To clear up the question on U.S. Postal Forgeries, the Postal Inspection Service has decided it will not prosecute unless there is massive fraud involved. Schiff now lists them and no one has complained. They are much more valuable as forgeries than as real stamps.

Washburne: Would love to have some Sperai's in his collection. Most Fournier's can be spotted from across the room. He is satisfied with Lamb's points one and two. APS can specifically say if they are listed in catalogues of known Fournier and Sperai forgeries that is sufficient.

Miller: His understanding is that the fakes or forgeries would be worth any less if they were rubber-stamped on the back very neatly with "fake" or "forgery," so why not do it?

Walker: What about reprints, both official and non-official?

Lamb: Not going to insist on marking on reprints and such; not going to get into Seebeck's and such. Right now, the concern is forgeries, and APS really needs a clear policy on forgeries.

McCann: What is the policy now? Is APS accepting them for StampStore?

Lamb: APS is not accepting them, but is holding them until there is a decision from the Board.

McCann: How urgent is it?

Lamb: It has become urgent because eBay wants to follow APS' lead and wants to sell only forgeries that are marked. eBay is not sophisticated enough to be able to tell Postal Forgeries or Classic Forgeries. Lamb thinks this would be a very important way to shut down some of the people on eBay that are selling forgeries, asking outrageous prices for them. He feels such items really should be marked, and a policy by APS could be extrapolated and adapted by eBay.

Lois Evans-de Violini: Agrees forgeries being sold should be marked, because they do get back into the market as genuine. Some Japanese stamps are marked, but they still get sold as genuine because nobody understands the Japanese markings.

Lawrence: Thinks the APS traditional policy is what Lamb outlined. APS successfully sued someone in California in 1936, even though he was describing everything he did. He said " I am selling simulated United States stamps, I made them myself." But he was selling them by the Scott number of what they simulated, and the court held that this was an invitation to fraud and agreed with APS that he should not be allowed to do this. That's what's happening now on eBay; these fakes are being sold for resale. The sellers put in the descriptions the Scott catalogue value of what the stamps would be worth if they were genuine., not the catalogue value of what it really is, and that should be stopped.

Leshner: Feels uncomfortable trying to create this policy as a committee here, and recommends that a committee be appointed to draft a policy.

McCann: Agrees. The consensus seems to be that no one has a problem with marked fakes and forgeries, so APS can go ahead and list them.

Zeigler, Lamb agree.

Washburne: Disagrees, because one of the big problems on eBay is that marketing of things which are marked. They are high-quality photocopies which are marked as fake and still sold for high prices as "reproductions." He doesn't want to see the APS "selling that sort of junk," which the proposed policy [for marked items] would allow.

Triggler: Surely someone from APS is actually looking at these items before they go onto the site?

Lawrence: If they are marked, it's not fraud.

Zeigler moves, Schnell seconds.

Miller: Thinks items should be indelibly marked AND the catalogue value for the real stamp cannot be used in the description.

Zeigler accepts that as an amendment.

In favor: Klug, Triggler, Schnell, de Vries, Clark, Prill, Zeigler, Hotchner.

Opposed: Leshner, Washburne.

Passes 8-2.

Hotchner: The committee should also look at selling unused stamps which are bought and then gummed and resold.

McCann: First thing is to allow the indelibly marked and not-catalogued items to be sold. Thinks the Board should appoint a committee to look into the other issues.

Moved by Hotchner, Schnell seconds.

McCann proposes appointing Leshner to chair, Washburne, Lawrence, Hotchner and Zeigler as members.

Leshner: Wants to see some input from ASDA.

McCann: As chair, he can add to the committee.

Passes unanimously.

Election Procedures:

McCann: There has been much discussion about this over the last few months, including the issue of advertising. He discussed this in one of his AP columns, too. As a result, he asked Flannery as chairman of the Ethics Committee to take a look at this issue.

Flannery distributes report. He says there are no recommendations at this time, just a framing of the discussion. He lists the types of responses to McCann's column, and read one of them.

