



## CBUSA MEETING MINUTES

**DATE: September 3, 2019**

**TIME: 7:00 PM CST**

**LOCATION: Teleconference**

Attendees: Pat Connors, Mike Taft, Mike Birky, Charles Cryderman, Dennis Johnson, Shelby Zarobinski, Wayne Mast, Steven Davison, Don Hastings, Parliamentarian; Sharon Priebe

I. Call to Order

President Pat Connors called to order the regular meeting of the Clydesdale Breeders of the USA on 9/3/2019 at 7:00 PM CST

II. Roll Call

President Pat Connors conducted a roll call. The following persons were present: Pat Connors, Mike Taft, Mike Birky, Charles Cryderman, Dennis Johnson, Shelby Zarobinski, Wayne Mast, Steven Davison, Don Hastings, Parliamentarian; Sharon Priebe

III. Approval of Minutes from 7/21/2019 meeting submitted by Tracy Taft on 9/3/2019  
President Pat Connors read the minutes from the 7/21/2019 meeting. Discussion. The minutes had the following corrections;

Pat stated that board meetings would take place on the 1st Tuesday of every month **as needed** at 7:00 CST. The agenda will be sent at least 7 days ahead of the scheduled meeting. Teleconferences will be accepted until bylaws are rewritten.

Keystone made a donation request for sponsorship. After discussion, it was decided that it was best not to do individual shows, since it is impossible to donate to all. Annette Fielding suggested that a line item in the budget should be created for show donations, and that individuals requests can be granted until those funds are used. Pat stated that was a good idea that it could be added into the budget meeting in **October** in Lansing.

Steven requested the change in the Fraud discussion of 34K to 37K

Motion to accept changes and approve the 7/21/2019 Minutes made by Wayne Mast and seconded by Steven Davison, all in favor motion carried.



#### IV. Approval of Minutes from 8/2/2019 meeting

President Pat Connors read the minutes from the 8/2/2019 meeting.

Discussion. Please forward link for PHAoA presentation to BOD. Changes none. Motion to approve made by Wayne Mast and second by Mike Taft. All in favor except Steven Davison who abstained. None opposed. Motion carried.

- **ACTION ITEM – Tanya will forward PHoA presentation link to BOD**

#### V. Open Issues/ Summary of discussion

- a. Review of standing committees

Discussion. Additions;

Add Bob Solis to National Show and Riding Committees

Add Brilyn Webb to Riding Committee

Add Jana and Brilyn to National Show Committee

Add Dennis Johnson to Co Chair Social Committee

Add Polly Thomas to Queen and Social Committees

Add Deb Wilcenski, Jenny Pendell to Queen Committees

Mike Taft - Add Jay Ward to National Sale Committee.

Request for committee member contact information

Steven requests charge for Social Technology Committee. Pat states that charges for each committee are forthcoming

**\*Reminder to Committee Chairs that the CBUSA has a joinme.com account for your use as a communication and planning tool for your committee work**

- **ACTION ITEM – Tanya will create and forward Committee Contact information and forward to BOD ASAP**
- **ACTION ITEM – Pat will forward charges for each committee**



Pat moves agenda items b, c and d to f to be discussed with other financial decisions

- b. **Kate Hanson complaints** – forward to the By Law Committee to review and discuss at future meeting
- c. **Copywrite/ Trademark Proposal** – move to future agenda
- d. **Percheron Association Contract** – Discussion and decision on Option #1 cost - \$1000.00 or Option #2 cost -\$1700 includes check charges - Mike Birky states that he had his first Financial Committee meeting on Monday, September 2<sup>nd</sup>. He states that he is fortunate to have the three very knowledgeable members to work with. They are very experienced with the Quick books program. They have received all of the Quick book information that was in the CBUSA record system. They have been working hard to enter the data. The Committee's recommendation is to retain CBUSA financial responsibility at least for the time being. They would like to see the board select option #1 for \$1000.00. The \$700.00 per month savings could go toward future accounting fees. They advise that the Quick books program we currently use is outdated and is not hosted for updates. They suggest the purchase of an updated version that is hosted by rightnetworks accounting for automatic updates. The cost is \$2200.00.

