

## **Adrian Empire Board of Directors Meeting Minutes November 2012**

**Attendees:** (Lawrence captured this list at the beginning of the meeting)

(7) Rita Torres (RT) Lawrence A. Moura, Janna Sheiman, William (Bill) Haldeman, Tia Kitchen, James shepherd (remote), Judith King (Remote)

**Advisers Present:** Chris Bagnall, Sara Huizenga, Windy Dellinger, Thomas Cottone

**Galley:** Mary Ann Coe, Will Parker, Jessica Silvers, Frederick Neal Ottoway, Steven Silvers, Jennifer Whiting, Anthony DeRivi, Cheryl DeRivi, Lee Davis

### **Chattel Discussion**

(This discussion began before recording started)

**JS:** Yeah we just got an updated list that when they are here I'm going to go outside, if that is allowed and discuss this

**RT:**

**BH:** in asking my question I'm the bearer of....

**RT:** you are so good bill

**CB:** I recommend that the imperial crown...the overall time line which everyone which everyone is concerned about, the overall time line is filing the tax return for protection of the empire...filing of a tax return you have to actually put in it what happened and what was done at that point so when you achieve that point, there's no, that's the no turn back point. So the concept of the whole two weeks was to give time to the empire (omitted) to communicate properly...so my point to the imperial crown which I said earlier was, being that...list that might happen to things like that they should still notify the CPA and that lawyers that they need to do but leave the window open, not to say close the door....so its part of what they are talking about. Its like giving them more time to deal with it but shouldn't be an shouldn't cause an undo delay because we have the final say of the tax return establishment, that's a hard wall.

**RT:** (unintelligible)

**BH:** are your majesties onboard with this and what is that time line

We filed for an extension on the taxes so we have xxx days

**RT:** so when is ...how extension

The extension is usually six months, but its ....

**RT:** Which is

Which is 7 something

February 15<sup>th</sup>

**RT:** February 15<sup>th</sup>. Sara, we passed you

**SS:** Just so I'm clear, a demand letter was made to these people, correct, yes or not

**RT: /CB:** Yes

**SH:** Thank you.

**RT:** It is my understanding there was supposed to be a list and it did not accompanying it, and to this date they have not we received the list or are we going by the old list?

**CB:** Right, What they got is they got was an updated list

**SS:** OK, because what I have in my, in here so that I'm clear, is that they were giving a list, some of the items were giving back; a newly updated list was not given back to them.

**CB:** Correct, In other words they think that....you gave us this, and no they can't. In the letter I said the \_ would be coming shortly and it didn't

**RT:** I'm going to recognize Janna, she has a list

**JS:** I got a list this afternoon and when they arrive I'm going to go over to help work some things out with them. The ones that are list on here as still being of concern are the summer Knight gear, the Baldar blunts, the tents and the battlefield ....

**BH:** Alright I have a question on that. On the combat arrows, did we, it was suggested in the previous report but it wasn't concluded that the other arrows went away through attrition. And everyone agree with that?

**CB:** no they returned the other arrows

**BH:** There were originally 50 and now there are 25

**CB:** Correct

**BH:** We are all in agreement that the other 25 died of old age

**CB:** Yes

**RT:** I'm going to talk to tony this afternoon because he was talking about Baldar blunts from the beginning

**BH:** There are two separate sets of arrows - the legal combat arrows which were originally 50 and over time 25 of them have gone away. And we are of the understanding that they expired.

**CB:** due to attrition

**RT:** Of old age

**BH:** but that 25 of them were in good condition and were...

**RT:** OK that makes sense.

**BH:** OK, so none of these other items are outstanding any more. And then its also my understanding that there may be evidentiary issues as far as ownership of some of the items. Are we in the process of addressing that in a way that is not seen as an intent...Look...

**(multiple speakers)**

**BH:** We are trying to find out.

**TC:** one issue on the tents...waiting to see

**CB:** No that different. The tents and the walls are different. The situations are different.

**BH:** I know the situations are different

**CB:** The ownership question is...

**TC:** Correct

**BH:** The summer knight gear is not in question. I thought originally there was a question and that question was whether there were substitutes. There was an allegation that the original summer knight gear had expired and the items that were subsequently sold were duplicate items and that was in dispute.

**RT:** Would you give a, a definition of what this summer knight gear is?

**BH:** Five shields, 5 swords, 5 helmets

**SH:** 5 shields, 5 swords, 5 helms

**CB:** 5 shields, 5 swords, 5 helms and armor making equipment. What happened originally, so we are clear, is a couple things...I'm not sure the exact time line, people came to actual Adrian event and sold 5 shields, 5 helms, etc., so everyone said that's the same stuff after the list came out of what should have been in the chattel, and people involved said that was duplicate stuff that we purchased, even though the list, Adria list said 5 we were actually in possession of 10, 5 for Adria and 5 personal, and the stuff we sold at the Adrian event was personal.

I don't know about the credibility of that but that's what they said.

**RT:** Yeah

**BH:** (unintelligible)

**JS:** (unintelligible)

**RT:** Tia, you have questions?

**TK:** I do. The first question is at what point would this become an de minimis issue where it would basically wash itself out and its not worth going after?

**RT:** Never

**TK:** Never? So five dollars, were are going to argue over \$5 and bicker and spend all this time over \$5

**BH:** Well we spent time to get wherever this is and I've got some concerns over this. One of the things he/she says is that there is no...

**TK:** Is that because it is presented as being between two and four thousand dollars?

**BH:** No. Again, I think that we are all in agreement that the amount is not established. That several at this table do not even entertain that this is worth two thousand. Apparently it doesn't even matter if it two dollars.

**TK:** OK

**BH:** OK

**TK:** So if it is two dollars, it is still an issue.

**BH:** If you pay a buck for it and you get a dollar of value and you are excluding a person, there is a problem. Obviously a problem at that level is going to be less serious. Strictly speaking it is a threshold issue....

**CB:** The concept is that oh it is so little money...a non-profit cannot go around saying "this is non-profit" and turn it into personal. So if it is one dollar or ten thousand, the premise....if it is deemed improper, the penalty is based solely on...its all in percentages or multipliers of the value.

**BH:** the good news is the penalties if addressed are as worthless as the underlying property. The penalties to US could be more considerable

**CB:** correct

**BH:** The person who was wrongly inured with benefit would owe that whole dollar plus a penalty of twenty-five cents

**CB:** no...

**BH:** The full amount of the benefit plus the interest, plus a penalty of twenty five percent, plus a possible penalty on the officers who approved the transaction of another that would be twenty cents. That's if it is one dollar. If its more than one dollar...calculate it out. We are talking about two to four thousand dollars...That's why its probably not a big deal for the people involved, but it's a big deal for us, because we are doing this, if we do it once and we address it, we are probably OK According to this letter, after the once to our knowledge, if we address it and take steps so that these things don't happen again, we are cool. However if it turns out that there is a pattern of this kind...thankfully it is not...as far as I know, I have heard a couple rumblings, but as far as I know nothing has been brought to the board or nothing has been brought to the Crown saying that this goes on throughout the entire empire and that we regularly pocket stuff that belongs to the club

**TK:** so that...

**BH:** so as long as that

**TK:** so we have never had any other garage sales

**BH:** a garage sale by itself is not the problem. The problem is who's benefiting

**TK:** so we have never had any other members who have bought things at a garage sale

**BH:** Even if a member has purchased, if we open this lid, just be careful how we pry that up, OK? Right now we are in the realm of "we have a problem that is brought to our attention that needs to be addressed and if there is evidence that this is a bigger problem, then we are going to have to pursue it vigorously

**TC:** OK

**BH:** and again, right now, we are talking about relatively moderate values which probably aren't worth the time of enforcement agencies except in principle, all right. If we know what's going on

and if we are not doing something about it, we can then suffer the other penalties. The original penalties, according to this lawyer, this is according to history so this is not something in dispute. The original 1996 rules were Ignore it or yank their non-profit status. After 1996 they instituted this half-way measure which is penalties, and as long as you take these corrective actions which are listed at the bottom of the second page you can avoid more serious repercussions. So as an advisory body, I want to make this really clear...I don't feel liable for this. This board has no power, (Rita/Tia: no) therefore, in the terms that they're describing as a board of directors, I don't feel applies to to us. ...does apply two...

**RT:**

**BH:** you, and you, your steward, and your predecessors, you are the people that need to be concerned I don't need to be concerned. I'm judgment proof.

**RT:** no

**BH:** I'm just concerned.

**RT:** we got down the problem we are trying to deal with

**BH:** But this is something we need to ...

**RT:** I agree with you. Maryann your not..... Chris

**CB:** OK, Something bill said that should be, and he just said it in passing, but this should be plainer because sometimes we make mistakes. Um he said the predecessor have some liability...

Predecessors have something...which is very important and I have been sure to say it to this group several times but it seems to keep getting skipped, and I don't know why its getting skipped.

Protection of predecessors is the report they have received, for items that were junked or sold and ...away. And if that wasn't true, they have some protection because it has been reported to them that way, but that's for them personally.

