

To all Board members,

Per the LPL Bylaws Article 7 § 1(a)(i):

"1. The executive officers of the Party shall be a:

a. Chairman who shall:

i. be the chief executive officer of the Party with full authority to direct its business and affairs, including hiring and discharging of Party volunteers and paid personnel, subject to express State Central Committee policies and directives issued in the exercise of the State Central Committee's plenary control and management of Party affairs, properties, and funds;"

I accordingly did in September of 2012, offer and sign a contract for services as Executive Director to Wendy A. Adams.

At the 4th Quarter SCC meeting held in Baton Rouge on October 6th, I asked the committee to approve extending a new contract for one quarter on the same terms we operated under during September, which they did approve and Ms. Adams did sign.

At the 1st Quarter SCC meeting held in Shreveport on January 12th, I asked the committee to approve extending a new contract for one year on slightly modified terms for higher pay, (25% increase) which they did approve, but which Ms. Adams did not sign or accept, though we continued to operate under good faith that it would be signed.

On February 28th, I obtained approval from the Board for specific terms for incentive and bonus pay to be added to the contract, as well as making the expense stipend more general so as not to be limited to travel expenses alone. Ms. Adams rejected this contract as well, particularly the bonus and incentive options which she had requested.(she requested such options but she rejected the exact terms and mechanisms for calculating the bonuses and what the incentives were based on - she thought she should dictate to us what she should be provided incentive for or rewarded for, rather than us offering to reward her for what we wanted accomplished, or providing incentive for what we wanted done.)

On March 8th, after consultation with the Acting Treasurer Reed Ebarb, I offered Ms. Adams a final offer without incentive or bonus pay, with the amended expense provision, though reduced in amount (since some had been used already) and with a 100% increase in base pay over the amount offered in the 4Q 2012 contract. This contract was signed on March 8th, and will expire today, Friday, April 12th, 2013. (the term was shortened from one year, because we had to offer an amount we could not safely estimate was feasible for a longer term)

The Bylaws give the Chair full authority of hiring and discharging of paid personnel. (in line with express SCC policies)

As there are no SCC policies on these subjects at this time, the Chair's authority in this

matter is not restrained or curtailed.

Additionally, I have informally begun the practice to set a precedent, through the meetings of October 6th, and January 12th, to offer a contract, and ask for approval from the committee. In the absence of explicit policies, I did this both for the reasons of informing the Board and securing their support of such action, and also to ensure the Board set aside room in the budget for such an expense. I see that it is proper for the Chair to seek approval to spend money, especially in such large sums and taking up such a large percentage of the budget. However, there is no need to seek approval NOT to spend funds.

Certainly, I felt it wise to seek confirmation and support of hiring an individual who would be the public face of the party on a daily basis. I do not see any requirement to seek approval to NOT hire someone.

Let me make it clear. I am not discharging any paid personnel. The contract ends today. I am simply not hiring Ms. Adams via offering another contract. Nor am I hiring her as an employee.

There is thus, nothing to seek Board approval on, nor do the Bylaws require such.

Thus I am informing this Board that I will not be offering Ms. Adams a new contract on April 13th.

My reasonings for this are many, and in the spirit I have begun with previous meetings, I will now give some of them below, but if any Board member wishes to discuss these reasons, I will speak with them individually and privately at our mutual convenience, though I don't know that I have much more to offer that isn't already explained here. I will offer no more public justification for my decision than what is below. This is a courtesy offered by the Chair out of respect for the opinions of the Board, but it is not required by the Bylaws.

#1 - Availability of funds, cost of contract

The original contract offered in September, and the 4Q contract were both for \$200 per week. We were able to meet this expense, though from a cash flow perspective, had ended the year in a slightly smaller position financially in our final bank balance. We nearly were not able to even complete the contract with almost a month to go. We were fortunate that some late donations just prior to Christmas got us through.

