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Texas Longhorn Breeders Association
Board of Directors
Executive Session
7:00 a.m.
January 12, 2007
Radisson Fort Worth North
Fort Worth, Texas

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8

9 MR. LEMLEY: Good morning. I would like to
10 call this meeting to order. This is the Texas Longhorn
11 Breeders Association of America Board of Directors
12 meeting. This would be January the 12th, 2007, and I
13 want to welcome all our board members, our current
14 board members and our board-elects that we have here
15 with us this morning. I look forward to having this
16 opportunity to have our general membership meeting that
17 will be at 11 o'clock and having the opportunity to
18 install our new directors at that time.

19 This morning I want to introduce some of
20 the folks that we have here on the table that are not
21 part of this directorship, but -- pardon my throat,
22 I've been on the phone a lot here lately -- but I would
23 like to introduce, our court reporter here is Mr. Joe
24 Hendrick of Merit Court Reporters. He will be taking
25 our minutes and these will be recorded for our meeting.

1 Also, too, I want to introduce Ms. Betty
2 Green. Ms. Betty Green is a certified professional
3 registered parliamentarian and we felt like at this
4 particular time that might be the best thing for us to
5 do. She is on the National Association of
6 Parliamentarian and a Certified Professional
7 Parliamentarian by the American Institute of
8 Parliamentary, so we welcome her here to guide us
9 correctly through the bylaws that we have in our rule
10 book.

11 I want to introduce Mr. Bill Brown with
12 Weaver & Tidwell. He is the gentleman who has done our
13 audit.

14 And I would like to introduce Mr. Richard
15 Wiseman of Brown Dean Wiseman Proctor Hall & Howell.
16 This is the attorney that we engaged to represent our
17 Board, our Association, and its members.

18 I want to welcome everybody there.

19 At this particular time I'd like to ask
20 Mr. Joe Graddy to do roll call, please, of our current
21 Board.

22 MR. GRADDY: I am Joe Graddy.

23 Sherman Boyles. Ron Walker. Sam Scott.

24 MR. SCOTT: Here.

25 MR. GRADDY: Ken Swisher.

1 MR. SWISHER: Here.

2 MR. GRADDY: Ronnie Cruce.

3 MR. CRUCE: Here.

4 MR. GRADDY: Maurice Ladnier.

5 MR. LADNIER: Here.

6 MR. GRADDY: Dr. Eugene Berry.

7 DR. BERRY: I'm here, sir, but I rise to a
8 point of order, to point out that, "The first order of
9 business shall be to ascertain that the directors
10 present are qualified to serve as required by the
11 bylaws," and I would like the Chairman to please
12 ascertain that the composition of the Board is the
13 current qualified Board of Directors.

14 MR. LEMLEY: Mr. Berry, my plan was to do
15 that as soon as we had a roll call. We need to know
16 who is here first before we can determine they are
17 qualified.

18 MR. GRADDY: Bob Moore.

19 MR. MOORE: Here.

20 MR. GRADDY: Harvey Rasmussen.

21 MR. RASMUSSEN: Here.

22 MR. GRADDY: Aubrey DuBose.

23 MR. DuBOSE: Here.

24 MR. GRADDY: Carla Jo Payne.

25 MS. PAYNE: Here.

1 MR. GRADDY: Joel Lemley.
2 MR. LEMLEY: Here.
3 MR. GRADDY: Cliff Whitfill.
4 MR. WHITFILL: Here.
5 MR. GRADDY: J.T. Wehring.
6 MR. WEHRING: Here.
7 MR. GRADDY: Christy Randolph.
8 MS. RANDOLPH: Here.
9 MR. GRADDY: Buck Adams. Buck Adams.
10 Tim Miller.
11 MR. MILLER: Here.
12 MR. GRADDY: Tom Claassen.
13 MR. CLAASSEN: Here.
14 MR. GRADDY: Richard Carlson. Richard
15 Carlson.
16 Dr. Kropp.
17 DR. KROPP: Here.
18 MR. GRADDY: Fritz Moeller.
19 DR. MOELLER: Here.
20 MR. GRADDY: Bob Larson.
21 MR. LARSON: Here.
22 MR. GRADDY: Colonel West.
23 COLONEL WEST: Here, sir.
24 MR. GRADDY: Mr. Chairman, all are here
25 except Richard Carlson, Buck Adams, Sherman Boyles and

1 Ron Walker.

2 MR. SHERBEYN: Point of order. It was
3 brought that, about the directors, the reason for the
4 roll call was to ascertain to see if we were here to
5 see if we were qualified. Roll call was never called
6 for the newly elected directors. Can we do that at
7 this time?

8 MR. LEMLEY: Board of Directors is current.
9 The new Board of Directors will be installed at the
10 general membership meeting according to our bylaws.

11 MR. BARTON: Point of order. That's not
12 what the bylaws say. My name is Randy Barton and I am
13 also a member of the TLBAA and I think we need to have
14 discussion as to what the bylaws clearly say. Under
15 Sections 2 and 3 these people are qualified, they've
16 been duly elected and they are now the new Board
17 members. In fact, the bylaws require that our Board
18 meeting be conducted prior to the general election or
19 the general meeting of the membership.

20 MR. LEMLEY: I am going to read from
21 Article 4, Section 2. "The nominees receiving the most
22 valid votes will be elected. All newly elected
23 directors shall be installed at the annual membership
24 meeting."

25 That would be on page 9 in your third

1 paragraph.

2 I would like to read from page 8, Section
3 2(c). "Each director shall be elected for a three-year
4 term and shall serve until their successors are elected
5 and have been qualified."

6 I move to Section 3, page 9. "The meeting
7 for the organization of the Board of Directors shall
8 take place as soon as practical after the election and
9 before the annual meeting of the membership, at which
10 time the Board shall proceed to create such committees
11 and such selections of officers of the Board as they
12 deem necessary in addition to those committees and
13 officers provided by the bylaws."

14 It goes on to say, go down a couple of
15 more, "The first order of business shall be to
16 ascertain that the directors present are qualified to
17 serve as required by the bylaws," referring back to
18 Section 2(c). We -- the first order of business is to
19 qualify the new directors.

20 I am going to defer at this time --
21 obviously you guys have selected representation. I'm
22 going to ask Mr. Richard Wiseman at this time if he
23 would come and make the interpretation that was
24 explained to me.

25 MR. WISEMAN: My name is Richard Wiseman,

1 and as Mr. Lemley said, I'm with the firm of Brown Dean
2 Wiseman Proctor Hall & Howell, and we practice here in
3 Fort Worth, have been here for 85 years - I've been
4 with the firm my entire 30 years - and we're located on
5 the second floor of the Fort Worth Club Building.

6 I have looked at this provision and it is
7 my interpretation based upon these bylaws that the
8 current directors serve until their successors are
9 elected and have qualified. Part of that qualification
10 process is, as clear in the board of directors, is that
11 they will assume that office, that is they take that
12 office that they have been newly elected to at the
13 installation before the general Board membership.

14 The gentleman is correct that at this
15 meeting all the directors, including the existing
16 directors are to be based and see if they are
17 qualified, that is that they meet the qualifications,
18 they are either a lifetime member and active member,
19 have paid their dues. Once that qualification is made,
20 then those existing directors who now currently hold
21 office, this will be their last official act here
22 today. The new officers, new directors who have been
23 elected will take and assume that office at their
24 official installation as well as the installation of
25 new officers which will take place at the annual

1 it say under Section 2(c) that the directors are to be
2 installed. It says until -- they serve until their
3 successors have been elected and qualified and the
4 first order of business of this meeting is to do that,
5 according to the bylaws. I read nothing in that,
6 either of those two sections that said that they had to
7 be installed. It says the outgoing directors serve
8 until we have been qualified and the first order of
9 business is to qualify. If at that time they no longer
10 are serving, it would stand to reason that the new
11 directors now serve. You can't have it without
12 directors.

13 MR. WISEMAN: The very first section on
14 meeting of members states that, "The annual meeting of
15 the Association for the installation of directors and
16 officers and such other business as shall come before
17 the Board shall be held at a time and place designated
18 by the Board of Directors."

19 So the very first indication in the bylaws
20 is that new officers and new directors will be
21 installed at the annual meeting. Then when you go to
22 the election and term of office, it's, "Each director
23 shall be elected for a three-year term and shall serve
24 until their successors are elected and have qualified.

25 MR. SHERBEYN: Yes, sir. I --

1 MR. WISEMAN: Part of that qualification
2 process is the installation. These other directors
3 that are serving have been previously installed and the
4 definition of installation is to assume that office,
5 and that has to mean something in these bylaws. It has
6 been mentioned twice and that's the interpretation that
7 I have provided to this Board and am willing to stand
8 behind.

9 MR. DAVIS: Mitchell Davis on behalf of Ben
10 Gravett. The first question I want to understand is,
11 are you representing the Board today?

12 MR. WISEMAN: I am representing the Board.
13 The Association is operated through its Board of
14 Directors and I was hired to assist this Board of
15 Directors with any issue. Main thing was with the
16 investigation that we have been doing on behalf of the
17 Board, and then as questions have come up of what has
18 been any issues that would come up from a legal
19 standpoint with regards to the bylaws.

20 MR. DAVIS: With all due respect, sir, I
21 think when you look at the bylaws they are quite
22 simple, and to hang your hat on the word "installation"
23 just doesn't make any sense. In looking at Article 3
24 you have a meeting of the organization for the Board of
25 Directors. It specifically says in there "meeting of

1 the directors elect." As a practical matter in time
2 and space, what you do is explicitly in these bylaws is
3 you qualify the new directors, you now have an active
4 2007 Board, and they proceed, as it says very clearly
5 in Section C. That is the first order of business.

6 The second order of business then is to
7 elect a new chairman. It makes no sense to have a
8 holdover Board doing business for an elect Board that
9 you have now, in essence, completely stymied.

10 MR. WISEMAN: I would -- you know, I didn't
11 write these bylaws. These bylaws were here when I was
12 asked to interpret them. They may not be written in
13 the way in which a Board may desire, there are ways to
14 go about amending them, but that is the way that I have
15 interpreted them, and if you think about it, there are
16 some good policy reasons that would rest behind that as
17 well.

18 If in fact there were new members that may
19 be coming in, they would not have been serving on this
20 Board, they would not have the Association know the
21 interactions of the Board that are here, and in their
22 first year of service, once they are inaugurated and
23 take that official office they will have some time in
24 order to see how this Association operates and be in a
25 better position to take whatever action that they need

1 to take.

2 UNIDENTIFIED SPEAKER: How many new Board
3 members, how many Board member elects are there?
4 One-third. So you have two-thirds of a Board that
5 knows fully well what is going on and is certainly
6 educated. And I'm not arguing with you about policy
7 reasons, I'm just simply pointing out what the bylaws
8 say and what everyone I have spoken with in the last
9 several days thinks is perfectly clear with the
10 exception of you.

11 MR. WISEMAN: Ma'am, it's not with the
12 exception of me. I stand behind what my law firm --
13 and other partners in my firm have looked at this.
14 We've researched it and we stand behind it, and, you
15 know, that's why we have people that disagree, but that
16 is the interpretation that I have given and I stand
17 behind that.

18 UNIDENTIFIED SPEAKER: I have a question
19 for you, sir. Your interpretation is based on your
20 opinions based on what to back it up? As far as the
21 past years of what this Board has done in electing
22 officers, have you gone back and looked at the minutes
23 of the past election of officers and how it was done by
24 old members or by the new members?

25 MR. WISEMAN: I have gotten some feedback

1 about that, but there is a provision also in your Board
2 of Directors -- in your bylaws that says in determining
3 questions not covered by the Constitution of the bylaws
4 of the Association, Robert's Rules of Order shall be
5 used. Robert's Rules of Order says that you will first
6 obey any state law that may apply and then you will
7 follow your charter, then you will follow your bylaws.
8 And then if there has been a custom, sometimes, as
9 Robert's Rules of Order explain, a custom may be done
10 in such a fashion and over such a period of time that
11 it almost assumes that it may be a part of the
12 practice, but it states that any time that someone
13 raises a point or points out that a custom that has
14 been followed is contrary to that of the bylaws or one
15 of these other laws that I have stated, the laws apply
16 regardless of how long that custom may have been
17 practiced.

18 They were just simply not following the
19 bylaws.

20 UNIDENTIFIED SPEAKER: Can I say something?
21 You guys can stand behind this. Every one of you knows
22 what's right and you -- every one of you knows that old
23 boards don't elect new officers, and I think you guys
24 just need to use some common sense here, trying to pull
25 a fast one by stating some interpretation ain't going

1 to stand with the membership, but you know what's right
2 and I suggest you do that if you want to represent the
3 members of this Association. I'm not a lawyer.

4 MR. WISEMAN: Sir, I respect your comments
5 but let me just say my firm --

6 UNIDENTIFIED SPEAKER: There's no argument
7 on what I said here. I don't want to hear a legal
8 interpretation. That's not the point here.

9 MR. WISEMAN: I am not giving you a legal
10 interpretation. I am taking offense to --

11 UNIDENTIFIED SPEAKER: And I vote not to
12 pay you anymore, as a member.

13 MR. WISEMAN: I am taking offense that when
14 you feel that my firm and the reputation that I
15 personally have and that my firm has, would "pull a
16 fast one."

17 UNIDENTIFIED SPEAKER: I don't think you
18 are the one trying to pull a fast one, sir. I respect
19 your legal opinion. I don't respect a Board that tries
20 to pull that over on the members.

21 MR. WISEMAN: Sir, I give my opinions based
22 upon how I interpret the bylaws using the skills and
23 the laws that apply, and that is -- you may not like
24 the bylaws and there are procedures to change them, but
25 that -- I didn't write them. I was asked to look at

1 them. I've only been representing the Board a short
2 time.

3 UNIDENTIFIED SPEAKER: Sir, then I would
4 say it's never been done right in the past, then this
5 Board doesn't even exist because it's always been
6 elected by the new Board in the past. So this Board
7 must not be right.

8 DR. ALDRIDGE: My name is Darlene Aldridge
9 and I would like to speak for just a moment.

10 It was my speech at the November meeting
11 that brought about the issue to hire an attorney and my
12 recollection is that the one thing that the attorney
13 was to be hired for was to make a ruling on my request
14 to see the books. That was really the one thing that
15 was approved as far as hiring an attorney and I believe
16 that was done the first day you were hired. So I don't
17 know why you're still here.

18 MR. WISEMAN: If I may just mention
19 something in response to that. I wasn't at that
20 meeting, I do not know about that meeting,
21 Dr. Aldridge, but one thing that is clear and that you
22 along with other members need to understand, the
23 business and the affairs of the Association shall be
24 managed by its Board of Directors which shall execute
25 its powers as followed and that is to try to uphold

1 these bylaws. And when I was hired by the Board, I was
2 hired to assist them in interpreting these bylaws, in
3 doing the investigation that we've done and anything
4 else that this Board would ask me to do to assist them
5 in handling their affairs because they are charged to
6 handle those affairs in a proper way. So that would be
7 my response to that.

8 Yes, sir?

9 UNIDENTIFIED SPEAKER: I would like to
10 refer back to Section 2, item (c).

11 MR. WISEMAN: Yes, sir.

12 UNIDENTIFIED SPEAKER: "Each director shall
13 be elected to a three-year term and shall serve until
14 their successors are elected as qualified."

15 Now, you interpret qualified as installed.

16 MR. WISEMAN: Yes, sir.

17 UNIDENTIFIED SPEAKER: I interpret
18 qualified as paid-up members and that hold a breeding
19 animal. That's the definition of qualification in this
20 book.

21 MR. WISEMAN: When you are interpreting
22 bylaws, you assume that every single line statement in
23 there has some meaning. And if what you say there were
24 the case, then the two places where it is very clear
25 that it talks about the installation of the directors

1 and the officers at the annual meeting would have no
2 meaning, and when you look at what installation means
3 it actually means the acceptance of the office. It's
4 the very same thing that happens when someone is taking
5 over an office and it's why I just recently attended
6 the installation of the new judges that were going to
7 be taking over at Tarrant County. They did it on New
8 Year's Day because unless they had done it on that day
9 when it was a holiday, the old judges who had been
10 defeated would continue to serve until they actually
11 were installed through that particular process. And so
12 that's --

13 UNIDENTIFIED SPEAKER: Where did you find
14 in this book the word "qualified" corresponds with the
15 word "installed"?

16 MR. WISEMAN: Well, you have to interpret
17 the bylaws as a whole. You don't take one particular
18 section. You have to look and see what is meant.

19 UNIDENTIFIED SPEAKER: There is a
20 clarification in this book for the word "qualified,"
21 and that is that they be a member in good standing with
22 dues paid up and they own a breeding animal. That's
23 the definition of qualified.

24 UNIDENTIFIED SPEAKER: With all due
25 respect, sir, your interpretation doesn't make sense.

1 And the reason I say that, if you look at Section 3 it
2 requires that the organizational meeting of the new
3 Board take place before the annual meeting. At that
4 organizational meeting before the annual meeting the
5 elected directors are to be qualified. They cannot be
6 qualified before the annual meeting if, as you say,
7 they have to be installed at the annual meeting. The
8 word "installed" has nothing to do with qualifying the
9 newly elected directors.

10 MR. WISEMAN: Ma'am, you are incorrect. If
11 you look at the bylaws it doesn't say newly elected
12 directors. That's all directors. The existing
13 directors that are here.

14 UNIDENTIFIED SPEAKER: Directors elect,
15 which would be all the directors.

16 MR. WISEMAN: All the directors that are
17 here are to be qualified, and so it's not the -- it's
18 not just the newly elected directors.

19 UNIDENTIFIED SPEAKER: But you haven't
20 qualified all the directors.

21 MR. WISEMAN: We haven't gotten to that
22 portion of this meeting yet that I understand.

23 MR. SHERBEYN: It's the first order of
24 business by bylaws. And can you interpret that any
25 other way? "The first order of business shall be to

1 ascertain the Directors present are qualified to serve
2 as required by the bylaws."

3 I cannot interpret the "first" and "shall"
4 in any other way. I didn't go to law school.

5 COLONEL WEST: Mr. Wiseman, ladies and
6 gentlemen: I have been a member since 1973. How many
7 of you can beat me on that? I have been on this Board
8 for three terms. This has been the custom. I have
9 attended before as a Board member many, many times, and
10 as Mr. Wiseman has outlined, that was the procedure we
11 used and should use now. We appreciate the dissent but
12 he is absolutely correct from custom.

13 MR. WISEMAN: Let me be clear. I
14 appreciate your comments. Your custom may have been
15 done in accordance with the bylaws but if the custom
16 was not done in accordance with the bylaws, then
17 regardless of how long custom may have been done, you
18 have to follow the bylaws if someone raises that -- it
19 may be that you have been doing it with bylaws, but I
20 just want to make that clear, that that's very clear
21 from the bylaws that state that it -- in determining
22 questions not covered by the Constitution and the
23 bylaws that it will be covered by Robert's Rules of
24 Order, and Robert's Rules of Order is very clear about
25 that particular issue.

1 MR. MOORE: Seems like the new Board coming
2 in should not be shuffled off to doing years worth of
3 business with somebody that's going out of office or
4 off the Board. They're here, they're duly elected,
5 they're qualified. If they wasn't they wouldn't be on
6 the ballot to be elected, and it looks like a ploy to
7 me to thwart the election that's coming up because
8 people don't want them to vote in the new election, and
9 they're the ones that's going to be serving here after
10 everybody else is gone, the old members are gone. So
11 you're going to have to serve with their officers that
12 the old Board elected and not what the new Board
13 elected or wanted and it seems like to me that it's
14 just a ploy to skirt things around.

15 MR. WISEMAN: Let me comment, or respond to
16 your comments. First of all, the old Board will not be
17 serving with the new Board for the next year. The old
18 Board will officially give up their office. They serve
19 until the new officers - and this is true for officers,
20 too - until new officers and directors are installed at
21 the annual meeting, and at that point those new
22 directors and those new officers will assume office and
23 those old directors no longer have that office. Their
24 office will have been assumed and will have been
25 occupied and taken at that installation as provided in

1 the bylaws, so they will not be serving during this
2 next year.

3 MR. MOORE: I understand that, but what I
4 am telling you is that the old officers are going to
5 make the decisions and get out of town; the new
6 officers coming in will have no say-so for one year.
7 Is that what you're saying?