**RT:** right

**CB:** and for the group

**BH:** But the lawyer letter also says there that there's is a duty to verify

**CB:** To verify; correct, but my point is there's levels levels of protection when we say since they came to it they.....(noise in room) they have protection from that and so does the club, there is protection there for that. And your statement about liability of the board, I would bear....because although that you are advisers, one of the things they do is they check to see if the officers are they...that's one of the things they do, although you have the authority to tell the crown you must ... (multiple talkers) and that's...(unintelligible)

**BH:** and the body recommended they get council and the body recommended they follow council

**RT:** I have one thing to say before we go to the gallery. You have a question, put your hand up, you will be recognized. I mean is the board speaks first, the advisers, and then the gallery. So you do, you can ask questions or say something. Sara...

**JS:** my item is just a quick thing

**RT:** No, Sara is next

**JS:** It's about someone that is attending the meeting

**RT:** Oh who

**JS:** James shepherd has left the meeting because he is unable to really hear anybody and he says if we are discussing the same thing we discussed last meeting. He will abstain...and if there is anything else...notify him

**RT:** Make a note of that, Sara

**SH:** OK, I'm trying to think. Um, E&O Insurance

**RT:** huh?

**SH:** E&O insurance, there is no ....its one of the reasons why we carry E&S

**CB:** What is your question about E&O?

**SH:** I don't have a question about it. I'm making a statement

**TC:** She's saying does the E&O cover

**SH:** I'm not saying that, I'm saying we have E&O insurance.

**TC:** Correct

**SH:** It should, this probably need to be checked on, it should cover this case

**CB:** possibly

**SH:** It should cover this because it's an error or an omission

**CB:** it, it (hall noise)

**RT:** Chris

**CB:** If it is deemed truly an error or an omissions, one of the things...is your, is your statement reasonable by peers. E&O insurance doesn't cover, like most insurance don't cover acts that are done on purposes or if you do something know that you did something wrong but you refuse to recognize it and continues to do something wrong, that violates your insurance.

**SH:** Correct, but in the case that you were just talking about in regards to predecessor protection

**CB:** un huh

**SS:** if they were given a report that was fictitious and they believe the report and they went forward with it, any actionable item should be covered by E&O. Should. I don't know about our policy

**CB:** That was our statement to the lawyer

**SH:** In my understanding, that was one of the reasons, one of the many, many reasons dame Elizabeth and um, um, Sir Eric fought to get the E&O insurance in the first place back (yes) back in 2000

**BH:** an they also told everyone to get add-on to their homeowner's insurance because the E&O is not sufficient

**SH:** That is correct

**CB:** .....E&O would not cover ...the lawyer brought up one thing only that concerns them, and you mentioned it. When I talked to the lawyer, what happens if they lie to us....Duty to check?

**RT:** So it would be worth the effort for the crowns to look into this just for our benefits so we would know. I've got you down Bill. The next person is, I'm sorry Nicodemus, I only know you as game. Steve.

**SS:** I don't want to back track too much, but hi have a question ...about something bill has said. He made a comment about being careful how far to open this chest. So

**BH:** ..that wasn't on the record

**NO:** so in the case of sweep everything in the past under the rug except for this?

**RT:** No

**CB:** may I

**SS:** I'm just trying to...

**RT:** It was addressed in

**BH:** no it wasn't.

**CB:** (Multiple talkers)

**RT:** Tom, and then I'll go to Chris

**TC:** Its not a case of sweep everything else under the rug. What it is that this was brought to our attention, so we were forced to look at it.

**SS:** So you had no idea...

**TC:** and then it created more knowledge. The key is that this new incident that happened in recent times could be done and be dealt with and things like this and then institute policy to prevent it from happening again. Now does that require us to go all the way back into our history to find other people to () ...unless they are deliberately brought to our attention. Is that a fair way to say?

**CB:** that's true.

**SS:** So it is safe to say no one here has had anything happen like this before?

(Phone went off)

**TC:** (talking over phone and laughter)

**RT:** To the best of our knowledge, lets just put it that way. Chris?

**CB:** Oy...uh.

**RT:** You had your hand up

**CB:** What happened is that some people said well hasn't this happened before. And then a lot of rumor. People are addressing the rumor vs. the facts. Some of the people when they ...story they get emotional and they take parts away, but the, you can see my wheels turning. Its in the past but has been addressed. It has never to my knowledge been brought to the official body and the official body say...and that kind of thing.

**SS:** OK

**CB:** Because it has happened before a long time ago

**SH:** I can verify that

**CB:** then there were little things that happened that were mistakes....Little things but in the past, here's what's never happened before that I'm aware of. In the past the people when presented ... they made an error didn't say "no" so that's kind of new. Part of the rules we have gotten from the lawyer is that if everyone fixes it then you report it and put a policy in place that it doesn't happen again. But if someone says "I disbelieve what you are telling me," then the club has to deal with it... basically put these rules forward and identify what happened and who was involved...the club has to insulate itself from the behavior. It can't do what you call denial of acceptance. I don't believe it really happened...

**RT:** We have to move forward instead of moving forward instead of going backwards all the time. We have to set something in place so this doesn't happen again and stop going backwards. We have to look forward to the sun coming up. I have a question for Chris. It has been talked about before by some board members and they came to me. They want to know who paid for the letter from you to, from the attorney. Who paid for it?

**TC:** The Empire

**RT:** How much

**TC:** We were at the estates meeting where we approved it. That was the last estates meeting or the previous where they approved the expenditure from the contingency fund.

**BH:** they approved it from the contingency fund

**TC:** They approved it.

**RT:** how much was it?

**TC:** I don't know I have not seen the bill, I think it was is in the area of ...dollars. I'm not that's purely

**RT:** That's what I think I heard.

**CB:** and then there is ...personally

**SH:** What was that?

**CB:** there is the bill I paid for personally

**RT:** To the best of his knowledge

**BH:** Does everyone understand that if it costs us money to find out this stuff that's tough.

**RT:** Yeah, its money well spent by the club.

**SH:** How much was the bill you paid Chris. And what was it for?

**CB:** two something..our CPA put out a letter which some people ...and skipping forward three or something like that, so I wanted to talk to the CPS and I requested that the imperial crown get a clarification from the CPA. This is the clarification that came out. 240.

**RT:** Bill

**BH:**

**TC:** I want to let you know that in terms of the letter so there is ...that actually knows

**RT:** Maryanne had something, and I'm sorry I overlooked you. I'm sorry

**MC:** ...will not ..within our...Sidewalk...(Multiple talkers).

**RT:** OK, Maryanne is talking...

**RT:** problem...you have to get personal liability insurance. A ...on house is not going to cover it...is not going to cover it

**CB:**

**MC:** On this letter, so tom, what did you give Alex Carter

**TC:** I sent her email with a basic description

**MC:**

**TC:** no no,

**MC:** To give a specific ...so what you basically addressed...

**TC:** the situation

**MC:** there are a couple of things in this letter. First of all she's saying self report. I have a problem with this and I'll tell you why. We have already self-reported two letters to the IRS saying we are dumb and we don't know what we are doing. We are volunteers. Chris (). Wait a minute. Those letters are recording...OK...my concern is...Bill are you listening? (**BH:** Yes) My concern is that we don't take action to prevent this in the future. Three simple sentences in the bylaws...this. The IRS put out a draft which you brought up...2012 ordered to ...adding that to our bylaws says we may not insure, adding the three steps that Alice Carter told you...those three steps ..overall view. We don't have to veto...what you are showing the IRS is "hey we have a problem, we fixed it by addressing our bylaws," and then make sure we don't do this in the future.

**TC:** that's more or less what we are talking about

**MC:** but we take forever to do anything

**RT:** we are on the same page

**TC:** ..including this in our bylaws

**MC:** but you want to document it and I am ....concerned about self reporting this particular incident because you know as well as I do as well as other people do the IRS is in review, its going to be our turn. You gotta watch the red flags. And you already got two red flags on file.

**RT:** OK Chris

**CB:** your concern is that the letters we have wrote...is what you are calling the red flag?

**MC:** Absolutely it is...and the second letter when you gave the penalty back is on their records

**CB:** they have it on their file

**MC:** The second letter ...OK you can have this penalty back, you have done it before, don't do it again.

...

**CB:** but there is a difference

**MC:** it says...

**RT:** Let him answer

**CB:** what you are recommending is a violation of the code (no), it absolutely is. You are supposed to report that you fixed it. If you don't report that it happened, you are correct, I believe you are correct that the government can say if you have too many errors, I've never seen it, but I would say they could say that...the problem is

**RT:** I am...

**CB:** I understood what you are saying. The problem is that we do have these errors. That's a problem

**MC:** and you are documenting in your board of directors meeting

**CB:** if you think that...(noise)...from the attorney...legal

**MC:** she doesn't know about..

**CB:** Doesn't matter if it is legal or it is not legal, you can't say "hey I did this thing"...(multiple talkers) and these are the steps to make it legal but that may hurt me so I..those steps. That's not one of the choices.

