

Papillon Club of America, Inc.
Teleconference Board Meeting - December 3, 2009

The meeting was called to order at 9:08 PM ET by President Lori Bovee.

Board members present: Lori Bovee, Jane Sirkoch, Nikki Berthold-Illias, Angela Pickett, Kevin Ray, Jeri Naylor, Mary Keith Welch

The November 19, 2009 PCA Board minutes have been approved by the PCA Board.

Report of the President, Lori Bovee

The membership is reminded of the AKC Rule Change which will take effect on January 1st, 2010,

which requires that all dogs must be either individually registered with either the AKC or a foreign

registry organization whose pedigrees are acceptable for AKC registration in order to participate in any AKC Conformation, Performance, or Companion event.

Report submitted by the Vice President, Sandy Schumacher

Meet the Breeds booth at AKC 125th Anniversary show in Long Beach, CA. We have four volunteers: Natalie Carlton; Carla Billings; Christine Burton and Maureen McGrath. We are asking

them for help in furnishing the booth -- photos, knickknacks, breed/show info, etc.

Supporting the breed at the three all-breed shows preceding AKC show: Kevin sent the club medallions this week so they will be presented at ringside for WD, WB, BOS, BOB and hi-scoring

Papillon each day.

Report of Treasurer, Jane Sirkoch

- Balance in Citizens Checking is \$11,843

- Balance in Citizens National Specialty \$8,563

- Balance in Citizens Savings is \$110,662

- Fund Balances:

Genetics \$52,467

Benevolent \$ 2,328

Special Projects \$14,891

Rescue \$ 4,055

2010 National \$ 8,563

2010 NE Regional \$ 1,448

General \$ 47,316

- Expenses include \$4733.51 for supported entry medallions, \$981.72 for November Paptalk, and \$791.11 for ballot preparation and mailing.

Committee Reports

Constitution and By-Laws Committee

Lori Bovee submitted the following report for the Constitution and By-Laws Committee: The proposed revised By-Laws have been posted on the PCA Website since November 26th, 2009. An official announcement was issued on that date announcing their availability. So far, we've received comments from two PCA members.

Annual Committee

Mary Keith Welch will be contacting the Independent Clubs to secure their specialty photos.

PCA Supported Shows

Pictures from the PCA supported show in Columbus will be submitted by Kevin for the website. (End of committee reports)

PCART

In October, 2008, the PCA membership was presented with a ballot to form a Trust for its rescue operations. The materials sent by the Rescue Trust Formation Committee read in part:

"The second structure is an IRS 501(c)3 non-profit organization. All IRS 501(c)3 non-profits have similar internal structures (a Board of Directors and Committees) but they stand alone as a corporate entity. A 501(c)3 rescue is an independent entity from the breed club and as an independent entity the breed club has little real control over the rescue group. This entity controls itself and PCA would have no long term control to insure rescue would meet the requirements of SR 14. This lack of control by PCA was unacceptable to the committee.

The third structure is an IRS 501(c)3 Trust organization. The big difference between this organizational structure and the stand alone 501(c)3 is that **the trust is controlled by the parent organization, in this case, the PCA by electing a majority of trustees on the Board of Trustees.** This organizational structure insures that the **Papillon Club of America Rescue Trust would be in compliance with SR 14** and would be in compliance with both federal and state law relative to donations nationwide." (PCA Official Announcement dated 9/26/08 - emphasis added)

In December, 2008, after the ballot passed the prior Board approved the language to be filed with the IRS to form PCART, which stated in part: "**We expect to travel to dog shows around the country to educate people about the Papillon breed of dog.**" This activity was not covered under Standing Resolution (SR) 14. Donors to PCA Rescue prior to PCART's formation were not told the money they donated might go to cover travel expenses for education, but these funds (\$65K) were transferred to PCART anyway. So much for compliance with SR 14.

At this same time, the prior Board approved Trust Operating Documents which imposed a supermajority (4 of 5 Trustees) for approval of Trust activities, although the Operating Documents only allowed for three PCA Board members to become PCART Trustees. So much for control by the

parent organization.

In February 2009, shortly after the PCA election results were announced, the committee of PCART Trustees (Pertile, King, Robinson, Fuchs, Plossl) met and re-wrote the PCART Operating

Documents, eliminating the following provisions which mandated:

1. PCA Board approval of PCART Trustees
2. Trustees must be PCA members in good standing

In addition, various other provisions were modified to reduce PCA's influence on PCART, rendering PCA helpless to prevent damage to its reputation from actions taken by or from complaints made about the rescue trust.