The Finance Chair and the Acting Treasurer estimated and projected our expenses and revenue for 2013 and determined that the absolute most we could offer was \$250 per week. Because Ms. Adams wanted the security of a one-year term on the contract, we were unable to safely offer a higher base amount, being unable to reasonably determine that the increased donations needed to support that higher amount would come in.

As of her refusal to sign the contract on February 28th, we had paid Ms. Adams more than we had taken in that year. We were again, operating at a loss, and we had other expenses on top of this. The bank account balance was dwindling fast.

Ms. Adams insisted there was a "pile of money" we were sitting on, that she was bringing in with her efforts, and that we simply were not compensating her with that money. Despite being shown this to be patently false, and that we had paid her more than we received, she continued to insist we were holding out on her and were able to pay her more.

During the consultation with the Acting Treasurer, Reed Ebarb, he and I determined that at the extreme outside, if we collected absolutely no additional funds, and already counting pledged funds and those in the pipeline, we could pay her \$400 per week, but that would nearly deplete the bank account by the April 13th meeting. (we would have a small cushion left over, and might run out a week or two later from other expenses)

At that time, the pace of fund-raising had sharply declined and so we could not reliably predict that we would have sufficient funds to continue past April 13th.

We were fortunate a few generous donors came to our rescue. Two members donated \$250 and \$500 respectively, and one with a pledge for matching funds up to \$1000 to encourage other donors. All together, these two efforts secured us an additional \$2750. As of February 28th, our bank balance was \$1121.46. This amount included about \$750 of the aforementioned \$2750, meaning without the matching funds pledge, we would have been at \$371.46 on that date, with a \$500 contract payment due on March 11th.

By March 8th, we had received and deposited the \$1000 matching pledge, and another generous check from another donor for \$250. This left us with a balance on the date we signed the contract, of \$2393.59. (note, there were other transactions in the meantime so don't try to follow all the math here exactly)

The contract we signed was for \$2000. We had already seen the donations on Piryx for \$750 as mentioned, so we expected at that point to have a cushion of about \$1000 total if we collected no additional funds, however, we had a regular payment on March 11th of \$500 - not technically under contract, but under good faith. This would leave us with \$500 after April 13th, barring more donations and not counting other expenses. Additionally, we suffered a \$135 charge back due to a donor error shortly thereafter, further reducing funds.

Over the course of the next five weeks, small donations steadily rolled in to shore up our cash flow. As of today, our balance is \$2240.97 with about \$100 in the Piryx pipeline which has not cleared yet. We have a final \$400 contract payment to make today, which will leave us with \$1935 in the bank after everything clears. There is still up in the air, a request for reimbursement of \$240. (detailed below) Note, this is less than we had on the date we signed the contract on March 8th, and had we not received the matching funds pledge to encourage donations, or the other generous one time

donations all totaling \$3000, we would have had to cancel the contract about 3 weeks ago. In fact, it was only because we knew of some of those donations in transit that we even agreed to continue with the position at all. Had they not been there, had the matching pledge not been made, it is likely we would not have even made it to February 28th.

As I noted, by that date, we had paid her more than we had taken in, not counting other expenses.

Our cash on hand at the end of 2012 was about \$1800. As noted above, by Monday, it will be about \$1935. (or \$1695 after the reimbursement)

We are barely getting by, cashflow is extremely tight, sometimes with the bank balance dipping below \$1000, we've effectively been able to pay the ED only what has been paid in the past and no more, and that was only possible with a perfect timing of four large donors. This is not a reliable pattern we can safely project the future on.