**TC:** Can we go back to the actual lawyer letter?

**CB:** Yeah

**RT:** Wait before we go any further, you all are debating. Jessica is going to give the amount for everybody, so we won't..on that letter that she knows about

**TC:** OK

**JesS:** for the lawyer the only thing I have been invoice for was the one twenty minute phone call.

**TC:** That's great, so I'll call her

**JesS:** \$94.50 so

(multiple talkers)

**TC:** No I know I checked, emails so anything that comes into my regular email. She had yours so she would make sure to send it to you.

**JS:** I have never gotten any emails

**TC:** we maybe should call

**RT:** Thank you for the clarification. Bill you have a question

**BH:** as to that, the reason you want to find out, you want to verify, is that your estates are going to be asking you questions as to the meeting. They are going to ask you question like when did you first get this letter. When did we first get this letter?

**TC:** yes

**BH:** no that was when it was published..OK august 10<sup>th</sup>, OK One of the things people might ask is why we didn't publish this; in fact I know it was asked...

**TC:** people started calling up several weeks ago, let me call...

**RT:** yeah

**SH:** so was it ever published out anywhere where anybody can get to it

**TC:** yes it was on the imperial estates board like a week or so ago

**BH:** ...I don't know that, it didn't see it.

**TC:** (unintelligible)

**BH:** According to this it was published on October 29<sup>th</sup> but if you are talking about...yeah it says imperial estates. So if you are talking about on the board of directors, I didn't see it ..I don't know why I wouldn't have got it

**RT:** my mail is bouncing I just found out

**CB:** I know there is something weird there

**RT:** This is the only one I have seen so I'm going to go by that day  
(Janna left the room)

**BH:** We don't, all right, by a show of hands, how many members of the Board of directors received this letter prior to this...today. (NO HANDS) OK, I know why you wouldn't have gotten one.

**BH:** We are an advisory body and I want to give the crown some advices. These types of things should be done promptly, OK, and one of the things that should be done is that you have various resources available to you. One of those was sitting...one of those lives in California...It would be a good idea to go to one of these people that have an active license and ask them to review it with you. I know that you and Janna were working on the policy. And then as soon as you understand it,



publish it first to the board, and as soon as the board is made aware and there's no reason not to share it, because everything we are doing is essentially public, it should be made public a lot earlier. You know it; you know there is no attempt to hid this stuff because you published this stuff, maybe more broadly than it needs to be published

**TC:** yeah I'm surprised ...to the board because I didn't hear anyone...

**BH:** you are not going to hear a negative your Majesty, you are not going to hear a negative. I didn't get something I don't know about. What you are going to hear is "I saw something." But you are not going to hear I didn't get something I'm not aware of

**TC:** What I'm saying, I was under the impression that everyone on the board got it, and so I don't know how they didn't

**RT:** ...Can I put it on the board? Well I never saw it until this...

**BH:** and this is not the board

**TC:** no I'm talking about the board of directors

**RT:** board of directors. Sara?

**BH:** did you get it yourself when you posted it? When you posted it did it come back to you as a member of the board?

**TC:** I have no way of remembering that

**BH:** that's about the only safeguard you have, and this from the technologically illiterate

**RT:** And after you post something like that, post did everyone get the letter. Do a little follow-up. That way you...what are you talking about

**TK:** I don't show that it was posted in the BOD

**RT:** its called a paper trail

**BH:** what ever you tried to do didn't get to us, and when you didn't hear from us, you know you would

**RT:** and when you were talking to Janna...letter?

**BH:** (unintelligible)

**CB:** There's one thing I'm a little confused about and I agree that information

**RT:** (Janna)

**CB:** Ghost letter people on the board

**BH:** does everyone understand I'm saying its obvious there is no intent to conceal this

**BH:** (unintelligible)

**RT:** the lady is back. When did you receive this letter, this copy of the letter

**JS:** when they posted it to the...um

**RT:** when

**JS:** I think it was august 2<sup>nd</sup>

**RT:** To the BOD

**JS:** Yes

**RT:** you are the only person that got it. That's the vague issue

**JS:** No, it's a file posted on the board of director's...area. We checked it last night

**BH:** so you posted it as a file

**RT:** that's where we have a problem

**TC:** I think we gave what's his face to say how do you put it here...upload a file.

**RT:**

**TK:** August 22<sup>nd</sup> it did go out. It looks like it was copied and pasted...when it says email.

**JS:** there was a file sent that there was a file sent...it was posted august 22<sup>nd</sup>, 2012.

**RT:** Lets submit that as board members a mistake was made. OK, so we...next go around that it doesn't happen again because we cant do anything about it today.

**BH:** share somebodys concerns, um. In the first two paragraphs, there's um, some like matter of fact statements that may not be fact, and that happens often when you are trying to describe a situation with someone, and I don't find them all terribly important because we just said sitting around this table that we don't think it was 2000, but its some number out there in the ether, and that to the best of the knowledge that I've seen in all of these things, whatever that number is, exceeded 126 dollars.

**RT:** OK

**BH:** so it meets the threshold

**CB:** just shut the door

**BH:** it meets the threshold of having to deal with it. So one of the concerns that was also expressed, there's a statement that the local crown has been removed and I know that that can be a value neutral statement that a person is no longer serving but that's not how people will read it (**TC:** right)

**TC:** nothing was ever said as a crown being removed

**CB:** no she typed it

**BH:** when you receive something that you know is not correct, and you don't have, you got something before and you have more information, and you have more information, you have something better

**TC:** its not relevant to the issues

**CB:** that's what I want to get at

**BH:** Its darn relevant to people that are trying to waive this stuff

**TK:** (unintelligible)

**CB:** I ..have had this issue come up before in my reign, this specific thing you are talking about where people read something and they don't understand it in context of the business. It's the government job to explain to our government's job to explain to the populace at large that that business term not a personal term, some people say well why do we care and I have a personal problem with the business term. That's their personal problem. The crowns and this board have to explain to people if the generic field uses the word removed, and I read it per...

And I don't know if they did that or not

**CB:** but he said the word is ...

**BH:** one of the things we need to spend the least amount of time on is dominating...what you have is a uh, you have a professional letter which was supposed to be written to a lay body and it uses language which I would not have used, but I'm sure you would not have used, and just bear in mind that these things happen. When you get a letter like this and the first thing you see is someone posting "would someone please translate this," alright, many of the people in the room may be familiar with the stuff, but its not even proper to presume they are

**RT:** Chris, Maryanne

**BH:** so the first thing is these opening paragraphs where we talk about evaluation which is the facts are not in evidence, we don't have that evaluation. We have concerns , we have conjecture

**TC:** may I answer that question...our last face meeting..you all voted and agreed with it.

**BH:** that was the upper end

**TC:** wooh, no . 4000 was the upper end, 2000 was the lower end. We said at the time that the tents were something that could be argued as to possession and ownership. All the other items easily (multiple talkers)

**BH:** OK what I'm trying to say is that people get distracted with this and this is not what people need to be paying attention to, and by putting this out there without going back to the author and saying, we don't need this surplus in this letter. What we need in this letter is this...these next paragraphs where the attorney is citing the IRS code provisions and talking about the twin notion

of private increment and excess benefit, and this...explanation of how this came about and how this is actually in our interest. This is all really good stuff. This is not that complicated....then you get into the stuff that really matters

**RT:** just a moment. Bill I have someone that has someone before you get further into that letter. Falconer has something to say, is that right

**NO:** several things. Thank you all. I'm glad...here with us. Um, I have several issues with the stated facts that are in the memorandum that tom produced and if you will allow me id like to give those to you now. One you describe that what was quoted in this is that a local crown, president of local chapter decided to hold a garage sale to sell off items ...chapter losing its storage base. Local crown in corporation with two other chapter members had permission of the imperial crowns...items in poor condition. Imperial crown granted permission for the sale without verifying ...of the property. The local crown helped the garage sale...this is totally false. The local crown and two chapters did not hold the garage sale. The estates of Castile held the garage sale and talked the local crown with the task of accomplishing this....witness at and estates meeting where Lord Wright and Sir Thomas...where state there.

**TC:** to answer that,

**NO:** may I

**TC:** No..to answer you point...you are reading what she wrote back. They don't care about the estates..she doesn't. They went by the...the whole issue was it was a generalization of the events. We don't care about the mechanics about that part. We care about the private increment and all that stuff.

**NO:** you care about what

**TC:** Private increment and all that stuff

**RT:** Chris

**CB:** Benefit

**TC:** Excess benefit and private increment

**CB:** I believe if I may, I believe what Neil is going to present is that some facts that the, some things that the lawyer wrote slant his character.

**NO:** and the entire situation, it slants it all

**CB:** so, so obviously what we said before was that the crown can make a letter explaining the difference between what the lawyer gave and listed, and that if there is damage to their reputation, which is what they are concerned about, can be corrected. The concern, the important part of what the lawyer said, because some of you guys came in late...the important part ...no matter if these things happened by accident, the lawyer said, if they are by accident they are fixable and that is the important part. Are people working to...and if that happens, the imperial crown and the boards and everybody can address their needs by saying they did what they were supposed to do. And if you want specific language inserted, that can happen...you don't like the....