When the current PCA Board took office, VP Schumacher, Treasurer Sirkoch, and Director Welch

became Trustees of PCART replacing Pertile, King, and Robinson. For the past several months, these people have struggled to gain sufficient information to function as a Trustee, for example, financial records and operating reports. PCART has lost a large number of volunteers during this period, many of whom have supported PCA's Rescue efforts for years.

In August, the Board members/Trustees advised they didn't think they could resolve the situation from within the Trust because the Operating Documents tied their hands and required them to get agreement from either Fuchs or Plossl on any attempt to fix anything. This resulted in a letter from the PCA Board to the PCART Board of Trustees, proposing that PCA get its name back and

no further claim of affiliation between PCA and PCART in exchange for resignations of the PCA Board Members who are also Trustees.

A response to that letter was recently received from an attorney purporting to represent PCART (despite no Trustee vote to acquire such services, nor any agreement to such representation from the 3 PCA board members). He indicates in his letter that he is submitting a statement in the sum of \$1,000.00 for advice given on behalf of the trust in the names of Trustees Plossl and Fuchs, which can be based on their entitlement to reimbursement of up to \$500 "for expenses from duties arising out of their Trustee activities" described in the PCART Operating Documents.

Note:

there is no cap on the amount a trustee can be reimbursed for "reasonable expenses that are itemized and properly documented arising out of their Trustee activities". Checks over \$500.00 require approval at a BOT meeting. The attorney also advises that, "**...in my view, the actions of Ms.Bovee, as President of the Club, and the trustees (Sirkoch, Schumacher and Welch) have been engaged in a conspiracy to raid the assets of PCART and return them to the Club for non charitable purposes.**" This is an outrageous allegation to make against individuals who, for many years and in various capacities, demonstrated their commitment to preserving funds restricted for Rescue purposes when no question of 501(c)(3) status applied. It is appalling that two members of PCA would foster such a ridiculous accusation, or allow it to be made on their behalf. For the record, none of the mentioned Board members has EVER asked that Trust funds be returned to PCA for any purposes. In fact, when Trustees Plossl and Fuchs were asked to what actions the

attorney was referring in the above statement, they had no reply.

Numerous PCA members have expressed their outrage at the failure of the PCART formation to live up to the representations which accompanied the ballot in October 2008. Similarly, many members are concerned about the current state of PCART operations and whether they still continue to pose a liability to our club through use of the PCA name. PCA Board members are still routinely contacted by PCART volunteers or members of the public who expect PCA to somehow address their problems with PCART.

The current intent of the two At-Large Trustees appears to be more about opposing the other three Trustees on everything than building a strong organization. For example, at the most recent Trustee meeting, a motion was raised to begin registering the Trust in the many states that require it (like Florida) so PCART may legally accept donations from residents of those states. The PCA membership was told last October that this type of compliance with state law was one of the benefits of the Trust's formation, but nothing's been done to achieve it for the past year. And Trustees Fuchs and Plossl voted against it now, so it failed to pass with the super-majority of Trustees the Trust Operating Documents require.

At this time, the three PCA Board Member/PCART Trustees who have been engaged in trying to sort this out and create a workable solution are asking the Board to retain legal counsel, on behalf of PCA, to review the Trust formation, current operations, liabilities it may pose to PCA, and provide a recommendation for resolving the situation.

Kevin Ray made a motion to retain Bell Nunally & Martin, LLP, Dallas, TX to represent PCA to address PCART's 10 November, 2009 letter and examine the Trust formation and operations. Seconded. Naylor abstained.

Judges Education CD

The means of reproduction of the Judges Education CD is being reviewed due to CD's ability to play on DVD players as well as CD players (reverse may not be true). The Board will table this for further review until the next meeting.

2010 PCA Midwest Regional on September 10, 2010

A motion was approved by general consent to approve PCI to host the 2010 PCA Midwest Regional Specialty in Des Moines, Iowa on September 10th, 2010. Phyllis Fleming has confirmed that no profit split is anticipated in accordance with the PCA Board's motion on June 11th, 2009.

The next Board meeting will be on January 5, 2010 at 9:00 PM ET.

The meeting adjourned at 10:15 PM ET.