The members are the Board's customers, but cautions that those responding and commenting on the issue elsewhere are less than one-tenth of a percent of the total membership, so it is not a scientific sampling.

Flannery distributes report. (Click here for the complete report in .pdf format.)

The committee went back to 1983. There are no constraints today on advertising, spending, media, and so on. Because of that, the system is vulnerable to abuse, but the system also has served well for quite awhile. It does work. However, candidates may have a different view of this issue than the larger body of constituents. The principal objections by the "customers" appear to center on the duration of the election and provocative language.

Looking through the Code of Ethics and Bylaws, there are no criteria for what constitutes permissible advertising, so there is no way of measuring whether something is appropriate or not. Perhaps the Code of Ethics should be expanded regarding election advertising.

He presents a table comparing various options in three scenarios: Maintaining the status quo, restricting advertising (using American Numismatic Association policies as an example for comparison), and eliminating advertising altogether. The ANA has 5 items in its Bylaws regarding elections. <<http://www.money.org/bylaws.html>>

McCann: He is impressed with Flannery's report.

Zeigler: Calls attention specifically to section 14 of the ANA's Bylaws, which he thinks might be profitably considered in future APS elections:

"The Editor of Numismatist may not accept for publication therein anything favorable or unfavorable to any candidate in an ANA election during the period commencing with the "Call for Nominations" and continuing through the close of voting; provided, however, that such Editor may accept paid advertising that promotes a person's candidacy for ANA office and which is not derogatory to another candidate, and biographies submitted pursuant to Section 4 of this Article V. The decision of the Executive Director shall be final in determining whether anything is favorable, unfavorable or derogatory."

He says he experience one or two attacks on his candidacy in a form that was difficult to refute from a source which he does not believe has any business commenting on a candidacy in an election. He believes that person is ethically forbidden from commenting on the election, because that person is supposed to be in charge of running the election, and Zeigler believes the APS needs a specific rule that prohibits staff in particular from commenting on candidacies. He says in this case, he was accused of putting out false information. "The source of the false information was, in fact, the very person who made the commentary," so he supports adopting ANA's Section 14 or something like it. Also, if the staff is going to be set up as neutrals in the election, he believes it should be enforced.

Schnell: Another issue also needs to be addressed: Why didn't 80% of the membership vote?

McCann: Agrees, but points out this was the highest percentage of members that had ever voted, and still, 80% abstained.

Schnell: Twenty percent of the membership shouldn't make decisions for all of the APS.

Lawrence: Participation of the membership in the APS elections is higher than in any other membership organization of which he is a member and for which he has been able to calculate the percentage of participation.

McCann: What type of organizations are they?

Lawrence: Other hobby organizations and similar voluntary organizations, not professional groups, which is a different dynamic. Also thinks many people don't vote because they are indifferent in a positive sense: They think that whoever gets elected would be good and may not have a particular preference. The lack of voter participation does not have to be interpreted negatively.

McCann: Agrees it would be good to get more people to vote.

Walker: What about political campaign button collectors?

Lawrence: They have a lower voter turnout percentage than the APS.

McCann: Thanks Flannery, and calls for the current Board to remand this issue and report to the incoming Board to determine what sort of action should be taken.

Triggle moves to commend Flannery, Clark seconds. Passes unanimously.

eBay Partnership And Procedures:

Lamb: The materials the Board was given were overtaken by events. He went over the materials with Eisenstein, and she suggested three changes, and eBay agreed to all three. One was a clarification of the process itself. Another was a change in the letter that is sent to sellers. Lawrence suggested that nothing eBay does should prevent any APS disciplinary action against a seller; eBay not only agreed but liked that, because they can hold the threat of APS punishment over the sellers. However, so far, there have been no complaints against APS members.