**RT:** point made, we are out of time

**WP:** we are hearing a lot of responses from the lawyer, where is the letter that was sent to the lawyer (email) the email. Where is the letter? It would be pertinent to that

**CB:** that would be great can I respond

**WP:** yes

**NO:** one issue is that the discussion here has to do with how fair market value is weighted out and the lawyer said that by law if the fair market value is met with these items, then there's nothing wrong (**CB:** correct) and the whole issue is that you seek one version of fair market value while we seek another fair market value. Something a unbiased buyer is willing is willing to pay and an unbiased seller is willing to pay and that's the whole issue. And if you look, actually look at these items, I have pictures of the items that were sold and available that day for everyone to look at it if

you wish to, that were valued at 2000-4000 dollars and n....exactly what happened, because none of you know exactly what happened...what the items were, what they looked like, none of this because you have not had myself or lee at all. You have only heard one side of this.

**RT:** Chris,

**CB:** I don't think everybody understands the process that is going on here and it's not. The process is not who did what and what did who, OK And it's not a back and forth...trial that is public. The purpose of the BOD here is to set a procedure forward so these things don't happen again. The other purpose of the BOD is not to argue particular values, is to determine if the problem was done, how did they address it to fix it. One of the problems that we have is an emotional response based on a lot of people that are saying you are second-guessing me. That's the gist of it. Right. We have multiple values, things of that nature. Um, there are standards for all of these things, and there's standards on how to act, even if nobody agrees. The point of the letters are to point out what are those standards. And I've stated it before and I'll say it again, and I don't know I have said it to them, the concern of the empire has to be that it meets the requirements that it's not giving its members a benefit of a non-profit, which they are not supposed to do. If there's legal standing from a viable credible source, which is a written letter, then that's allowable. So if you guys have the lawyer letter or something like that that the empire can use as a defense, then they can use that.

**NO:** How come the Empire threw out the letter from the other CPA.

**CB:** They did not, they went back to the CPA and asked them to clarify because Misrepresented

**CB:** points of it were being ignored and ...

**WP:** again we are talking from the lawyer to us, I'm concerned what was conveyed to them. ..This pen was worth 4000 dollars and it was sold

**TC:** May I?

**WP:** let me finish. I'd like to see the values of what was told to them. If misinformation was given that could cause problems

**CB:** I can answer that. We had a four and a half our board meeting where all the items were... photos

**WP:** Actually I have not finished. I was not there...were items such as tents brought up and said to be part of this.

**RT:** yes

**NO:** where is the documentation...

**RT:** You are out of order falconer.

**WP:** My question is that when you approached the lawyer, you gave them value, you gave them more items

**TC:** I have one more answer for that, you guys were not here in the beginning. Even if the value is one dollar, she mentioned that in there (**BH:** she didn't say one dollar, I mentioned that), the value is not a dollar, it's germane to this.

**WP:** Did you give incorrect information to the lawyer?

**TC:** two or four thousand, I certainly did

**WP:** you told the lawyer that tents were part of this, correct?

**TC:** We told the lawyer

**CB:** Adria politics instead of what we should be talking about so let me cover the way..we covered all possibilities with the attorney. OK, what is this what is..we cannot control what the attorney writes and doesn't write. There is a lot of concern because the BOD and members on the BOD were taking political pressure from people that were saying oh it shouldn't be political to publish information as it came from the lawyer as it came in total...you were late and I said this earlier. The

lawyer's letters contain information that makes the people look wrong or improper, the crown can say that. But the substance of the letter that is accurate must be followed. For instance if the lawyer thinks its 1000 and its actually 100, and they say you cant give any amount to your people, you cant do it, you got me? The lawyer misrepresented something in the letter, then the crowns can put that out but the important part to address is not what did the lawyer put a decimal point in the right. The point that the crown should address with this body is are the people doing ...to prevent this...

**WP:** this is fact and I brought this up before, uh, I'm not an accountant, but I do work with the police, id o work in situations where if a file is reported and misinformation is placed in it, there can be repercussions. One of my officers misfiled something, there can be repercussions, regardless of the case itself there can be repercussions, you understand that. If misinformation, if incomplete information is given to a CPA, attorney, if (interruption) OK if incomplete information is given, can you still based the results on that?

**RT:** Bill?

**BH:** what I was trying to tell you earlier was (W: OK) publishing a letter like this without review leads to misunderstanding, negative characterizations, I , which don't advance anybody's interests. Its hard once you publish something like this, without, well first of all, you can edit something as long as you acknowledge you have edited out something. And yes, someone will say you didn't publish out the whole letter. Yes, we did that to take things out that were needlessly provocative....and leave in things that everyone needs to know like what the law is, what the law requires, what the attorney...The board of directors is not an adjudicative body, we can't adjudicate the case. We can't even adopt a policy; we can recommend one. And the policy I think it is important that recommend come out of this because all of these ...have annoyed everybody is that we don't publish stuff like this. All right? We publish stuff like this even if it is hard to understand, and you have to go through and explain it to people because you have resources you can use, provided they agree, who can help translate some of these things for people that aren't comfortable or knowledgeable about this kind of language so that we can get the three page letter to the three or four really important things that are right here in the middle of it. I think it would be a very, is said before, it would be a very good idea when you get this information to get it out there earlier, but its also very important to review it and make sure what you are putting out is useful instead of counterproductive. I believe you have a...obligation to address the concerns that the gentlemen are raising about their character in a positive way and let them know, let the public know...refute the first part of the letter and just say these are not the facts as we understand them. The board already said we don't accept that valuation. We accept some lesser valuation. As far as the board should be concerned, that is not even the important part,. The important part is if this occurred, and apparently at least part of it did, alright, even if you take out everything that is in dispute, there is some part that's left. Most, or much of which has already been complied with and the other part we understand that there will be a mediation attempt made. How soon?

(Unintelligible)

**BH:** So the process is going on and we are going to try to get there, so we need to pull this back, we need to pull this back to just the part that we can actually do something about

(multiple Speakers): OK

**BH:** I'm going to recommend again that address this first part which these members find offensive, and let them know that you do not share this summary. OK? That you find this summary to be inaccurate and not helpful.

**NO:** OK I will have to read the summary

**BH:** the thin that's called facts in the letter.

**BH:** the important part are the (Policies) per review of the law and what we are supposed to do. She actually says these specific things which we need to adopt. And have the board members had a chance, I've just had a chance to read this today?

**RT:** I've gone through half of it, I have not had a chance to go through all of it myself.

**BH:** In the history of the 26 years of the Adrian Empire, we know we had some mistakes in the past. Fortunately they have been many different kinds. We let some member's dog bite somebody and got hit with a \$900 dog bill and it took us years to hound the members into reimbursing the club for the \$900 vet bill that we laid out. We had another member put a large amount of cash in a car and that large amount of cash disappeared and we spent years trying to get that member to make good and they never did. But those, those are different from these things. There was never evidence to show that individual members benefited from these stupid mistakes. What we're on with this is, and again we talked about the amount, the amount is like one of the least important things.

**TC:** Yeah

**BH:** It's the practice that we need to address. And she says "are we implementing safeguards; reasonably calculated to prevent future excess benefit transactions" Well we know that you already did that because the crown writ that you and her majesty put in place is more restrictive than (TC: than hers) than they require. Than the IRS requires. SO restrictive in fact that I cant pay fair market value to help my club out. (TC: you personal). Yeah, bizarre, but OK But I hope to get to a point where we are doing the policy that it will be less than Janna's proposal and less than your current Writ, but it will be adequate to address the IRS (TC: Correct)

**RT:** Just a moment. I've had...Sir Durfel wants to say something.

**Lee:** I'm not a lawyer or a board member. I don't speak in lawyer speak, and I have three points I'd like to make without being interrupted please, Chris. The first point is, we were charged via the Adrian system of judicial thinks that whole procedure has been circumvented for some reason. If we'd have gone through and gone to trial as we asked to do, we would not be standing here in front of this board trying to explain this. That whole procedure was circumvented for whatever reason and against our bylaws to go to trial, so why don't we go to trial.

**RT:** Sir Derfel I have...

**Lee:** I have not given my three points out, ...my brain very long

**RT:** I'll let you do it

**Lee:** Two, this whole thing's been going on almost a year. I have never seen a list or and or valuation of the things that are supposedly got sold or misappropriated or whatever you want to call it. I hadn't seen it for a year. And I still don't have it. Hopefully I can get it tonight, its one reason I am here tonight. Three, just tonight I have heard that through mediation, which I thought we already had mediation, some of the items that worth they want me to have the fund raiser to pay for items that were paid for in a fund raiser. So how many fundraisers do I have to do to pay for these items, these items that they say you took, you know, you took the list from what this letter here denied, and I haven't ever got this straight, they too a list of home depot items, but if you would actually go through we followed procedure every single steps of the way and at the Castile's estates meeting, we voted to spend this much money at a fair as a fund raiser. That fair we spent \$700. Some of the items, they, didn't everything didn't go into this certain item they are asking for. That fair brought in over \$2000. More than the \$700. Those were consumable items as a fair budget. Now we're asking to account for those items, for some reason. Like I said I'm not sure because going back to point 2 I have never seen this list and valuation of all these items that are commented...but if people had come to me a year ago and asked me what this is we could explain this all way, or if we could have gone to trial, like we were asked to, all of this would have come out in the trial we would not be sitting here in front of a board. I have one forth point. One of my

reasons here is to figure out whether I need to go speak to because of what (interruption – caution), bill just said whether I need to go see a lawyer and start suing people for slandering my character because this stuff has been published and brought to a board a legal entity from a court official, from a lawyer; you know. As far as I see I need to seek legal council, and this board need to tell me or convince (Cautioned) me not to or I don't see any other recourse in this situation

**RT:** I want to tell everybody one more time; the board meeting is always been recorded just for knowledge. I think everybody needs to know that, a reminder. Caution because It is recorded and you will be made a public record, so I want everybody to know that.

