

# Liberty for America

Journal of the Libertarian Political Movement

Volume 5 Number 9

Much Good News Starting on Page 2

February 2013

## Johnson Debt: \$1,134,602

### Volunteer to Help Your Party

#### An appeal from Arvin Vohra

As seen on the internet: Our social media efforts are growing, and there are now several ways to get involved with the LP's social media outreach. If you join a group, please read the welcome letter that can be found in the "files" section of the group.

**Libertarian Solutions Writing Team:** Write 300-500 word Libertarian Solutions to current political situations (e.g.: the libertarian way to improve education, ending the war on drugs. Some video examples here: [lp.org/libertarian-solutions](http://lp.org/libertarian-solutions). Effective ones may be posted on this facebook page or at [www.lp.org](http://www.lp.org). To join this team: [facebook.com/groups/531090263578108/](https://www.facebook.com/groups/531090263578108/)

**LP Twitter Team:** Write clever, catchy, viral tweets. The best ones will be used for the LPNational twitter. <http://www.facebook.com/groups/344736512308359/>

**Liberty Counterstrike:** Spread the message of Liberty on non-libertarian pages. For example: Democratic and Republican pages, gun control and drug pages, etc. The goal of this group is not to pointlessly troll the way Republican and Democratic "strategists" do, but to politely and effectively introduce the ideas of liberty. [facebook.com/groups/312206872214340/](https://www.facebook.com/groups/312206872214340/)

**LP vs. Corporatism (New, and high priority):** Find specific examples of crony capitalism, corruption, and special favors to politically connected groups. For example: The current ban on 64 oz sodas in NYC does not apply to big stores like 7-11, but it does apply to small businesses. Because many small businesses are minority owned, the NAACP is helping to fight against this law in court. Join here: [facebook.com/groups/573964949297755/](https://www.facebook.com/groups/573964949297755/)

**Organize large social media efforts, often working with different teams:** The LP Social Media Leadership Team: <http://www.facebook.com/groups/325727854203709/>

**Design & Develop content for Facebook (like the images and memes we post):** This one is for designers, cartoonists, motion graphics experts, copywriters, short essay writers, and researchers to collaborate to produce hard-hitting, fact-based, powerful content, viral ad campaigns, etc. To join the LP Social Media Marketing Team, [facebook.com/groups/534179866607362/](https://www.facebook.com/groups/534179866607362/)

And finally, the LP Social Media Ambassadors send welcome emails to those who join the LP facebook page, and help them get more involved. In the few weeks since the program's creation, they have sent over 10,000 welcome letters, helping to build our activist base. If you are interested, please contact Amy Lunde-Provines at [ambassadors@LP.org](mailto:ambassadors@LP.org).

With the end-of-year FEC filings, the Johnson-Gray campaign has suddenly disclosed huge new debts, more than 1 million dollars of them. It is extremely difficult to understand how the debts were incurred so late after the election.

The Johnson-Gray Campaign ended the post-general election period with \$197,002 in debt. The campaign raised \$212,536 from late November to year's end. That was enough to pay off every penny it admitted owing.

Now, suddenly, the campaign has revealed the truth. It owes another \$1,134,602. That's the new debt we know about. There may be still more. Your editor has seen references that could be read as implying that another 2/3 of a million is out there.

This newspaper has repeatedly warned that Gary Johnson's 2012 Presidential Campaign, first as a Republican and then as a Libertarian, owed large sums of money. But not this much.

Furthermore, Johnson has at last revealed how much of his spending went for advertising, and how much went for staff salaries. The results are quite staggering.

For the Full story, Read **Where Your Money Went** on page 5.

### Bennett Resigns New LNC Elections Being Held

Last month, this newspaper reported that the LNC was totally paralyzed by the failure of LNC Secretary Ruth Bennett to discharge her duties. We called editorially for her removal from office. She managed to resign before the LNC could act on the matter. (See LNC in action, page 7).

Elections for a new LNC Secretary are now being held. The candidates with support are Alicia Mattson, David Blau, Chuck Moulton, and Gary E. Johnson of Texas. The first round votes went 6-5-4-2, namely Mattson: 6 votes (Mack, Olsen, Pojunis, Redpath, Visek, Wiener); Blau: 5 votes (Hinkle, Kirkland, Lark, Neale, Tomasso); Moulton: 4 votes (Hagan, Myers, Starchild, Vohra); and Johnson: 2 votes (Cloud, Wrights). A second round of voting is now taking place. We endorse Moulton on this round.

## Pennsylvania Libertarians Organizing!

We had forwarded to us an article from distinguished Pennsylvania activists Steve Scheetz and James Babb on their efforts to help Pennsylvania Libertarians organize. We are told that they wrote:

Libertarians across the state of Pennsylvania, there are not enough counties represented by their own committees! We would like to rectify this problem, and to help with this, we invite all Libertarians to this event.

The Goal will be to cross pollinate ideas in order to share what works/does not work, establish a sort of mentorship program where successful county organizations can help fledgling organizations become successful in their goals promoting liberty. Finally, it is my hope that we can find volunteers to take part in leading the statewide committee chairs.

Let's work together so that we can accomplish a great deal more!

The VF Beef and Ale is a regular haunt for our group, we have WIFI access, and for those who want to attend but can't, we will have a live stream with interaction so that questions can be asked and comments can be made.

You can read more at [meetup.com/Truth-Freedom-Prosperity/events/101219402/](http://meetup.com/Truth-Freedom-Prosperity/events/101219402/).

The Libertarian Party of Pennsylvania Facebook page <http://facebook.com/pages/Libertarian-Party-of-Pennsylvania/55155190838> has since sprouted an extended message from Pennsylvania LP State Chair Tom Stevens urging that Pennsylvania members should not attend this meeting.

## Daniel Fishman for U.S. Senate

Libertarian Daniel Fishman, who last year gained 16,000 votes in his campaign for U.S. Congress in the Essex County district, has declared his intent to run for U.S. Senate. Massachusetts has a forthcoming special election, an election made possible when long-time U.S. Senator John Kerrey resigned his Senate seat to join President Obama's cabinet.

Fishman has appointed Jon Loya of Holliston as his campaign manager. Loya is a young Massachusetts activist and Party State Committee member.

Fishman's web page ([fishmanforsenate.com](http://fishmanforsenate.com)) lists a series of Federal issues, notably Audit the Fed, Drug Policy Reform, Gun Control, Jobs, Marriage Equality, Foreign Policy, College Costs, States Rights, and Civil Liberties.

In 2012, Fishman was the third candidate in the Tierney-Tisei Congressional race. He drew 4% of the vote, doing better in districts that Tierney carried than in districts that Tisei carried.