8 MR. WISEMAN: No, sir, that's not true at
9 all.

10 MR. MOORE: We're not going to be able to
11 vote on the election?

12 MR. WISEMAN: That's another section,
13 that's governed by another section of the bylaws. But
14 what I am saying is that when the new officers and the
15 new directors are installed at the annual meeting,
16 which I understand takes place today at 11:00, then
17 those officers who were serving and do serve until
18 their successors are elected and have qualified, they
19 will no longer hold that office, the new officers will.
20 Directors that are installed at that annual meeting
21 will hold that office and the old directors will
22 relieve that office. And it is those new directors and
23 those new officers that will go forward.

24 I'm not sure, is it -- it's a three-year
25 term for directors as I understand. So they will then

1 be serving, the directors, in that capacity for the
2 next three years.

3 MR. MOORE: But they don't have an
4 opportunity to be an officer because they're new kids
5 on the block; is that what you're saying?

6 MR. WISEMAN: I -- at the election, the
7 officers, the way the bylaws are here are -- true,
8 that's probably true. But again, if you look at policy
9 reasons behind that, and again, there's not -- you
10 don't have policy written here, but you look at policy
11 reasons, someone that would be assuming an officer
12 position who has never even been on the Board before, I
13 think from a policy standpoint those who have been
14 serving and have seen, at least known the other
15 directors, seen what directors have to do, had a
16 working knowledge of that particular office, probably
17 from a policy standpoint that may have been the reason
18 why whoever wrote these bylaws wrote them, and that
19 makes sense.

20 MR. MOORE: No, it don't, because we have
21 people that's been re-elected to this Board that had a
22 time off, so they're familiar with the Board's going
23 on, and you can see here we have quite a few people
24 that attend these Board meetings and they're not all
25 ignorant. They know what goes on with the Board

1 meetings and it's not fair to say, Well, you old boys
2 elect who you want and get out of Dodge. That's not
3 right. What's right is the people sitting on this
4 Board in the next year have a vote on the officers.

5 MR. WISEMAN: I can't -- again, what people
6 may want and what the bylaws say may be two different
7 things. My job here is not to say what people may or
8 may not want. My job is to interpret what the bylaws
9 say with the best of my ability and that's what I have
10 done.

11 MR. MOORE: Did Joel tell you how to
12 interpret it?

13 MR. WISEMAN: No, sir. No one tells me how
14 to do my job except me and the other lawyers that I
15 consult in my firm as to how to do it.

16 MR. MOORE: Would you agree there's two
17 different ways to look at it?

18 MR. WISEMAN: I am an attorney and I beg to
19 differ from your interpretation, and I'm not talking
20 about trying to interpret words in a particular section
21 in the context of the overall bylaws. There is some
22 mandatory language under Section 3 talks about the
23 meeting for the organization. "Organization" has a
24 very specific meaning in Board of Directors meetings.
25 An organizational meeting is the meeting of the newly

1 constituted Board. And it says it "shall," that's
2 mandatory - not "may be," "can" if you like it - shall
3 take place as soon as practicable after the election of
4 these Board members and before the annual meeting of
5 the membership.

6 There's nothing ambiguous about that
7 language. It's impossible to install them after the
8 fact that they've already had this annual -- this
9 meeting which is required to be before the annual
10 meeting. It can't be any other way. Can't be
11 installed after they have had the meeting. They must
12 have -- their meeting shall take place before the
13 annual meeting. If it takes place after the annual
14 meeting, I think it's illegal. And there's not a word
15 in the qualifications section - and you said these
16 bylaws were written by someone to have a specific
17 meaning - there's not a reference one in Section 5 on
18 qualifications to install. It's merely, as this other
19 Board member has mentioned, a lifetime or active member
20 actively interested or engaged in the management of the
21 handling of the Texas Longhorn Cattle shall be
22 eligible. So if they are eligible and they've been
23 elected, they must have this organizational meeting
24 before the annual meeting at 11 o'clock.

25 And I'd like to --

1 UNIDENTIFIED SPEAKER: Let me -- I was
2 interrupted when I asked for your interpretation.
3 Okay. "The first order of business shall be to
4 ascertain that the Directors present are qualified to
5 serve." Okay?

6 Now, if the first order of this meeting is
7 to ascertain are we qualified and it is ascertained
8 that we are qualified, and you go back to Section 2
9 and, "The other directors shall serve until their
10 successors are elected and qualified," we have filled
11 both of those. It doesn't say installed, and now the
12 other directors are no longer serving. How are you
13 going to vote -- how would you even concede voting on
14 it with seven members missing? You haven't put the new
15 ones in. You're seven members shy.

16 MR. WISEMAN: No, sir, that's not what it
17 says.

18 MR. SHERBEYN: That's what it says. It's
19 not an interpretation. It's English. I learned that
20 in school. I didn't have to go to law school, sir, to
21 learn English. It says they serve until - "until,"
22 okay, that means quits - when their successors have
23 been elected and qualified. The first order of this
24 meeting is to qualify the directors. If we do that, we
25 qualify the directors, the other member -- or the other

1 directors, the outgoing directors no longer are
2 serving. How are you going to have a proper election
3 of new officers?

4 MR. WISEMAN: Let me respond.

5 MR. SHERBEYN: Okay, now, go ahead. Yeah.
6 I still want to stand up.

7 MR. WISEMAN: The rules and bylaws are
8 interpreted very similar to contract law. There is a
9 body of law that helps in interpretations when
10 contracts, bylaws are not written as clearly as perhaps
11 they should have been or perhaps maybe as even the
12 parties intended. And one of those rules is that
13 everything that you have within a particular document
14 has some meaning. And when I look at the section that
15 says that nominees receiving the most valid votes shall
16 be elected, all newly elected directors shall be
17 installed at the annual membership meeting, that has to
18 have some meaning, and when you look at what the law
19 says about installation, that is the actual assumption
20 of that particular office.

21 That's the same for the officers. The very
22 first item says that the installation, one of the
23 principal purposes of that annual meeting is the
24 installation of the officers and the directors. You do
25 have proper persons here to vote for whatever business

1 may take place at this initial meeting from the
2 standpoint that the existing directors serve in that
3 office until the new directors are installed to serve
4 that are here.

5 MR. SHERBEYN: Wait a minute. You keep
6 saying "until the new directors are installed." It
7 does not say installed, and by your definition you can
8 go back to the others if it's not clear. It seems
9 pretty clear. We don't have to go back here and try to
10 find some other way around it because it is clear. You
11 cannot -- the -- the outgoing directors' term stops as
12 soon as the others are qualified. The first order of
13 business is to qualify the new directors. When they
14 are qualified they are no longer a director.

15 MR. WISEMAN: If that were the case, then
16 you have made superfluous the language that I just read
17 in Section 1 and Section 3 and that is improper under
18 proper construction of bylaws, and, sir, I just
19 respectfully disagree. That is my job.

20 MR. SHERBEYN: What is your definition of
21 superfluous?

22 MR. WISEMAN: That means that it has no
23 meaning, it's just -- you have basically had a
24 provision that has been listed twice in these bylaws
25 and by the interpretation that you are making they have

1 no meaning. The only valid interpretation that could
2 be is that the installation of those new officers and
3 new directors that is directed to take place at that
4 annual meeting is the time that they assume that
5 office, and that is, if you look at the definition of
6 installation, that's what installation means. And so
7 it has to mean something, and that is the
8 interpretation that I have given.

9 And again, this isn't a ploy on my part.
10 This isn't -- I have given, based upon my experience
11 and consulting with others within my firm that look at
12 these issues that I consult with, it's not just a
13 unilateral decision, that is my best interpretation and
14 I stand, as I said before, behind what I have stated.

15 UNIDENTIFIED SPEAKER: Mr. Wiseman, if you
16 adopt your interpretation, you do the same thing to the
17 language these other counsel pointed out, that if --
18 you render those provisions meaningless if you adopt
19 yours. Now, it's not uncommon that you're going to
20 have difference of opinion between lawyers as to what
21 something means. It's not uncommon that lawyers may
22 differ on their interpretation of a statute or a bylaw.
23 That's why they build courthouses.

24 MR. WISEMAN: We lawyers are glad they
25 disagree on that. That's part of our job.

1 MR. LADNIER: Mr. Wiseman, this is my
2 attorney, Mr. Binger. He represents me.

3 MR. BINGER: And it's not my goal that
4 TLBAA spend a bunch of money on lawyers. I like seeing
5 lawyers paid but I don't want to see TLBAA paying a
6 bunch of them. Okay? Maurice hired me to be here
7 because issues have been raised regarding personal
8 liability issues for directors. Things have been
9 mentioned, have been brought up that subject all of you
10 to personal liability potentially in the past and
11 everything you do now is being scrutinized for that
12 very reason, and I am concerned for him, and some of
13 the other members have asked me to represent them to
14 make sure they don't do anything that might render them
15 personally liable for the actions you take. Not you.
16 The Board takes.

17 MR. WISEMAN: I might add there is a
18 provision in the charter - it was amended a few years
19 ago - that provides for indemnity of all the directors
20 in the actions that they take in good faith of holding
21 their office. So that was something that was made
22 amended in the charter a number of years ago.

23 MR. BINGER: And I'm aware of that, but
24 when you say "indemnity," what you are talking about is
25 spending more Association money. You are talking about

1 indemnifying them with Association money, with our
2 money, so we don't want to do that either. The goal is
3 to make sure that nothing is done that can be
4 questioned by anybody in the court so everybody stays
5 out of court. That's a -- that's the issue.

6 MR. WISEMAN: Well, again, that's a
7 business decision by the Board about what they may do
8 or not do that would cause them to get in court or not.
9 The point I pointed out is that there is a provision
10 legally, and again, this Board, this Association's
11 affairs are operated by a Board. Not any particular
12 member, not any particular attorney for that member,
13 but by the Board of Directors. That is very clear. If
14 they want to change the charter, if they want to change
15 the bylaws, there are means by which that can be done
16 and --

17 MR. BINGER: Frankly, I don't see a need
18 for it, when you listen to their argument and you
19 listen to your argument, if I was sitting on the bench
20 I think they make a hell of a good case and I would
21 probably go with their interpretation over yours, but
22 I'm concerned that the Board may do something here that
23 is going to render them liable individually. I don't
24 want Maurice to do it, I don't want Bob to do it, and I
25 have other friends on this Board, I've got lots of

1 friends on the Board, and I don't want to see them do
2 it.

3 There's some real good points been made by
4 Mr. Moore, Tom Claassen. You guys are going to have to
5 make a decision. You better make the right one.
6 There's no need for you to subject yourself to any kind
7 of liability by doing something that you know is not
8 right.

9 Now I want to ask you a question: Have you
10 given a written opinion to any Board member regarding
11 their individual liability?

12 MR. WISEMAN: No, sir. I haven't been
13 asked to do that.

14 MR. BINGER: Okay. Well, I just want to
15 make clear, as a result of that, they are not entitled
16 to rely on your opinion in terms of their personal
17 liability.

18 MR. WISEMAN: I haven't been requested.

19 MR. BINGER: That's fine. I'm not saying
20 you didn't do what you're supposed to do. I just
21 wanted to establish whether or not you had given a
22 written opinion, because under the laws of Texas
23 Nonprofit Corporation Act you have to have given them a
24 written opinion for them to rely on it to show their
25 good faith if they rely on an opinion, and that section

1 is 22.228 of the Nonprofit Corporation Act, and I just
2 want to make that clear.

3 UNIDENTIFIED SPEAKER: Mr. Wiseman, I'd
4 like to bring back one more time, seems like the
5 problem or the question is the definition of two simple
6 words. One is "installation" and one is "qualified."
7 Qualified is clearly explained in this book. To be
8 qualified you have to be a member in good standing,
9 your dues paid and you have to own a breeding animal.

10 Installation, in my estimation, and I might
11 be wrong because I'm not a lawyer, but it could be --
12 it could change if introduced. That's what
13 installation. To be introduced at a membership
14 meeting.

15 MR. WISEMAN: That is not the basis as I
16 have researched on installation.

17 UNIDENTIFIED SPEAKER: Did you find a
18 definition in this book for the word "installation"
19 that tells you what I just said is not true?

20 MR. WISEMAN: No, sir, but I looked at what
21 the rules, what the bylaws do state, and they state
22 that -- what you are to go by, and that is you are to
23 look at statutory law, you are then to look at your
24 charter, you are then to look at your bylaws and then
25 you are to look at custom, but even if that were wrong,

1 so it does state in here how you go about looking at
2 that. And that's what I did in making that
3 interpretation, is looking at what does installation
4 mean.

5 And as I said, when you look at that, that
6 makes -- that makes -- as I said, I didn't write the
7 bylaws, but that makes sense. If someone wants that to
8 be different, then they certainly can do that through
9 amendment.

10 UNIDENTIFIED SPEAKER: Where is the
11 resolution for this problem? We've talked about this
12 now, and I'm not a Board member but I sort of pride
13 myself in having enough logic to be one, and where is
14 the resolution to this? What is the proceedings?
15 Where are we going with it?

16 MR. WISEMAN: Actually you came before this
17 gentleman, I really --

18 UNIDENTIFIED SPEAKER: Mr. Wiseman, ladies
19 and gentlemen, if you think this is bloody, you should
20 have been here about 20 years ago plus or minus.
21 That's when we changed a lot of procedures. How many
22 of you have ever been an executive member? Nobody
23 except me. The thing is that you just cannot go
24 outside what's written in the bylaws. Attorneys, two
25 attorneys never agree on anything. But ladies and

1 gentlemen, I want to tell you one thing. I've got a
2 lot of friends among you out there. I've served on
3 many boards, I've been a parliamentarian.

4 The thing is, ladies and gentlemen, let's
5 quit this nitpicking and let the Board go to work and
6 then install the new Board, then we'll see where the
7 chips lie. Let's do it. I'm trying not to be
8 vitriolic.

9 MR. MOORE: That's not exactly fair if you
10 don't let everybody that's going to be on the Board
11 next year vote.

12 UNIDENTIFIED SPEAKER: Bob, they have their
13 chance after they are installed.

14 MR. MOORE: Not for a year.

15 UNIDENTIFIED SPEAKER: That is not correct.

16 MR. WISEMAN: You can have special Board of
17 Directors meetings. You don't have to have just annual
18 meetings. You can have special Board of Directors
19 meetings next week if that's what was desired, as long
20 as there is proper notice. That is incorrect, not a
21 year until they do something. You can meet as many
22 times --

23 MR. MOORE: Before they can be an officer
24 on the Board they'd have to wait a year. Is that
25 right?

1 MR. WISEMAN: Well, there are officers on
2 the Board right now that are elected and will serve
3 until their successors are elected.

4 MR. MOORE: Right, but the new people
5 coming on don't get a chance at that.

6 MR. WISEMAN: I'd say that that's correct
7 based upon -- just based upon the fact that when they
8 assume that office.

9 MR. SHERBEYN: Would you also agree that
10 the outgoing directors can't -- won't be able to vote
11 either?

12 MR. WISEMAN: No, sir, because they are the
13 directors.

14 MR. SHERBEYN: Not once the incoming
15 directors are elected and qualified. They stop. They
16 cannot vote at that time.

17 MR. WISEMAN: We're beating a dead horse.
18 As I said, I have given this opinion and if the Board
19 chooses to follow that opinion, then I think that we
20 need to move on. I'm not here to direct this meeting.
21 I was called to this podium to address this particular
22 legal issue. I have given what my opinion is based
23 upon hard study, consultation, research, and I stand
24 behind it.

25 Yes, sir?

1 DR. KROPP: I move that we table the
2 election of officers until the general membership
3 meeting first order of business or after we install the
4 new 2007 directors, and we table this election of
5 officers until the general membership meeting at that
6 time.

7 MR. LANDIER: And I want to second it.

8 MR. WISEMAN: That's not something that --
9 that would be -- could be temporary under the bylaws
10 that you have.

11 A motion is on the floor. You need to sit
12 down.

13 MR. MOORE: You could, Mr. Lawyer, you
14 could take the other side of what you're saying and
15 make it sound just as good as the side you are taking
16 because there's so many if's and and's in here. Isn't
17 that true?

18 MR. WISEMAN: No, sir. I try to give the
19 best opinion that I can give. I don't try to be on
20 both sides.

21 MR. MOORE: I understand that, but if
22 you --

23 MR. WISEMAN: Based upon what I've read
24 here.

25 MR. MOORE: You could read --

1 UNIDENTIFIED SPEAKER: There is a motion on
2 the floor. Mr. Chairman, we have a point of order. We
3 have a pending motion and it has been seconded and we
4 are entitled to have some debate on that and a vote.

5 DR. KROPP: I find it very hard to believe,
6 as a Board member for eight years on this Board, I find
7 it very hard to believe that we as Board members are
8 going to do whatever it is, to not do it right. I
9 don't know of a Board that is not qualified -- you have
10 2007 office -- new Board members have been elected and
11 I don't know of a situation in which Board members in
12 2006 would elect officers that a new Board would have
13 to serve. I just do not. If we did that, ladies and
14 gentlemen, Dennis Hastert would still be Speaker of the
15 House.

16 MR. MOORE: That's right.

17 DR. KROPP: Okay? And there's things about
18 doing it right and there's things about doing it wrong.
19 And if we are men and women of this Association and
20 we're trying to do it right, you are going to say the
21 Board -- and you can read and you can have lawyers
22 speak, but there's right and there's wrong. And 2007
23 directors should vote for the 2007 officers. Period.
24 Right or wrong. And so just be right versus wrong.
25 And I think if we are the Board, that we're supposed to

1 be -- just be right or wrong. And if you want to be
2 wrong, you be wrong, but I sure think that you are
3 damaging this Association and you're damaging the
4 membership if you are trying to let 2007 Board members
5 elect -- or 2006 elect 2007 officers. I just think
6 it's wrong.

7 And I think the interpretation of the
8 bylaws can be read either way, but that's just my
9 opinion, and I would vote if we're going to get to this
10 that we stop this discussion, I table -- I table the
11 election of officers until the 2007 directors are
12 installed and we elect officers in the general
13 membership meeting.

14 MR. MOORE: I second.

15 MR. SHERBEYN: I have a question. Because
16 of the bylaws stating, "The first order of business
17 shall be to ascertain the Directors present are
18 qualified to serve as required by the bylaws," should
19 that not be done first?

20 MR. LEMLEY: Let me step in here a moment,
21 if I may. I think we're putting the cart before the
22 horse. We're not at the election process yet, we
23 haven't gotten to that point on the agenda. I think we
24 were arguing about qualification of directors. We
25 never even got to that point. So you can't make a

1 motion until that time. We haven't even got to that
2 time on the agenda yet. I think our discussion
3 progressed to a point that we're not yet discussing
4 about elections. We are talking about the
5 qualification of directors.

6 Go ahead, Bob.

7 DR. KROPP: But, Joel, it gets to the heart
8 of our bylaws. Either the 2007 elected people should
9 be sitting at this table or the 2006 elected people
10 should be sitting at this table, and I want to know who
11 those people should be. Period.

12 MR. LEMLEY: Bob, I've sat on this Board
13 for only five years. I can go back those five years
14 and count the number of people that were put on this
15 Board by -- as a director elect. Last year we had one
16 director elect and he wasn't there. That was Buck
17 Adams. He wasn't there. Two years ago we had two
18 directors that were elected to this Board. One was
19 Harvey Rasmussen who is not here, and the other is Ty
20 Wehring.

21 I can go back three years. I can go back
22 all the way to the time that I was on this Board which
23 is only five years ago, and I remember sitting in this
24 room. The guy that I was replacing which was Mike
25 Wizey, was sitting on this Board. I don't recall about

1 anybody calling me and asking me whether or not I had
2 any input on who the directors were. I didn't even
3 know who these officers were. And I sat there and I
4 know everybody got a parting gift and I didn't get one,
5 and then we had a meeting that afternoon and I was now
6 part of that Board.

7 I don't know. I'm not the interpreter of
8 the bylaws. I'm not. Larry Barker. Larry Barker and
9 I are embarking on something that's a little bit
10 different. This is my first general meeting as a Board
11 Chairman. This is Larry's first membership meeting as
12 an interim director of this Association. We were
13 trying to do this thing correctly by the book. I have
14 not got to the point on this agenda where we are
15 talking about the election. What makes you think that
16 we're not going to do it correctly? Y'all are making
17 an assumption that we're trying to pull a fast one here
18 and I have not gotten any indication from anybody that
19 we're trying to pull a fast one. All we're trying to
20 do is have a Board meeting, and I tell you, the point
21 of order that I have on this Board meeting is that we
22 get to the audit report of which we have -- I think
23 everybody is here. I think that's why we have the
24 situation that we're in, because people are here to see
25 what has been wronged from our Association and that's

1 where I'd like to be.