(Neal) well, That's my point

**RT:** Tim over in the corner is waiting for

**Tim:** the legal stuff, I understand what I s going on. You can't use the chattel goods...because we are a non-profit organization. (Hall noise) and this body is to go over the measures to set in place what happened or didn't happen. Because the letters says that there was a mistake, its correctable, correct it. Three quarters here shouldn't defend their honor. That's not what this is about. Some of the stuff they are talking about, I've seen the goods. Now I wasn't there when they tried to sell it off and I didn't realize what it was until later it was brought to my attention. And Stuff that I put my money into pay for and I'm buying it back...or someone else is...that got me really heated. You know, but all I'm saying, The stuff I'd rather see everything published so I can get all the information. Whether I...I can find out later

**RT:** OK now back to the board members, Chris

**CB:** A lot of people are just speaking their thoughts

**RT:** and its getting personal

**CB:** And its getting...reality is that people make general statements and they never even realize what they are saying. Laws were broken, not, people are saying these things. There has been no trial.

**BH:** its inappropriate to have a trial when we are still trying to address something mundanely

**CB:** that is correct. As far as I can tell as far as the chatter that goes around the empire, um, all damage to reputations have been by the chatter, so the Crowns and this body can address that as bill said, that's easy. There is one difference that bill used the term, so the people in the room will understand as opposed to people that are not in the room., and he said well we have to dismiss the information cleared in differences ...legality. You said well you have to refute the lawyers specific legal jargon..

**BH:** actually, what I'm trying to say is

**CB:** OK, I know we are on the same page, but my point is that you have to be specific that you refute the...what you cant do is say...

**BH:** its hard to have a conversation when you have people coming in in the middle of it and not knowing what was already covered. A big part of this meeting is us explaining we are not adjudicating the case. All we are trying to do is respond to the attorney's recommendations that if we are not in compliance with the IRS, we need to get in compliance.

**CB:** Right

**BH:** and that frequently when we do make our mistakes, its not crim..not willful conduct, we make mistakes.

**CB:** the only thing that would make it criminal, regardless, and Lee's statement is correct, they did file a charge...the only think that would make it criminal or a problem by the IRS is a refusal to do something. At that point the only protection that the club has is to bring it to the attention of the body. But as lovely to put in that protection, the thing was fixed, then they cannot...

**BH:** its not just refusal, its failure. We have a situation that has been going on for a year which I think I cooler heads had sat down and just talked it through, we would have had resolved 8-10

months ago. The very fact that the lion share of the items have been returned indicates what? No intent. No will to do wrong. Just improper disposing of stuff. All right? Have you ever wondered why stores and charities cut perfectly usable stuff up before throwing it in the trash.

**TC:** Perfect example is Barnes and noble tearing the cover off

J: actually that is another issue

**CB:** The point he is making that they physically destroy so they can't sell it.

**BH:** its actually stupidly more appropriate to destroy and throw something away than it is to give, actually giving to another charity is perfectly fine, we do that kind of stuff all the time. Giving it to another chapter perfectly fine.

**TC:** but giving it to another person

**BH:** But a member, particularly a member who is in a position to participate, she's really clear in how broad this category is of disqualified persons. If you have anything to say about it, you can't benefit from it. Ok? So we have ten really neat mirrors taking up space in our storage unit that we will never use. I actually asked at the last thing..does anyone want one? We can give one to a chapter if anyone has a need for a ...mirror...a little hard to transport but that's our problem. So it would be easier to smash them and throw them in the trash than to dispose of them because they are probably worth \$20 a piece and I just checked and no one is paying more than \$10 for them. This is something we are trying to wrestle with. The issues here are not unique, the issues are ones we have to address with policy. And this body is only able to do that. The reason that there was a charge made, was because under our rules, you have to file something within a certain amount of time to allow the club to deal with it at any time thereafter. The reason it was not addressed was because whenever we have things that have mundane implications we try to deal with it mundanely first, and then go backward. And what everyone has said publically all along, what everybody had told me all along, as one of the people who really doesn't want to be on this body or in this room at this time, we are not about criminalizing anybody's conduct, we are about fixing a problem. That's all that we want. And this letter in this way should not have been published because you know its not completely accurate. This first part is facts not in evidence. Believe, there is sincere belief there is an issue or problem that needs to be addressed and that is probably what should have been substituted for this section which was one of the first recommendations that we tried to get to a while ago. Because this is useful. Having this kind of advice is important to a member who wants to know what is going on, but having these paragraphs in it is counter productive to what we are trying to accomplish. For everyone who has had a chance to read this, is there any reason not to proceed with a recommendation that we adopt the attorney's recommendations on this

**SH:** Wasn't that something you just said at the beginning of the meeting that we could not do and had to go to the estates? Advise them we can't do anything about it

**TK:**

**RT:** before we do anything we have board members holding up their hands. Lawrence and Tia.

**LM:** What I was wondering is can we drop what the case, what happened, and just go on the thing if someone came up with the issue and just go by the facts?

**RT:** that's what we are trying to do

**LM:** instead of going back to this one case

**BH:** Yes

**RT:** Yes, we are trying to do that

**TC:** The purpose of the letter is to give recommendations. But is also, say we go to what ever Adrian trial and facts are established to be whatever money, its also for future if we need to continue on this specific case, but the general stuff on the letter is what defining things how it affects.



**BH:** For the purpose of this board we can change this

**RT:** Correct, Tia

**TK:** Actually I had ...but I forgot them

**BH:** but there was one other part at the last meeting we said that we believe that the corporation has a duty to try to recover the property. To make, basically what we wanted was the property back and the money back, make everybody involved make the money go away

**TK:** My question, one of my question because I have a couple. We keep discussing fair market value and how it comes into play with this because something was sold for \$5 and it was bought for \$25. How is fair market value determined? Who is able to determine it? How do you deal with a market that will not pay \$25 for that time any more because it is not worth \$25. When you go to a garage sale and things are being sold for, well make an offer, and well I'll give you 50 cents for it...ok its better than 0 cents.

**RT:** ok I'm going to put this in order...Chris, Janna, then...Chris spoke to this very question at the last meeting very simply.

**CB:** it's an account. It in a book

**RT:** you told everybody where to find it.

**CB:** Right, the IRS one of those documents.

**RT:** Janna

**JS:** My point on that is there is a difference between fair market value which is the reasonable price that an honest... person would be willing to pay for an item and a garage sell where the items are priced to sell. I've sold stuff at garage sales for \$5 for an entire pile. The stuff was worth \$3000, I just needed to get it out the door, that's not an indication unfortunately of fair market value.

**BH:** however that was not Adrian empire...

**JS:** that was a personal garage sale

**CB:** She said something very specific, if I may

**RT:** Chris

**CB:** You cant just say I want to have a garage sale, and garage sales are cheap and that's what sets the price. So that's what's basically what she said. She decided she wanted to hold a garage sale... but that never determines fair market value. You cannot say that is the stage that sets the prices. That's the opposite of fair market value

**TK:** In the procedures that we recommend to go to in front of the estates, we need to put in layman's terms for people that don't read IRS codes for a living, for non accountants, for joe plumber, on how to set it.

**RT:** tom

**RT:** and that needs to be presented

**RT:** back to bill

**BH:** Basically its in here. There is a recommendation in this letter that when any assets are going to be disposed of that a neutral body, whether it is the board of directors, or whether it is a special panel, or something else, a bunch of people in our club who are not involved in the transaction and will not benefit from it in any way make the determination of whether to go forward. Remember what I was just saying about those mirrors. I cant' sell them at a garage sale. I can give them to a charity, I can smash them and throw them away, but I can't, I'll never sell them for what they are worth.

Lee: I just have one question for the accountants

**RT:** Sir Derfel you have not been recognized. Hold up your hand.

Lee: My question was how do you determine these things are assets because I keep hearing about this home depot..

Bill that's easy, everything

Lee: if I buy ice and I drink it, where do I leave it after I'm through with it?

(multiple talkers)

**TC:** (unintelligible)

Lee: that was my question, we need to determine that

**CB:** this is defined in the code as well...what is a consumable. What is it? You can't simply call something a consumable. They have a list of which we can publish in layman's terms. And that's it. It's that simple. A hammer is not a consumable. Hammers break. Because they break doesn't make them consumables.