Ballot access will be a major challenge for Fishman. Fortunately, Massachusetts Libertarians do not have major party status, or ballot access would be come exceedingly difficult.

Even so, Fishman has under two months to collect 10,000 valid signatures (for which about 15,000 raw signatures will be needed). To do this, he will need very substantial campaign contributions via his web site, [fishmanforsenate.com](http://fishmanforsenate.com)

To fill the vacancy until the election, Massachusetts Governor Deval Patrick appointed to the seat a long-time crony who will not be contesting the special election. There are two strong Democratic candidates, Congressman Markey and Lynch, an indeterminate number of Republicans, Libertarian Dan Fishman, and former Republican Jack E Robinson, who is running as an independent. In Massachusetts politics, "strong Republican candidate" is something of an oxymoron, but so far as we can tell state legislator Dan Winslow is currently the only significant Republican candidate.

## LP Kansas Sues to Sustain Open Carry

From the LP of Kansas: In February, 2012, the Libertarian Party of Kansas began publically challenging the unconstitutional bans of the open-carry of firearms in Overland Park, KCK, and other municipalities in Kansas. Some communities, like Overland Park, Gardner, and Wichita have already acted by amending their ordinances to comply with state and federal law. Some communities, like KCK, Leawood, and Prairie Village have indicated they have no intention of complying with the law unless they are forced to do so by the Courts.

Therefore, the LPKS has taken the step of requesting the Johnson and Wyandotte County Courts to review the ordinances, find them illegal and violative of fundamental constitutional rights, and force these communities to comply with state and federal law. Kansas open carry law 12-16, 124 is clear that counties and cities may regulate open carry but not institute a complete ban. For more information, contact Al Terwelp, Chair, Libertarian Party of Kansas, [chair@lpks.org](mailto:chair@lpks.org); Earl McIntosh, Second Amendment Chair, [etmcintosh@cox.net](mailto:etmcintosh@cox.net).

## More Good News

We are advised by an anonymous source that the Libertas computer system has been moved to a new company owned solely by Jillian Mack. The LP of Ohio is said to have a signed contract, and the Franklin County party in Ohio is reported to be exploring similar possibilities.

## Ways to Get Involved in the LP

From the Starchild Reflector list, an email exchange on the LNC including Arvin Vohra, Sam Goldstein, Paul Frankel, Mark Hinkle, Scott Lieberman, Jim Lark, and Starchild. It

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began with the first four ways to help, and grew from there:

1. Run for office
2. Join a campaign
3. Work on state and county party building
4. Work on national outreach
5. Get ballot access signatures
6. Join/help build campus clubs
7. Libertarian/libertarian networking
8. Legislative monitoring and lobbying
9. Donation, membership, fundraising
10. Attending conventions, serving as a delegate
11. "Inreach"
12. Volunteering on national projects other than outreach

How about contribute money ?

Also, write Letters to the Editor.

Call radio talk shows and mention the LP name or LP viewpoints.

Lobby your state legislature and/or Congress whenever the need arises, which sadly is almost every day.

One item that may be worthy of inclusion in the list is "education".

Apply for a local Board or Commission.

- Register Libertarian, do your homework on the candidates and measures that appear on the ballot where you live, and try to vote in every election
- Join the LP as a dues-paying member
- Write pro-freedom letters to the editor to local or national publications
- Write, call, and email local, state, or national elected officials

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If you **must** get a paper subscription, ask first.

Liberty for America will be performing political acts, and other activities that the Federal government calls "Federal Election Activity" and hence FEC-reportable. We must therefore funnel dues to our PAC, "Liberty for America". Dues will not be used to support candidates.

Your Donations are not tax deductible. Federal law requires us to request the occupation and employer of donors of \$200 or more in a year. Paid for by Liberty for America. Your donations may be used in relation to a Federal Election.

- Comment in the reader comment sections of online newspapers and other forums
- Use Facebook, Twitter, Reddit, Sodahead.com, and other social media sites to spread libertarian views and memes
- Weigh in with pro-freedom views in online opinion polls
- Call or write to elected Libertarians and find out what they are doing in office, encourage them to take strongly libertarian positions, find out what you can do to help
- Try to get selected as a juror and vote to nullify bad laws by voting to acquit people charged with breaking them
- Collect signatures to get pro-freedom measures on the ballot
- Give interviews to the media -- let individual reporters, editors, producers, hosts, etc., know that you are available to speak on libertarian issues; let them know any particular areas of expertise or credentials you may have
- Call and write to individual members of the media and let them know that you want them to see better coverage of the Libertarian Party and libertarian issues; complain to those who don't include the libertarian perspective and thank those who do
- Write articles, brochures, essays, or news stories that promote freedom or draw attention to libertarian issues
- Give talks or organize speaking events for other Libertarians to speak to groups in your community
- Call or write to local schools and find teachers who would be interested in having someone come in and talk about the LP, pass the info on to your local LP leaders
- Design pro-freedom graphics for distribution online
- Go out and do stenciling of pro-freedom art and messages where they will be seen by people
- Post pro-freedom fliers, stickers, signs, etc., on bulletin boards, light poles, and other public places
- Learn new skills such as building websites, playing a musical instrument, speaking a foreign language, making t-shirts, etc., that you will be able to use to advance the libertarian cause
- Host a pro-freedom radio or TV show
- Be a caller on radio or TV shows with pro-freedom comments and views
- Participate in public protests and rallies for pro-freedom causes
- Thank people when you see them breaking bad laws, and explain why they should not be criminalized for what they are doing
- Break bad laws yourself when you can do so safely and responsibly, and encourage others to do the same
- Rubber-stamp or decorate your currency with libertarian messages before you spend it
- Leave "tip cards" (explaining the money you leave is a gift, not a tip, and therefore non-taxable) or other (L)ibertarian literature along with the tips you leave when you eat out
- Make videos discussing or documenting government abuses and libertarian solutions
- Create pro-freedom works of fiction, paintings, songs, or other types of pro-freedom art
- Design clothing or other utilitarian items with pro-freedom messaging (you can use sites like [Zazzle.com](http://Zazzle.com), [CafePress.com](http://CafePress.com), and [VistaPrint.com](http://VistaPrint.com) for this)
- Adorn your house, car, bicycle, skateboard, etc., with libertarian messages
- Attend meetings and events of your local or state Libertarian Party chapter