2 Now, if we want to stop this thing and hold
3 it up right now, that's fine. It's up to this Board.

4 UNIDENTIFIED SPEAKER: When you were here,
5 Joel, I voted. As far as being in this room, I voted.
6 I don't know nobody else was here, but I know I voted.
7 I can tell you who I voted for three years ago. I was
8 brand-new. I was the only guy that come on this thing.

9 There is a motion on the floor. I think we
10 need to vote on it. And second.

11 MR. SHERBEYN: Point of order. "The first
12 order of business shall be to ascertain that the
13 Directors present are qualified to serve as required by
14 the bylaws," and I make a motion that we qualify the
15 directors.

16 MR. LEMLEY: I haven't had a chance to do
17 that, Lee. I'd love to do that.

18 You can't make a motion because you are not
19 technically on this Board.

20 Bob?

21 DR. KROPP: In terms of getting this -- we
22 can argue this all day and if, you know, if I'm out of
23 order from the standpoint of sequence of things I would
24 withdraw my motion, but I think what you want to do is,
25 if that's the first order of business, is to seat the

1 new 2007 directors, then it should be done. If that's
2 not the procedure, let's go on.

3 MR. LEMLEY: I've tried to make an attempt
4 to do that.

5 Tom?

6 MR. CLAASSEN: If Bob wants to make that
7 motion and you feel the timing is not right, I'm sure
8 he will make that motion a little later when the time
9 is right.

10 MR. LEMLEY: I think that would be
11 appropriate because we're not even at the point of
12 electing officers at this time.

13 MR. CLAASSEN: But we do have sentences
14 brought up in our book that we have to deal with in my
15 estimation first. This says so. "The first order of
16 business shall be to ascertain that the Directors
17 present are qualified to serve as required by the
18 bylaws."

19 It can't be any plainer than that is the
20 first order of business. Don't we have to do that
21 first?

22 MR. LEMLEY: You have to call to order
23 before you go to the order of business. We have to do
24 a roll call to see who is here. I have not had an
25 opportunity to make the assertion of the

1 qualification. We were interrupted from who
2 interrupted to interpret the bylaws. That's where
3 we've been.

4 MR. CLAASSEN: Now we're ready to go ahead.

5 MR. LEMLEY: May I?

6 MR. CLAASSEN: Per the book.

7 UNIDENTIFIED SPEAKER: We have a motion on
8 the floor and a second, and I'd like a vote.

9 MR. LEMLEY: It's not in order and I do
10 believe it's been withdrawn according to Bob, and he
11 said he would withdraw it.

12 DR. KROPP: I withdraw it.

13 MR. LEMLEY: May we go on.

14 And at this particular time I would like to
15 ascertain that all the Board members that are currently
16 on this Board today and the directors elect, that they
17 are qualified to be on this Board according to our
18 bylaws, and unless there is any objections I'm assuming
19 that all of you are qualified to be on this Board.

20 Any objections?

21 Thank you. We will go on.

22 According to our bylaws we have conducted
23 this meeting with the agenda that we have taken from
24 the book. We have made it clear that there is not
25 necessarily to be duplications, but at this particular

1 time our Treasurer report is going to so our new
2 members can go into -- our new Board members can be a
3 part of our meeting this afternoon.

4 I am going to refer that our Directors
5 report be done this afternoon at our Board meeting so
6 our new Board members can be involved.

7 Yes, sir?

8 Mr. Miller.

9 UNIDENTIFIED SPEAKER: With what you just
10 said, are we qualified now?

11 MR. LEMLEY: You are qualified. You will
12 not be installed until a general membership meeting.

13 MR. SIMMONS: Every one of the guys that
14 are on this Board right now represent every one of
15 them. You guys better make sure you got the right
16 vote.

17 This is Scott Simmons, by the way, saying
18 this to you guys.

19 Look at your Board. Look at what they're
20 doing, and vote their ass out of here. No. If you
21 guys aren't going to vote the way you members voted,
22 you in here, then you don't need to be on this Board.
23 Period. This is what you're here for, is those guys
24 gave each one of you guys five votes to be here.

25 That guy right there, last November

1 everybody out there asked for our voting purposes to be
2 changed no. He brought it to the table, tabled, done,
3 voted nothing. We're voted on here to cover them guys.
4 Not to make me look better, make me look bad, I don't
5 care. But I'm sitting here listening to every one of
6 you guys argue. Simple people wrote this book and we
7 have high-falutin' lawyers doing nothing. I've got
8 guys sitting up here thinking, hey, this is funny.
9 We're here to make something here. We're here to cover
10 this membership, and you guys are making jokes out of
11 it.

12 I've been friends with every one of you
13 guys. I don't think there's a person in this room I
14 have ever talked to -- let's just -- everybody is
15 asking you to do it.

16 MR. GRADDY: You are assuming something.

17 MR. LEMLEY: Joe Graddy. My apologies.

18 I'd like to ask Joe Graddy for the reading of our
19 minutes of our last meeting.

20 MR. BARKER: I'm sorry, Mr. Chairman, they
21 were in another packet. I'm passing it out right now.

22 MR. LEMLEY: Okay.

23 MR. GRADDY: I was given these minutes just
24 as you were here. If you have time to look at them and
25 see if you see any discrepancies in them, we will

1 address it. The chairman will address it. If not --
2 Maurice?

3 MR. LADNIER: Yes. Ms. Aldridge, when she
4 got up and addressed this Board at that membership
5 meeting, I don't see anywhere in here that unless -- I
6 haven't had time to read it. When y'all spring stuff
7 on me like this and you don't give us time to read this
8 stuff and there's no discussion, then half of us have
9 no idea. I've read that. I haven't had time to see if
10 it's the same thing.

11 Ms. Aldridge brought this to the attention
12 of this Board that we haven't -- didn't have a d/b/a
13 license. That's not mentioned in here. And then she
14 asked if Mr. King be suspended. That's not even listed
15 in here that I see.

16 MR. GRADDY: Are you making these in the
17 form that these be added to the minutes?

18 MR. LADNIER: Well, sure that happened. I
19 mean this is fact.

20 MR. GRADDY: That's what I asked for.

21 MR. LADNIER: That's completely missed out
22 of here.

23 MR. GRADDY: Will you please record in the
24 last minutes the discussion from Darlene Aldridge.
25 Plus the action that was taken, record the actions that

1 were taken. Do we have that on the last meeting that
2 Darlene Aldridge came on the floor and made her
3 presentation? If you do not, please add that to the
4 minutes of November the 9th.

5 Is that okay?

6 MR. LADNIER: Whatever she had it in here,
7 we want it notified that she brought it to the Board's
8 attention, she asked Don King, our CEO, be suspended
9 with or without pay.

10 MR. LEMLEY: Can you be more specific, with
11 or without pay.

12 MR. LADNIER: I know it's not in here,
13 whatever she did.

14 MR. GRADDY: Are there any more additions
15 or corrections that need to be added to the minutes?

16 MR. MOORE: We need a minute to read them,
17 Joe.

18 MR. LADNIER: Mr. Graddy, she also had it
19 in there she was taking it to the DA about this stuff
20 here. That should be put in there, too.

21 MR. GRADDY: Please state what you said. I
22 can't remember it word for word.

23 MS. ALDRIDGE: I made it known to the Board
24 that Mr. Charles Brooks had never been a CPA in the
25 State of Texas and had had his license revoked or

1 suspended in 2001 in the State of Oklahoma. I also
2 asked that Mr. Don King be suspended with pay and that
3 all of his access to the books and records both on the
4 computer and in written form be restricted, that his
5 laptop computer be taken away from him, and I stated
6 that in the morning I would be taking information that
7 I had in my possession and in the possession of my
8 attorney to the District Attorney's Office. And --

9 MR. LADNIER: That needs to be put in here,
10 Joe. That's what I'm talking about that's not in here.

11 MS. ALDRIDGE: In addition to asking for
12 the books only on the hill country sale, I brought a
13 letter from my attorney asking for unrestricted access
14 to the books and records along with my CPA for the
15 purpose of conducting a forensic audit of the TLBAA.

16 MR. GRADDY: Okay. Thank you. Are there
17 any other corrections?

18 If not, Mr. Chairman, the minutes have been
19 presented and amended.

20 MR. LEMLEY: We have a motion. Is there a
21 second?

22 Ken Swisher seconds.

23 All favor accepting the motion as our
24 minutes and as they have been amended, say by stating
25 aye.

1 All say aye.

2 All opposed?

3 No nays. Thank you.

4 As I said earlier, we have created our
5 agenda based on our rule book and our bylaws, and our
6 next topic is our treasury report. Because of the
7 Board meeting that we will be having this afternoon we
8 defer that this report be given this afternoon by
9 Mr. Wehring, the executive director's report as well by
10 Mr. Larry Barker, because this would be basically a
11 duplication. We do want to put it on our agenda, but
12 at this time we would like to defer that to our
13 afternoon meeting and our committee reports and old
14 reports that we have that we will be also presenting at
15 general membership meeting as well as our Board
16 meeting, would like to defer those to our afternoon
17 meeting.

18 MR. MOORE: Mr. Chairman.

19 MR. LEMLEY: Yes, sir.

20 MR. MOORE: It says in the rules book and
21 also in Robert's Rules of Order that the Executive
22 Committee acts upon the Treasurer's report and looks at
23 it first, and then it goes to the general membership
24 and then to the Board. If you look in here, the
25 Executive Committee first looks at the report.

1 MR. LEMLEY: How come we never did that
2 when you were chairman, Bob?

3 MR. MOORE: You never thought of it.

4 Mr. Joe, you were the Chairman, not me.
5 How come -- but I had the executive minutes, you never
6 had none, I had two and you had two -- no, you had one
7 by phone.

8 MR. LEMLEY: Okay, I know where you're
9 coming from, Bob. We've never done that in the past.

10 You want to defer our Treasurer report and
11 we can go through our finances, you want to do that
12 right quick? We don't have enough day to do that but
13 we can attempt to do that. The report that Ty Wehring
14 will be presenting to this Board and to the membership
15 is a complete financial information that we've gotten
16 that we put together.

17 MR. MOORE: That goes through the Executive
18 Committee first, according to this book and according
19 to this book.

20 MR. LEMLEY: I don't see it written
21 anywhere in our bylaws that that is the case. The only
22 thing it says in our bylaws, our Executive Committee is
23 our budget committee.

24 MR. MOORE: And it says --

25 MR. LEMLEY: And we had a budget meeting in

1 April in Tulsa and I don't believe you were there.

2 MR. MOORE: That was May.

3 MR. LEMLEY: Well, May. I'm sorry. But
4 you were not there. We did at that time at our
5 executive meeting that you did not attend, go through
6 our financial statement.

7 MR. MOORE: Well, if you'd gone to the
8 hospital I could have attended some of the meetings.

9 MR. LEMLEY: My apologies, Bob.

10 MR. MOORE: But it says the new report goes
11 to the Executive Committee first.

12 MR. LEMLEY: What page does it --

13 MR. MOORE: Read it out of your bylaws, not
14 your Robert's Rules of Order.

15 MR. LEMLEY: Our parliamentarian indicates
16 it's not the --

17 MR. MOORE: It's in the book.

18 MR. LEMLEY: Wait just a minute.

19 Bob, we really do need to move on. I don't
20 think people are here to read Robert's Rules of Order.
21 They are here to hear a report. Now, if you want to
22 hold this meeting up, you may make a motion to go into
23 executive session or go to an -- we can do that right
24 now, if that's what you want to do. We'll go on. I am
25 going to go to our unfinished business, if you will.

1 At this particular time I want to ask
2 Mr. Bill Brown from Weaver & Tidwell, who was employed
3 by myself and this Board, and at this particular --
4 before I ask you to come up, I want to do this. I want
5 to bring a little chronological order up to where we're
6 at at this particular time. We do have new people on
7 this Board, we have people in this audience that may
8 not know exactly what has transpired since November at
9 our last Board meeting, and so if you will bear with me
10 I will try to bring you up to speed the best I can.

11 After our Board meeting in November it was
12 brought to this Board's attention that there was
13 accusations of misappropriation, mismanagement,
14 inappropriate behavior on behalf of our staff. We were
15 a little bit set back by it. We weren't sure how to
16 react to it. Darlene came to this Board in good faith
17 with some problems that she had. She also had letters
18 from attorneys that kind of made us indicate that maybe
19 we need to understand where we were at legally in
20 representing this Board and representing this
21 Association and its members. So at that time we
22 deferred to let us figure out what our legal rights are
23 on behalf of this Association and its members. After
24 the Horn Showcase, the process that I went through was
25 to go back to Blackwell, Texas, and try to hire an

1 attorney to represent this Association.

2 At that particular time I had no point of
3 direction, I really didn't know what to do, so I
4 started looking through the book and seeing how I need
5 to go hire an attorney. Don King was still on staff at
6 that time and Don said, "Joel, I'm going to let you
7 handle it." So from Blackwell, Texas, I made the
8 attempt to try to hire representation on behalf of our
9 legal rights and also try to hire representation to go
10 back and correct what was wrong according to our audit.
11 Darlene did make it a point to notify us that the
12 person that we had as an auditor that Don King had
13 hired was not a certified public accountant,
14 unbeknownst to this Board and myself, that voided out
15 our financial audit that we had just completed for this
16 past year. So it was my responsibility to try to find
17 a CPA firm that could represent this Association and go
18 do what our bylaws indicate us to do.

19 So it came a little bit of a difficult task
20 for me, considering I'm not from Fort Worth, Texas, I
21 don't know any attorneys in Fort Worth, Texas, but I
22 had the opportunity to be introduced to Mr. Richard
23 Wiseman by one of our members who had highly
24 recommended him and he agreed to represent this Board
25 and this Association and its members in interpreting

1 our legal rights on behalf of the Board and its
2 members, and also to interpret the legal rights of
3 Ms. Aldridge who had made some requests.

4 We also had the opportunity to engage a CPA
5 firm. I had contacted Brad Jay with Weaver & Tidwell
6 and had asked him at that time if he could in a short
7 order, a short term, do an audit of our Association to
8 present to our general membership meeting in January.
9 At that time we did that. I also was in the process of
10 feeling a little bit better about our situation because
11 at this particular time Mr. Wiseman and Mr. Burt had
12 the opportunity to contact each other and figure out
13 where we were in the situation that we were at. I have
14 basically no input into that except some background,
15 and I did at that particular time feel like we were on
16 the right track of representing this Association and
17 our Board and our members.

18 On the Wednesday before Thanksgiving --
19 well, let me step back. That Saturday I did go back to
20 Fort Worth. I met with Mr. Wiseman, Mr. King,
21 Mr. Barker and I, to background a little bit what we
22 needed to do. I went back to Blackwell, Texas. On
23 Wednesday, the Wednesday before Thanksgiving, I
24 received a phone call from Mr. Wiseman that he had been
25 contacted by an attorney representing Mr. Don L. King

1 who had indicated that he at this time needed to be
2 represented, he engaged him an attorney to -- basically
3 to defend himself in a situation where he felt like he
4 needed to be defended, and also said at that time I
5 would be receiving a letter of resignation that
6 afternoon.

7 It dawned on me at that particular time
8 that it might be appropriate to stop the financial
9 audit that I had asked to be put in place. My
10 suspicions allowed me to make a decision on behalf of
11 this Board that maybe we need to change our focus, and
12 I had spoke with Brad Jay on perhaps maybe we should go
13 into a forensic investigation, if you will, an audit
14 over mismanagement, fraud and misappropriation. I had
15 no background in the direction to send him but that's
16 the direction that I sent him on, and I engaged him at
17 that time on Monday following Thanksgiving. I also
18 called a Board meeting that evening to bring our Board
19 up to speed. We had a teleconference meeting of I
20 think 23 out of 24 of our Board, and I at that time
21 filled in and brought our Board, our current Board up
22 to speed on what I had done representing this
23 Association.

24 Right, wrong, or indifferent, that's the
25 way I did it. I don't believe I received any

1 opposition from our Board that that was the process
2 that we take, and so at that particular point Mr. Brown
3 was engaged and he started his investigation the
4 following week.

5 For the past four weeks Mr. Brown has been
6 in the office trying to go through our books, going
7 through all kinds of financial things that this Board
8 has never actually never been engaged in except for
9 seeing financial statements, that's all we've ever seen
10 as a Board, and at this time I would like to ask
11 Mr. Bill Brown if he would like to come up and please
12 give us a report.

13 Yes, sir.

14 MR. LADNIER: I want to ask a question
15 before we hear this. Did the TLBAA hire him?

16 MR. LEMLEY: If you recall at our Board
17 meeting we made a decision we need to get an attorney
18 to represent this Board. I at that time made the
19 decision to engage and I met him and I did -- we had
20 actually interviewed another attorney, but I made the
21 decision to engage Mr. Wiseman.

22 MR. LADNIER: I'm talking about Mr. Brown's
23 CPA firm, did TLBAA, did we hire him or did Mr. Wiseman
24 hire him?

25 MR. LEMLEY: Let me -- at the time that I

1 engaged Weaver & Tidwell with Mr. Brad Jay, that was to
2 do a financial statement, to come in and do a financial
3 audit of this Association, and I had engaged him at
4 that time, which that was the information that I had
5 given you on the Board meeting.

6 When I had made the decision to stop the
7 financial investigation, to go to a forensic
8 investigation, as I indicated in our meeting at that
9 particular time, it was brought up that Mr. Brown
10 needed to be represented by an attorney to protect
11 client-attorney privileges. This is in case they came
12 up with something that needed to go to the District
13 Attorney's Office and we don't sit out here and put
14 stuff out on the Internet that may not necessarily be
15 true. So Mr. Tidwell -- Weaver & Tidwell, by
16 Mr. Brown, is represented by Mr. Wiseman, and I was
17 given that advice by Mr. Wiseman. He was not hired by
18 Mr. Wiseman. He is represented by Mr. Wiseman. I
19 engaged Mr. Brown and I informed that to the Board that
20 evening on the phone.

21 MR. LADNIER: That's what I wanted to know.

22 MR. LEMLEY: It's kind of foggy but that's
23 the way it is.

24 So at this particular time I'd like to ask
25 Mr. Bill Brown to come up before this Board and read

1 his report, please.

2 MR. MOORE: Let me ask one question.

3 MR. LEMLEY: Yes, sir.

4 MR. MOORE: Is this report on Don King?

5 MR. LEMLEY: This is a report of the
6 financials of our Association, it is a report of our
7 financial mismanagement or whatever we asked him to go
8 out and find. I don't know what his report consists
9 of. I have an overview, but it is not specifically to
10 one person but it is a report on the finances of our
11 Association.

12 MR. MOORE: Well, now, is this fair and
13 just that Mr. King is not given an opportunity to
14 answer to this? I mean this is kind of a lopsided deal
15 if Mr. King --

16 MR. LEMLEY: Mr. King and his attorney met
17 with Mr. Wiseman and Mr. Brown last Saturday and they
18 had this discussion.

19 MR. MOORE: But Mr. King has not received
20 all his information and I say it's out of order to
21 report something that the person we're getting at has
22 not had an opportunity to --

23 MR. LEMLEY: Bob, you asked -- this Board
24 asked me to get an attorney. This Board asked me to do
25 an audit of this Association. I've done that.

1 MR. MOORE: All right.

2 MR. LEMLEY: To be able to do this, we have
3 to report our findings. If you don't want this report
4 out, you may make a motion at this time to not let this
5 go forward. You have that right.

6 MR. MOORE: I make a motion not to let this
7 go forward because Mr. King has not been duly -- with
8 the motion for his own protection, we may something
9 that would be harmful to him.

10 MR. LEMLEY: Do I have a second?

11 The motion dies.

12 Mr. Brown.

13 MR. BROWN: Good morning.

14 I would like to clear up a few things as a
15 way of starting. We were not -- I'm not represented by
16 Mr. Wiseman. I am -- was engaged by Mr. Wiseman. This
17 is a very common practice when we do a forensic audit.
18 Generally the offshoot of a forensic audit is some sort
19 of legal endeavor, whether it's going to a District
20 Attorney, it could be filing a civil suit. In
21 anticipation of litigation, one of the things that we
22 always are cognizant of is that there are things that
23 are discussed between the lawyer and the forensic
24 accountant that the lawyer may want to assert a
25 privilege over.

1 So I just want to clear that up. I am not
2 represented by Mr. Wiseman. I've been engaged by
3 Mr. Wiseman and the purpose for that is that in
4 anticipation of litigation you want to preserve your
5 privileges. You may always waive those, but you want
6 to go in at least up front with the privileges intact.