**MOTION TO PAY: Motion made by Steven to take Option #1 at a cost of \$1000.00 per month. CBUSA will retain control of our own financial records. Second by Mike Taft. All agreed. motion carried.**

#### Roll Call

- Connors - Yes
- Birky - Yes
- Taft - Yes
- Mast - Yes
- Zarobinski - Yes
- Davison - Yes
- Cryderman - Yes
- Hastings - Yes
- Johnson – Yes



- Motion carries

**MOTION TO PAY: Approval to purchase updated and hosted Quick Books software at \$2200.00**

**Motion made by Chuck, second by Shelby**

**Roll Call**

- Connors - Yes
  - Birky - Yes
  - Taft - Yes
  - Mast - Yes
  - Zarobinski - Yes
  - Davison - Yes
  - Cryderman - Yes
  - Hastings - Yes
  - Johnson – Yes
  - Motion carried
  - 
  - **ACTION ITEM – Mike Birky will contact Stacie with the BOD selection of Option #1**
- e. **Transfer of Office functions update** – Mike Birky advised that he had contact with several long time members over the weekend who were wondering why we had the Percheron Association handling our CBUSA office functions. He stated after about 5 minutes of relating the savings and services provided that the comment was “ Why didn’t we make this change years ago?” Steven suggested a Digital Horse program presentation to the membership on the next general membership forum. BOD agrees.
1. Mail – new address is PO Box 345 Fredericktown, Ohio 43019
  2. Phone – Remains the same number and will need phone bill to transfer
  3. Rental of room at Percheron Office – storage (Paintings) Discussion



- **ACTION ITEM – Steven along with the Social Media Committee will work with Stacie Lynch on an educational presentation to the membership. Steven also thought social media posts with Fun Facts and information would be beneficial.**
- f. **Discussion on National Sale Proceeds** – Mike Birky – States the he has 80K+ but is trying to obtain a statement to balance from Andy White. He has tried and has not yet received a response from Andy. Mike will continue to reach out to Andy for a statement.
- g. **Banking** – Mike Birky advises his Financial Committee recommends to move to a National Bank. Chase bank offers as many as 5000 bank locations across the country. This will accommodate future changes in the BOD officers and locations. They suggest that checks require two signatures. Mike proposes that they pay bills twice a month. The goal is to start with a clean slate October 1<sup>st</sup> at the new bank, requiring two signatures. He will email the bills listed to all BOD for comments. Comments will need to be made within 48 hours. The committee discussed action on the Prudential Annuity currently in the name of Betty Groves. The recommendation is to change this fund to another type of account. The committee is looking for suggestions. Chuck recommended that the funds be moved to a money market CD. Current rates are at 3% and could be locked in. He also stated that Annuities are not insured by FDIC.
- **ACTION ITEM – Mike Birky will check with Prudential and Chase to explore the best investment opportunity**
- h. **37K Fraud** – Background: Steven Davison paid an amount of \$37,000.00 by ARCH to who he assumed was the MEC Center for our National Sale venue invoice. When he discovered that the MEC did not receive the funds he contacted the local bank to try to stop the transaction. That was not possible. He then contacted the CBUSA attorney, the CBUSA Insurance Company, his local Louisville PD and the FBI. Pat Connors contacted the FBI, our CBUSA bank, the MEC Center and the Maryland Bank that facilitated the transaction. A complaint was also filed with the Maryland Bank's local law enforcement jurisdiction. Since there has not been much success with these contacts Pat hired Ron Brunner of Bsoft Technologies to try to track down the fraud and determine whether or not it occurred from the CBUSA end or from the MEC side. Mr. Brunner traced the fraud to hackers to an IP Century Link in Nigeria and authenticated through Dennis Fry's (MEC) email. The hackers were able to infiltrate the MEC email system and request payment from CBUSA. The bill for Bsoft Technology will be forwarded to Mike Birky. CBUSA has received a 5k check from



the Errors and Omissions Insurance that has not yet been cashed. Mike Birky will wait until the matter is resolved before depositing the check. CBUSA will continue to communicate with Dennis at the MEC to resolve this issue.

• **ACTION ITEM – CBUSA will continue to communicate with Dennis at the MEC to resolve this issue.**

- i. **44K Attorney / Audit Bill** – Martin Durkin of law firm wanted to know what the status on fee statement is. They want to know when they can expect payment. Mike Birky states that 10K already paid as retainer. Balance of 34K. Asks if there has been any commitment by a board member to chip in toward the balance? After consultation with an attorney, the opinion is that the CBUSA is responsible for the 44K. The Executive Committee would be personally responsible if they were acting without BOD authorization. Pat opens up for discussion. He states that he is looking for direction from the BOD. Mike Taft states that it is normal business to conduct an audit after a personnel change. Pat states that it is not normal to conduct a forensic audit for a personnel change. There is a big difference in the purpose of a “forensic audit” versus a normal audit. Forensic is to detect misconduct. This audit targeted our former secretary. When asked for the justification or evidence to contract for a forensic audit, Steven stated that there was no evidence of misappropriation of funds. The meeting or minutes from a 4/10/2019 teleconference authorizing this audit was never posted on the Website. The 4/10/2019 minutes were never approved at subsequent meetings. These minutes were emailed by Tracy Taft to the BOD on August 20th, four months after the teleconference. Steven states that former board member Sierra Covell emailed a “picture” of the minutes to the BOD on 4/23/2019 but mislabeled them as 3/25/2019. Steven states that he overlooked them and consequently never brought forward for approval. These minutes contain an approval from the former BOD for a maximum \$15,000.00 expenditure for a forensic audit that will commence on 4/17/2019. Discussion – several members of the current BOD feels that they should not be responsible to approve minutes from a meeting that they did not attend. The invoice for the audit states the law firm charges at a \$950.00 per hourly rate. The \$44,000.00 charge is \$29,000.00 over the amount approved in the unapproved hand written minutes submitted by Greg Bagley and forwarded by Tracy Taft August 20, 2019. There are ramifications with insurance coverage for this situation depending on whether or not the BOD in fact did authorize this expense. If the BOD authorized the contract with this law firm, there may not be insurance coverage for the \$29,000.00. When asked, Parliamentarian suggested that the BOD continues investigation into the facts surrounding the 4/10/2019 minutes and put in on a future agenda for a decision. Steven will forward the email string as many members did not receive