The money simply is not there at this time to support a full time staff member. Additionally, Ms. Adams wants a minimum of \$26k a year. We simply are in no position to offer full time employment for anyone and certainly not at this pay level. (the \$250 per week we originally offered came out to \$13k for the year)

I am nearly finished with a GAAP compliant Income Statement, Statement of Financial Position (balance sheet) and Cash Flow Statement for Q1 2013 and will have them for everyone tomorrow. (I should also have similar statements for 2012)

In my projections for 2013 using 2012 data, I confirmed that the absolute maximum that could be offered to staff was \$250 per week. I tracked similar #'s through the first quarter of 2013, but as of mid March, likely due to the large donations, it looked like IF that was repeatable 3 more times this year, we could offer as much as \$295 a week. There was zero possibility we could sustain \$400 much less the \$500 she wants. Since the end of the quarter however, and towards the end of it, donations have dropped off sharply and my current ballpark is back to \$250. When I run the actual projection, it may come in even lower.

I do not see that it is fair to Ms. Adams to continue to hold on to her at a contract amount that is below what she needs to get by. And I do not think it right to continuously put a strain on the party's cash flow in doing so. We simply cannot deliver on a promise for a higher amount right now. It appears we have attempted to run at a quick sprint rather than a slow and steady pace. Growth is good, but it should be measured and manageable. We also don't want to invite other incidental problems and complications that inevitably arise when an organization grows too quickly. We have started to experience a few already. Continuing at this pace, and having to accelerate it, will only cause more harm.

However, even if finances magically improved, there are more serious and unfix-able issues as explained below:

#2 - Disagreement with and refusal to perform under the limitations of the contract

From the beginning, I have had an issue with Ms. Adams not adhering to the terms of the contract. My mistake in this regard, was continuing to offer contracts in the face of such difficulty. I was focused more on working out the disagreements as I would with an employee based on my prior management experience, and on keeping her working for the LPL than I was on what these red flags and warning signs were telling me.

Ms. Adams made no secret that she wanted full-time level pay and we made no secret that we simply couldn't offer it. We were clear, that if the party grew and its finances grew with it, as a result of performing the duties under the contract, that we would look to add more duties and thus more pay. We cautioned that this would be a slow process, that it might take a year or more to reach the level of compensation she desired. She assured me, she was prepared to continue to work at this level for the long haul to build the party.

Her tune changed in mid to late January, and by February 28th, had completely reversed. I understand fully that she needed more money to live and was depleting her savings. But I couldn't just invent money to pay her. It was either there or it wasn't—and it wasn't. Through the efforts of Mr. Ebarb and Mr. Benedict among others, we were able to get through the 4th quarter of 2012 at break even. We have barely been able to do so in the 1st quarter of 2013. At this point, she has refused to work for less than \$400 a week and really wants at least \$500 per week, a level as detailed above, we cannot sustain. She has upped the timetable of getting her to the full-time level of work she wants drastically, and we cannot compensate for that.

She has upped this time table on her own accord, and without any agreement on my part.

The position, as originally envisioned by Mr. Ebarb and myself was for part-time work geared around keeping contact with the membership, especially making initial contact with new voters and members, recruiting volunteers and candidates, and providing a support and coordinating role to parish and campus organizers. We estimated at our current level of activity that this job would take 10-15 hours per week, and we could pay \$150-200 per week. (\$10-\$20 per hour, depending on exact pay and hours worked)

At the time, we had zero contact with our membership. As an all volunteer force, it was difficult to methodically keep up with new members, as a result, most of our database has stale data as people have moved or changed their phone numbers. We wanted to correct this and change course, and we felt hiring a part-time person to do these small tasks for a couple of hours a day, or a few hours a week, would get the job done and allow us to get back on track. We felt that if we made our own efforts at tapping the

LNC donor base in Louisiana, we could pay for the position, if the position itself didn't generate it's own funding support from new annual memberships and monthly pledges. (which we also adopted as a Board at the same time)

At that time, we had a few parishes already tenuously organized officially, but they needed some work to keep them stable and growing. It was possible to continue on this path, but we thought that with a part time staffer, we could gain the extra boost we needed to help this process along in parishes we didn't live in. (only Caddo, Lafayette and East Baton Rouge had been organized, each of those parishes had a Board member living there and who worked to make it happen)

We NEVER asked for or envisioned a single individual working 40-60 hours a week doing all of the organizing work for each parish. When we first took on Ms. Adams, we made it clear that her role was to support and coordinate the Parish Organizers and recruit new Organizers, but NOT to do their work for them. We could not pay for that level of work, and we DID NOT contract for it.