- Attend state and national Libertarian Party conventions
- Join Libertarian Party caucuses and network with other Libertarians
- Mention and promote the Libertarian Party to friends, family, colleagues and strangers
- Talk to people about government abuses and libertarian solutions
- Leave libertarian publications, articles, fliers, etc., in cafes, laundromats, music stores, waiting rooms, etc.
- Read libertarian books, watch videos, read newspapers, etc., to better educate yourself about current issues and history in order to become a more effective advocate of freedom
- Participate in Toastmasters or other public speaking groups to become a better speaker and a more effective advocate of freedom
- Attend meetings of your local city council, school board, and other public bodies, and weigh in during public comment periods with pro-freedom views
- Organize single-issue coalitions with other members of your community to support freedom or oppose statism -- taxpayer unions, sunshine advocates, supporters of legal marijuana, Drug War opponents, police accountability activists, gun owners, anti-war activists, etc.
- Engage in charitable or good-neighbor acts as an "out" Libertarian or on behalf of a Libertarian group -- cleaning highways, donating money to charitable causes, volunteering at food banks, Habitat for Humanity projects, etc.
- Write letters and send postcards along with or including libertarian information to people who are wrongly incarcerated, reminding them that they are political dissidents and are not guilty, and encouraging them to keep their spirits up and help educate their fellow inmates
- Make your land, office space, office equipment, or other resources you may own or have access to available to Libertarian Party groups to meet, hold events, put up signs or billboards, phone bank, make photocopies, etc.
- Volunteer drive other Libertarians who may need rides to libertarian events, to campaign, to the polls, etc.
- Teach your kids or other children and young people you may know about libertarian values and help increase their awareness of history and current issues
- Boycott companies that actively support statism, and encourage others to do the same (e.g. Budweiser and Southwest Airlines, mentioned in the article by 2012 LP vice presidential candidate Jim Gray in the current issue of LP News as sponsors of the exclusionary presidential debates held by the two-party establishment cartel)
- If you run a business, sell a product or offer a service, offer discounts to LP members
- Try to help find high school and college interns to volunteer at Libertarian Party offices or for Libertarian candidates
- Pay attention to what's going on in the Libertarian Party and help hold your elected LP leaders and staff to high standards of promoting a solidly libertarian message and practicing open, transparent, bottom-up governance.
- If you have a good written command of a second language, help translate Libertarian materials and let LP leaders and candidates know you are available as a translator
- Write up pro-freedom resolutions and seek to get them introduced at the next Libertarian convention, city council meeting, or other local group meeting you attend

## Welcome to Liberty for America!

A magazine. A web site. An organization. **Liberty for America** has had several inquiries on launching **Liberty for America** Chapters across America. A draft set of state/regional By-Laws appears on the **LibertyforAmerica.Com** web site.

## Exploiting Modern Technology

Republican web site RedMassGroup.Com has an extended and detailed analysis of the successful techniques used by the Democrats to exploit social media to aid Obama's election campaign. Obama became the second President since Eisenhower to be re-elected while winning a majority of the vote in both of his Presidential election campaigns.

The full article may be seen at [redmassgroup.com/diary/16445](http://redmassgroup.com/diary/16445) under the title Obama, Romney, and GOP Technology: A Chilling Analysis by EdFactor. It is his article. The entire thing is extremely important reading. I summarize some key points: First, most of the information on how Obama did it and Romney did not do it is in the public domain. You just have to go and read it. Second, there have since 2008 been marketing changes in how serious large political parties do electronic media. In 2008, there was a certain amount of web technology, but the other political parties treated technology is an isolated area. It was notable that in 2008 already Obama had 10 times the electronic campaign staff that McCain did. Third, the Obama campaign emphasized open source technology, while the Republican campaigns have focused more on Microsoft and similar products.

For the Obama campaign, technology was something that provided a skeleton for the entire campaign. For example, essentially all campaign marketing decisions could be made on the basis of hard numbers rather than guesses. Knocking on doors was important to both campaigns, but for the Obama campaign technology meant that everything you learned from knocking on doors passed all the way up to central headquarters where it could be analyzed. In the other direction, the simpleminded street list became detailed information that each door-knocker had before the door was knocked upon. As the election approached, interaction with Facebook technology meant that campaign supporters could identify potential Obama supporters from among their Facebook friends and ask them to register, vote, and so forth. The Obama campaign believes the 20% of all people approached in this way actually did what they were asked to do.

Quantity has quality all its own. The Obama campaign had 16 million people on its email lists, and believes all but 1% of them were persuaded to show up and vote. It appears that Romney spent more than twice as much money on technology as Obama did, but got much less for it. A part of the issue is that Romney outsourced his software, while Obama kept key func-



tions in-house.

Any numbers of the editor's good friends who are firm supporters of linux will be pleased to know that the successful electronic campaign was based on linux, especially Ubuntu. It is noteworthy that the Obama campaign planned from the beginning to use a unified data handling tool, rather than trying to combine various third-party services. Having collected all the data, the Obama people had 50 full-time data analysis people interpreting what they were learning. Apparently it remains to be seen to what extent Obama will release his technology to Democratic Party's downstream from him.

The Obama technology people claim that because they had developed a unified data handling process, it was far easier for them to add new applications as the need arose. A significant part of the Obama advantage is the claim that liberalism is the political inclination of information technology people. They are social liberals and therefore they are Democrats. They are people who support diverseness and individualism.

The RedMassGroup article has a list of the Republican-specific recommendations. Even though we are not Republicans, many of them would be worth learning. Included in this list are a series of national policy issues that are of interest to computer people, that do not entirely match opinions of the Republican Party. Note intellectual property reform, a free and open web, blocking various Internet censorship bills, and so forth. The article closes with 17 publicly accessible references discussing what the Obama campaign did and why it was successful. My attention was particularly drawn to the interview in which our Romney's digital director notes that he did not see their core operating code before election day.

It is amusing to note that the Republicans appear to have worked out that many of the Republican technology people that they would like to incorporate into their development efforts are libertarian inclined, and therefore the Republicans would like to purge them, because they think that the high-tech people must smoke pot.

It turns out that the Obama campaign did several amusing things that turned out to work well. For example they kept asking people for very small donations, which computer technology meant they were able to process effectively. In addition they kept most of their fundraising efforts in-house. In the Democratic Party, keeping fundraising in-house means that you can save large amounts of money. Readers of recent Libertarian national committee financial reports may tend to view this as a lesson that the Libertarian party might consider applying.

The article is definitely worth reading. In future issues, we may look at summarizing some of the public domain articles that go into this report.

## More on Technology

Your editor posted a short note on this above article onto the Facebook LP Radical Caucus page. We received an article, with more source material on the Obama and Romney tech efforts, material from which Libertarians could certainly learn.

Here is the material, courtesy of Mike Kane:

It's ironic that the campaign apparatus with the least libertarian policy prescriptions ran the most libertarian political organization in history. Even the very structure of their organization was based on the principles of decentralization and empowering individuals. I think the Libertarian Party would be wise to learn from their successes.