7 If I could, let me just basically explain
8 what we did. Now, I think as Mr. Lemley indicated, we
9 were brought into this case with an understanding that
10 there had been some misappropriation of the
11 Association's funds. That was kind of the backdrop
12 that we were hired. What we have done is we have spent
13 the better part of a month going through -- and this is
14 not a financial audit, you know. It may -- I'm sure to
15 most of you that term has a different meaning than it
16 does to me, but this is not a financial audit. What we
17 did is we did a forensic investigation.

18 What we basically did is we went into the
19 Association and we went back to starting with fiscal
20 year '03-'04, and that was the -- kind of the cutoff
21 that we started with because that was where the records
22 were still readily available. The Association as well
23 keeps its books on a Peachtree accounting system and it
24 is my understanding that this system is maintained and
25 monitored by an independent CPA in Houston, Texas, who

1 prepares a lot of the financial reports and does the
2 month-end bank reconciliations.

3 One of the things that we have done is we
4 have spent a great deal of time looking at what --
5 let's call them disbursements and charges that were
6 made. We looked at the three bank accounts that the
7 main -- that the Association maintains. We have an
8 operating account, we have a sales management account,
9 we have a Foundation account. We looked at all the
10 disbursements out of those three accounts. We also
11 looked at all of the charges that were made to credit
12 cards.

13 Now, as we go through this report, I think
14 it's important for all of you to understand, we were
15 astounded at the lack of supporting documentation for
16 disbursements from the Association through the checking
17 accounts and, as well, the charges that were made to
18 credit card accounts. I believe at the high water mark
19 we found as many as 11 credit card accounts that were
20 either in the Association's name or they were personal
21 accounts that the Association had in fact paid the
22 entire monthly balances on.

23 I think that -- there are two things, I
24 hope, comes from this report today, is that the
25 Association and the Board will have a better

1 understanding of some of the allegations of the
2 misappropriation of funds, that's one part, but also
3 keep in mind that the basic business practices of the
4 Association in my considered opinion need to change
5 drastically. The -- you can't run an operation the
6 size of this and not at least have a general modicum of
7 accountability on the part of employees who get expense
8 reimbursement or on the part of managers who spend
9 money on behalf of the Association.

10 Having said that, this is basically -- this
11 is basically what we found. When we started in this we
12 realized, of course, a little -- just a short history
13 lesson -- go ahead.

14 MR. MILLER: Sorry to interrupt you, sir.
15 In your report are you reporting that you are finished
16 with your -- all of your findings and that Don King has
17 been apprised of all of them and that he is in
18 agreement with your findings? I talked to him
19 yesterday as late as 4 o'clock in the afternoon and he
20 said that you and his attorney were still scheduling
21 meetings.

22 MR. BROWN: Well, that's not exactly
23 correct. Let me -- and that's a good point to bring
24 up. Here's where we are.

25 We've gone through all of the records and

1 we've seen a lot of disbursements, probably well over
2 2,000. To answer your first question are we done, the
3 extent of the records and the lack of supporting
4 documentation, there are a lot of transactions that we
5 found that are in a gray area. Based on what we have,
6 we are hard-pressed to say this is a legitimate
7 expenditure of the Association or it is not. What we
8 have done is we have distilled down those that we
9 believe are not appropriate. There's still a large
10 group of these transactions that because the way they
11 did their business we can't tell; and a good case in
12 point, as of this morning I was given some information
13 on about a \$6800 -- \$6800 in expenditures that we had
14 determined were inconclusive, we couldn't decide
15 whether it was an inappropriate expenditure or not.
16 Based on the information I was given this very morning,
17 I am of the opinion that it was not appropriate
18 expenditure, it needs to be added back into it.

19 So your first question is are we
20 necessarily done? No. There may be additional
21 information and if the Board so desires we certainly
22 will take additional information, and if we can clear
23 up an unclear expenditure and say, okay, it's not
24 proper, it's going to go on to, you know, on to the
25 final tab.

1 Now, your second question was Mr. King, is
2 he informed or does he know about this. The numbers
3 that I am going to report to you on today have been
4 provided to Mr. King at great length last Saturday with
5 Mr. King, his attorney, Mr. Wiseman and myself. We
6 gave Mr. King -- and I've got a spreadsheet that's as
7 long as your arm that has all of these different,
8 either they are charges on credit cards or they are
9 checks. He's gone through every one of them and we
10 have given Mr. King the opportunity to explain or
11 provide whatever background information he possibly
12 can, and as of yesterday morning there was one small
13 group of those that I spoke with him, and at that time
14 Mr. King asked if we had a final number and I told him
15 we did not have a final number, we had a preliminary
16 number that was subject to change, and that -- you have
17 to remember, my job is not to inform Mr. King of that,
18 my job is to inform Mr. Wiseman, who Mr. -- see, one of
19 the other problems is when Mr. King had engaged an
20 attorney, that kind of changes things a little bit. So
21 there's a protocol that's involved and it was my -- you
22 know, this report was finalized yesterday afternoon.
23 It wasn't my position to give it to Mr. King. Mr. King
24 has seen and talked about everything that's in this
25 report, and without exception he has not disagreed with

1 any of them, and I think he told us that last Saturday
2 afternoon and he told me that again yesterday, that he
3 was not going to quibble about the things on the
4 spreadsheets that we provided to him.

5 Now, keep in mind there's a lot of other
6 things that are still in a gray area that we can't, you
7 know, that -- you know, if there's additional
8 information that we can get that we can verify, we're
9 happy to either determine that this is, you know, that
10 the expenses are proper or they're not proper. But
11 it's still a fluid process. At some point in time the
12 Board has got to say, okay, you know, enough's enough,
13 do we have -- have we substantially got it done, do we
14 want to spend the next -- I mean, I could spend the
15 next three months out there in your Association, you
16 know, grinding this stuff into a fine powder, but I'm
17 not sure that's the best use of Association funds.

18 Does that answer your question?

19 MR. MILLER: This is a summary of
20 everything you've got so far.

21 MR. BROWN: That's correct.

22 MR. MILLER: Fine. Thank you.

23 MR. LADNIER: I've got another question.

24 MR. BROWN: Certainly.

25 MR. LADNIER: When you did this, you

1 reported this to Mr. Wiseman. If you are working for
2 us, should you not have reported that to us and let us
3 engage a lawyer if we decided if this was necessary?

4 MR. BROWN: Well --

5 MR. LADNIER: To the Board.

6 MR. BROWN: -- no, actually I've been
7 engaged by Mr. Wiseman. As I explained, the reason
8 that that is normally done is because there may be --
9 there's a good likelihood that some litigation is going
10 to come from this and they want to preserve a
11 privilege. The only way that our work product can be
12 privileged is by being engaged through an attorney. So
13 technically and literally I have been engaged by
14 Mr. Wiseman on behalf of the Board. So we are giving
15 you the report. I mean it's -- don't misstate this,
16 you know, that we are trying -- we're hiding behind
17 this privilege to keep information from the Board or
18 the membership. You are going to hear what this report
19 says. What I am saying is that technically, and unless
20 you deal in litigation and, you know, the courtroom and
21 all, this may seem like, you know, a lot of -- a lot to
22 do about nothing, but, you know, from our standpoint
23 it's fairly important.

24 I guess I'm supposed to -- I am now being
25 put in your place, so I'm just going to --

1 MR. LEMLEY: Ladies and gentlemen, if you
2 would like this report to be read, I'd like to hold off
3 answering questions until he has had the opportunity to
4 conduct the report.

5 MS. ALDRIDGE: I have one question. If
6 Mr. Wiseman is your client, your --

7 MR. BROWN: No, ma'am. He has engaged me.
8 I am working for Mr. Wiseman.

9 MS. ALDRIDGE: You are working for
10 Mr. Wiseman. Does Mr. Wiseman therefore have the
11 ability to tell you what part of the report you can
12 reveal or not reveal?

13 MR. LEMLEY: I believe, Darlene, if I may
14 step in here at this time, when I contacted Mr. Brown
15 and I have got Mr. Wiseman as the representative of our
16 Association, I asked them to unturn any stone that
17 needed to find out if there was anything that was
18 wrong. I played no part in it after that. Mr. Wiseman
19 quite frankly played no part into it. Mr. Brown went
20 and did his job that he was paid to do. He's a
21 professional.

22 MS. ALDRIDGE: But it was a yes or no
23 question.

24 MR. LEMLEY: Repeat the question.

25 MS. ALDRIDGE: Since you have been engaged

1 by Mr. Wiseman, would it be possible for Mr. Wiseman to
2 tell you what part of the report you could or could not
3 reveal because of attorney-client privilege?

4 MR. WISEMAN: Are y'all asking me?

5 MR. LEMLEY: I'm not an attorney, so I
6 can't answer that question.

7 MR. WISEMAN: That is the purpose of hiring
8 the accountant. There may be -- it's really not an
9 attorney-client; it's really work product privileges.
10 We do anticipate that there will be some litigation on
11 behalf of the Association if funds that Mr. Brown has
12 determined have been misused and they are not fully
13 recovered; and if there was something that might give a
14 strategic advantage to the persons representing those
15 that we are seeking those funds from, then that would
16 be something that would be withheld.

17 I will tell you, the report he's reading
18 from here today, I have not had him withhold anything
19 from that. The only thing that might be withheld might
20 be some of the conversations that we had that might be
21 work product towards strategies that we might use to
22 try to get money back, who we might want to talk to in
23 the way of getting additional information if we felt
24 maybe a particular person as a witness -- that we took
25 as a witness maybe not had given us all that we did.

1 So it goes to those types of strategic
2 discussions, but the report that he's giving here today
3 I have looked at and I have not asked that anything --
4 I want this Board to know.

5 Yes, sir?

6 MR. MOORE: Sir, is that a double expense
7 of the TLBAA?

8 MR. WISEMAN: How is that?

9 MR. MOORE: That Mr. Brown reports to you
10 and then you report to our Chairman.

11 MR. WISEMAN: No, sir, it's not. He has
12 done -- I have not been involved in his, his work,
13 other than looking at the report that was the
14 conclusion --

15 MR. MOORE: All right.

16 MR. WISEMAN: -- of that work in question.
17 Some questions that are normal from time to time, but
18 no, I would say that there has not been a duplication
19 of work.

20 MR. MOORE: Well, is it normal to give a
21 report that's not complete?

22 MS. RAIN: May we hear the report, please?

23 MR. LEMLEY: I think we can go on and hear
24 the report. Let's go on and hear the rest of the
25 report.

1 MR. MOORE: Well, is it a complete report?

2 MR. WISEMAN: It's substantially -- what I
3 think Mr. Brown has said, there may be a few areas --
4 he erred on the side -- correct me if I'm wrong. He
5 erred on the side that if we couldn't find support from
6 it that it was a charge, that we were going to seek to
7 recover. If there's something that can show with
8 documentation, that we may be able to reduce that down.
9 That -- so from that standpoint, I would say that it's
10 complete.

11 I think what Mr. Brown is saying is that
12 there may be some other things that Mr. King or
13 others -- it's not just Mr. King, some others that may
14 provide to us that may lessen the amount because there
15 was no documentation. So from that standpoint, it is a
16 very substantially complete report with some tweaking
17 based upon that. I think that would be a fair
18 analysis.

19 MR. MOORE: Well, I personally would like
20 to defer the report until it's 100 percent complete.

21 MR. LEMLEY: Bob, you made a motion.

22 MR. MOORE: What?

23 MR. LEMLEY: You made a motion. The motion
24 was not seconded. The motion is dead.

25 Let's go ahead.

1 MR. BROWN: Okay, a little bit of -- just
2 to kind of set the stage, a little bit of history.

3 The Association for all intents and
4 purposes was run by Mr. King. Most of the finance side
5 of the Association was handled by Ms. Spindor. She'd
6 prepare the checks. The checks were all signed by
7 Mr. King. Basically what we have been able to, you
8 know, ascertain is by and large the transactions for
9 the most part were either authorized by Mr. King -- of
10 course Ms. Spindor was, you know, very involved in the
11 finances, so they're -- that's kind of the power
12 structure.

13 Having started with that, we've got, you
14 know, as you've already heard, Mr. King resigned on or
15 about November 22nd. There was an indication that
16 there was some misappropriations of funds that would
17 not be able to be explained.

18 And let's back up a little bit, because
19 part of the problem that we had was there really --
20 there's a lack of kind of understanding at the
21 Association's office right now of how things are, where
22 things are. Ms. Spindor, I understand, resigned in the
23 middle of July from the Association. She was given a
24 90-day severance package which was full salary, a
25 laptop, certain rights to insurance benefits. We also

1 then had, about December 4th, there was another
2 individual who was fired by the Association, Lillian
3 Yarborough. Here again, Lillian was the one who
4 stepped into SuzAnn's position. She would have been
5 the one who had an understanding of, you know, where a
6 lot of the records are, how things were transacted.

7 We have spoken to Ms. Yarborough. We have
8 spoken to Ms. Spindor. Obviously we've spoken to
9 Mr. King, and we have spoken to others.

10 Here again, we mentioned that we've got a
11 real problem with documentation. For example, we've
12 got -- when we were looking at a disbursement for a
13 check, many times we would have nothing. Absolutely
14 nothing. We'd have a check, cancelled check, and you
15 really can't tell a lot from a cancelled check other
16 than who it went to, where it went, the amount and so
17 on and so forth. Commonly you would have a cancelled
18 check and a check stub and sometimes the check stub
19 would have a very cryptic phrase, maybe one or two
20 words, three words, that would indicate how that
21 expenditure was going to be classified within the
22 books. Very rarely would you have an invoice that
23 would show exactly what the expenditure was for.

24 Now, on the flip side of that when you are
25 looking at the credit card charges, there's absolutely

1 nothing. We've got monthly statements and there are no
2 receipts. You have no idea as to what, whether -- you
3 know, for example, it's my understanding that a lot of
4 the people -- one of the functions of the Association,
5 there's obviously a lot of entertaining that goes on
6 either at the shows or the sales. You have a multitude
7 of charges for restaurants, entertaining, things that
8 you would generally look at and say, yes, I can see
9 where there may be some business purpose for that. For
10 example, you may have a restaurant charge. Well,
11 without a receipt that says this is who was at the --
12 who was at the dinner, this was the business purpose,
13 this is what was discussed, we really haven't got
14 anything to go on. So this is kind of what we're up
15 against.

16 So now let's get into the report.

17 First and foremost it's been mentioned
18 that --- Ms. Aldridge brought up the fact that
19 Mr. Brooks was not a certified public accountant
20 licensed in either Texas or Oklahoma. It's my
21 understanding, we determined that he was paid
22 approximately a little bit over \$26,000 in fees. I
23 understand from Mr. Wiseman that pursuant to the demand
24 letter that was sent to Mr. Brooks, he has in fact
25 returned all of the fees that he's received over the

1 last two and a half years.

2 It's my further understanding that Brooks
3 came to the Association because he was the -- as a
4 contact of Mr. King and supposedly he does Mr. King's
5 personal tax work. I don't know that for a fact, but I
6 think it might be important to understand that as we
7 kind of look at, you know, how we unfold this entire
8 scenario.

9 We've got a pattern of activity here. We
10 have business enterprises, private business enterprises
11 that utilize Association funds. We have personal
12 expenditures being paid for by the Association. We
13 have compensation that's paid to individuals that is
14 not documented as to the purpose. And in the case of
15 Mr. King I think the question can be raised, because
16 his compensation is set by the Board of Directors, to
17 the extent he received any compensation over and above
18 what his salary was, I think that's an issue of kind of
19 a fourth category, Board authorization for some of
20 these expenditures.

21 So that's kind of the backdrop that we're
22 going to start with.

23 First let's talk about SK Ranch. SK Ranch
24 was a joint venture partnership. I'm not sure what the
25 legal -- you know, what the legal, you know, niceties

1 were, but basically it was a business relationship
2 between Mr. King and Ms. Spindor. It was a ranching
3 operation. We found the books for SK Ranch were
4 maintained on the computer system for the Association.
5 When we were in there looking at the computer we were
6 able to pull off the cash disbursements ledger which
7 was primarily the -- that was the extent of the books.
8 There was a general larger but there were really no
9 entries that had been placed on it. So we've got the
10 computer system of the Association being used to
11 maintain the books for SK Ranch.

12 Now, there are a lot of disbursements to SK
13 Ranch. Many of the checks are made payable to SuzAnn
14 Spindor, obviously the S, and Sean King, who I am led
15 to believe is Mr. King's son. Now when we first got
16 into that, we found that rather curious because we were
17 led to believe that Sean King had absolutely nothing to
18 do with SK Ranch. This has been confirmed by Mr. King
19 himself. So I guess the first thing you want to
20 consider is why have the checks made payable to SuzAnn
21 Spindor and Sean King if Sean King in fact has nothing
22 to do with the operation.

23 What we were able to find out is that a lot
24 of the -- let's see, here. We've got about \$54,000
25 worth of expenses for SK Ranch were paid for by the

1 Association. Now, this is just -- this is simply paid
2 for by check. We have another \$10,000 or so that was
3 charged to credit cards and we have determined that
4 these were -- these additional expenditures were
5 actually on behalf of SK Ranch. Some of the
6 expenditures that were paid for on behalf of the
7 Association, probably the largest, Mr. King had a ranch
8 manager by the name of Tim Garcia. Tim Garcia was paid
9 routinely out of the funds of TLBAA and he was also --
10 there's another individual by the name of Carrie
11 Gilbert who I understand has a relationship with
12 Mr. Garcia. We had about 26 or \$27,000 were paid to
13 these two individuals. In actuality it was more than
14 that. It was probably, you know, it was probably a
15 third more than that.

16 What we were able to understand is that
17 Garcia and Gilbert did provide some services for the
18 TLBAA at shows and events and that would be in the form
19 of day labor, setting up panels, breaking down panels,
20 moving things from here to there. But what we did find
21 is, especially in the case of Ms. Gilbert, when we
22 looked at the financial, you know, the documentation if
23 you will, we saw check after check after check, usually
24 two or three checks to Carrie Gilbert every month and
25 these checks ranged anywhere from \$250 to I think as

1 many -- as much as \$3200. The thing that we found
2 particularly troubling is we understand these two
3 people basically worked for SK Ranch. That's all they
4 did with the exception of working at two shows, the
5 World Show and the Horn Showcase.

6 When we looked at the supporting
7 documentation, it's my opinion that there was a
8 definite attempt to create false entries in the books
9 of the Association. For example, Carrie Gilbert -- and
10 I have -- I've got examples, I've got all these checks
11 piled up on the table over there by Mr. Wiseman if
12 anybody, you know, cares to see an example. Let me
13 give you a quick example. We've got a \$1550 check paid
14 to Carrie Gilbert. The supporting documentation, you
15 have a cancelled check in her name, you have a check
16 stub that says contract labor Trails, and then behind
17 it is an invoice and the invoice is for \$1550 for
18 typesetting.

19 Now, when we went to the current editor of
20 the Trails, she'd never heard of Carrie Gilbert, had no
21 idea who it was. We talked to the previous editor of
22 the Trails; she said she didn't know who Carrie Gilbert
23 was, had no idea what it was for. But the point is, is
24 there was a \$1550 check that went to Carrie Gilbert,
25 there was a check stub that made it look as though it

1 was contract labor for the Trails, which was false, and
2 then furthermore there was a receipt that showed that
3 she did \$1550 of typesetting. Interestingly, the
4 editor of the -- the current editor of the Trails
5 laughingly said when she looked at that invoice that
6 nobody in this business has used typesetting for 15 or
7 20 years.

8 So we have a concerted effort to falsify
9 the books, to cover and disguise, and this is just one
10 of several examples that we'll get into.

11 Now, one of the things I think is important
12 for the Board to understand is based on the state of
13 the records, I think whatever audits you had in the
14 past, putting aside the fact that they were done by
15 someone who is not licensed, which is no small thing,
16 I'm not sure there's any integrity to the
17 classification of the expenditures for the Association
18 for the last three years, anyway, that I've looked at.
19 So that's something to keep in mind as we move forward.

20 In addition to the Gilberts, there were
21 other -- there were other ranch expenses paid, you
22 know, for example, you know, reseeding pasture, mowing.
23 And then as of this morning, you know, we learned -- I
24 learned this morning that there was an additional \$6800
25 that was for cold storage, if you will, for bull semen

1 that was in fact, you know, an expenditure of the SK
2 Ranch as opposed to the Association. Now, that's --
3 I've got a story on one -- you know, I've got some
4 people saying that it was the Association's; I've got
5 some information this morning that says no, it's not.
6 Now, that's something that we could gain some help from
7 Board members or the membership at large to shed some
8 light on that, whether in fact that seems reasonable or
9 not or whatever. So there's an example of where we
10 still may have some adjustments to make, and there are
11 probably some other items.