Lawrence also asked that the entire Stamp Community Watch Committee be APS members. Of the eight members now, two are not APS members. APS would like that, but the committee was already formed. eBay said that any future members of the committee would be APS members, and it will ask the two who are not to join the APS, but not require it. If there is ever any APS disciplinary action against these two, eBay will throw them off the committee. One of the two has the same name as someone who was expelled several years ago, but it was not the same person. Lamb is satisfied with what eBay has agreed to.

eBay was provided with APS' Code of Ethics and those things that apply to sellers on eBay as opposed to the hobby as a whole were discussed. Lamb would like the result approved:

eBay is working with the American Philatelic Society to help improve overall trading safety within the Stamps category on eBay. As part of that effort, eBay has worked with the APS to develop a Code of Conduct for selling philatelic material on eBay. This Code of Conduct has been drawn from the Philatelic Code of Ethics, the Standing Resolutions of the American Philatelic Society, and specific terms of sale which are considered "general trade practice" within the organized philatelic community. It neither replaces nor supplants eBay's general seller rules and regulations, but rather supplements those rules. Sellers are encouraged to abide by these guidelines when selling items on eBay. Failure to do so could result in disciplinary action by eBay and possible suspension or loss of selling privileges.

a) I agree not knowingly to sell, trade, produce, or advertise repaired, reperfected, regummed, altered, or otherwise modified philatelic items unless that condition is clearly stated. I further agree not to sell, produce, or advertise counterfeit material in any form, in violation of any law.

b) I agree not knowingly to participate in any way in the advertisement, sale or trade of any philatelic material using any deceptive practices including, but not limited to, false or misleading claims of sales scarcity, value, condition or investment potential.

c) I agree not to sell philatelic items of which the ownership is questionable.

d) I agree to promptly refund the purchase price for any item which has been deemed by any expertizing approved by eBay [link] as other than as offered or described by the seller.

e) I agree to abide by all federal, state, and local laws relating to philatelic matters.

Lamb: It's really not an APS Code unless the Board approves it. This is a major improvement for eBay, because eBay did not have a Code of Ethics for sales.

Washburne: Questions "a." The Board just decided that counterfeits could be sold on StampStore as long as they were indelibly marked.

Lamb: But that's not in violation of any law.

Washburne: It ought to be stated clearly.

He and Zeigler discuss the language of that section.

Leshner: What about the earlier discussion, where the law is not being enforced, such as Postal Forgeries.

Klug: It gets more complicated. Forgeries from Florida are being advertised on eBay as "the finest authentic reproductions of genuine stamps in philatelic history." This is what people are complaining about; she was sent pages and pages of such descriptions in the past week when members found out about the APS-eBay coalition.

Lamb: Can go back to Ebay and say these items have to be marked.

De Vries: Maybe "a" has to be amended to say "unless marked."

Schnell: Does the Florida seller put values on these?

Several responses: Yes, and they are high.

Klug: He is starting off at \$9. He doesn't give a catalogue value.

Washburne: The production cost is 5 cents.

Zeigler: Suggests eliminating the phrase "in any form" and put "unless indelibly marked as such. Strike "the violation of any law" because that would line it up with the APS' existing policy.

Lamb: Agrees. Believes eBay would agree with that.

New wording: a) I agree not knowingly to sell, trade, produce, or advertise repaired, reperfected, regummed, altered, or otherwise modified philatelic items unless that condition is clearly stated. I further agree not to sell, produce, or advertise counterfeit material unless indelibly marked as such.

Fekete: Asks about covers. Unless the stamps on a cover are also marked, they could be sold as genuine.

Klug: Sometimes genuine stamps are used.

Washburne: Has seen examples of these: They are high-quality photocopies on gummed paper. The seller tends to put in full sheets, or however many stamps will fit on a sheet of paper. It's not until you examine them under a high-powered magnifying glass that you notice that the same flaw appears in every position on the sheet. They are very dangerous.

Klug: Would like some interpretation of whether "a" or "b" also covers the sale of illegals. Has received a complaint from a woman who works for the Universal Postal Union. eBay is probably one of the largest places where these are offered for sale. It is deceiving collectors, it is defrauding the governments. How does that fit in here?

Washburne: Those are counterfeits.