Here's the video of Teddy Goff spilling the beans on how the Dems won the election [youtube.com/watch?v=Uk0quEECLQA](http://youtube.com/watch?v=Uk0quEECLQA)

[cnn.com/2012/11/07/tech/web/obama-campaign-tech-team/index.html](http://cnn.com/2012/11/07/tech/web/obama-campaign-tech-team/index.html)

[slate.com/articles/news\\_and\\_politics/politics/2012/11/jim\\_messina\\_offers\\_his\\_tips\\_on\\_how\\_barack\\_obama\\_s\\_campaign\\_team\\_beat\\_mitt.html](http://slate.com/articles/news_and_politics/politics/2012/11/jim_messina_offers_his_tips_on_how_barack_obama_s_campaign_team_beat_mitt.html)

Email Specific

[businessweek.com/articles/2012-11-29/the-science-behind-those-obama-campaign-e-mails](http://businessweek.com/articles/2012-11-29/the-science-behind-those-obama-campaign-e-mails)

[blog.kissmetrics.com/email-marketing-lessons-obama/](http://blog.kissmetrics.com/email-marketing-lessons-obama/)

[marketingsherpa.com/article/case-study/obama-email-campaign-testing#](http://marketingsherpa.com/article/case-study/obama-email-campaign-testing#)

[blog.optimizely.com/how-obama-raised-60-million-by-running-an-exp](http://blog.optimizely.com/how-obama-raised-60-million-by-running-an-exp)

[klaviyo.com/blog/2012/11/06/re-hey-an-analysis-obamaromney-emails/](http://klaviyo.com/blog/2012/11/06/re-hey-an-analysis-obamaromney-emails/) - Interesting analysis about who the emails actually come from

[breakingcopy.com/obama-campaign-email-subject-lines/](http://breakingcopy.com/obama-campaign-email-subject-lines/) - older article but still good

[swampland.time.com/2012/11/07/inside-the-secret-world-of-quants-and-data-crunchers-who-helped-obama-win/2/](http://swampland.time.com/2012/11/07/inside-the-secret-world-of-quants-and-data-crunchers-who-helped-obama-win/2/)

[copyblogger.com/email-marketing-that-works-2/](http://copyblogger.com/email-marketing-that-works-2/) interesting article, maybe can incorporate more emotional string pulling in emails.

[slashdot.org/topic/bi/the-billion-dollar-startup-inside-obamas-campaign-tech/](http://slashdot.org/topic/bi/the-billion-dollar-startup-inside-obamas-campaign-tech/)

## Where Your Money Went The Johnson Campaign

The FEC reports for the end of 2012 have been filed. Gary Johnson, the man nominated by William Redpath to be our Presidential candidate, the man who in turn nominated Wayne Root to be an LNC, member, has set some remarkable financial records.

For the period of November 27 through December 31, 2012, the Johnson 2012 campaign had \$212,537 in receipts and spent \$171,547, leaving them with \$43,932 in cash on hand at the end

of the reporting period. For the entire primary and general election, the campaign acknowledged \$2.22 million in contributions, \$2.478 million in expenditures, and managed at the end to owe \$1,134,603 in debts and obligations. That final number represents an enormous increase over the past, mid-November, report in the debts and obligations owed by the committee. Incidentally, none of the debts and obligations are money owed to the candidate as a result of candidate loans. The candidate did at some point donate \$8000 to his own campaign. The remaining \$2.212 million in campaign receipts over the course of the campaign came from individual donors.

The campaign acknowledged receiving for the period \$202,026 in federal funds for a total of \$333,751 in federal campaign matching funds for the duration of the campaign. In a future report, we will compare federal matching funds received by the Johnson campaign with the campaign's commitment to the LNC that past debts would only be paid off by means of federal matching funds.

Where did the money go during this end of year? Spending during the end of year period by the Johnson campaign included \$7547 in bank and merchant charges, \$2000 for opinion research, \$2000 to Wagon Works LLC, and \$160,000 to "Political Advisors" of 731 East South Temple, Salt Lake City for "payment on obligation".

The debts to 'Political Advisors' as discharged in the end-of-year period covered

\$12,991.95 for Ad Placement, Travel, Shipping, Printing, Email Marketing, Printing, and

\$147,008.05 for 'Staff Hours - Mid-Level, Press Relations, Senior Advisor, Creative Ad Hours, Campaign Consult'

That's right, under 10% of the money went for advertising, travel, and the like. 92% went to the campaign staff. Readers familiar with my book *Funding Liberty*, soon to be released in a new edition, will recognize those numbers. They are somewhat similar to the numbers found for Harry Browne's 2000 Presidential campaign.

And the debts: The small parts are: \$500 to Wagon Works for fund raising, \$4090 to Daines Goodwin and Co PC for accounting, and \$29,955 to Hackstaff Law Group LLC and Law Office of Douglas C. Herbert for legal services and fees.

Then there is the money owed to "Political Advisors" of Salt Lake City. The listed debts include:

\$46,295 for fundraising commissions  
\$113,437 for preparing the FEC matching funds request.  
\$150,000 for 'Consulting for Primary per signed contract'  
\$535,244.94 for "Staff Hours - Mid-Level, Senior Advisors, Clerical, Creative Advertising, Campaign Consult"

and, oh yes, the real political stuff:

\$206,659 for outreach—"Ad Placement - Web, Candidate Staff Travel, Ballot access, attorney fees, Vehicle Wrap, Me-

dia etc." and several slight variations on the same phrasing.

Let's look at the grand totals here, namely money spent and owed for outreach versus money spent and owed, just by "Political Advisors" for fundraising, filings, and staff hours, including money spent and money still owed in the year-end report. There's \$219,651 on outreach, all the modes noted above, versus \$991,985 on staff hours, filings, and fund raising. Said otherwise, that's 82% on staff hours, filings, and fundraising, and only 18% on outreach.

We had previously reported on the astronomically huge — by Libertarian Presidential campaign standards — number of paid staff members supported by the Johnson campaign. Even if all of them are ill-paid, when there are truly large numbers of them the staff salaries add up.

We'll try to have a total for the entire campaign in a near-time future issue. That 18% may tend to shrink; most of the other spending and debt is for back office work rather than outreach.

We quote our February 2012 issue "The Johnson 2012 Libertarian Presidential nominating campaign has filed its end-of-2011 FEC disclosure. Its total debts at the end of this period were \$203,761, which is an unprecedented amount for a Libertarian campaign to owe — not counting loans from candidates themselves — this far before the National Convention." The situation has become much worse since.

The 2000 Browne campaign sent emails claiming \$60,000 in unpaid debts. The 2008 Barr campaign was perhaps a quarter million, round number, in the hole. Despite massive Federal campaign money, the 2012 Johnson campaign ended in debt nearly five times more than the Barr campaign did.