If it took 3+ months to finally organize a parish under this framework, so be it. We did not want to rush things. We had very good reasons why we wanted each parish organized by someone from within that parish.

During the first 4 months of her tenure with us, she mostly held to this restriction. It was in January that she decided on her own, outside of her contract, and against our explicit instruction otherwise, that she was going to take over organizer duties, demote the Organizers to merely "local contacts" and give herself full time duties. After several weeks of doing this, when we spoke of securing her signature on the 2013 contract, she indicated it was not enough money for what she was doing. Mind you, we didn't ask or give full time work, and we could not pay for it. We were offering 10-15 hours a week at \$250 a week. SHE decided to arrange things so she was working 40-60 hours (her claim) and then insisting she be paid accordingly. Regardless of if we had the money or not, this was a serious disconnect that I admit, should have resulted in immediate termination of our continuing to operate in "good faith" with no contract.

By the time we were negotiating a new contract in early March, she was continuing this behavior and this level of work, and simply would not reduce her workload no matter what. At this point, she was dictating the terms of the contract to us and telling us what she was going to do and then demanding to be paid for it. Yes, I should have called it off at that point, not doing so was my mistake.

Because several caucuses were already in progress and scheduled, and because she HAD put in long hours for the party, I wanted to attempt as best as possible to compensate her for that. Therefore, I reluctantly agreed to the \$400 per week settlement amount, and agreed to alter her contract to specifically include responsibility for establishing PEC's for the next 5 weeks. (since she was going to do it anyway, come hell or high water) I however, changed her duties into a priority structure, and this was put at #3, behind our original twin priorities of contacting the membership and

encouraging volunteers and donations. I relegated recruitment and support of candidates to #4, only because it was already too late for candidates to qualify for the Spring election, and because the Fall elections would likely be special election filling only, and we could alter the next contract to reflect this timing.

After securing the contract, I made it clear to her in a subsequent email that the responsibility to establish PEC's did NOT include her doing the work of the Parish Organizers. She was to fulfill that responsibility by providing a support and coordinating role, as originally envisioned. She was specifically NOT to create full time work for herself, particularly by insisting on being the sole individual to make all phone calls and all emails to the many hundreds of LPL members in the parishes in progress.

She indicated she understood this.

Unfortunately, she did not stop her practices of filling her calendar and assuming the duties of all of the organizers. She even continued to recruit people in new parishes as "local contacts" and not as "Parish Organizers."

This inability to adhere to the limitations of our contract terms, regardless of how she was motivated to do so, means she is not fit for contract work with this party. She may work well as a regular employee, but that will entail a great deal of complication both legally and financially on our part, and we are no where near large or stable enough to be able to offer direct employment. Additionally, her inability to adhere to the tasks requested, and to abide by explicit supervisor instructions, indicate an improper fit, even for an employee.

#3 - Direct refusal to perform under contract

In early January, I communicated with Ms. Adams the urgency of recruiting candidates for the Spring 2013 elections. I provided her with links and information to assist candidates with filing their qualifying papers, the dates for qualifying and a list of offices available for election.

She informed me, point blank, that the elections and recruitment of candidates was "not HER priority" (despite it being listed in her contract) and that HER priority was organizing Parish Executive Committees. She stated there simply was not enough time to recruit candidates with everything else she had to do. (things we weren't asking her to do, or paying her for)

I instructed her that we could not sit out this election and we would be missing a prime opportunity to follow up on our November efforts and build on excitement and news mentions, that not running any candidates this election, would drop us from the news cycle and make our November slate appear as a 'one-off accident.'

She flatly refused to do anything but organize parishes. My mistake, and my apologies to the Board, but I should have terminated the non-signed "good faith" arrangement at

that time.