**RT:** Sara

**SH:** ok, going back three pages. I'm really not kidding. Sir Hawthorn said, where is the email that was sent to the lawyer? I never got an answer

**RT:** It was avoided

**TC:** it got trampled on

**RT:** Where is it now

**SH:** where is the email?

**CB:** I'm the one who emailed the email

**SH:** where is the email

**CB:** I have to search

**BH:** so you have it electronically and you can get it

**CB:** I think I have it electronically

**RT:** While he is doing that, Sara

**SH:** I had one but I give up at this point

**RT:** no go for it

**SH:** no, I can't. I just can't because I got put so far back that I now have lots of questions that I can't even remember what they are now

**RT:** I'm doing the best I can to keep everybody involved

**JS:** This is just me going through and stealing bill's stuff. On the battlefield. The battlefield #2 there's all these receipts in here. How many of these do we know for sure are directly attributable to the castle wall as opposed to just other supplies being used for the site?

**CB:** what difference does that make

**JS:** What is presented in the check requests are Camelot days supplies

**CB:** Are what

**JS:** Camelot days supplies. There is a later one that specifically says to build towers and a wall but that comes up to a completely different amount

**CB:** This is a few months before it was, you are talking about the car port thing.

**JS:** I'm talking about

(speaking same time)

**JS:** there is a separate one that specifically says to build towers and a wall, but that first one only says for supplies. How do we know that is directly attributable to the castle wall because that will determine valuation.

**TC:** we are not discussing valuation. We are discussing adoption of policy. First part is for the Imperial crown if we pursue any type of legal or Adrian legal thing. We are discussing the part about policy which is what this meeting is about. We are not arguing the case. We are not negotiating comp which we have done privately with people involved. We are only pursuing what we need to do for policy to make sure the perceived violation does not happen again. That is all separate stuff, we are not going to argue that case any of that stuff. That's not what this is about

**RT:** yeah. Tony

**AD:** I have a question for Chris..about reporting income. Technically aren't we supposed to report when we have made money...even when it is from a garage sale. Any time we make money from something..

**CB:** We are supposed to report our finance

**AD:** so even, so once the Adrian...as income...chattel

**CB:** What is says is indirectly related to what Janna asked. So Janna can speak to it.

**RT:** (Unintelligible)

**CB:** this keeps going to valuation instead of procedure. So let me cover just so people understand how the valuation goes. And I don't want to get into "is a dollar right". What happens is the people presenting the information have to have a readable easy format. That information has to be reported by the club. When things are not presented properly, its always stacked in the most conservative aspect. Now...we extended the reports so what everyone means is that we knew there was a problem. The lawyer said there was a problem, suggested the best way to work it out was to have everyone talk to each other so we can get all on the same page and if people wanted representation they could do all of that. To not create, or to avoid an instant...that was easy to put out an extension of time which means you produce no numbers, no anything, you just say we need more time to go over our stuff. And that's what we did. So, at some point this is going ot have to be reported, self-reported, and numbers will fluctuate as shown . The original numbers came out, parts of those were based on estimates. Because half the empire needs to know today, half the empire has to wait for the other thing. Some, much of ...specifically. Some of the people don't like some of the estimates. The crown can fix them. All of these things are fixable. The gist is the, this body's purpose is to find a procedure. If everything is fixed, simple statements can go out that there was misunderstanding, that everyone worked together and that it was fixed. And that is the reporting that can go to the IRS. And it can be let go at that. Individuals which we can't control want to argue ten vs. 1000, that's up to them. There is no way anybody can control that. This body here specifically is supposed to be not to argue individual fights against each other or who likes any body or who doesn't, this body's purpose is to do what is there to protect the club.

**RT:** This at the last meeting we had this discussion about reporting. And at that time it was ..at the subdivision we were bounding ideas around, the subdivisions, the Crown and the steward would all be responsible for submitting that report. That's what we were thinking about doing. Does that sort of help you.

**AD:** yeah, that's what I was looking for. Because if I have a yard sale, technically I'm supposed to report my income for that stuff. If an Adrian chapter pursued developing policy here after developing recommendation has a yard sale, they are, everything is being sold, income come in, all that needs to be...

**CB:** There should be no assumption that the people didn't report in this specific case because they did

**AD:** ok but we have that as part of our policy

**CB:** Yes that is a policy that has to happen

**AD:** That is not written anywhere

**CB:** that is standard

**AD:** no, no

**RT:** a fund raising report

**AD:** and where is that, what manual

**TK:** ...manual

**CB:** If there needs to be more clarification, but that is not the issue here, just so everybody knows.

**RT:** recommendation to the crown that we need something to that effect.

**BH:** the board has repeatedly said we need to get ...approved for the club. Have not figured out how to do it yet.

(Multiple talkers)

**CB:** people who didn't attend a lot of meetings have a lot to say about what's going on and what the purpose was, which is really never beneficial to the point where I hear people make little muster on the side, and its tough to wield that out. No one here has ever said, purposeful wrongdoing.

**RT:** no, and we spent four and a half hours in Las Vegas on this

**CB:** right, we need to be absolutely clear about that. (**RT:** that's correct) What we are talking about is that people have to present things to do the right thing, otherwise wrongdoing can be perceived or applied after the fact.

**RT:** Correct, that's very good. Ok Bill. He took up part of your time so maybe you can take up the rest.

**BH:** two things really quick. The first is really simple, id like to make a motion that a committee consisting of Janna and myself take this, rewrite it in as Adrian policy and submit it to their imperial majesties.

**CB:** I'd like

**TC:** I'd like

**RT:** Accountant

**BH:** She (Janna) has an active license

**RT:** what was your proposal bill?

**BH:** **That we take these recommendations and simply rewrite them as a policy and submit them to their Imperial majesties.**

**RT:** **Are you making a motion that we do that?**

**JS:** **Second**

**RT:** And who wish

**BH:** Janna and myself and we will consult everyone. But I want to charge two people with getting something done

**RT:** I think that's good. Everyone in favor

**All:** **Aye**

**RT:** **Everyone not in favor**

**All:** **No response**

**RT:** **And then abstention of one**

**TK:** **Judith said Aye, she's in favor**

**RT:** **She's in favor, motion passes.**

**CB:** You (Lawrence) should be recording that there was actually a motion made by bill, seconded by Janna.

**BH:** redraft this, all the help we can get. We will be responsible for getting it done.

**RT:** And When will you have this ready for us

**BH:** what is a responsible time to report

**TK:** 6 AM tomorrow morning

(Multiple talkers)

**SH:** thirty days

**RT:** Sara says thirty days

**SH:** I am recommending thirty days

**RT:** Sara is recommending thirty days

**SH:** well, we can recommend thirty days if you get it before then...

**RT:** thirty days is the deadline. Very good Sara. Ok I'm going to recognize, I know bill is busy reading. Hawthorn has something.

**WP:** Was Sara waiting to go?

**RT:** no she gave up

**SH:** I gave up

**WP:** I see a lot of frustration from those involved in this, and one thing I'm happy to see is that we are working on procedures, remedies. I think the big step in this is what we are doing here. Sorry lost my train of thought for a moment. What I'm seeing a lot of anger, and initially when this was brought to us, their Imperial majesties did approach us, this is again at the end of our reign, were there lots of number being thrown around, lots of numbers. You were there, you were there. I think its frustrating to those involved that we are now turning to the remedy but there has been no resolution for them in regards to this but there's a lot of information thrown out, some incorrect information. Is there going to be any remedy for those involved? By this I'm asking the Imperial Crown. Will there be remedy for those involved

**TC:** As far from our last thing we still stand by the thing that if the problem is fixed, there's nothing, however we have, its been a long time and there's been, I don't want to, actually this is something I would prefer to discuss with the involved people, I don't what to do it because there are certain statements that have to be made that we don't want, that shouldn't be done here, that's not the purpose of the meeting here, but yes. Ultimate thing, ultimate goal is to fix everything with as little disciplinary action as possible.

**WP:** But It is recognized that we could have handled this differently. As you pointed out at the beginning this could have been handled:

**BH:** If cooler heads had talked this through ten months ago, I think...

**RT:** Bill will you yield to Chris

**BH:** yeah, sure

**CB:** There is a maturity required that all parties have to be held accountable. And there doesn't have to be punishment. I want to make sure that is clear. But something has, something this empire is lacking that we are going to be pushing is maturity of people to not freak out as soon as they hear something they don't like to hear, and we hear the words "well I'm very passionate so I do these things." Now I happen to know why he wants to talk to people privately. They get passionate and say something they don't mean he does not want to be held accountable across the empire. That's the purpose and that's important. And yet things may have been handled differently. I actually have a little bit of a different feel because in hindsight, 20/20, and its easy to sit in a room when everyone's trying to work it out and say we could have done this differently. The maturity factor is absolutely important. We don't want to see...people.