## LNC Financials Suffer

We are in receipt of the LNC Treasurer's reports for November and December. Anomalies in the FEC filing schedule mean that the periods to which these numbers speak do not align with the periods on which FEC reports are made.

The FEC report of the LNC for years end shows a total income for the year of \$1,585,297, disbursements of \$1,714,434, and cash in hand at the end of the year of \$182,653. That final number includes a significant sum that is in a reserve and available only to buy a building. Before the closing period, November 27 through the end of the year, LNC income was \$77,606, while disbursements were \$120,094. LNC income as reported to the FEC for the matching periods in 2008 and 2004 was \$98,498 and \$123,052, respectively, so the 2012 income was less than two thirds of the 2004 income.

Especially large expenditures in the most recent filing period, as disclosed on the FEC reports, include \$11,218 for office rent, tax, maintenance and utilities, \$5300 to LNC member Michael Cloud for copywriting services, various expenses associated with producing an issue of LP news, large numbers of staff and consulting salaries, a multitude of information technology expenses, and various amounts for printing and mailing.

For partially overlapping periods, the LNC treasurer reported November income of \$90,127, and December income of \$69,584. The December income was the worst for the entire year. The LNC treasurer's report for the year identified an income of \$1,484,850, almost \$100,000 below the income reported to the FEC. The \$1,484,850 does include \$197,946 in convention income. Total expenses for the year were reported to be \$1,646,085, almost \$70,000 less than the disbursements reported to the FEC. There are remarkable number of accounting issues that can generate these differences, but readers should be aware that the FEC and LNC treasurer reports, while doubtless both being self-consistent, are not necessarily quite the same.

It is worth emphasizing that the financial reports presented to the LNC by the Treasurer lump expenditures into vague general categories, so that the LNC actually does not see from their treasurer where their money is being spent, in any meaningful way. When I became treasurer of the Libertarian Association of Massachusetts, one of the first things I did was to transform the Treasurer's report into a meaningful cash flow report, so that State Committee members could see how much we were actually spending on stamps, printing the newsletter, booths at outreach events, etc. The response of the State Committee was that they were seeing useful reports that gave them the information the needed to carry out their work effectively.

Once people saw what we were spending, linking real dollar amounts to real bills, we were able to make a series of changes that got the same work done for far less money, eliminated a series of large, pointless expenditures, and freed money up for doing real politics. The LNC should seek the Bylaws changes needed to permit the Treasurer to submit similarly useful reports to the National Committee.

## LNC In Action

Throughout this article, we are grateful to Starchild for circulating to the Libertarian public the extensive internal correspondence of the Libertarian National Committee. Our reports as to what happened on the National Committee, including texts of messages, correspond to postings on the Starchild Reflector list <http://groups.yahoo.com/group/LNCDiscussPublic>

In our last issue, we called for the removal from office of the LNC National Secretary. The first LNC member to seek to drive the LNC to deal with Secretary Bennett's failures to act was Arvin Vohra, who on January 6 stated to the LNC:

"As an appropriate courtesy, I will wait 48 hrs to either hear from the secretary, or to be given some relevant reason why suspension/resignation is not appropriate. At that time, if nothing has changed, I will formally ask for the secretary's resignation. If that yields no results or additional information in 48 hours, I will move for suspension, assuming that is possible without a secretary."

National Chair Neale soon thereafter on January 6 reported "I just got off the phone with Ruth – she is alive and well, so no need to be concerned with alien abduction or the like. She has informed me that she will have a general announcement to the LNC by the end of the week, and will be working on getting up

-to-date on Secretarial duties in the meantime."

On January 6, Starchild responded "Does this mean we delay any motions until January 13? I'm not suggesting an immediate move to suspend or remove Ruth as secretary, but it does not seem appropriate to wait another entire week to get some clarity on the situation, at least not without a better explanation than we've been given (i.e. none)."

Wrights agreed with Starchild "With all due respect, I must agree with Starchild here. We have waited and waited with no word, and then when we get word, the word is wait a little longer? I'm sorry, but I find this unacceptable."

Vohra responded to Wrights that it was impossible to do anything before the end of that week, so waiting was the best alternative: "True, but in terms of time, there is nothing that we could get done before Friday. Even if we decided to go with a hair-trigger immediate vote for suspension, which I would personally consider rash, it would still take 10 days, putting the end date later than Friday. Among the unfavorable options that we have, the best one seems to be waiting until Friday, when we have more information."

Finally on January 12 Neale noted that Bennett had once again not been heard from. He reported "Last Sunday afternoon, I received a phone call from Ruth Bennett. In that conversation she informed me that she was resigning, and that she would send notification to the LNC within "a few days". I asked her to get it to us by the end of the week. Perhaps I'm overstepping something here, because my assumption of "end of the week" meant by Friday, and I'm pretty sure I did NOT say "by Friday". However, I am also quite sure that "a few days" has passed without a formal non-verbal communication, and I need to be able to move things forward. Therefore, I am accepting Ruth Bennett's verbal resignation as a formal resignation, and am declaring that the position of Secretary is as of this point open."

The promised notification of resignation was the 'general announcement' Neale had reported on January 6. With the agreement of the Executive Committee, Neale appointed James Lark as secretary pro tem. Neale was clearly distressed that the Bylaws and procedural rules really did not deal with the matter very clearly, but that the organization needed to move forward.

The LNC then advanced to ask for volunteers to be appointed as Secretary, and began voting on the new appointment. Neale noted that the new approach was a radical improvement over the approach used by prior national committees, in that there had been a public announcement that the post was open, with all members being invited to put forward applications.

Starchild proved that the Policy Manual on the web site had been changed, demonstrated that LNC rules require a vote of the full National Committee for all changes, noted that there had been no such vote, and asked for an explanation. In his letter of acceptance, Lark noted that none of the Minutes for the current LNC term had been accepted, and that there were indeed errors in the Policy Manual as posted on the web site, as Starchild had reported.

Back in January, the LNC debated the idea of crowd funding for projects, to raise money for things that the membership actually wanted done. Starchild supplied a thoughtful set of recommendations as to what a crowd funding project needed to tell prospective donors, namely

- a clear description of the project, with enough detail for prospective donors to make as informed a decision as possible on whether to donate
- how much money the project requires
- precisely how that money will be spent, and what safeguards, controls, and/or oversight is in place to guarantee the money will be spent as promised
- who will implement the project (staff, volunteers, specific individuals, etc.)
- under what conditions donations will be returned if the project does not come to fruition (e.g. one project might be launched if it attracts \$500 in donations, another might only be launched if it attracts at least \$5000)
- when the project was listed and when it will conclude (stop raising money and be delisted).

Unfortunately, LNC discussions of crowd-funding slowly faded out, without the LNC actually doing anything to implement or reject the proposal.