Additionally, there was another incident, which unfortunately is not documented. I requested of her in late October to assist as best she could, our various Congressional candidates with their campaigns, providing them information they needed and making sure they were all on track and didn't need anything from us.

She flat out refused, citing her volunteer work with the Gary Johnson campaign and her efforts to coordinate visits by Governor Johnson and Judge Gray to Louisiana in her capacity as Deputy Director of the Louisiana campaign. Due to the nature of this volunteer work, that is was to benefit our Presidential ticket, and that the visits made logistical sense for her to handle since they would be in her general area of the state, I acquiesced to the refusal. But it was ONLY due to that exact nature of the reason that I did so. The act itself of refusal of performance under contract was otherwise unacceptable.

#4 - Refusal to be held accountable

In September, as we were getting a feel for the position and what it actually required in terms of effort and hours worked, and in order to benchmark performance so we could better estimate and judge the value of the work for future contracts, I asked her to submit to me an activity report for the month. I requested something that showed us how many people she had managed to contact, what the quality of the contact data was, and what the response and outcome of those contacts was. I wanted to see how difficult or easy this job was, how long it was taking, how many people could reasonably be contacted in 10-15 hours a week, and was it doing us any good?

She flat out refused to provide any such reports at all to me, on the grounds that \$200 a week was not enough compensation to document anything.

Mind you, we had paid her a total of \$800 for what we estimated to be 40-60 hours of work TOTAL for the month (ranging from \$13-\$20 per hour) and she was claiming she could not and did not have to document any actual work to us for that amount, that we just had to "trust her" that she was doing what we asked, and that if we wanted documentation we would have to pay her more for it.

This was my initial mistake with her, as I should have declined contract renewal flat out on those grounds.

#5 - Refusal to document expenses

In the 2012 contract, we added a provision, against my better judgment, that would allow the ED to be reimbursed for expenses incurred on behalf of the party throughout the year. Mind you, in general a contractor is responsible for all costs associated with delivering the requested services or goods under a contract. Reimbursement of

expenses might be seen by the IRS as instead constituting an employer/employee relationship. However, if these expenses were for performing functions NOT listed under the contract, then they should be reimbursed, just as we reimburse officers for party expenses they incur. Since the ED was to serve only in a supporting and coordinating role with respect to parish organization, if she traveled to the various caucuses to assist the organizers with the meetings, in place of party officers, particularly the Chairman and Vice-Chairman (who's duty it is to see to it that the parishes organize) and since the Vice-Chairman at that time had no reliable means of transportation to these events, and the Chair might not be able to make each and every one of them, we deemed it appropriate to reimburse her for travel to these events, since she was not required to do so under contract.

Sometime in late January or early February, as I was securing the bonus and incentive approval from the Board, she requested that the expense stipend be generalized instead of limited to travel because there might be other related expenses that might arise, such as having to make phone calls to facilitate her attendance. I agreed, but stressed that in all cases, as her contract states, as our Bylaws state, and as State law requires, every expense must be something paid by her, documented with a receipt for at least the amount requested, and for something NOT under her contract duties, and only then would it be paid.

Due to her inability to determine her fuel economy, (a mechanical problem with her vehicle) she refused to provide fuel receipts for reimbursement and instead wanted to submit online map mileage calculations and be paid by the mile. I reiterated the terms of the contract, dictated by the Bylaws and State law, and advised her this was insufficient documentation. We could only pay for actual expenses incurred and properly documented.

In March, she requested reimbursement from the Acting Treasurer, Mr. Ebarb, for phone expenses amounting to \$240. Mind you, we were going to pay for calls made, not under her contract, that we requested or that were needed for her attending the caucuses. We are not allowed and will not pay for basic plans, personal calls, data plans, fees, fines, etc. We can only pay for minutes used on behalf of the LPL and then only for calls made for things we have requested that are outside of the Contract terms.