**BH:** To clarify cooler heads mean cooler on everybody's part. It's a two-way street. If I may I'll take the time back. Editorial comment. Ever since the first real bad people did really bad things, years and years ago its been impossible for this club to move past that. And it doesn't matter that that was, you know, (SH: 96), 16-18 years ago. Adrians have a collective memory that they ...any of their own lifetimes, and the problem is we joke today about Terre Neuve and (laughter). It's a standing joke that Terre Nuevians see Kor Noir under their bed. People can't let these things go, and whenever they run out of the ...du jour, they look for something else. If you want to belong to a club based on chivalry and a club based on honor, you have to presume the people you deal with behave at that level until they prove otherwise. And when they do then you have to do the unpleasant stuff. But as long as you can presume that people are honorable and that people mean well, and that they make mistakes or misunderstanding, then you can deal with simple fixes to big problems. One of the simplest is, if you are arguing about valuation, stop arguing about it. Here's the item, you simply return it to the organization and you get whatever value you paid for it and we don't worry about it. It's a wash, its done, we move forwards. You don't have to name call, you don't have to assume someone did something wrong, or that someone is persecuting. You just have to say

there is an obligation which both the accountant and the attorney told us that we have to protect our assets, and the short version is that anything that doesn't get literally consumed is literally consumed is probably an asset. The word chattel means anything that ain't real property, and real property means real estate. So the broad answer, cause people ask what is chattel, it's not a cow. Chattel is a cow and everything else. And when you agree to do these jobs, you may not be aware of what you are agreeing to. There probably ought to be some kind of memorandum or something like this that everybody signs when they accept a job. Whether it's a ministry position, whether it's a crown position, whether it's a member of whatever this board is because its not a board of directors.

**SH:** are you talking about a job description?

**BH:** I want to say not just a job description, something that reminds people that they have responsibilities.

**SH:** But job description

**TC:** and responsibilities and liabilities, and requirements

**BH:** I will accept that as a friendly suggestion, cause I cant make a motion since I'm talking, but maybe Janna could, that what we need to do is craft some sort of memorandum or statement that people who are taking on these positions understand that they are personally liable and have..we need a real world definition for that.

**JS:**...liability representation

**BH:** we need language that tells people that they are on the hook if they do something

**RT:** and in plain language not lawyer language

**BH:** Right. If they make the mistake

**RT:** Janna, plain language, not lawyer. I ask you respectfully yield to Sir Falconer

**NO:** You say in there that things must be corrected with the chattel goods. Now, there is a, and we were presented with a list as we came in of some things that, that to settle up items. Now, I want to pull one out right now. Just say the helms. The helms. There's some indication, some believe these items were sold to us. They weren't. I'm, the helms were sold to the SCA. They bought them. The foam swords, another instance, were sold not to ourselves, but to sir...which is Dame Wynn's child. And I don't know what you bought good sir, but you were not even at the garage sale.

**Tim:** (unintelligible, multiple talkers)

**RT:** Order

**NO:** I want to help here, you know what I'm saying. Now what was the other one you had on there, I think. Battlefield was destroyed and rebuilt. Please let me finish here.

**TC:** We are not talking about the case or specifics

**NO:** I understand, I'm trying to settle, he's asking us to do

**TC:** after the meeting, I have a list of people. We will all get together and discuss the specifics

**NO:** he's asking us to do things and I agree, but there are some items you are asking for ... negotiated (multiple talkers)

**RT:** That's not our job

**BH:** since you were not here when we talked about this earlier, one of the things we talked about an hour ago, was you can excuse any of those specific items and this group acting thorough its CEOs can say, we accept that this item which we believe to be property of the Adrian empire cannot be proven to be property of the Adrian empire, and that item in dispute will be taken off that list. And there may be items, its real easy, I can say "May" because I have no stake in the outcome other than as an advisor on the board I protect its assets. One of the things we can remind the board and one of the things we can remind you, is that determining what those items are is a process you can both participate in. You can figure out what there is, what there isn't, and items that have an apparent value because some monies were paid, you can document their destruction,

their destruction eliminates their value. If you then privately repair those things, that may be a completely separate thing, or, and this is something you guys need to be aware of, if property is entrusted to you, it is customary to take care of it. So the benefit of the dollar doesn't necessary go with you it goes with the club in terms of its your contribution to the club. And that's one of the things I don't think is explained appropriately when they get involved.

**NO:** How about items that were never on the list

**BH:** items that should have never been on the list...

**NO:** Improperly recorded items

**BH:** Neal, I can answer you this. Just because somebody doesn't do their job doesn't mean they don't have a job to do. If I as crown of Albion accept a donation of goods, and I don't see to it that those goods are recorded and disposed of as the donor intended, that doesn't meant those don't exist, that means I did not record them properly.

**NO:** and when you are the sitting crown, and no one approaches you and tells you and ..asks for a receipt for said donated item, and never is recorded at all.

(multiple talkers)

**BH:** all I want to reassure you of is that yes, the process of mediating out this issue, and I don't even want to call it a dispute, as far as Adrian Empire Inc. is concerned, it is recovery of assets. You can make any argument you have that it is not in fact an Adrian asset, and the smart...would be on this body determining whether it is feasible whether to establish that ownership or not. We were having this very discussion, hypothetically, because this is what people who went to the wrong schools do, what...what result. How much would it cost...well lets take that out of the equation... what result. We can talk about this endlessly. You don't have to do that. All you have to do is say, this asset is not an Adrian asset and this is what I base my belief on that. Somebody can say I have a receipt, or they can say I don't have Jack. And if they don't have Jack, then what is the logical presumption. That it is in fact not an Adrian asset. That merely that it is not recorded properly is not an argument. If it was someone's duty to record it, and they didn't do that duty, they may be on the hook for that. And its not, it may not seem fair, but that's what we have to deal with.

**RT:** Tom

**TC:** I believe that we have covered the main reason for the meting. The recommendation to get the things we have...as far as the case itself there is nothing to do...I motion that if no one has any other business

**RT:** we do not, does anybody else on the board have any other business

**TC: I motion to adjourn**

## **Defining the Board of Directors**

**BH:** There is one other thing. Can this body make a recommendation on redefining itself

**RT:** Can I say something on that? The man is standing right behind you that we spent a board meeting on last year when you sat, correct, did we not?

(multiple talkers)

**BH:** on the agenda, his majesty and I put forward an item that would basically address what the board is and what it would not be. The three possibilities, and there are many more. I was wondering if the members of the board wanted to make a recommendation or remain silent.

(laughter)

**RT:** Board? Do you want to keep it until tomorrow

**BH:** I have a really serious concern that we are called a board of directors and I don't believe we are

**RT:** No we're not

**BH:** There are three ways of addressing that. One is to change our name and acknowledge that the statutory officers are the officers of record. And that's where that ends, that's where that begins and that's where it ends. We are merely advisors, and we can be held accountable for our advice but not for fictional powers that we don't possess. The second thing is, we can, I think A was actually to go ahead and make an amendment to our Arizona corporate filing which explains what we are and what we are calling ourselves. The last, or maybe the first one, was to go ahead and recommend adoption of a bona fide right out of a boilerplate board of directors for the ordinary purposes of what a board of directors do.

(multiple talkers)

**RT:** Ok Chris

**CB:** I want to be clear that there is a definition of definitional ...exist..(cant hear) I would recommend that this body, want to let the people know that they are considering making this change to do that but make no specific. Bill has obviously ...have not shared with all the board members. ...my point is ...the other thing is make some generic statement that should be clarified. That this isn't a real board of directors. What he said to me before specifically, to use layman speak, it is a real board of directors but it doesn't have the power of a usual or common board of directors.

**BH:** (unintelligible)

**JS:** (unintelligible)

**CB:** It's a board and it has attributes of an advisory council, what he is trying to say is it has attributes of an advisory council and maybe we should call it an advisory council and ...it's a little bit of a different statement. Some people when we rewrote it really wanted a board but they wanted to give it different powers, and I find it, I find the confusion with it being that you wrote the other thing that people change understandable but I find that you discount what they tell you because I was a part of the people that changed it, why we changed it, ...so my point is give everybody some time to digest instead of throwing it in at the last minute to make this change. But the board can, but all the information that you presented should be actually vetted like every other thing before they make that recommendation.

**BH:** Its been on the agenda for 45 days

**CB:** If there was an agenda, I am the president, I got null

**BH:** no it is on the imperial estates agenda

**RT:** Bil and I have talked about it numerous times

**BH:** All I asked was did the body wants to make a recommendation. If the body doesn't want to make a recommendation, that is fine. But here is the thing I am concerned about. (multiple talkers0

**RT:** (unintelligible)

**JS:** Can I make a recommendation really quick. As long as our bylaws are changed in any of our internal rules that would actually amend the powers of the board we would have to do an amendment to the articles of incorporation (**RT:** yeah) otherwise the federal, the any government the body would still look at it say the board of directors has full powers.

**AD:** No, well that's what it says in section 3

**CB:** we did that

**AD:** but we did that

**CB:** We did do that

**AD:** we changed the powers of the board

**CB:** someone may have specifically carried the paperwork over, but they have to, this keeps coming up this concept of that someone didn't carry the paperwork over as they were ordered to. That



didn't happen. They are ordered to and they didn't do it they don't get to ignore that they didn't do it, they are supposed to do it.