Furthermore, according to LNC member Paul Frankel, the Monday messages -- that had been used to raise money -- have now been discontinued.

The Hinkle motion to drop all of the new membership levels was defeated by the LNC. On January 1, the LNC had not postponed implementation of the new membership levels, and staff had made no visible effort to implement them. The levels have now been postponed until July 1.

## Hinkle Attacks Old LNC; Olsen Responds

*The Starchild Reflector list reports an exchange between Mark Hinkle and Norm Olsen. These are excerpts from the LNC DiscussPublic Yahooogroup, messages 3685 and 3730:*

*The Hinkle letter was nominally a response to Dianna Visek, who asked: "And buying a building will undoubtedly require staff to do things. Will we allow them to drag their feet the way they have on our new membership levels?"*

*to which Hinkle responded: "This is just too ripe with irony not to respond.*

Since you were on the last LNC, you know full well that is was the LNC that drug it's collective feet for months on end regarding the building purchase. In fact, it took a full year to decide to do nothing. What a monumental waste of time, money, and talent that was. LP Staff, in particular Robert Kraus, was on top of the whole process from the get go. The prime candidate for a building purchase, 1428 Duke Street was identified in April 2011.

The LNC drug it's feet until December and then decided to do nothing, forcing the LP to spend another \$60K or so that it didn't need to on the high rent Watergate, not to mention (but I will) giving up about \$100K in cash and pledges that we could

have collected if the LNC had decided to do something positive.

That's \$100K in lost revenue and \$60K in unneeded expense. All because the last LNC couldn't get its act together to do something that over 500 of our members donated money and pledges to make happen. The last LNC clearly didn't have what it takes. And so far, I'm not terribly hopeful that this LNC will be much better..."

*The Hinkle letter continues in similar veins. Norm Olsen chose to reply. Olsen, by the way, gives the LNC a great deal of thoughtful advice, such as the letter starting on page 11 of the electronic edition. Olsen's reply reads:*

I've been around for 67 years, been around the block an infinite number of times, and it's been decades since I got off the boat. I even did a 14 year stint as a soccer referee working all levels up to NCAA. Believe me, when it comes to personal attacks, I can ignore them without difficulty. I consider them to be a badge of honor.

However, the email to which the message replies is an attack, a personal attack, on the honor and integrity of an entire group of people who were simply doing their best to be responsible representatives of their constituencies. Many of these people who are attacked by this message are probably unaware of the attack, and are certainly unable to respond on this medium. Therefore, I feel compelled to respond to this attack on their behalf.

I have attached an e-mail of November 22, 2011 sent by then Secretary of the Libertarian National Committee Alicia Mattson. While there is room for disagreement with some of the positions Ms. Mattson took during her term as Secretary, I have never encountered a negative remark concerning the meticulous manner in which she performed her duties as Secretary or the accuracy of the information in her reports and/or minutes. Ask anyone you know who was an LNC member during 2011 (other than Mr. Hinkle, obviously) and I believe you find complete agreement with her record of events of 2011 with regard to the building fund.

If you choose not to read the lengthy e-mail, let me extract one fact out of the message which you can probably verify yourself using your own e-mail archive:

The building fund was approved at the November 20, 2010 LNC meeting in New Orleans. The first e-mail message blast to LP members requesting donations to the building fund from the general membership was not sent until October 24, 2011.

Mr. Hinkle was the main LNC proponent of purchasing a building. He appointed himself to be chair of the building fundraising committee. Serious fund raising for the purchase of a building did not begin until 10 months after the approval of establishment of such a fund.

Now who, exactly, was dragging their feet for "months on end"?



Now who, exactly, “took a full year to decide to do” something?

Now who, exactly, was continually moving the goal posts to accommodate a failure to meet the goals they themselves established?

Now who, exactly, is creating a new “monumental waste of time, money, and talent” to pursue a personally favorite goal which they have personally bungled once already?

The LNC decided to do nothing in December of 2011 only because Mr. Hinkle’s procrastination regarding fund raising left him \$75,000 short of his own goal established prior to the New Orleans meeting.

The LNC decided to do nothing in December of 2011 because they had been continuously misled by Mr. Hinkle.

The LNC decided to do nothing in December of 2011 because a majority lost confidence in anything that Mr. Hinkle said concerning the building fund, leasing alternatives, and true urgency of purchasing in a specific 45 day time frame.

The message to which I am responding here contains many lies. The attached e-mail from Ms. Mattson provides the historical details. These cannot be challenged; I have a complete e-mail archive to back it all up, the attached e-mail being the most significant.

This message is a work driven by arrogance and conceit. It should not be allowed on this discussion list without major rebuke.

The LNC has an incredibly poor reputation amongst its members. This poor reputation is largely due to the LNC’s favorite pastime of spending huge amounts of time and energy engaged in personality conflicts and doing little for the cause of liberty. Messages such as this is proof that this reputation is well earned. How are we to work together and actually achieve something when one of us publishes such ‘male cow manure’ and it is not universally condemned?

In the absence of a sincere apology from Mr. Hinkle addressed and delivered to all members of the previous LNC, I will refrain from opening/reading any messages authored by Mr. Hinkle on this discussion list. I urge my colleagues to do likewise.

Please allow me to emphasize that I did not bring this subject up. I did not drudge up any of this information in an attempt to negatively campaign against Mr. Hinkle during the selection period of a new At Large Representative. Calling attention to all of this incompetent, arrogant, and pejorative behavior at this time was Mr. Hinkle’s own doing. I’m just trying to protect what little is left of a positive reputation for the LNC. Do you really want someone with so much conceit that they would consciously bring this upon themselves making \$1,000,000 decisions for the LP?

## Archives of old LNC Minutes

[archive.org/web/20041210231121/http://lp2000.com/BCI/](http://archive.org/web/20041210231121/http://lp2000.com/BCI/)

Liberty for America

[mgslncrepreport.blogspot.com/2010/03/meeting-archives-of-libertarian.html](http://mgslncrepreport.blogspot.com/2010/03/meeting-archives-of-libertarian.html); [libertarianstrategymonthly.com/libertarian-archives/lnc-meeting-minutes/](http://libertarianstrategymonthly.com/libertarian-archives/lnc-meeting-minutes/); [web.archive.org/web/20041013071410/http://archive.lp.org/lnc/minutes.html](http://web.archive.org/web/20041013071410/http://archive.lp.org/lnc/minutes.html)

## LP Oregon Warns on Mattson

The Libertarian Party or Oregon has sent the LNC and State Chairs an emphatic warning as to the inadvisability of supporting the re-appointment of Alicia Mattson as LNC Secretary. “You will not survive if you continue down the paths you have been choosing.” The full letter starts on page 10 of the electronic edition.