12 We mentioned that there's about \$10,500
13 worth of credit card charges that were for SK Ranch.
14 And, here again, these have all been gone over with
15 Mr. King, everything I'm talking about right now, and
16 he's, you know, he's looked at them. We've given him
17 an opportunity to provide whatever information he can
18 add and in some cases he was able to do so, and, here
19 again, we've also done the same thing with Ms. Spindor
20 to give her the opportunity to try and help clear
21 things up.

22 The basic problem we still have is we've
23 got no documentation and we're relying on, you know,
24 the verbal testimony of, you know, employees, former
25 employees and the like. So, you know, that's one of

1 the things that we have had to try and deal with.

2 In addition to this, these other two types
3 of expenditures for the ranch, we found about \$18,700
4 worth of advertising for SK Ranch that was not charged
5 for. Now, I understand that there's certain ways of
6 looking at that. Inasmuch as SK Ranch was a sponsor,
7 they are held to a little bit -- to a slightly
8 different, you know, fee schedule. By my rough
9 calculations, because we're talking about a three-year
10 period of time, we still come back up to within 7 or
11 \$800 of the 18,000. So there was an additional amount
12 of free advertising that they received.

13 It's my understanding that about March or
14 April of 2006, SK Ranch was disbanded, the cattle were
15 divided between Ms. Spindor and Mr. King, and
16 subsequent to that Mr. King established a new entity
17 which was called Lizzie Ann Ranch. One of the things
18 we found for Lizzie Ann Ranch is that they in fact
19 received about \$4,050 in free advertising since it came
20 into existence.

21 The self-funded events, sponsorships were
22 sold, Mr. King authorized the payment of a 10 percent
23 commission on those sponsorships sold to Ms. Spindor.
24 Approximately \$66,000 was paid in these commissions.
25 What happened to these commissions, let's talk about

1 the transactions themselves.

2 There were some transactions that actually
3 had some documentation behind them. For example, they
4 would have a list of the sponsorships at least to which
5 you could apply a 10 percent and you could trace that
6 to a disbursement. There were also a number of these
7 transactions that there was nothing. We have a check
8 stub that says sponsorship commission. These \$66,000,
9 and there's two groups -- there's two groups of
10 sponsorship money. There's sponsorship money that
11 comprises 66 grand. These checks were made payable to
12 SK, Inc., which -- that we understand is not an entity,
13 it's just a payee that goes on these checks. Now, the
14 checks were written to SK, Inc.

15 There was also a separate entity that got
16 about \$5600 of that 66,000, and it was -- the payee on
17 the checks was Sol-Spin. It's S-O-L dash S-P-I-N, and
18 I'm told that that stands for -- you know, that Spindor
19 is the Spin and the Sol is, you know, is regard -- is
20 kind of an abbreviation of the sponsorship commissions.

21 Here again, now, all this entire \$66,000
22 was deposited into Mr. King's personal account.
23 According to what I've been told, this money was all
24 ultimately used in the operations of SK, Inc. You
25 know, we have endeavored, although we have the cash

1 disbursements for SK, Inc., we've done a little bit of
2 work on it to look at it for some particular isolated
3 transactions, but we have not made any attempt to find
4 out exactly how much money was disbursed out of SK,
5 Inc., for example, to Ms. Spindor or to Mr. King or to
6 others. So what we do have is we've got 66 grand that
7 is supposedly commissions owed Ms. Spindor, went into
8 the personal bank account of King and SK Ranch.

9 Now, I'm told that SK Ranch received an IRS
10 Form 1099 which is basically for miscellaneous
11 compensation and that taxes were paid on that amount.
12 I think as far as the Association is concerned it
13 probably is immaterial whether the taxes were paid on
14 the 66,000, but I do think it's important that was the
15 1099 issued, because from my standpoint when I'm
16 looking at transactions like this, if I am trying to
17 decide to whom income belongs, one of the things that I
18 would look for is who got the 1099 for it. So we have
19 not been able to find any 1099's. The files that have
20 the 1099's are gone. So the only thing I've got to go
21 on is, you know, the statements of Ms. Spindor and
22 Mr. King and others that they in fact received 1099's
23 for this miscellaneous compensation.

24 MR. CLAASSEN: Could I ask a question?
25 This \$66,000, is this commissions, strictly commissions

1 that they supposedly have earned on donations or is
2 this the donations itself?

3 MR. GRADDY: On sales.

4 MR. BROWN: Commissions; 10 percent of what
5 was sold.

6 MR. CLAASSEN: So that \$66,000 represents
7 \$660,000 of total money collected.

8 MR. BROWN: In theory, yes.

9 MR. CLAASSEN: In theory.

10 MR. BROWN: And here again, I did not see
11 lists that showed the \$660,000 in total, so in theory I
12 would assume that that's correct.

13 MR. CLAASSEN: Let me ask you this. In
14 your estimation, is this \$66,000 legally earned?

15 MR. BROWN: I think Mr. Wiseman has an
16 opinion on that regarding state statute and I would
17 defer to him to explain that to you.

18 MR. CLAASSEN: I would like to ask that
19 question.

20 MR. BROWN: I would -- if we could just
21 keep moving on, we'll write them down and I think at
22 the end we'll have lots of questions.

23 MR. LEMLEY: Let's finish the audit, Tom,
24 and then we'll ask questions at the end.

25 MR. BROWN: In addition to the \$66,000 that

1 was -- ultimately found its way into Mr. King's and SK
2 Ranch's bank accounts, we found another 1100 and
3 \$255 -- excuse me -- \$11,255 in these commissions that
4 went directly to Ms. Spindor, and I'm assuming that
5 they were deposited in her personal bank account. Here
6 again, there was, for this 11,255, as I recall there
7 was very little in the way of documentation beyond a
8 check stub that may say, you know, commissions for
9 sponsorships.

10 We mentioned the importance of the 1099's.
11 You know, everyone who has gotten extra compensation
12 that we talked to indicates that they in fact received
13 a 1099. However, we haven't seen the file at the
14 Association to make sure that they were properly
15 reported to the IRS, which I think is something the
16 Board needs to follow up on because that has some
17 serious ramifications for the entity itself.

18 Personal expenses. Personal expenses were
19 paid, and here again they came in two forms. They came
20 in the form of actual checks written and credit cards'
21 charges. We've got -- let's see. We've got about a
22 total of \$28,000 in Mr. King's personal expenses that
23 were paid out of the Association. That would be in the
24 form of checks and credit card charges. Included in
25 that is, or in addition to that we've got \$16,800 that

1 was paid to -- for the rent on the personal residence
2 of Mr. King. These were two checks that were written,
3 \$8,400 apiece; one was in October of '05, the second
4 one was in April of '06. Mr. King has reviewed those
5 two checks, he's basically told us that that's in fact
6 what it was, it was to pay the rent on, you know, on
7 his personal residence.

8 UNIDENTIFIED SPEAKER: Can you tell us what
9 was written on the bank stubs of those checks?

10 MR. BROWN: I'm sorry, I can't hear you.

11 UNIDENTIFIED SPEAKER: What was written on
12 the bank stubs of those checks?

13 MR. BROWN: Those were coded to prepaid
14 expense. So here again, that goes back to the
15 question, the issue I raised before about how reliable
16 when we look at expenditures in the Association are
17 they.

18 Another issue that we ran into is what I'm
19 calling undocumented bonuses/travel advances. There
20 was a pattern of activity on the part of the
21 Association to pay salaried employees, certain salaried
22 employees amounts that coincided with most of the major
23 shows. These checks would range anywhere from \$250 per
24 person; we've seen them as high as \$2,000. Here again,
25 when we would look at the supporting documentation, it

1 would say something like prepaid expense and give a
2 show name after it. It would be -- it may say, you
3 know, "bonus" on it. When we talked to the individuals
4 who actually received these checks, what we were told
5 were -- we got a variety -- a variety of explanations,
6 because I think there are probably different types of
7 payments here, you know. It was explained to us that
8 some of them were travel advances before a big show.

9 Now, I will tell you, when we look at that
10 as a travel advance, you notice that within two weeks
11 or so of the travel advance there's also a
12 reimbursement request and a check written, and I guess
13 logically speaking I would think if you get a travel
14 advance, you know, the first thing you do when you send
15 your expense reimbursement in is that travel advance is
16 taken off the top and then your expenses are credited
17 against that and then there is kind of a squaring up
18 that goes.

19 MR. MOORE: Mr. Brown, is there a date on
20 the bonus checks?

21 MR. BROWN: Yes, sir.

22 MR. MOORE: What is that?

23 MR. BROWN: There are a lot of them. They
24 cover a three-year period of time.

25 MR. MOORE: All right.

1 MR. LEMLEY: Let me -- let me step in here.
2 Let's do hold our questions until he has a chance to
3 complete this report. We have another meeting at
4 11:00, I'd like to make sure we get to that point. So
5 let's hold all the questions, please.

6 MR. BROWN: So we've got these extra
7 payments and, you know, they are -- at least verbally
8 what I've been told is that they are either travel
9 advances, they are bonuses. Many times they were
10 issued after a sale. If it was a successful sale, a
11 profitable sale, several of the salaried employees
12 would all get a thousand-dollar check. The bottom line
13 on that is we've got about \$23,700 worth of that going
14 to Mr. King, I've got about 18,000 or so going to
15 Ms. Spindor, and there were several other employees who
16 also got similar types of payments.

17 Now, the question I think is -- the issue
18 here is, insofar as Mr. King is concerned, you know,
19 I've read the Board minutes, I've read the bylaws, and
20 it's clear that his compensation is set by the Board
21 with their approval. So to the extent that there
22 are -- that he gets any additional compensation, it
23 seems to me that that's something that the Board should
24 have to authorize, and I could find nothing in the
25 Board minutes that I read that indicated that this

1 extra compensation was authorized.

2 Expense reimbursements. This was another
3 area that we found particularly disturbing. Most
4 businesses, when they reimburse an employee for
5 expenses, there's always -- the expenses, there's
6 always -- there's documentation regarding business
7 purpose, who attended, what was discussed; and I think
8 that's probably a minimum standard for expense
9 reimbursements for an employee. What we would find is
10 we would find expense checks written to an employee,
11 we'd find a check stub that would say something to the
12 effect with just a cryptic note that says expense
13 reimbursement or travel or mileage, or something of
14 that sort, and to the check stub would be stapled a wad
15 of receipts.

16 In Mr. King's situation in particular, we
17 were taken aback with the receipts that we would see
18 attached to a check. Many of them were in excess of a
19 year old. Many of them, they were very hard to read,
20 you couldn't, you know -- they were -- we were kind of
21 taken aback with the, you know, kind of the, I guess
22 I'd call it the unfettered, you know -- you know,
23 supervision or authority to, you know, to incur daily
24 expenses on behalf of the Association, whether it was
25 lunch every day or dinner every day or -- it seemed as

1 though there was just a plethora of expenses that hit
2 the -- hit the books on a regular basis.

3 There was another situation that we found.
4 We compared many of the expense reimbursements, and
5 that's -- when I say "expense reimbursement," I'm
6 talking about where a check has been written to an
7 employee based on a request for reimbursement as
8 opposed to a credit card charge, which means that's a
9 charge that went onto a credit card that at the end of
10 the month the Association would write one check to that
11 credit card whether it's Visa or MasterCard to pay the
12 entire bill.

13 We found a situation where amounts that
14 were charged on a credit card, the receipts were taken
15 and then turned in for cash reimbursement. We found it
16 kind of curious that the only receipts we found for any
17 charges on a credit -- when I said before there was no
18 receipts for credit cards, that's not correct. I'd
19 like to -- I'd like to straighten that out. There was
20 a very small group of receipts for credit card charges.
21 They were the ones that then were submitted for a
22 double payment and an employee reimbursement.

23 We've got -- we went through and looked at
24 all these. We've got -- I think we've got a fairly
25 good number. I think the latter months, November and

1 December we don't have, we really still haven't got all
2 the information yet, it still hasn't gotten, you know,
3 filtered back. But suffice it to say through probably
4 the end of October we've got about \$3250 in these types
5 of charges that Mr. King put in for reimbursement that
6 were charged on credit cards. We've got about \$8600 on
7 Ms. Spindor's account.

8 Now, what was re -- what was -- what was
9 told to us is that, that it, you know, that this was an
10 oversight, you know, that receipts were -- you know,
11 just without having -- without checking them against
12 the credit cards, you know, they were then subsequently
13 put in for reimbursement.

14 UNIDENTIFIED SPEAKER: How much did you say
15 for Mr. King?

16 MR. BROWN: Could I -- pardon me?

17 UNIDENTIFIED SPEAKER: How much did you say
18 for Mr. King? I didn't get that figure.

19 MR. BROWN: \$3258.

20 The Association has a number of vehicles.
21 I don't -- I mean, the importance of this is not
22 necessarily from the standpoint that anything, you
23 know, is wrong with that, but I think it's important
24 for the Board to understand, okay, this is -- this is
25 some of the, you know, some of the expenses that it is

1 incurring. And this is probably more of a management
2 issue going forward. We've had -- I think presently
3 we've got -- the Association has got a Volvo under
4 lease, costs about \$658 a month.

5 UNIDENTIFIED SPEAKER: A what?

6 MR. BROWN: A Volvo.

7 UNIDENTIFIED SPEAKER: Volvo.

8 MR. BROWN: A 2006 Volvo is under lease.
9 It's being used by, you know, the editor of the Trails.

10 Mr. King had a pickup truck that was
11 purchased for him by the Association. It is my
12 understanding, although I have not actually seen it, I
13 believe it's been returned to the Association. And
14 here again, with all these vehicles, you have to keep
15 in mind that all of the fuel, all the maintenance, all
16 the repair work is also being, you know, footed for --
17 you know, by the Association.

18 There's another pickup truck that I
19 understand was -- at least in the past has been
20 available to Mr. Curry to use that was purchased by the
21 Association, and I think there's a Land Rover that's
22 being used by Mr. Barker that is presently -- it's
23 being provided in exchange for advertising with a local
24 car dealer.

25 Some of the issues that were brought up in

1 the course of us doing our investigation impacted on
2 the sales manager function. We really didn't spend a
3 great deal of time in that area, the propriety or
4 integrity of the sales process. We focused primarily
5 on the financial, you know, the financial side of the
6 Association's business, but there were -- there was one
7 in particular that I think that we felt had some
8 implications into what we were doing and we did in fact
9 look into it.

10 There was a sale of cattle by SK Ranch and
11 this was held on -- I think it was selling on Tulsa
12 Time in April of '05. The net proceeds of the sale to
13 SK Ranch were about \$129,000. There was -- there was
14 some concern expressed as to what the source of the
15 money was to pay for that cattle. We were not able to
16 find any disbursements from T -- from the Association's
17 funds to Mr. McGill for the cattle. What we were able
18 to find is -- because we had, you know, access to the
19 cash disbursements ledger for SK Ranch, we did in fact
20 find the monies that were paid to Mr. McGill, you know,
21 for the cattle. So, you know, like I said, to the
22 extent that there was, you know, at least an allegation
23 that Association funds had been misappropriated to in
24 fact pay for those cattle, I think we were able to
25 determine that, you know, that that's not the case,

1 that in fact they were paid for out of SK Ranch.

2 Now, of course, SK Ranch was funded through
3 sponsorship commissions and other things, which I guess
4 is another issue.

5 As far as the propriety or the integrity of
6 the cattle sales management function, all I can report
7 to you is conversations with Mr. King last Saturday, I
8 mean he raised the question as to whether the
9 Association should actually be in the cattle sale
10 business at all, and, I mean, that's -- I suspect
11 that's an issue for all of you to discuss and really --
12 I really have got nothing that I can add to that.

13 That's -- that's basically where we are at,
14 and as I said, you know, as was indicated this morning,
15 where we've gotten, you know, additional information, I
16 think there's a \$6800 expenditure that needs to be
17 re-thought. Mr. King still has -- I think there's
18 still a handful, I mean very small amount of
19 transactions he's still trying to get some records for,
20 and, you know, that may impact our numbers a little
21 bit. They are really not material to the overall
22 scheme of things.

23 I will say that everybody at the
24 Association has been exceedingly cooperative with us.
25 Whatever we have asked for, we have been given in a

1 timely fashion. Mr. King and Ms. Spindor have been
2 very cooperative and very candid in their discussions
3 with us.

4 One of the other things I think that I
5 would pitch out to the Board, and y'all can think about
6 this, there were a number of trips to Brazil. Now, I
7 have heard varying -- varying comments, some of them as
8 early as this morning, as to the business purpose of
9 these trips to Brazil. I believe there were three of
10 them. There was one in February of '06, there was one
11 in May of '06, and then there was one I believe in late
12 October of '06. We have been able to identify in and
13 among those charges what are items -- parts of those
14 are clearly personal in nature.

15 I guess the bigger question is, is did in
16 fact the Board authorize anyone to go to Brazil to try
17 to establish some sort of relationship with the cattle
18 industry down there, and I am told that in fact there
19 are members -- you know, there are members from the
20 Brazilian counterpart that have attended shows and
21 sales here and I guess you could infer that that's as a
22 result of the efforts down there on these trips, but I
23 guess that's something that, you know, we could
24 certainly, you know, get some input from the Board, did
25 the Board in fact authorize this or did they not.

1 One of the problems that I had looking at
2 the Board minutes, there was one particular instance on
3 compensation where the Board minutes really don't go
4 into a lot of detail, and I think where you have
5 important issues it would be real helpful after the
6 fact that if there is important discussion or an
7 important issue raised and voted on, that in fact it's,
8 you know, well-documented in the Association or in the
9 minutes.

10 We are bound by what we can get in front of
11 us, and here again I can't emphasize this enough. The
12 extent of the records leaves a lot of things open, a
13 lot of things that are still questioned that we can't,
14 really can't resolve one way or the other. Our focus
15 is potential litigation, a potential criminal referral.
16 I mean that's been what we have looked at from day one
17 and that's kind of, you know, the backdrop to what we
18 do. So that colors how I look at transactions. If
19 I've got to take a transaction into the courtroom, I
20 need to make sure that we can substantiate what has
21 happened or not happened, and if there's a total lack
22 of documentation it really kind of -- it kind of ties
23 our hands.

24 But that's where we're at. We're, like I
25 said, we're substantially complete. And I guess,

1 Mr. Lemley, if you've got questions or how you want to
2 proceed, it's your show.

3 MR. LEMLEY: At this time, if there is
4 questions, I'd like to make you understand that we
5 will -- originally this meeting was called to be an
6 executive session so this Board would have time to
7 digest this information and take action upon it.
8 Because we do have guests here, we'll be basically
9 doing this same presentation again at 11 o'clock as it
10 was originally announced. So you can either make your
11 questions now or we can go back and do it again later
12 and repeat those questions.

13 Charlie.

14 MR. BINGER: I understand. It's kind of a
15 brief question.

16 Can you hear me?

17 MR. LEMLEY: Yes, sir.

18 MR. BINGER: I just want to know -- I
19 understand there's a lot of limitations in what you can
20 tell us with certainty right now. You have identified
21 there's a large gray area, and you have identified
22 there's an area that you feel certain are
23 inappropriate. As we sit here today, what do you think
24 a good ballpark figure is of the total loss in that
25 certain area and what is the total ballpark you think

1 is lost in the gray area?

2 MR. BROWN: You're asking an accountant to
3 do some quick math in his head. That's a dangerous
4 thing to do.

5 MR. BINGER: And I'm not trying to hold you
6 to a number.

7 MR. BROWN: That's okay.

8 MR. BINGER: I just want a ballpark idea of
9 what we are talking about.

10 MR. BROWN: We're looking at about \$275,000
11 in the this is what we think is inappropriate. I'm
12 going to guess that there's probably another maybe 80,
13 90,000 in what I would call the gray area.

14 Now, if you want to talk about how much is
15 there that's just not documented, I mean --

16 MR. BINGER: That's anybody's guess.

17 MR. BROWN: That's anybody's guess. I mean
18 we're talking --

19 MR. BINGER: You've answered my question.

20 MR. BROWN: Yeah. I think that's the best
21 I can do for you today.

22 UNIDENTIFIED SPEAKER: I have a question
23 for you. In asking and talking to individuals about
24 the money and going back through the paper trail, did I
25 understand you correctly to say that one or two of the

1 individuals said it was all okay because the Board
2 approved it, or did I misunderstand what you said?