it. Sharon suggested that the BOD may want to have a separate meeting to address this issue. When asked about the proper notice, she stated that 7 days notice with an agenda for an open meeting and 48 hours if it is not an open meeting.

- **ACTION ITEM – Steven will forward additional information for BOD to review**
- **ACTION ITEM – Mike Birky will forward and discuss with the Finance Committee. He will bring recommendation to the next meeting for BOD to review**

j. **National Sale Venue** – Wayne Mast/ Mike Taft/ Charles Cryderman

Mike Taft has bid packets from St. Louis and Springfield venues. Explained that St. Louis has others interested in their venue during the same time so we need to let them know asap. Springfield had renovated their venue. He wondered if Dennis (MEC) would still be interested in presenting a bid considering the fraud issue. Dennis has been very good to work with during this issue. BOD decided to request a bid from the MEC. The National Sale Committee will present options to the BOD for the 2020 National Sale at the 10/1/2019 meeting. They will research options, prepare specs and bids for following years.

- **ACTION ITEM – Mike Taft will forward National Sale venue packets to review. He will contact the MEC to procure a bid and forward to the BOD prior to the 10/1/2019 meeting. The BOD intends to commit to a venue at the 10/1/2019 meeting.**

k. **National Show Venue** – Don Hastings / Wayne Mast – Discussion. Draft Horse Journal advertised that the National Clydesdale Show would be in Iowa next year. Questions about whether or not we have a three year contract with them. Mike Taft will call Pauline to see what our obligation is. National Show Committee will research and present findings and options at 10/1/2019 meeting.

- **ACTION ITEM – National Show Committee will research and present findings and options at 10/1/2019 meeting.**

l. **Approval to pay bills** – Mike Birky



How many signatures on checks? BOD agrees to require two signatures. The current German American bank will allow two signatures but not enforce it. The new Chase Bank will enforce the two signatures. Mike Birky will email a detailed list of bills to be paid to the BOD for review and comment.

USLGE – Mike Birky does not have the current invoice. He will contact them for duplicate invoice

### **MOTION TO PAY: Current Bills**

**Motion made by Don, second by Mike Taft**

#### **Roll Call**

- Connors - Yes
- Birky - Yes
- Taft - Yes
- Mast - Yes
- Zarobinski - Yes
- Davison - Yes
- Cryderman - Yes
- Hastings - Yes
- Johnson – Yes
- Motion carries

**m. Clyde News Status** – Discussion regarding timelines and options. BOD agrees to take bids. The Promotions and Marketing Committee Chaired by Chuck Cryderman will create specs and put the News out for bid. All in agreement.

- a. **ACTION ITEM – The Promotions and Marketing Committee Chaired by Chuck Cryderman will create specs for the News and put out for bid.**

**n. Certification of Voting/ Membership contact lists** – Nominating Committee- Don Hastings – Don is currently researching various electronic voting programs that will allow for paper ballot for those members who do not have computer access. He has also agreed that Nominating Committee will take on the task of certifying the



membership list for the voting process. The Nominating Committee will need to work with the By Law Committee on this process. The goal would be to have a program for the membership to vote on by the Lansing meeting.

- a. **ACTION ITEM** – Nominating Committee will take on the task of certifying the membership list for the voting process
  - b. **ACTION ITEM** – identify and research voting programs and report findings to the BOD
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- o. **Introduction to Drop Box** – Kristen Hastings – Move to future agenda
  - p. **Discussion of Greg Bagley’s handwritten meeting minutes for the April 10<sup>th</sup> meeting** -Steven moved to discuss this issue with the 44K issue – agreed
  - q. **Kathy Lindsey Letter**- Steven Davison addressed the letter sent by Kathy to become more transparent to the membership. He said although Kathy has many good points, he does not want to see our minutes or recordings posted on Facebook.

## VI. Adjournment

Motion to adjourn made by Mike Taft and second by Wayne Mast. All agree. Motion carried.

President Pat Connors adjourned the meeting at 9:00 PM CS.

Submitted by Tanya Connors

Date: 09/18/2019