**JS:** I know that's what we have been saying. (multiple talkers) Because I believe our steward did file it.

**RT:** Sir Hawthorn

**WP:** the problem is having a board of directors no having the attributes of a board of directors. If you talk to other entities, if you talk to IRs, Lawyers, and we don't make it clear that our board of directors has limitations, it falls back to what I said before. Garbage in, garbage out. If they make recommendations based on, ok they have a board of directors, the board of directors can do X,Y, Z if they think ...their recommendations could be off

**RT:** Tony

**AD:** There are a few things that come up in articles of corporation that are not addressed in article 5 of our bylaws. Those things would fall to the board of directors. Because at the end of our articles we direct all the board of directors back to the responsibilities and duties of the board of directors under the Arizona statutes. So anything that is not covered in our little articles 5, ..budgetary, if it isn't part of that could technically be seen as directing everybody back to the duties that fall under a board of directors.

**RT:** Chris

**CB:** There is something you said which is very important and this is the argument I have with Bill, when we say we have a board of directors but we don't explain that we don't have the standard that everyone is used to, that is our problem. Our board of directors have to do that.

**BH:** most certainly

**CB:** So the concept of I don't want to do that, lets get rid of the board is faulty in the eyes of most people. You guys can vote however you want, but realize you don't represent your personal views, you represent the whole empire. So if you discussed it with people of the empire you have a good feel of how you feel the people feel then by all means vote, but if you are just This is my personal opinion, you would not be doing yur job unless you had the proper representation. The way that the board is set was set by the empire. I know you have trouble with it because you like it the other way, but that's a fact, and it may change here but the people will talk about it, and that's my only point that its done properly

**RT:** Bill

**BH:** I believe it is misleading and may be problematic for us when we list in our mundane filing which we do throughout the mundane united states and possibly Canada that our president, vice president and board members, to these outside organizations who have an understanding of them that is not reflected in our rules. I believe it would be much more accurate to list our statutory officers who are in fact who the crowns and the steward.

**RT:** and that's it

**BH:** Unless at some point the estates wish to modify that by adding other folks to it. If the BOD, when we talk about the other powers which are presumed, the mere attempts to exercise

**AD:** When you say powers, you mean responsibilities

**BH:** the responsibilities and duties

**RT:** Bill has the floor

**TC:** do we have to do this argument here

**BH:** Yes, because it has been made personal. Its not personal, its, I think we are doing something questionable and I think that there are plenty of people in this room that agree that its not real clear to an outside body, ok, and that we should be operating in a way that is clear to outside bodies.

**RT:** Tony, just a minute, Janna

**JS:** a point that goes to what you had said that anything not covered under article 5 would go back to the articles of incorporation

**AD:** the bylaws, articles direct us back to them

**JS:** here's the thing, if we file the amended articles that were approved in 2010, there are some specific things in the articles of incorporation that say the affairs of the incorporation shall be managed by delegates hereinafter referred to as the estates, which shall consist of all members of persons being fixed in the bylaws from time to time, pursuant to 10.3.801c the estates shall have the duties and responsibilities of the directors. The directors shall be relieved of those duties except for specifically delectated authority to the directors by the estates

**AD:** I read those but that's plain wrong right now. That only exists in adria

**JS:** that's in the articles of incorporation sent into Arizona

**RT:** order

**JesS:** The articles of incorporation were filed after someone finally told me I was supposed to do that. And they were sent back because they needed us to give them additional information. Gonna be sent back. They have been filed.

**AD:** they are not filed

(multiple talkers)

**RT:** Order

**JS:** Its not the bylaws that reflect anything having to do with the articles of incorporation, he articles of incorporation can supersede any provision in the bylaws according to mundane law.

**SH:** that is correct

**BH:** Point of information, at a previous meeting, we asked the Imperial Crown when conferring with council to review some of these very questions and let us know council's opinion.

**TC:** That went in a separate section and she is still looking at it. She said its actually complicated. And she said before she did all the stuff, she was going to send us (unintelligible)

**BH:** and the information you brought to us just a moment ago, this file is being held, it hasn't been sent back

**JesS:** I need the signature of the statutory agent to give her.

**JS:** she had to get the signature of the statutory agent which she just took care of

**BH:** but we haven't sent it yet

No

**BH:** the attorney is sending more information, we have that thing sitting there, I think this is relevant. We might want to hold off just for a moment if the attorney will advise us otherwise

**RT:** Chris

**CB:** Two different things and its very important. One is that you are concerned about misrepresentation not by individuals but by reporting and you said here, like it would be better to change the board to report statutory officers. Those things do not matter. We can report statutory officers and not the board, and still achieve your goal without going against what the empire voted on. The other thing is, I would assume, I don't know, that if we did ask the lawyer can the board have things that are in conflict with the generic sets of those, and they said yes. And that's probably why you need the extra signature because they are probably looking at it more thoroughly, but the lawyer did say it was possible

**BH:** if you properly reported (mumble)

**CB:** Right and that's what happened, and somehow it fell behind the thing then someone called Jessica and she said she would take care of it.

**WP:** To be clear what is waiting in queue to be turned in is what the imperial estates directed which supersedes this body, supersedes the imperial crown

**AD:** but it does not supersede Arizona state law.

(multiple talkers)

**WP:** The imperial states directed this, we can argue all we want.

**BH:** it was approved two years ago.

**WP:** It can be brought back up to them tony but the imperial estates directed this is how we want to do business.

**SH:(multiple talkers):** Even if it is wrong it's still need to be done because its already been enacted by the estates

**CB:** (multiple talkers): it still needs to be filed

**BH:** Several people have spoken to us over the years and said members of the estates are concerned about the level of liability that they might be subject to if in fact they are acting like directors.

**CB:** the difference is they have to bring them back before the imperial mistakes, they cant say that the work was taking long so lets side track it.

**JS:** we are not saying that, what is the proposal before the board, what bill was asking was if the estates want to put a recommendation of what the board wants the estates to do.

**TC:** have all the board members examined this proposal. Does everyone have an opinion or a preference on this proposal. If we have not thoroughly examined it, I am loath to make a recommendation.

**BH:** I'm concerned because we are still waiting on the attorney to get back to us.

**TC:** She said it could be pricy. I didn't what to make this decision, so I thought I'd tell the estates it could be \$1500 and ask them to approve it.

**CB:** That's an idea, ask the estates if they want to approve the review at 1500 dollars. Because they were reviewed and paid for review before.

**BH:** She didn't say \$1500

**TC:** no

**JS:** did she give an estimate of when we would get the quote?

**TC:** No, that's in question because when we didn't get the bill I was wondering if they were together, so I'm going to call her on Monday.

**RT:** I believe Lawrence has something

**LM Basically we are waiting on lawyers, so should we say we are waiting on that. So I'll put a motion to (unintelligible)**

**RT: Do I hear a second?**

**BH: yeah**

**RT: ok, we are voting on whether to wait for the lawyer. I didn't hear everything you said**

**LM Wait for the lawyer**

**RT: Table until we get a recommendation from the lawyer**

**Favor: All**

**Against: None**

**Abstentions: 2**

**TK: Judith says aye.**

**RT: we have two abstentions**

**JS:** Even with our recommendation, its going to be at this point unless people have open proxies for items it may not change any votes.

**TC:** Is this in old business or new business

**TK:** Old

**JS:** its old business. It was in new at the July estates meeting and it was briefly discussed during the new business discussions. Everyone said they don't have any questions.

**AD:** nobody knows or understands

**RT:** I'm not sure they comprehend

**SH:** well I think what it is, is that as a board we should recommend to their imperial majesties that they present the estates tomorrow that it be tabled due to waiting on the letter from the lawyer, so it would be out of order to vote on it at this time. That would be the recommendation

**RT:** Do you want to make a motion

**SH:** (affirmed)

**JS:** Tie this to some timelines so we are not waiting for 6-6 months for the attorney to get back to us.

**RT:** lets do this. I have a motion on the floor.

**TC:** Second

**RT:** Sara state what you said

**SH:** I propose that the board recommend to their imperial majesties that the issue the board of directors that is on the agenda tomorrow as old business be tabled based on the information that we have not received the information from the lawyer at this time and we cannot make a decision, a decision should not be made until that information is received at the end of December this year

**RT:** a motion has been made and been seconded

**JS:** I have a clarification question. When was the information sent to her to review this

**TC:** I have August 10<sup>th</sup>. That's why I was saying that we needed the bill for

**SH:** that's why I am saying by the end of December.

**JS:** that's almost 60 days. The lawyer is no longer timeline in providing the advices

**RT:** I have a motion its been accepted, and seconded.

**LM:** I'm sorry is this a substitute for what we all

**RT:** Advice to the crown

**SH:** Advice to the crown to table it until we hear form the attorney no later than December 31<sup>st</sup> 2012.

**BH:** SO its basically a clarification of what we said

**SH:** no it's a new one. We are asking them to table the old business item that is already out there for vote.

**RT:** All those in favor:

**All:** Aye

**Against:** 0

**Abstentions:** 2

**Motion passes.**

**TC:**motion to adjourn

**Second:** Lawrence

**RT:** Board adjourned. 11/02 9:48 PM