3 MR. BROWN: No, you did not misunderstand
4 me. That's correct. One person did.

5 UNIDENTIFIED SPEAKER: I have a question
6 for Joel. Do you know for a fact the Board approved
7 those kind of funds to those individuals?

8 MR. LEMLEY: No, they did not.

9 UNIDENTIFIED SPEAKER: You say on the
10 record you did not approve those funds.

11 MR. LEMLEY: Did not approve them.

12 MR. BROWN: I guess that answers my
13 question as to whether those things get re-visited,
14 which they probably should.

15 MR. BROWN: I have a question, just to be
16 clear.

17 I don't say much. My name is Terry Brown.
18 We've got our cattle down here. I know there's a lot
19 of important men sitting around those tables, but our
20 family has raised longhorn cattle for about 35 years
21 and this -- this really sets you back.

22 My question is, who does Don King work for?
23 I'll ask Joel.

24 MR. LEMLEY: Terry, I'm going to tell you
25 right now, nobody's any more embarrassed about this

1 than I am, but I am going to make a statement on behalf
2 of this Board of Directors.

3 I have been Chairman for one year and
4 there's many men on this table who have been Chairman
5 of this Board, there are people sitting out in this
6 audience who have been on this Board. There are
7 people -- this Board has been in existence for 43
8 years.

9 Mr. King worked for this Association. He
10 answered -- should have answered to this Board. I will
11 say that and I will accept that responsibility.

12 MR. BROWN: Would that be --

13 MR. LEMLEY: But our Board -- let me
14 finish, please. Our Board is members just like
15 yourself. We meet two or three times a year, we spend
16 most of our time discussing how old a steer is that's
17 going to be in the World Show and whether or not we're
18 going to charge a hundred dollars or \$75 to ask people
19 to come and be a part of the shows and stuff. I have,
20 and no person on this Board, except probably since Ben
21 Ruzack was on this Board, who was on this Board and as
22 an executive, had access to the funds of this
23 Association.

24 And I'll say this: Up until about two
25 years ago this Association didn't have enough money to

1 steal. About two years ago, we -- two or three years
2 ago this Association started flourishing. It started
3 flourishing because the price of our cattle started
4 going up and we had more people being a part of this
5 buying and selling cattle. For the first time I think
6 in about, I don't know, eight or nine years, this
7 Association went from being in the red to being in the
8 black.

9 I can't speak on behalf of Mr. King or
10 Ms. Spindor. But they treated this Association and
11 they tried to bring it up and they did some things
12 probably they shouldn't have done, but it was
13 unbeknownst to this Board. We do not see checks. We
14 do not have access to the everyday running of this
15 Association. Well, I admit we probably should, and
16 from this day forward that probably will be the act
17 that this Board should enact. But I'll advise,
18 everybody here is a volunteer. We live all over the
19 United States. I have a real job at home, and since
20 about the last six months I've spent nearly 40 hours a
21 week in conflict trying to make sure that our
22 Association doesn't go away. And this Board has made
23 decisions on behalf of the members. Right, wrong, or
24 indifferent, that's what they've done.

25 So, I mean, I will not apologize to anybody

1 on what has happened about Mr. King and Ms. Spindor.
2 That's up to them. I love them both. I hope they get
3 through this thing and I hope this is not something
4 that will ruin their lives. I also don't want this to
5 ruin this Association, and we have a mission - I
6 believe we have a mission - to take this opportunity to
7 change the way we're doing our business.

8 I'll be honest with you. Being engaged in
9 this thing for the last six weeks, I can't tell you
10 what we've had to go through to do this. This makes me
11 sick. It makes me sick that this whole Association has
12 to be drawn into this thing, but it happened, and it
13 happened to fall on my shoulders. I have some pretty
14 big shoulders, but I happen to like this Association, I
15 happen to love this Association, I happen to love these
16 cattle, and my big fear is that it's going to knock
17 this thing out where we can't do anything anymore. But
18 our mission is to get around this thing, get it
19 resolved, act upon it and go forward. That's all I
20 know to do.

21 And blaming people, enjoy it if you want
22 to. If you want to sit here and blame us, then blame
23 us. We would like to, as a Board, to attempt to get
24 this behind us, get it corrected. I used a term, to
25 change the culture, the way we do our business. I'd

1 like to have that opportunity to do that. If not, then
2 we can not do that, but that will be up to this Board
3 to do so. I'm sorry.

4 MR. BROWN: The only other thing I'll say
5 is most of your members that raise longhorn cattle
6 would not steal a square bale of hay from you. They
7 wouldn't. And I want all you important men to think
8 about that because you are the caretakers of the
9 members. And I sit on boards myself.

10 This is my last word. If I was on this
11 Board and this happened, at the end of this meeting I'd
12 resign. That's what I'd do.

13 (Applause.)

14 UNIDENTIFIED SPEAKER: Was the money from
15 the income, the parking lot that the TLBAA owns next to
16 Billy Bob's, was the cash income from that parking lot
17 involved?

18 MR. BROWN: Yes, thanks for bringing that
19 up, because I meant to mention that because that was
20 one of the things was brought to our attention early
21 on, and we did find that, the rent being deposited on a
22 monthly basis into the Foundation account. It's about
23 \$3700 a month. So we did look into that and that did
24 go into the Association.

25 MR. GRADDY: May I address Bill (sic)

1 Brown?

2 Bill, you say that you think that these
3 Board members should resign. You know, we come here
4 and we do our best. We have an annual audit, we have
5 hired people to do the work for us, and when we get an
6 audit back at the end of the year with no findings on
7 it, when our Association is growing -- and you don't
8 have crooks on this Board. You have people just like
9 you are, that sit on this Board. We come here at our
10 own expense. And you think that you're hurt? You
11 should feel my heart, you should know how I feel about
12 it. And to resign and walk away from it is a crock of
13 crap. I think that the members that are left on this
14 Board should steer the course, correct it. We all
15 support Right. There's not a person on this Board that
16 would support Wrong. This was unbeknownst to us and we
17 are going to the bottom of it. Or the new Board is
18 going to the bottom of it. And we -- they won't do
19 that by resigning.

20 (Applause.)

21 MR. CLAASSEN: I want to rebut. I'm just
22 an average director. I do it because I love the
23 cattle. I represent people. If any of you in here say
24 I don't, you're a liar. And I take it to heart. I've
25 done what I thought was right on this Board. I've read

1 that rule book inside and out. I've got my own
2 personal lawyer, Mr. Binger, and I'm going to do what's
3 right. People that's coming in here and some of the
4 things that we did probably need to be straightened
5 out. But some of these accusations of the Board and
6 the people and especially me, I take -- I take
7 exception to it. I'm just a plain old boy out there
8 raising cattle, trying to make this thing run, and I'm
9 tired of some of these high dollar guys running it.
10 So, people, think about it. Y'all got your own
11 opinion, but I'm up here trying to do a good job and
12 I'm going to do the best of my ability and represent
13 people. And you find one person that I've never tried
14 to represent.

15 I'm getting tired of stuff, everybody
16 pointing fingers that way. Let's get down to business.
17 Let's get this stuff corrected. Let's make this
18 organization what it ought to be. Like I say, I take
19 exception, because I want to do right, I don't care
20 what it is.

21 (Applause.)

22 MR. ALDRIDGE: Who's pointing fingers at
23 you?

24 I respect your opinion and I respect you
25 and I respect most of the men on this Board for what

1 they've done, but I will say this, because I've been
2 sitting on this for two months. My wife brought this
3 to this Board's attention and she has been fought every
4 angle, direction that this Board can throw out in front
5 of us. Members of this organization, if she wouldn't
6 have done and stood up what she did do, y'all would
7 still be in the same quagmire that you were in 30
8 minutes ago until this man made the report, and if you
9 still want to ignore it and not take responsibility,
10 because your job as a Board of Directors comes with
11 responsibility, and I think everybody collectively can
12 take care of that responsibility, but when you let a
13 chosen few of the majority run this organization and
14 you stick your head in the sand, you're going to have
15 this problem again. And I hope that, if anything else,
16 you learn from this mistake. Because you all made a
17 mistake, you have to admit that.

18 There's nobody pointing fingers to any one
19 particular person. I don't believe that. That's not
20 what my wife tried to do. Darlene come in here and
21 presented a problem that she felt like very strongly,
22 and other members wanted someone to present. She did
23 it. We had opposition from the Chairman from day one.
24 We went and met with Don King and some of the people in
25 that office, tried to get it explained.

1 Am I telling the truth, Larry?

2 MR. BARKER: Yes, sir. You came to me.

3 MR. ALDRIDGE: Tried to get an explanation,
4 fair explanation.

5 MR. BARKER: Yes, sir, you did.

6 MR. ALDRIDGE: And we were lied to, lied
7 to, lied to, and I think today proved that part of it.
8 Still haven't got to the bottom of this thing, but I
9 think, if nothing else, it was done to make this
10 organization stronger, and it will come out of this. I
11 have no doubt in my mind about that. I think
12 financially we would be a lot better off if it was
13 taken care of sooner. But not to blame anybody. The
14 blame would go if you didn't take care of it now, now
15 that you know, and you do right by this membership.

16 And you also do right by putting officers
17 that have been elected by this membership on the Board
18 so they can vote for the people that need to be voted
19 on and to run for the office that they need to be run
20 for, and let the membership guide you in the direction
21 that you need to go. That's all we ask. It's pretty
22 simple.

23 Thank you.

24 (Applause.)

25 MR. LEMLEY: Any questions?

1 UNIDENTIFIED SPEAKER: I want to ask
2 Mr. Brown, you mentioned Mr. King and Ms. Spindor by
3 name as having some questions about their dealings and
4 all. Are there any other Association employees that
5 you have identified that there may have been a problem?

6 MR. BROWN: There is -- there's one former
7 employee that we have been told has been improperly
8 using Association credit cards. She's been terminated.
9 She's -- we haven't had a chance to look into that yet
10 because it was a very recent situation and it --

11 UNIDENTIFIED SPEAKER: Was it Yarborough
12 that you mentioned?

13 MR. BROWN: No, no, no, no. No. And I
14 prefer not, because there have been some serious
15 allegations leveled against her, and I prefer not to
16 name her by name. But what little that I've been able
17 to tell, this kind of came up late in the game. You
18 know, we're looking at maybe 2 or \$3,000 of credit card
19 charges that were personal in nature.

20 Now, here again, one person's opinion is
21 that this was theory. When you look at it from the
22 other side, if this person comes forward and says,
23 "Well, my boss told me to take this credit card down to
24 the Albertson's and buy his groceries and throw some in
25 for myself," who's -- I mean, who's to blame there? I

1 mean probably both, but I mean it's not -- it's not a
2 real cut and dried issue, but I think there's about 2,
3 maybe about \$3,000 worth that is outstanding.

4 We just haven't -- that was kind of at the
5 tail end of this thing and I thought, rather than, you
6 know, miss this deadline to get that, I'm not sure
7 how -- at this point in time, how important that
8 particularly is. I mean in due course if it's
9 determined that, you know, some action needs to be
10 taken against her, I suspect, you know, that can be
11 done. But I'm thinking -- beyond what was mentioned,
12 like I said, we did -- there are other employees who
13 basically got, you know, these bonuses and extra
14 compensation. But here again, I mean the situation
15 that we've got in is if the person -- if Mr. King
16 authorized those, I mean, you know, who is at issue
17 here? Is it Mr. King's problem or is it -- or those
18 employees?

19 So I would say, you know, that I can't
20 think of, you know, off the top of my head that there's
21 anything else that -- you know, as was pointed out to
22 me, I forgot to mention the rent at Billy Bob's, but,
23 you know, that -- I mean, I think that's it.

24 Now, here again, we didn't get into the
25 sales management issue, because that, you know, we had

1 plenty to do with the other stuff.

2 MS. ALDRIDGE: Did y'all look at the
3 Foundation books?

4 MR. BROWN: The Foundation books consist of
5 a checking account; and, yes, we went through every
6 check that went through the Foundation.

7 MS. ALDRIDGE: You didn't find
8 misappropriation of funds there?

9 MR. BROWN: Oh. Yes. I'm sorry. Yes.
10 Those numbers I just gave, that I reported on -- maybe
11 I didn't do a good job explaining this. When I say
12 there were cash disbursements of for example \$55,000
13 that went on -- that were paid to SK Ranch or for their
14 expenses, those disbursements, I have a detailed
15 breakdown. I could give it. It would take me a few
16 minutes. But those disbursements came from all three
17 bank accounts. They came from operating sales,
18 management and Foundation.

19 So, yes, to answer your question, we did
20 look at -- we didn't actually -- to us it really didn't
21 matter whether it was a Foundation check or an
22 operating. It was -- we kind of viewed them all
23 globally as this is all Association's funds. I know
24 there probably is a legal distinction, but --

25 MR. CLAASSEN: I would like to ask a

1 question I asked earlier, revisit that question. The
2 expenses, are they legitimate earnings? You reported
3 \$66,000 of expenses or percentage of expenses.

4 MR. BROWN: That's the -- yeah, that's
5 sponsorship commissions.

6 MR. CLAASSEN: The commissions deposited,
7 are these commissions legitimate?

8 UNIDENTIFIED SPEAKER: No, they were not.

9 MR. BROWN: I think Mr. Wiseman will need
10 to -- because that really -- that's really a legal
11 issue that he probably --

12 MR. CLAASSEN: Also quite a lot of money if
13 they are legitimate. If they're legitimate, they're
14 legitimate; if they're not, they're not. Correct?

15 MR. WISEMAN: That is a very legitimate
16 question. The situation is, is that the \$66,000 in
17 commissions were paid, you know, on the books perhaps
18 maybe to Spindor but ended up getting into Don King's
19 account, and that was -- I mean, if it -- if it had
20 been a third party and they are paid that brought in a
21 sponsorship, they would have gotten a 10 percent
22 commission.

23 But the issue is here, you are a nonprofit
24 corporation, and a nonprofit corporation says that an
25 otherwise valid contract is not necessarily invalid

1 when it's entered with a director or an officer of that
2 entity provided it's brought to the attention of the
3 Board of Directors and they approve it. And so, you
4 know, on the one hand there was \$660,000 worth of
5 sponsorships that came into the Association. \$66,000,
6 10 percent commissions went to Ms. Spindor. But
7 remember Ms. Spindor already had a salary, and so, you
8 know, what you've done is she's gotten an increased
9 salary without maybe the Board knowing about it, and
10 it's our understanding the Board did not know about it.
11 And the law is clear: When the Board does not know
12 about that, then that makes that an invalid contract.
13 And those are part of the funds that we -- that
14 Mr. Brown has included in that group that we will seek
15 to recover.

16 Yes, sir.

17 MR. MILLER: I'd like to point out that on
18 many occasions, Mr. King did in fact stand in front of
19 this Board and report, and point right at SuzAnn, said,
20 you know, "This little girl here is the one that's
21 selling 99 percent of these ads to put on the Horn
22 Showcase, put on the World Show," et cetera, et cetera,
23 et cetera."

24 MR. WISEMAN: Yes, sir?

25 MR. MILLER: "She's selling all these ads

1 and I'm paying her commissions." And all the Board
2 members are nodding their heads up and down.

3 MR. LEMLEY: I don't recall that at all.

4 MR. MILLER: Is that --

5 MR. LEMLEY: No, I don't recall that at
6 all.

7 MR. WISEMAN: If that were the case, if
8 that were the case, you know, again, that's where maybe
9 there should be something in the minutes about it.
10 But, you know, just because you don't put it in the
11 minutes, if everybody on the Board remembers that
12 something like that happened, then maybe it was Board
13 approved, just didn't get into the minutes. But the
14 point is, that's just a fact issue. If it was approved
15 by the Board, then that's fine, that's what the statute
16 says. But if it's not, then that is a payment that
17 will be sought to be recovered back, even though it was
18 a benefit -- I mean it wasn't that you took money, it's
19 just that it was -- if she was already being paid a
20 salary to sell commissions, she shouldn't get an
21 additional 10 percent. That's the point. And that's
22 why the code is written that way.

23 MR. SHERBEYN: Well, I just want to back
24 up, you know, my own experience on the Board, what
25 Mr. Miller said, I've heard it at many Board meetings

1 myself, that it was explained to the Board how much
2 work and extra effort and how many hours was put in for
3 these meetings and stuff and sales. And it wasn't just
4 her, it was a lot of the other, of the other employees
5 that spent numerous hours on the road to go to these
6 sales and take care of things for the thing, and it was
7 explained to us when I was on the Board that he was
8 paying them bonuses. We didn't get a lot of details.
9 The Board pretty much left it up to him to determine
10 that based on their work.

11 MR. WISEMAN: One thing I should say, too,
12 is even though it appears that the commissions were
13 paid to Ms. Spindor, they in fact went to Don King.
14 And so she's not being -- it's not -- she is not the
15 one that will be sought to recover those. It will be
16 from Mr. King. So it may well have -- if it was well
17 said that that was done, that's fine, but that would
18 have been to Ms. Spindor. It doesn't go back to
19 Mr. King.

20 MR. SHERBEYN: Yeah. No one brought that
21 before the Board where the money was going.

22 MR. WISEMAN: Okay. I thought --

23 UNIDENTIFIED SPEAKER: It sounds like
24 Mr. King was appropriately named at birth, and I think
25 the Board has pretty much over the years -- he

1 didn't -- I don't think Don was corrupt when he
2 started, the day he started. He got corrupted by --
3 well, by the TLBAA becoming profitable, and as the
4 profits -- as the profits went up Don probably took
5 liberties where liberties weren't legal. And
6 finger-pointing at the Board or the past Board or
7 whatever, I think it's time for us to move on and let
8 you lawyers decide what ought to be done.

9 (Applause.)

10 UNIDENTIFIED SPEAKER: And I also -- I'd
11 like to take this opportunity. Now we have all been
12 guilty of saying, "What in the world is Darlene
13 Aldridge trying to do?" Well, she did what the rest of
14 us didn't have the guts to do. That's what she did.

15 (Applause.)

16 UNIDENTIFIED SPEAKER: You know, I think --
17 I think we need to proceed, and I'm not saying let
18 bygones be bygones, but we have to proceed in an
19 orderly manner and try to get something accomplished.
20 Let that -- let this be a lesson to us.

21 That's all I have to say.

22 MR. WISEMAN: Yes, sir.

23 UNIDENTIFIED SPEAKER: If something on the
24 Board, if a decision is made on the Board, if it's not
25 in the minutes, can it be considered valid by just what

1 somebody remembers? I mean it doesn't have to be on
2 the minutes to be a valid decision to give the
3 management the OK to do something?

4 MR. WISEMAN: People that write minutes are
5 human. Sometimes they make errors. That's one reason
6 why you have a correction of minutes. If there are
7 enough valid people that were on the Board that
8 legitimately remember something and it just technically
9 through error was left off, yes, I think it's still a
10 valid. A motion was made, was passed. The minutes are
11 just a reflection of what the Board action was. They
12 should be accurate and you want to strive for that,
13 but, you know, people are human and sometimes that's
14 not done. So the issue would be, was that really done.

15 But again, let me just be clear about this,
16 these commissions. Whether the commissions were
17 authorized to Ms. Spindor by the Board, which would
18 then make it valid under the Nonprofit Act, that's one
19 thing, but for them to have then passed through
20 Ms. Spindor and gone to Don King's account, that's not
21 right. And that -- and we're not looking to
22 Ms. Spindor for that, we'll be looking to Mr. King for
23 that.

24 MR. MOORE: I've just got one thing to say.

25 MR. BROWN: Can I just -- can I just make

1 one quick comment to correct?

2 MR. MOORE: Okay.

3 MR. BROWN: I want to make -- because
4 you've all had a lot of in -- you know, in 30 minutes,
5 you've had condensed a month's worth of work. There's
6 a lot of -- there are a lot of issues here.

7 And just one more thing on this
8 sponsorship. When you raise the question about the
9 \$66,000, keep in mind there are two different sets of
10 sponsorship funds or monies paid. The \$66,000,
11 although this very well may have been as a result of
12 Ms. Spindor's endeavors to sell sponsorships, that
13 \$66,000 went to Mr. King. So kind of put that out of
14 your head. That 66 grand did not go to Ms. Spindor.
15 She may have sold the sponsorships, that may have been
16 what the commissions were ultimately -- initially set
17 for, but the bottom line is, is that 66 grand went to
18 Mr. King through -- I've been doing this for 30-some
19 years, and it went through -- it was really
20 concealment. I mean they concealed the way that money
21 was going. But don't -- don't, when you talk about the
22 66,000 in commissions, just keep in mind that that was
23 a scheme that all went back to Mr. King.