She claimed these calls we made in order to secure the participation of members to the caucuses—she was doing the work of the parish organizers, explicitly in defiance of our instructions to the contrary, and then wanting to not only be paid for the extra time (by wanting her base pay increased as noted above) but to be reimbursed for the phone expenses she incurred doing this. She submitted the total amounts of two phone bills, not the bills themselves, and thus no documentation. When pressed for documentation she declared the request "absurd." She finally submitted, under another request for record keeping info, and in connection with this documentation, the updated contact lists for the various parishes she was working on. She expected this to be sufficient.

The problem with this approach, is that while it shows numbers that might have been

called, it doesn't show the actual numbers called, or for how many minutes. She expected us to pay her full bill, including personal calls, basic plan fees, data plans if any, and associated or incidental fees. That simply was and is out of the question. As it was, we had not only not requested her to make this level of calls, we had explicitly instructed her NOT to, that this was the duty of the various Parish Organizers, and that we could not afford her time or the expenses.

As of today, she has decided to put this "on the back burner." Though I have informed her in my letter to her concerning not offering her another contract, that if she submits the proper documentation, for LPL calls made through today at 2pm, we will pay for those minutes. She must submit the documentation for Jan 1- March 31st no later than Monday, and she can submit the early April documentation when the bill becomes available in late April or early May.

#6 - Questionable conduct which damages the good name of the LPL and its officers

At the time of our re-negotiations in early March, Ms. Adams made two solicitations to two individual party members for \$100. She did so, stated in the solicitations, in an effort to show she can bring in money to help pay her contract. In an effort to gain sympathy for her position, she played very loose with the facts of the time, and in doing so, clearly intended to portray the LPL as intentionally not compensating her properly, in short - we were overworking her and underpaying her.

She claimed at the end of February that she had worked for the LPL for seven months, full time, for only \$200 per week. However, at that time, she had only been with us 6 months, had been under a contract that only offered part time work, and that as of early January had been increased to \$250 a week. She had not worked for us as long as she claimed, was getting paid more than she claimed for part of that period, and was not asked by us to work more than 15 hours a week. If she was working longer hours, that was her own doing, and not at our request.

She likewise, claimed to work for the Ron Paul campaign for "six months for free." She made no mention of the 8-10 weeks she worked for them and got paid nearly \$6000 for doing so.

The intention was clear. She played loose with the facts. In consultation with another Board member, I withheld offering those donors reimbursement for solicitation under "false pretenses" and they had not requested such.

Additionally, at the same time, she informed me that people were offering to pay her directly and explicitly NOT donate to the LPL, because we were overworking and underpaying her. She acted like she was doing us a favor by refusing these offers and asking them to donate to the LPL anyway.

The problem here is that unless she was complaining to our donors and members that

she was being overworked and underpaid, unless she was bad mouthing the Board and the LPL, there is no reason for anyone to even make such an offer.

This behavior, especially in light of the fact that the level of her work was in excess of what we were requesting, is entirely unacceptable.

For reasons #2 - #6 I decided on March 8th, that unless finances magically improved to such an extent that we could afford \$26k a year or more, and thus remove the likely causes of her otherwise questionable behavior, and her refusals to perform under contract, that I would not offer a new contract on April 13th.

Since our financial position is effectively no different than it was on March 8th, if not even more precarious, and because therefore these other issues will not be mitigated or solved and are inexcusable regardless of the reasons for them, I can find no justification to offer Ms. Adams another contract.

She is very good at what she was doing. But it was something we did not ask her to do, and cannot afford to pay her to do. And even if we were to take her on only in that role, her behavior under the present and previous contracts, tells me we should not do so.

The tasks we envisioned originally for an Executive Director, including the coordination of Parish Organizers, can still be done by a part-time staffer, under a more tightly worded contract, for about \$150-\$200 per week.

We should take the time to improve the terms and wording of the contract, take time to shore up our financial position, and find a better candidate for the job.

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In Liberty,

Adrien Monteleone - Chairman
Libertarian Party of Louisiana