## LP Oregon Warns on Incorporation

From the Starchild Reflector, a letter from Wes Wagner:

Mr. Neale and Mr. Wrights,  
It has come to my attention that there is a new corporate entity that has filed a registration in Oregon using the name "Libertarian Party of Oregon". Please see this document that was filed with the Oregon Secretary of State corporate division: [scribd.com/doc/117565459/Articles-of-Incorp-by-Saub](http://scribd.com/doc/117565459/Articles-of-Incorp-by-Saub)  
Whereas your legal entity potentially claims some trademarks which you may regard as being potentially infringed, and our entity, which has been in existence since the 1970's, has been using this name or variant since its inception might likewise be infringed, we may have a mutual interest in ensuring that no further dilution occurs. If you have concerns about this new entity using this name to operate, please contact our legal representative to discuss your concerns.

We understand that the LNC is acting on this effort by the Reeves faction to incorporate as “Libertarian Party of Oregon”.

## LNC Passes New Building Motion

The motion, says the Starchild Reflector, reads:

Moved, that the LNC approve the purchase of an office in the greater Washington, D.C. area, to be named in honor of David F. Nolan, contingent on the following conditions:

A minimum down payment of 20% shall be raised from dedicated contributions. If a portion of that is in the form of pledges, the pledges must be converted to cash before a purchase contract and mortgage agreement are finalized.

The monthly payment of principal, interest, and OTM (Overhead, Taxes, and Maintenance) shall not exceed 75% of our current lease payments at the Watergate complex.

This motion will constitute authority to incur a mortgage if the above conditions are met and if this motion passes by the necessary two-thirds vote as specified in the Libertarian Party’s Bylaws.

The final decision on what property to buy shall be approved by the LNC's Executive Committee by a majority vote once the above conditions are met.

Ayes (13): Blau, Capozzi, Cloud, Hagan, Hinkle, Kirkland, Lark, Mack, Myers, Neale, Redpath, Vohra, Wrights  
Nays (3): Olsen, Visek, Wiener

Pages 10-12 are exclusive to the electronic edition

## Oregon Warns on Mattson

To the representatives of the LNC Inc, (cc: State Chairs)

After some sincere and thorough discussion we have decided that it is in the interests of the entire Libertarian community to make our thoughts and concerns about your consideration of appointing Alicia Mattson to the vacant Secretary position known.

I doubt it would come as a surprise to anyone that we would oppose such an action, but since she is actually receiving votes in the affirmative it has become apparent that a reminder as to why is in order.

As you should be aware, Ms. Mattson was a central figure in the attempted coup in Oregon spanning November 2010 through present. Through the course of legal discovery (which has not been easy since the plaintiffs have appeared to have engaged in spoliation of evidence) we recovered sufficient documents from third parties that I am confident in asserting what was previously a theory as fact.

The reason for the votes on administrative disaffiliation occurred in 2011 (later reversed by the judicial committee) is because Ms. Mattson, along with other co-conspirators, had a plan with Mr. Burke to use the artificial crisis they created to impose a new set of bylaws upon the Libertarians of Oregon without seeking their consent. They believed that by adopting said bylaws while under the status of disaffiliation, would somehow be legal, and that when they applied for reaffiliation (using the updated form courtesy of Mr. Karlan) this attempt at parliamentary sleight of hand would somehow bless and cleanse this act of naked aggression on the Libertarians of Oregon. This wanton disrespect for the laws and sovereignty of Oregon and our members is an act which is so imperialistic and statist that we can only infer that anyone who overlooks the gravity of it and has voted for Ms. Mattson is either woefully ignorant of what occurred or a traitor.

There are some people who might want to play this off as politics as usual, but I can assure you that if you were the victims of such naked political aggression to the detriment of everything you are attempting to build, you would not be so dismissive. In spite of these acts of war against us by the LNC Inc, which were originally spearheaded by Ms. Mattson and Mr. Hinkle, we have been by any objective measures, one of the most successful state Libertarian parties who are currently affiliated with the LNC Inc. We fielded a record number of partisan candidates in 2012 and our membership has grown from 13,000 to over 15,500 in less than 12 months. Our meetings are well attended and we have new groups forming throughout the state.

We have done all of this in spite of being targeted by Mr. Hinkle and Ms. Mattson, their having convinced the LNC Inc to go to war with us, our delegation being refused in Las Vegas, and the LNC Inc. and Mr. Starr bootstrapping and co-funding a

lawsuit against us which has caused litigation expenses in excess of \$100,000. Further the attorney they hired is the son of the Oregon GOP vice-chair who may or may not have motivations of his own, and currently represents the Oregon GOP.

To these points, I am going to be very direct.

When an inquiry was made at our meeting last night of everyone in attendance (including nearly as many observers as we had board members) for someone to advance one act that the LNC, Inc. has done in the past several years that was of tangible benefit to the average registered Libertarian in the State of Oregon, after an extremely pregnant pause, the best anyone could come up with was, "they put our website link back up after having taken it down."

You should ask yourselves a really hard question. Why would anyone continue in such an abusive relationship with you if they were rational?

Could any actual Libertarian in good conscience vote for Ms. Mattson given her past deeds?

You will not survive if you continue down the paths you have been choosing. The successful Libertarian state parties will continue on just fine without you. Most of us already have or are ignoring you, but you are about to take a couple steps too far, where secession and open revolt are reasonable options which an objective and rational person would conclude, because the costs of not doing so, and risking more imperialistic wars against affiliates, are greater than the costs of doing so. You are currently considering placing an individual back on the board that was soundly rejected by your membership. Actions like that are the type an organization chooses when they are deciding on purchasing their memorial mausoleum rather than office building.

Your organization is riddled with statist, sociopaths and narcissists. You have been unable to reform yourselves in spite of multiple attempts. If you have any questions who they are, just look at the voting roster for this election. You have approached the point in time where you must make a moral decision, to clean house of these people and to cease perpetuating the organization only for the sake of perpetuation.

You were ostensibly elected to be better than the people we fight against in Washington D.C. – it is time to act on it and show that ethics and principle are more important than loyalty to faction and rationalized "pragmatism".

If you do fail, however, I wish to offer up an official slogan for the next national confederation of Libertarian parties, which I believe the fine people from Virginia could appreciate: "sic semper imperia"

Sincerely,

Wes Wagner

Chairperson, Libertarian Party of Oregon  
OBO/the Libertarian Party of Oregon

## Thoughtful Advice from Norm Olsen

*Lest readers think that the LNC is never doing anything thoughtful, we note this very positive and sensible letter from LNC Regional Representative Norm Olsen, as reproduced in the Starchild Reflector:*

I do not want to discourage anyone from doing anything with the legitimate intent of “Advancing Liberty”. Lord knows there are enough obstacles in your way already; I do not want to be another. However, I would like to make the following comments (i.e. express my opinions) about the situation you both have encountered.