24 Now, there was an additional \$11,250 of
25 sponsorship commissions that did in fact go to

1 Ms. Spindor and that's the question I think that
2 Mr. Wiseman is bringing up and I think Mr. Miller
3 pointed out, the real question there is: Did the Board
4 authorize that? I can't answer that. I've seen
5 nothing that said it was, but as we've seen this
6 morning, you know, the minutes sometimes are not
7 necessarily complete. So when you are thinking in
8 terms of Ms. Spindor you need to remember that there
9 was \$11,000 that went to her directly, and then -- then
10 the issue becomes, was the Board, you know, was the
11 Board okay with that, did they approve it if it's in
12 the minutes or not.

13 So -- but don't -- don't lump -- I mean, I
14 want to make sure that there's a big difference
15 between, you know, getting a commission check that says
16 SuzAnn Spindor on it and it says sponsorship
17 commissions that's going to her. If you looked at that
18 check as a Board member, you would know that she got a
19 check for \$7500 for commissions. If you saw an \$18,000
20 check to SK, Inc., you would have no earthly idea what
21 that was, and when you looked at the back of the check
22 you'd have no earthly idea that that was Don King's
23 bank account. So, I mean, don't lump the two together.
24 They are two separate issues. I think this indicates,
25 you know, this is not all cut-and-dried. There are a

1 lot of -- there's a lot of things that, you know,
2 impact on that and I just want to make sure, let's not
3 try to gloss over this and try to simplify this, you
4 know. It's fairly complicated.

5 MR. MOORE: All I wanted to say was when
6 SuzAnn was hired, she was hired for a salary plus a
7 commission on things that she sold. That's the way she
8 was hired. What happened to the money, how it went, I
9 have no idea, but that was part of the agreement when
10 we hired her that she did get a commission. Now, what
11 she did with it or how much, I don't know.

12 MR. BROWN: Now, she did get, and we didn't
13 really talk about this, she also did get a commission
14 on advertising sold for the trailers.

15 MR. MOORE: Yeah.

16 MR. BROWN: So there were commissions paid,
17 and those commissions were generally paid through the
18 payroll system and, but, you know, the Trails
19 commissions are something separate from the
20 sponsorships.

21 MR. MOORE: I don't have any idea about
22 that. All I'm talking about, that -- well.

23 MR. LADNIER: Well, I knew SuzAnn was
24 getting a commission. Everybody that attended the
25 Board meeting knew that. I didn't know Don King was

1 getting one, too. But SuzAnn was writing a check, she
2 knew he was getting it. She should have brought that
3 to everybody's attention.

4 MR. LEMLEY: How would we have known that?

5 MR. LADNIER: She should have told us,
6 "Hey, I wrote Don King a commission check."

7 UNIDENTIFIED SPEAKER: You indicated
8 earlier this is from '03 forward, your records?

9 MR. BROWN: Correct.

10 UNIDENTIFIED SPEAKER: In your experience,
11 do you have an opinion as to - I believe Mr. King's
12 been here for quite a while - as to whether this was an
13 ongoing situation or this just began in '04? Did you
14 see any kind of pattern that would lead you to believe
15 that this has been an ongoing situation?

16 MR. BROWN: I think during the period that
17 we looked, my general sense of things is, is as we
18 progressed from '03, '04 forward, it started
19 escalating. Because when you would go back to the
20 '03-'04 fiscal year, there wasn't a lot -- there wasn't
21 a lot that we wound up categorizing as questionable.
22 So I think it actually escalated as you move forward.

23 And the reason we basically took '03-'04 as
24 a starting point is that, you know, the records earlier
25 than that were -- would have been really difficult to

1 get at, so it's -- you know, we -- I mean, yeah, we
2 could have gone back to, you know, as far back as
3 they've got records if you want to, but at some point
4 in time you have to say, okay, what's the best and
5 highest use of, you know, the resources of the
6 Association. And going back to '02 and '01 and 2000,
7 you know, I wouldn't necessarily recommend that to the
8 Association.

9 MS. PAYNE: Looks like everybody has a
10 question. Mine's to Joel.

11 I don't perceive that we're going to be
12 taking action today until we get the complete findings
13 of Mr. Brown; is that correct? Are you wanting us to
14 take some kind of action this morning, or what is
15 our --

16 MR. LEMLEY: I'm going to play ignorant
17 here because I'm not real sure what action we need to
18 take. What is criminal, what is opportunity for
19 restitution, I'm going to have to leave these up to the
20 professionals. I wanted these guys to present this to
21 this Board, I want you to have the opportunity to
22 absorb it and understand where we are at at this
23 particular time. If there is merit for legal
24 proceedings, I think that would be open. Again, I
25 don't know how you do that, I'm just -- I don't know

1 how that is done.

2 If there is an opportunity -- I did have
3 the opportunity to visit with the District Attorney.
4 There is a white collar crimes unit. Their goal is not
5 to put people in jail. Their goal is to get
6 restitution on behalf of our Association.

7 My goal, if there is a goal, is to get the
8 money that belongs to this Association back into its
9 general membership and go on with my business. Now, if
10 anybody else has got any further things they want to do
11 that would be done independently from this Board, you'd
12 have to come before this Board for a motion.

13 MS. SCOTT: Do we need to make a motion to
14 let the professionals handle it and try to get
15 restitution, or -- I mean, is that our point today in
16 that Board meeting, or should this be floored and let
17 them complete their investigation and we handle this in
18 a later Board meeting?

19 MR. LEMLEY: From what I know, and again, I
20 am a layman in this and this is the first time in my
21 life I've ever had to do this, is that I'm not real
22 sure. I would think that this Board would need to take
23 it upon itself to absorb this information, to determine
24 where we're at, what we need to do to see if there's an
25 avenue to get our money back through a restitution

1 process, and then we'll go forward. I mean that's all
2 I know how to do this.

3 Charlie?

4 UNIDENTIFIED SPEAKER: You really don't
5 need to take any action today. You've already hired
6 the lawyer and I've already discussed it with him and
7 he's telling me that he's already trying to collect the
8 money back and cooperating with the authorities. So
9 that's already in the works. You're just receiving
10 reports right now. You don't have to take any action.

11 MR. BROWN: If I could just throw one quick
12 thing in and I promise I'll let you talk.

13 What we have left to do is very small. I
14 mean, for example there's a \$6800 of expenditures on
15 cold storage for semen that we were told this morning,
16 we've got some this morning it probably was an expense
17 of SK Ranch. So that needs to be added into that, our
18 number. So there's just a very small handful of things
19 that are left open.

20 For example, I think -- now, there are two
21 others that come to mind. The trips to Brazil. Did
22 the Board know about those, did they authorize those?
23 If the answer to that is no, then we've got -- like I
24 say, I've got a spreadsheet. All I have to do is click
25 and move a number from one column to another. It's

1 real simple. So for example, if y'all told me right
2 now that the trips to Brazil were not authorized, it
3 will take me about two seconds to put that, those
4 expenditures back into our numbers.

5 The other thing I think clearly is the
6 issue with the sponsorship commissions. I think the
7 question is, you know, did -- you know, were those
8 authorized or not, were these extra bonuses that came
9 with the extra compensation that were paid to the
10 salaried employees for the sales and shows, were those
11 authorized? And those are about four things and those
12 are really --

13 UNIDENTIFIED SPEAKER: Do you need answers
14 from the Board to recall that?

15 MR. BROWN: It would -- yes, I think so.

16 UNIDENTIFIED SPEAKER: Because I only
17 recall authorizing one trip to Brazil. I mean,
18 what's --

19 MR. BROWN: And maybe what would be
20 possible is I could give a short list of questions to
21 Mr. Wiseman, like three or four, that he could
22 circulate to the Board and get an answer to them; and
23 like I said, once we get the answer -- I guess my point
24 is I don't want you to think that there is this massive
25 amount of work left to be done. I mean, we've got all

1 the information in our spreadsheets. It's a matter
2 we've got maybe four very simple questions that the
3 Board could collectively answer, you know, do you
4 think -- I mean, were these things authorized or not
5 authorized? And once I get a yes or a no, it's real
6 easy to adjust things. And so I didn't want you to be
7 left with the impression that, oh, jeez, we've got to
8 put up with this guy for another two months.

9 MR. WHITFILL: Mr. Brown, you said -- I
10 recall that we've talked about paying the commission on
11 advertising, not upon sponsorships, but either way, you
12 said -- you used the word this was a "scheme."
13 Correct?

14 MR. BROWN: The \$66,000 of the sponsorship
15 monies, you know, in my 30 years, 10 of which was as an
16 FBI agent, yeah, I'd say the way this was done, it was
17 intended to disguise what was going on.

18 MR. WHITFILL: Okay. My next question
19 would be to Mr. Wiseman, if he used the word "scheme,"
20 if we're looking at Don King for this, if this was a
21 scheme we've got two people, correct, we need to look
22 for this? SuzAnn was involved as much as Don was in
23 this 66,000. She was involved in the commission check
24 writing that was going to Don.

25 MR. WISEMAN: It appears that she

1 participated in that scheme, that is correct. It
2 appears that she did not get any of the money from that
3 scheme. And the one point that I would follow up with
4 what Mr. Brown said is the -- what y'all may have heard
5 on the Board might have well been that commissions
6 would be paid on advertising for the Trails, and you
7 see that was done and paid through the regular payroll
8 like a lot of the other bonuses that went, so that you
9 had your regular automatic, done automatically payroll,
10 whether it was a bonus or whatever.

11 This one payment that was made to
12 Ms. Spindor for sponsorship, not Trails, wasn't done
13 through the payroll. That alone shows some suspicion
14 there. So she may legitimately be liable for that
15 portion of the -- of things. But as far as I'm looking
16 at from the standpoint who do we look to for recovery,
17 it would be Mr. King.

18 MR. WHITFILL: But I was looking for
19 criminal. If she's part of the scheme, then she's as
20 much --

21 MR. WISEMAN: Oh yes.

22 MR. WHITFILL: -- at fault as he is.

23 MR. WISEMAN: And I, just as the gentleman
24 lawyer, I've forgotten his name --

25 MR. LEMLEY: Charlie.

1 MR. WISEMAN: -- out in the audience said,
2 I've already visited with Joe Shannon when this first
3 came out who is head of the economic white collar
4 crimes department here in Fort Worth. This has already
5 been assigned to his top investigator -- or top
6 Assistant District Attorney Mr. Lobingier, and as soon
7 as this report, which Bill says is almost complete,
8 just a couple of areas, those are going to be turned
9 over to them.

10 MR. WHITFILL: Good. Thank you.

11 MR. BINGER: I do have one question I
12 should have asked you a minute ago.

13 In your attempts to get restitution for all
14 this money, will you also attempt to get restitution
15 for the accountant and for your fees?

16 MR. WISEMAN: We always try to get that.
17 At least in my experience -- I don't practice criminal
18 law. But there have been several times, this is one
19 here, a lot of times the documents that I prepare for a
20 civil action are the same documents that are used by
21 the District Attorney or the U. S. Attorney's Office
22 for prosecution for criminal acts. And so I suspect
23 that they will want what we have produced for them, and
24 yes, we will be attempting to recover the fees that
25 have been paid here, as well, that will be also -- that

1 may come down.

2 Yes.

3 MR. BINGER: Some of these people have
4 asked that question and that's why I wanted to ask it.

5 MR. WISEMAN: Yes, sir.

6 UNIDENTIFIED SPEAKER: From time to time
7 various Board members have raised questions on the
8 balance sheet. I think two that have proposed that
9 mostly are Bob Kropp and myself. We asked what those
10 -- when they came out, 180, so forth, what are those?
11 That was explained to us at that time. It had never
12 appeared on the balance sheet until that time that
13 Board meeting.

14 Now, the second -- that's a comment, Bob,
15 to the rest of you. We have questioned from time to
16 time the balance sheet. But you can hide things in any
17 balance sheet. I've had my own corporation, so I know
18 how to do it. But also I know how to be honest.

19 Now, the next thing I have -- those are
20 comments. The next thing I want to say is a request,
21 if it's appropriate, Joel, Mr. Brown, I think that all
22 the Board members here, current and the ones to be,
23 should have a copy of this report, and also because
24 these people are so interested, I think that today, if
25 it's possible, to give each one of them a copy of this

1 report if that's appropriate.

2 DR. BERRY: I'm just a little confused. I
3 think it's terribly important that the Board take the
4 right action today and move forward to take advantage
5 of this opportunity to do things right and restore
6 faith in the Board, and I'd simply like to ask
7 Mr. Wiseman, what is the Board's obligations, what's
8 the Board's options with this information? Are we
9 simply to do nothing and let due process take course or
10 do we have rights, do we have obligations, or what are
11 the options that the Board has today to deal with this
12 infection and move forward?

13 MR. WISEMAN: Well, first of all, yes, the
14 Board has obligations. As I mentioned earlier, this
15 Association has through its bylaws charged this Board
16 of Directors with handling its affairs, and when it has
17 come to the attention of the Board and it, through its
18 professionals it has hired, has now been brought to
19 this Board's attention that there have been funds that
20 have not been properly accounted to the Association,
21 then I think that this Association through its Board of
22 Directors has an obligation on behalf of its membership
23 to try to retrieve those funds. And I -- that will
24 fully be my advice when this is completed.

25 I might add that already that process has

1 begun. And let me just take a moment to say as someone
2 else did, I do believe that had it not been for
3 Dr. Darlene Aldridge to have raised some of these
4 points, that these Board members would not have known
5 what Mr. King was doing. Just as well said, they're
6 looking at the balance sheet and you can't see what's
7 going behind that balance sheet. They're working
8 individuals just like you are, and you have to have, as
9 he said, you have to have confidence that the people
10 that are there are honest. So I say that I appreciate
11 Dr. Aldridge having brought this out because we have
12 pursued that and are hopefully going to have a
13 recovery. So that, I think that is an obligation that
14 the Board will do and what we will -- I will be
15 advising the Board once we have completed the process.

16 DR. BERRY: So that's our only obligation
17 is to have initiated this and then let it play out?

18 MR. WISEMAN: Oh. Well, no. I shouldn't
19 say --

20 DR. BERRY: Do we not need to take any
21 action today other than just hear it?

22 MR. WISEMAN: I think -- I think as what's
23 said today is basically this is the Board, and the
24 Board needs to know what is -- I mean, remember the
25 Board -- the affairs of the Association are handled

1 through the Board and because of all the rumors and
2 things going on, I think that's why this report is also
3 going to be presented to the general membership, but
4 this was presented as informational to the Board. I
5 don't know if there's anything the Board has to do with
6 that other than to know about it and know that as soon
7 as this is completed substantially as done at this
8 point, that there then will be efforts to attempt to
9 recover those funds.

10 DR. BERRY: So the Board has done its duty
11 by having the report done and received it. Is that
12 all?

13 MR. WISEMAN: In that aspect. I think what
14 Mr. Brown said also, this is an opportunity for the
15 Board to put in some checks and balances so that this
16 type of -- hopefully, people you hire are always
17 honest. Well, to help them keep honest and not perhaps
18 become dishonest, put in some checks and balances that
19 will keep this type of thing from happening in the
20 future.

21 DR. BERRY: Joel, this is where I'm coming
22 from. I think the Association needs to hear at
23 11 o'clock that the Board has received this, taken it
24 seriously, and is moving forward to rectify it in the
25 future. You hopefully won't passively take the thing

1 without -- I mean the membership needs to know that the
2 Board has enough courage to take the action it needs to
3 take and make the changes that it doesn't happen again.
4 I just want to make sure we don't miss this opportunity
5 to set the record straight, so we can tell our members
6 at 11 o'clock that we've got enough courage to do the
7 right thing.

8 MR. LEMLEY: I agree, and I make this note,
9 that, you know, we did not budget -- this is a cattle
10 organization. We did not budget for this.
11 Unfortunately we are going to be responsible for this
12 if indeed we can't get restitution, but to let anybody
13 think that we haven't done anything this Board has
14 approved, these guys are professionals, these guys have
15 gone to the mat to get this information for us to
16 present to it the members. I promise I've had -- I
17 wish I had counted the phone calls that I've had since
18 Horn Showcase and it's been hundreds, and I have
19 promised every one -- I have talked to every person
20 that has called me, I have promised that we would
21 present this information to the Board -- I mean to the
22 membership to the best of these guys' ability. And
23 they are professionals and they've done everything they
24 know to do. This Board has taken this information, it
25 is being presented to it and it will be presented to

1 the membership. Now, we've spent about 60 grand doing
2 that, so I don't know how transparent we need to be, to
3 be sure that our members understand that we are making
4 some attempt to get to the bottom of this thing.

5 Now, you know, as far as do we want to make
6 a motion to throw somebody in jail? I don't think that
7 would be appropriate for this Board to do. I think the
8 legal action needs to take its course. I think we have
9 been presented with this information and I think we
10 need to absorb it. And I do think we need to make the
11 membership understand, and you guys are the members, so
12 y'all are going to get to hear this again, here, in
13 about another hour. I know you didn't come up here to
14 hear a committee report, but we are going to do our job
15 as a membership meeting. But you're going to hear this
16 again and I will make it clear to the members that we
17 are taking this information and going forward with it.

18 DR. BERRY: But to make sure, me and the
19 members, that --

20 MR. LEMLEY: What would you like for us to
21 do, Gene? I'm not sure what you want us to do.

22 DR. BERRY: I'm trying -- let me finish my
23 statement.

24 Can we not -- and we may be quibbling over
25 the issues, but I'd like to see the Board take the

1 position that we have begun a process of restructuring
2 the organization, redefining the director's job.

3 MR. LEMLEY: We're doing that, Gene. We
4 have a committee to do that. Those will be presented
5 to the membership. We have a committee for that and we
6 haven't even had a chance to finish that. We are still
7 on the audit report. I do have a presentation by Fritz
8 on that very subject that you have, and we are not yet
9 at that point.

10 DR. BERRY: Wonderful. Okay. I just -- I
11 think it's important that the membership know that we
12 are moving.

13 MR. LEMLEY: Cliff.

14 MR. WHITFILL: I don't want to take time to
15 read all of this, but under Article 6, under Expulsion,
16 page 12, it says that, "Any member of the Association
17 or any act or conduct which may endanger the good
18 order, welfare or credit of the Association, the Board
19 of Directors shall require that the charge or charges
20 be reduced to a written affidavit form," and after this
21 is presented to them or whatnot.

22 I would like to make a motion that our
23 secretary present, Joe Graddy, write the written
24 affidavit form to expunge (sic) SuzAnn Spindor and Don
25 King from this organization. They don't need to be

1 members.

2 MR. LEMLEY: Do I have a second?

3 Motion dies.

4 Tim?

5 MR. MILLER: I would like to address

6 Mr. Brown for just a moment, hopefully maybe clear up
7 an item or at least put him on the right path.

8 The trip to Brazil, in my recollection - I
9 don't know how the minutes read - my recollection is
10 Mr. King brought these to the Board that he was working
11 on, been contacted by the associate people down there
12 raising longhorn cattle, they were wanting to register
13 their cattle through our Association. He and
14 Mr. Barker made a trip to Brazil at the okay of the
15 Board to look into this.

16 Upon their return, Mr. Barker commented
17 that he wasn't interested in going back down there
18 anymore because it was contrary to his health, had a
19 bad session with the gout and so on and so forth with
20 his foot and wasn't anything that he would be able to
21 endure; but they both agreed that it would probably
22 take subsequent trips to determine whether these
23 people's cattle were in fact eligible to be considered
24 for registration in TLBA or would it have to be a
25 separate registration to get their cattle and so on,

1 and how would we get our cattle into their breeding
2 programs, et cetera, et cetera.

3 So that's how the trips to Brazil came
4 about.

5 Your comment about the semen storage, I'll
6 tell you one little part of it that I know about and
7 whatever subsequent action was taken on it I don't
8 know, but I donated to the TLBA Foundation two or three
9 years ago several thousands of straws of semen to the
10 TLBA Foundation and that semen was in storage in a
11 place in the United States and there was also semen in
12 storage in Canada, and it was -- it would run 2 or \$300
13 a month of storage use for that semen. Had other
14 donations been made into it, other semen stored in
15 that, that was a donation to the Foundation, and I know
16 they would have had to keep up those -- that semen. I
17 know the Canadian one would have had to have been
18 maintained. You cannot move semen in and out of
19 Canada.

20 MR. LEMLEY: I think the question on that
21 was there are -- these are all at Elgin Breeding
22 Services -- there's two accounts. There's one under
23 TLBA, there's one under SuzAnn Spindor and Don -- or
24 what's the other one? SuzAnn Spindor and Don King.
25 All of which were paid for by the Foundation.