Zeigler: They are bogus, so should be included in point "a."

Lamb: Would hesitate to take those up now, because APS really has its hands full with Classic Fakes. The Scott Catalogue people can tell you how hard it is to tell what a bogus stamp is in today's world. Lamb suggests that APS follow the UPU list, but not exactly, because there are things only UPU lists which should not be there. For example, the Turkish Republic of North Cyprus has its stamps declared as illegal because it's an unrecognized country and the Greek Cypriots have gone to the UPU and had the stamps banned. In fact, it's a functioning postal system, and APS shouldn't take action against those stamps. APS should take action against the stamps of Afghanistan that are being printed in London or Moscow.

Klug: Agrees, but there should be some wording on that.

Washburne: Is this for the Sales Division or eBay?

Lamb: Eventually with eBay, but not right now.

Straight: There need to be some standards on the indelible markings. Someone could mark a cover in very small print inside where no one can see it. They have to be marked where somebody can see it.

McCann: Agrees, but the Watch Committee can deal with that on an individual basis.

Clark moves to accept draft as amended, Schnell seconds. Passes unanimously.

Carter: APS is not now the first pick on expertizing services on eBay. He thinks APS should insist it be listed first.

Lamb: That's being changed now.

Prill: Is there any mechanism for an individual collector who notices something in some obscure corner and thinks it's not right to report this community watch group?

Lamb: Not now. There are two things that need to be done fairly quickly in the eBay relationship. One is to broaden the watch committee so that it's looking at foreign stamps and not just U.S. The other is to develop a mechanism so a collector who spots something that's troublesome can bring it to the watch committee's attention. APS has discussed that with eBay already and hopes to discuss it further this weekend.

Prill: Thinks the notification mechanism is very important, because the committee can't cover all areas, and if an expert sees something in his or her specialty, and there's no one on the committee who knows that area, it should still be taken care of.

Straight: Does this relationship deal with the European versions of eBay?

Lamb: Not aware there was one.

Straight: You can set up it up so that you can search all versions of eBay at once, or one-by-one.

Lamb: APS will look at anything the watch committee refers.

Straight: What is eBay doing for the APS? He has not yet seen any links to the APS. What about putting out a letter to sellers promoting APS certificates and membership? He has had a few reports of sellers who were not members using the APS logo.

Lamb: APS is starting off very slowly because there are millions of people on eBay, and he was afraid that if the doors were opened too widely, the APS would be overwhelmed. He thinks APS is ready to open the doors more widely now. APS has talked to eBay about promoting APS; some things have been done already, some have not but eBay has expressed a willingness to do them, and he expects to see APS ads and logos showing up in more different places in the system in the next few weeks.

Flannery: How does it work: Some browser finds what he thinks is a suspicious item, notifies eBay's "health and happiness" committee, that in turn triggers the APS to take look...?

Lamb: No, right now there is not a mechanism for that to happen. The only things APS is taking are those referred by the Stamp Community Watch Group. There is no mechanism for an individual to refer something. That's the next step, and eBay is working on some way to do that.

Flannery: eBay doesn't respond. Wonders if APS can get a commitment from eBay on a specific lapsed time from the point that a complaint is received to the point where it goes to the APS.

Lamb: eBay has always had trouble responding. One problem eBay has had is that if it gets a complaint, it can't tell the difference between an expert and someone who is not. eBay is not going to take something down simply because someone says so. APS knows the credentials.

Flannery: eBay should be forced to move on these things quickly.

Klug: What about stuff that gets through the system? Are those people who buy bad stamps and covers going to blame the APS? Is the APS going to be held liable for that?

Lamb: No, because APS isn't saying everything on eBay is good. The APS is simply saying that something has been referred to it and there's a high probability it is bad or there is not enough probability to take it down.

Klug: But the perception already is that APS is policing all eBay's philatelic items.

Prill: Agrees that is the perception.

Lamb: That's not true and APS must take steps to get a more accurate perception.