First, as members of the LNC I do not believe it our function in life to be “Activists Extraordinaire”. While I greatly appreciate what Arvin and John Jay have done with the Facebook page, and what Brett and Jillian have done with Big ‘L’ Solutions, I have to ask: “Is that what being a member of the LNC is all about?” Are we supposed to be super activists? I see my role on the LNC as one who is to make decisions about policies, strategies, and management issues. When I read your message I have to ask myself: “Why isn’t staff already doing this?” “Why does an At Large Representative have to do this?”

Second, I’m not convinced that the “Crowd Funding” approach is going to get us anywhere. I’m of the opinion that it is our job (LNC members) to decide on what activities will produce the most positive results given the resources which our membership gives us. To collect \$1,000,000 a year in revenue, spend 90% of that on fundraising, administration, and staff compensation; and then tell our members that OK, now if you really want us to do something, you have to pony up some more is going to be very popular. I do not think this strategy is going to produce anything close to impressive results. In my opinion, designating important activities as “self funding” is a cop out; essentially kicking the can down the road. While there are those that will love the feature and contribute some bucks, in my opinion the revenues from that source will be meager under the existing circumstances.

Third, it is we, the 18/27 members of the LNC who need to decide what activities are to be pursued given the resources available. Should we decide that a branding effort which includes the activities you are suggesting is an important part of our strategy, then so be it. We should then allocate resources (staff and funds), instruct staff as to what we expect them to do, and proceed exactly as you have proposed. That is, respond to a major issue within 24 hours, and respond in an meaningful, attention gathering way. This type of thing would not be on the top of my priority list, but I would certainly actively support it in preference to the “nothing” that we have now. (My apologies to Bill Redpath. We do provide ballot access to a small number of affiliates. This is not nothing. However, I believe you will agree with me that it is now time to go beyond ballot access.)

Fourth, again I state my disappointment that despite several hours in Las Vegas, and another six hours in Arlington, we still do not have even the simplest statement on strategy by which to guide our decisions concerning policy, budgeting, staff direc-

tion, and/or policy. We have no specific direction. We are reacting instead of proacting. If we could have decided that branding should be our major focus, and responding in a timely manner to current issues is an important part of that strategy, then we could focus on seeing that every opportunity is taken advantage of. This is the type of consistency that is needed to make an impact.

Without a strategy, even an incredibly simple one with two or three tactics involved, we are unable to make some significant progress to Advance Liberty. We will always be discussing: “Boy, you know, we should have done that and we could’ve done this”; all after the fact. If we can demonstrate our ability choose and then implement a strategy to even the simplest of things, increasing funding would not be that difficult. I suggest our funding difficulties are largely due to the fact that 90% of our revenue (per 2013 budget numbers) is spent on internal stuff (fundraising, administration, compensation), and only 5% is spent on actually doing something to ‘Advance Liberty’ in the current time frame. (Per the 2013 budget, the “missing” 5% is budgeted for surplus accumulation, aka 2014 and 2016 ballot access drives).

Norman T Olsen

## Hinkle and Lieberman on a Building

*The ongoing debate in the LNC on buying a new building prompted an exchange between Mark Hinkle and Scott Lieberman. Hinkle is said to have written:*

Dear LNC,

As some of you are aware, Reason recently purchased and moved into a building in Los Angeles, CA. On Monday (12/31/12) I spoke to Jon Graff, CFO of Reason Magazine for about 20 minutes. The subject was the who/what/when/where/ and why of buying a building for Reason Magazine. They bought a cinder block building (nothing fancy) for \$2,400,000 and put 50% down (\$1.2m). The building has 6,100 square feet of office space.

They got a 3.7% commercial loan for the balance, i.e. \$1.2m. I forgot the amortization period. They're just staring to raise money to replenish the \$1.2m spent on the down payment. Because they had the money in the bank, they realized it was a smart move financially to buy the building even before doing any fund raising. They did a detailed financial analysis, just as we've done, and came to the conclusion that buying was better than leasing. They did include in their analysis the cost of building maintenance, utilities, mortgage payments, and taxes. They even considered that some staff time would be needed to handle the above items. As a non-profit, they may be able to avoid property taxes here in California. Obviously we wish that applied to us.

I'm guessing now that they've made the purchase, they'll have an easier time raising the funds because the decision has been made and a real property has been purchased. Raising money for what "might" be has got to be harder than raising money for what is.

BTW, in a follow up call today, Jon Graff told me that the staff did the analysis and made the recommendation to Reason's board, which gave them approval to proceed.

I have calls into a couple of the Reason board members that I know to get their perspective on the purchase, which I understand was a short sale. Let's hope we have enough sense to do likewise by passing my building purchase motion.

Yours in liberty.....Mark Hinkle,

*to which Scott Lieberman posted corrective background to the LNC:*

I don't understand why the Immediate-Past-Chair is unable or unwilling to quote from my e-mail on this topic, so that you can have some context. I sent that e-mail to you 3 weeks ago. In the interest of transparency, here is the relevant portion of my e-mail:

"I was able to talk to Reason's CFO for about 10 minutes. He told me that the Board of Reason just decided that it was "time" to purchase a building. However:

Total Annual Budget for the Reason Foundation:	\$6,000,000
Total Reserve on hand before the purchase:	\$3,000,000
Total Cost of the new building	\$2,400,000
Total down payment	\$1,200,000 (50% of the purchase price)

They did NOT raise the money for the down payment. The down payment came out of their reserve fund (they did not have a Building Fund). Nevertheless, just since July, they have raised \$800,000 to get their Reserve Fund back to "normal."

The terms of the mortgage? 10 years, fully amortized, no balloon payment. Interest rate 3.73% Note that they could have purchased the building outright, but I suppose they preferred to take advantage of that fantastic interest rate and take out a mortgage on the remaining 50%, instead of nearly depleting their Reserve Fund.

My point – Reason is about the same age as our organization, but they have an annual budget that is five times ours. Plus – before the building purchase their Reserve Fund had 10 times more money in it than the LP has in ours. That is the kind of financial position we should be in before we purchase a building. Scott Lieberman

My take-home point is that the Reason Foundation had enough money in their Reserve Fund to pay \$3,000,000 in cash. Even though they took out a mortgage, they still made a 50% down payment.

## End of Electronic Supplement



## Liberty for America

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Hinkle Attacks Old LNC — Olsen Responds

LP Oregon Warns on Mattson — LP Oregon Warns on Incorporation

LNC Passes New Building Motion

—Articles Only in the Electronic Edition—

Oregon Warns on Mattson — Thoughtful Advice from Norm Olsen

Hinkle and Lieberman on a Building

First Class Mail

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