Eisenstein: There is a lot of work to be done on this whole project. At some point, as the project grows, she feels there should be an agreement between APS and eBay indemnifying APS. It is early in the project.

Zeigler: Believes that APS is not offering an opinion pro or con on any particular item, just saying it is concerned about it. If eBay shares that concern, it can de-list the item, and that's up to it. But it's eBay first that's bring the items to APS' attention, and second it's eBay that's exercising its discretion regarding the listing. The APS isn't doing anything, except saying something should be expertized in order to sell it.

Eisenstein: Believes what Klug is saying is that what if eBay asks the APS about something, and APS doesn't find anything wrong with it and it isn't delisted...

Zeigler: ...and it really is screwed up.

Eisenstein: And it really is screwed up.

Zeigler: That's possible and not only possible but probably, because the opinions will be based on scans, and that's a lousy way to expertize a stamp. Bad items will be missed. Hopefully eBay understands that APS cannot possibly catch all the bad stuff, but he also suggests that Rome wasn't built in a day, and not all ill can be corrected at once. If APS can just catch part of the bad stuff, it's better than catching nothing.

Straight: Not concerned in the legal sense, but in the court of public opinion, that APS does not give the perception that is going to or is even able to police all of eBay.

Klug: The perception is already there.

Straight: Perception can do more harm for the Society than anything else. APS is doing something positive for the hobby, but must do it in such a way that it doesn't give the public the misperception that it's bitten off more than it can chew.

Washburne: APS looking at listings only, not involved in post-sale disputes?

Lamb: No, that's expertizing. If someone wants to send something to APS for expertizing, it will be welcomed.

McCann: Time to move on. There will obviously be more discussion on this at future Board meetings. He thinks this is a good start.

Lamb: Even if APS does no more than it is doing now, it will still be a big boon for the hobby. He thinks the benefits to the hobby could be enormous. The APS is a sheriff that's stepping into an area

that has very little law and order today, and he thinks APS can do a lot for its members and the hobby in general if it sticks with it.

Zeigler: Publicity should make clear the limits on the APS' work.

Credentialing for Appraisers:

Since there is currently no accrediting organization existing for the philatelic appraiser, many very unqualified individuals are presenting themselves as a 'professional appraiser'. This tarnishes the reputations of those individuals who are qualified and doing a fair and well-documented job for their clients.

The existence of these unqualified individuals also tarnishes the name of the A.P.S. and everyone who is an honest collector of stamps and philatelic materials. The A.P.S. is the natural body to take on the challenge of developing such a program and also to reap the benefits, financially.

We must remember that an individual who has acquired a certain level of knowledge of philately needs to have an opportunity to use this knowledge even if they do not wish to become a 'dealer'. In fact, many dealers may not have the capability to achieve this designation without completing at least portions of the formal coursework. Knowledge of philately does not make for a professional appraiser. Using that knowledge and well-documenting the material that is being appraised in such a way that the value and the inventory is accurately and clearly reported, so that someone without a background in philately can understand the appraisal, is imperative. Through this program a baseline can be developed for acceptable appraisal format and the A.P.S. will be bench-marking this format.

Zeigler moves that it go to a committee to work out the details of the program. Seconded by Clark. Zeigler feels this is a very meritorious proposal and couldn't agree with it more.

McCann: It will be remanded to the incoming board.

De Vries: Wonders if the proposal will really help the victims of this sort of fraud, which is its purpose, because not many of the victims will know the APS exists, and therefore won't know to check in whether somebody has completed the course. APS members will know about it, but they also know to check someone's credentials to find out if a would-be appraiser is a member-in-good-standing. People who are victimized by this sort of thing won't know that the person hasn't taken a course that was available. [If this proposal is adopted,] they won't know that appraisers are supposed to be certified. They'll look in the phone book to find a stamp appraiser, or they'll get a recommendation from their Uncle Harry's nephew's daughter and they'll refer it to that person and get taken, but they won't know to talk to us or look for that certification.

McCann: Thinks there is enough merit in this that it shouldn't just be dismissed by the Board saying that the APS doesn't want to do this.

Clark: Wants to add to the motion that the staff be heavily consulted because they'll be the ones who end up overseeing this.

McCann: Suspects that the next Board will consider appointing a staff member to the committee.

Washburne: Would suggest that the next Board consider appointing a certified appraiser to the committee.

Triggle: That's up to the next Board.

In favor: All but de Vries.

Opposed: de Vries.

Passes 9-1.

McCann: Asks that the incoming Directors remain for the Executive Session after the open session.

Calls for a vote on his reappointment of Herb Trenchard as a Trustee of the American Philatelic Research Library. Moved by Clark, seconded by Prill, passes unanimously.

Washington 2006-FIP Contract:

Directors were given a copy of the contract between the Washington 2006 show and the International Federation of Philately (FIP).

McCann: This is a very standard contract that has been worked out with the lawyers of Washington 2006 and the APS Society Attorney.

De Vries: Wants to point out what a sweet deal it is for the president and officers of the FIP.

Schnell & Clark: It's better than it used to be.

McCann: Washington 2006 has to pay those expenses.

Lamb: It was discussed back and forth among all the attorneys.

Clark moves, Leshner seconds, passes unanimously.

Straight: Asks about the 2007 Winter Show.

Lamb: Ken Martin doesn't want to bring it up at this time.

Lamb announces the Pigeon Release time and place.

McCann: Outgoing Immediate Past President John Hotchner has asked for the privilege of addressing the Board.

Hotchner:

A Farewell after 16 years. There have been a lot of changes in the way that the Board operates since 1987.

We have gone from closed Board meetings to open Board meetings.

We have come a long way from Boards run by a small group that often swapped offices repeatedly, to one that has a constant infusion of new blood and new ideas, and effective term limits.

My early Boards seemed to see themselves as caretakers while more recent Boards see themselves as problem identifiers and solvers, who leave less to the Executive Director, and have much more interest in the nuts and bolts of what happens in State College.

We all love the Society and want it to succeed, but that can lead to a certain conservatism. We are like a person who has built up a significant estate. We don't want to put it at risk.

But in our zeal to protect what we have, we run the risk of losing a certain boldness in our vision of what we can become.

It is right to be responsible and to be careful.

But I would urge you who will move forward as a new Board to spend less time on why we can't do things, and more on figuring out how we can.

To the membership at large I would urge more participation in the political process, by which I mean running for office and voting on the basis of qualifications rather than on the basis of names recognized.

There is a huge wellspring of talent out there and we need to be constantly searching it out and encouraging it to get involved. In other words. Board members, we need to be recruiting our own replacements.

I want to congratulate and thank the membership: No other organization I know of has so many people who volunteer in so many ways to make the organization work, and that include donations from the grass roots level to make it possible to do many of the things that make the Society special.

But in some ways donating money and time is not enough. We need that to continue, but we need more effort from members to, first of all, identify and mentor friends with an interest in stamps;

Secondly, to encourage those people and others who are already collectors to join the Society;

Third, take more interest in the political processes noted earlier; and

Fourth, to provide ideas for improvement to Board members or in letters to the Editor of the AP.

For 16 years I have pretty much held my tongue, but now I do want to say a final word to those few among us — and some who are not members — who seem to feel it is their duty to "go negative" in the philatelic media when the Society does (or fails to do) something they think is important. Some actually have a grudge and are beyond rational help. But for the rest, please understand that the rhetoric tearing down the Society injures the Society beyond measure. The impression left with the public is "Why should I want to pay dues to belong to an organization with that much dissension."

Let me end by saying that this is the most exciting of times for the Society. I am encouraged that the leadership of the Society in place for the next several years is highly qualified and highly motivated. This includes both the elected Board and Bob and his senior staff.

I expect great things in the future and feel some sadness that I can only watch from the sidelines.

It has been an honor to serve, and I wish you all well.

McCann: Thanks outgoing directors. Meeting adjourns to executive session.