1 MR. MILLER: I'd like to say, the semen
2 stored in Canada, that's been paid for.

3 MR. LEMLEY: It's all down here, then.
4 It's all been transferred to EBS that we know of.
5 There's actually only two accounts.

6 MR. MOORE: Is the Board going to get a
7 copy of your report so we can study it for other review
8 or talk or something?

9 MR. LEMLEY: Bob, at this particular time I
10 have a copy of this report, and I think until we
11 determine if there are legal avenues that has to be
12 taken, if there is merit for criminal intent, I don't
13 think it would be appropriate at this time that we have
14 a report being -- going out to the public. We are
15 presenting this to the membership. They can absorb it,
16 they can understand it, but to have this I think
17 written and put out in public at this time until we
18 determine -- and I'm not a lawyer here but he is, but
19 if there's not any legal proceedings, I'd say at that
20 time we can put that report out. Until they have
21 concluded their function as lawyer and an auditor, I
22 don't think it would be appropriate at this time that
23 we put a written report out there.

24 MR. MOORE: Well, I don't either, but when
25 it is concluded, before the Board has opportunity to

1 act on it, they should have a -- be able to read it,
2 shouldn't they?

3 MR. LEMLEY: At that time, I think it
4 probably would be okay to do that.

5 MR. MOORE: Okay.

6 MR. LEMLEY: Any further questions?
7 Bill?

8 UNIDENTIFIED SPEAKER: Wouldn't it be
9 appropriate for the membership to have that report
10 before they vote on it, so if there was any input from
11 the membership that they would have that opportunity?

12 MR. LEMLEY: What are we voting on?

13 MR. BILL: Voting on whatever you are going
14 to do with this.

15 MR. LEMLEY: Well, the membership would not
16 have the privilege of that vote. That would be the
17 vote of this Board.

18 MR. BILL: I understand that, but they do
19 have the privilege of contacting their representatives.

20 MR. LEMLEY: I think at this time we've
21 made it clear to the Board, we've made this
22 presentation, I think what was discussed here just a
23 few moments ago is that we are going to allow them to
24 complete their process, get to the point to see if
25 there is any legal merit to the opportunity to take

1 this thing before the District Attorney, and if there's
2 a prosecutor there that wants to do that, we'll let
3 them do that.

4 But we have really, at this particular
5 time, as Charlie indicated to Mr. Wiseman, we don't
6 really have a vote on the table to do anything except
7 take this information that we have --

8 MR. BILL: I understand that, sir. My
9 question is, are you going to let the membership see it
10 before you have the vote so they have the input through
11 their representatives to have that opportunity?

12 MR. LEMLEY: I'm not sure what vote you are
13 talking about.

14 MR. BILL: You just said the Board is going
15 to vote on what to do.

16 MR. LEMLEY: I never said that. I don't
17 think anybody has ever said that. We have a
18 presentation to this Board and we are going to make
19 this presentation to the membership this afternoon.
20 When these gentlemen complete the process of what they
21 are doing and we make sure that we are not having any
22 kind of legal interference between maybe Mr. King's
23 attorney or anyone else's attorney, then at that time
24 we will provide a report to the membership.

25 We are bringing it to the public. I'm

1 trying to do this right because I want to make sure we
2 don't make any mistakes. So I'm just saying at this
3 particular time there's not a report or a vote on this
4 Board at this time. But I understand what you are
5 saying, sir.

6 Mike?

7 UNIDENTIFIED SPEAKER: What does your
8 attorney say about whether the membership should look
9 at this report? Is this a membership organization --

10 MR. LEMLEY: I understand that.

11 MR. MIKE: -- or a Board of Directors?

12 MR. LEMLEY: We're presenting this to the
13 membership. Well, we're presenting everything there is
14 right here. I mean, you've heard everything that we've
15 heard.

16 MR. SHERBEYN: My question is, if we heard
17 everything, if the members have been able to hear
18 everything that is in that report, what is a problem
19 with giving them a copy of it --

20 MR. LEMLEY: Well, because it's --

21 MR. SHERBEYN: -- so that they don't forget
22 certain items? We don't all have the memories that
23 some people do.

24 MR. LEMLEY: As I said, we are not sure
25 what the legal process is at this particular time.

1 This will all be presented to the District Attorney's
2 Office.

3 MR. SHERBEYN: My question would be, how
4 could there be a difference between telling them
5 verbally and backing it up in writing so that we
6 don't --

7 MR. LEMLEY: Because they have not yet
8 completed their task.

9 MR. SHERBEYN: We're not giving them the
10 whole report. We're giving them the report that we
11 have just received to this point. If we've already
12 received this whole report to the point that where
13 we're at verbally, and the written report is the exact
14 same thing, I think the members and the Board members
15 and the general membership should be able to get it in
16 writing so they can digest it and look it over because
17 a lot -- and a lot of people start remembering things
18 the wrong way. It would be in our best interest to be
19 able to remember it exactly as we represented it.

20 MR. LEMLEY: We have it recorded here by a
21 professional recorder. It will go in the minutes of
22 this Association.

23 MR. SHERBEYN: But the membership would
24 like to see it. If there's a lot of doubt in the --
25 there's a lot of doubt in the membership as to what's

1 going on, and I think it would be better for us to give
2 it to them so that they're --

3 MR. LEMLEY: We have given --

4 MR. SHERBEYN: -- so it doesn't look like
5 we're hiding anything.

6 MR. LEMLEY: Well, I don't know that we've
7 hidden a thing, Lee. I think we've provided this
8 information to the public, to the Board, and we're
9 going to do it again here in about another hour.

10 MR. SHERBEYN: I make a motion that we make
11 a copy of the written report up to the point that it
12 has been printed to this point and make it available to
13 all the persons of the Board and to the general
14 membership that would like to have one.

15 UNIDENTIFIED SPEAKER: I second that.

16 MR. LEMLEY: Charlie?

17 UNIDENTIFIED SPEAKER: Can I say something?

18 Guys, it's important eventually that this
19 thing be put in writing and everybody wants to get a
20 copy, no doubt about it. But there's legal reasons why
21 you don't want to do it yet. Your lawyer's over there.
22 The reason he's hired this accountant is to maintain a
23 privilege. You know what I'm talking about, Lee? I'm
24 on your side.

25 MR. SHERBEYN: I understand what you are

1 saying about privilege.

2 UNIDENTIFIED SPEAKER: Wait a minute. I'm
3 on your side here.

4 MR. SHERBEYN: I know.

5 UNIDENTIFIED SPEAKER: But you
6 understand -- I don't mean to get in front of you. Do
7 you know what I'm talking about privilege he's trying
8 to protect?

9 MR. SHERBEYN: Yes, I do.

10 UNIDENTIFIED SPEAKER: The other side when
11 it's a civil suit trying to recover our money or it's a
12 criminal act from the District Attorney trying to
13 prosecute, they don't want you showing all of our cards
14 to the other side, either way. You don't want the
15 other side to see all of our cards. That's why you
16 don't put these things down in writing until it's time.
17 That's why he hired him, so that everything he does is
18 privileged and this guy can keep the other side from
19 getting it.

20 MR. SHERBEYN: If the other side wanted it,
21 they could have been here at the meeting.

22 UNIDENTIFIED SPEAKER: They sure could
23 have, but put it in writing may be -- and you're going
24 to have to rely on this guy, may not be in your best
25 interest right now to do it. I agree with you,

1 everybody ought to get a copy of this report, but you
2 need to ask him if it's going to damage our ability to
3 get our money back first.

4 UNIDENTIFIED SPEAKER: I want to suggest we
5 move on, Mr. Graddy.

6 We've a motion on the table and a second.

7 MR. LEMLEY: Well, that point being made
8 that they are not actually at this time considered --
9 if we get into that issue again that they're not Board
10 members, we'll be here all day.

11 Mr. Mounts?

12 MR. MOUNTS: This is directed more towards
13 you, Joel, and ultimately your agenda, and nobody
14 appointed me to be the keeper of the time and Maurice
15 pointed out we're getting short on time to make your
16 11 o'clock commitment with the general membership. We
17 may all be here, there may be more coming, but there's
18 a different meeting coming, and we'd like to find out
19 on your agenda how soon we are going to advance to the
20 point of consideration of what we started this meeting
21 at before the extraordinary information we received so
22 far. When are we going to get to -- when will y'all
23 get to the point of discussing who the Board is? We've
24 had motions made by a number of people here that, in my
25 own mind, having reviewed the bylaws, and with all due

1 respect, Mr. Wiseman, I disagree with some of your
2 interpretations and definitions you supplied to certain
3 words, I do think it's important that it's addressed
4 before we get to the next meeting, and I know that Bob
5 did. But y'all walk into that meeting with the current
6 Board, and again, we'd just like to understand, is that
7 still part of the process this morning?

8 MR. LEMLEY: Well, we have not completed
9 this particular Board meeting and on our agenda is the
10 election of officers. I also have a budget report. I
11 also have a selection report. I was afraid -- that's
12 one of the reasons I started at 7 o'clock in the
13 morning. The first hour we debated was on
14 interpretation of our bylaws, and so I am sure if we
15 get into our elections again we are going to have this
16 same argument.

17 Now, by our bylaws we're not going to be
18 able to circumvent what we're doing. I've got 30
19 minutes to do about five different options here, take
20 five different actions on this agenda. I'm not sure we
21 can get all that done and do it justice. I'm not
22 talking to walk around anything. I --

23 MR. MOUNTS: I don't disagree. I think
24 your most important action at this point is to
25 determine who your Board members are and who your

1 Executive Board is so that presentation can be made at
2 the 11 o'clock meeting. With regards to that, I can't
3 make a motion about anything. I'm here at -- I'm just
4 a participant and lucky to be able to speak. However,
5 if you've got four or five items that could be put off
6 until the 2 o'clock Board meeting, not unlike the
7 request to further discuss the analysis for Mr. Brown
8 and the input from Mr. Wiseman, I would suggest moving
9 items to the 2 o'clock meeting because I don't know
10 that they're specific to this meeting when I read what
11 the direction of this meeting is supposed to be. And
12 again, it was extraordinary information we received in
13 advance of the 11 o'clock meeting. I feel privileged
14 to have gotten that information, but nonetheless
15 there's supposed to be an installment of a Board of
16 Directors and the Executive Board, and -- thank you.

17 MR. LEMLEY: Thank you, Gary.

18 We did defer some of our agenda items to
19 this afternoon. I will leave it up to these chair
20 committees.

21 And, Mr. Brown, if you -- I have no more
22 questions for Mr. Brown. If we are done with that, we
23 will go on.

24 At this time if any of these Board -- or
25 these business reports want to defer to this afternoon,

1 I can let this Board make that decision and we can go
2 directly into what we need to do.

3 I do have Mr. Fritz Moeller coming up to do
4 our Selection Committee report, and I'll leave that up
5 to Mr. Moeller if he would like to do that this
6 afternoon. Okay?

7 Also, too, we had a budget report, a
8 budget revision that we have worked - very difficult -
9 on to prepare for this Board, but if Mr. Wehring wants
10 to defer that to this afternoon.

11 MR. WEHRING: Do you want to hear that now
12 or this afternoon?

13 MR. LEMLEY: This afternoon.

14 MR. LADNIER: Give us a chance to look at
15 this darn thing. When we walk in here, wondering why
16 we can't tell what's going on, we get this, 30 minutes
17 later we approve it, it's gone, it's kind of hard to --
18 I'm slow, I've done told you. It takes me a while to
19 absorb something.

20 MR. LEMLEY: Okay. We're going to go into
21 our new business. At this time I want to give you our
22 director elections results, and I am -- and I had the
23 opportunity to call all the -- I didn't get ahold of
24 Ben, I think he was on a cruise. But I had the
25 opportunity to visit with most of you guys to

1 congratulate you on your being nominated and elected to
2 this Board, and I'd like to introduce the winners of
3 our -- I believe it's Region A:

4 Mr. Scott Simmons. Mr. Lee Sherbeyn. Mr.
5 Kaso Kety. Mr. Ben Gravett. Mr. Scott Hughes.
6 Mr. Maurice Ladnier. And Mr. Gene Juranka. We also
7 have Ms. Deb Lesyk who is out of our Canadian group who
8 could not join us today. So at this time I want to
9 welcome these guys and congratulate them and welcome
10 them to our Board.

11 At this time I'm going to ask Mr. Cliff
12 Whitfill, who was appointed as our National Nominating
13 Committee Chairman, to come before this with hopefully
14 a nomination.

15 MR. WHITFILL: First I would like to thank
16 Bob Larson and all of those who spent a lot of time
17 visiting with each other and on the phone, and all our
18 nominations, Chairman of the Board Mr. Joel Lemley,
19 executive vice chairman Fritz Moeller, first vice
20 chairman Carla Jo Payne, second vice chairman Buck
21 Adams - and I visited with him and he will accept -
22 treasurer Ty Wehring and secretary Aubrey DuBose.
23 Thank you.

24 MR. LEMLEY: Cliff, if you would, would you
25 go ahead and complete that by getting approval from

1 this Board for the nominations?

2 MR. WHITFILL: I'm sorry. What's that?

3 MR. LEMLEY: Well, come up and make sure
4 that these guys understand that those are the
5 nominations that you provided to this Board.

6 UNIDENTIFIED SPEAKER: Can you go through
7 them one more time? Just say them all one more time up
8 here at this mic.

9 MR. WHITFILL: Okay. I thought y'all could
10 hear me.

11 Our committee nomination to the Board
12 officers for '07 is Chairman of the Board Joel Lemley,
13 executive vice chairman Fritz Moeller, first vice
14 chairman Carla Jo Payne, second vice chairman Buck
15 Adams, treasurer Ty Wehring, and secretary Aubrey
16 DuBose.

17 MR. LEMLEY: Thank you.

18 MR. WHITFILL: Does the Board at this time
19 like to accept these nominations?

20 MR. MOORE: There will be some nominations
21 from the floor, Cliff.

22 MR. SHERBEYN: Cliff, you called me on the
23 phone and told me that when we had this, we were going
24 to be invited to this meeting and you would open up
25 nominations from the floor.

1 MR. WHITFILL: Yes, sir, and I apologize
2 for that. I asked the question earlier to some people
3 on the Board if the new members were allowed to vote or
4 not vote. I was told by the people that they were
5 pretty sure the new members were. The -- I wrote the
6 letter, called people under this assumption. I started
7 reading the rule book. I read it probably 400 times
8 until I got to the part that said that new members will
9 be installed at the general membership meeting, and
10 then I got to the part that said this meeting had to be
11 held before the general membership meeting.

12 At that point in time I contacted Larry
13 Barker, asked him his opinion. He referred me to
14 Richard Wiseman. And I was in and out of it, and
15 that's the reason this question was brought up, because
16 I read and read the rule book. Maybe it's wrong, maybe
17 it's written unplain, I don't know. But it says before
18 the general membership meeting this has to be done, and
19 it says new officers will be installed. What the
20 definition of those words is, I don't know. I'm not a
21 lawyer. That's why I referred it to somebody else.

22 So you're right. I did contact you. You
23 are exactly right.

24 MR. SHERBEYN: So we don't get into a
25 discussion whether we are or are not a director at this

1 time and should or should not have a vote, it could
2 still be opened up to the floor for the other directors
3 in here. According to Section 4 on page 10, it goes on
4 and it says, "Should there be no nominees nominated by
5 the Board to fill officer vacancies, the nominees of
6 the National Nominating Committee will be deemed
7 elected by acclamation, but should there be no nominees
8 nominated by the Board --"

9 Do they say that because they weren't going
10 to allow us to nominate? Not --

11 UNIDENTIFIED SPEAKER: Let me address that.
12 After my conversations with Mr. Wiseman, that came up.
13 He told me his interpretation and I'm going to turn it
14 over to Mr. Wiseman exactly for that right there.

15 MR. WISEMAN: The issue of your new
16 directors assuming your office at your installation at
17 the annual meeting is a completely different issue from
18 how the officers are elected pursuant to Section 4.
19 Here, the bylaws provide, and I think you read it
20 correctly, that, "The nominees of the National
21 Nominating Committee will be presented to the Board of
22 Directors at the Board meeting preceding the annual
23 membership meeting. Should there be no nominees
24 nominated by the Board to fill officer vacancies, the
25 nominees of the National Nominating Committee will be

1 deemed elected by acclimation."

2 There are no vacancies of officers.

3 Therefore, whether rightly or wrongly, the way that
4 this is written is that the nominations that are
5 presented by that particular Nominating Committee will
6 be deemed by acclamation unless there is a vacancy of
7 an officer.

8 UNIDENTIFIED SPEAKER: If y'all are fixing
9 to have this, it's the worst thing you've ever done.
10 If you're trying to pull this off --

11 MR. LEMLEY: Let me tell you something,
12 Joe. I wouldn't accept this job for nothing. I would
13 not be Chairman of this Board ever again. I am sorry
14 this ever happened.

15 MR. MOUNTS: Let's have healthy debate.

16 Maurice, all of our officers are vacant.
17 Their term has expired.

18 MR. WISEMAN: No, sir. The officer is just
19 like your directors. You never have a vacancy. Your
20 officers are continued until the officers are -- they
21 continue in office until their successors are elected,
22 just like your directors, and you don't even have --
23 you're not even going to have the election until, in
24 fact, here. So, no, sir. And as I said, I didn't
25 write these bylaws, but if you look at the very next

1 section of the bylaws they help to illuminate how that
2 is to be interpreted. It says following the election
3 of officers, the chairman of the Board will nominate
4 two additional members -- Board members to serve on the
5 Executive Committee. Should there be no nominees from
6 the floor to fill either position, they'll be -- here,
7 they specifically allow for there to be nominees from
8 the floor. They specifically did not allow that in the
9 preceding section on election of officers. And again,
10 by contract interpretation, had that meant what they
11 intended, they could have very easily have had that
12 section to read, "Should there be no nominees nominated
13 by the Board from the floor, then they'll be deemed
14 elected."

15 It didn't say that. It says should there
16 be no nominees by the Board to fill officer vacancies.
17 That means something different. There are no officer
18 vacancies, and so whether -- again, I didn't write
19 this, these are subject to change, but the way that
20 this is written - I don't know how it's been done in
21 the past - your Nominating Committee basically is going
22 to be your Officer Selection Committee by acclamation
23 unless there has been a death, expulsion, some other
24 basis that would cause there to be an officer vacancy.
25 It's the only way that you can read these four or

1 five --

2 MR. MOORE: You're reading it wrong.

3 MR. MOUNTS: Mr. Wiseman?

4 MR. WISEMAN: I'm sorry. Yes, sir.

5 MR. MOUNTS: Small guy behind the pedestal.

6 I'd like to take you to the paragraph
7 preceding the paragraph you just read from under
8 number 4, take you to the last two sentences in that
9 paragraph and get your interpretation. I'm not trying
10 to snake anybody here, but I interpret that last
11 sentence in the first paragraph of number 4 is that
12 after the election for the new Board members that there
13 is a void in the officers of the Board and that
14 positions are filled until such time as new Board
15 members are elected. That position of Board Chairman
16 and secretary are assumed by the past Board member --
17 or past Board Chairman and the CEO of the organization.
18 Is that incorrect?

19 MR. WISEMAN: Yes, sir.

20 MR. MOUNTS: Can you explain that?

21 MR. WISEMAN: Yes, sir.

22 Your bylaws, like most bylaws that I have
23 been familiar with in working, you never have a
24 position or a vacancy unless there's been a removal,
25 unless there's been a death, unless there has been a

1 resignation, and there is a purpose for that. If you
2 just simply had persons to serve in a particular
3 capacity for a particular term and didn't have the
4 provision until the successors were elected, meetings
5 could be planned and be cancelled and suddenly the
6 organization doesn't have anyone to be operating that.

7 These bylaws are consistent with what I
8 have seen in other bylaws; and what these particular
9 bylaws provide for, as I said at the very beginning, is
10 both that new directors and new officers will be
11 installed at the annual meeting. The old directors and
12 the old officers will continue until they are
13 installed, and -- but that's a separate issue from what
14 is in Section 4. Section 4 talks about elections and
15 it says that the nominees of that national committee
16 will be deemed by acclamation unless the Board is to
17 fill a vacancy of an officer position. And there are
18 no vacancies of officer position. There just aren't.
19 They can't -- in fact -- at least that I've been told.
20 I mean, I've been told that none of these current
21 officers are vacant, and --

22 MR. MOUNTS: I won't argue your point. I
23 consider it wrong but I won't argue that point. My
24 point goes back to who are the officers, who are the
25 current sitting officers of this Board. We allowed

1 Mr. Simmons, we allowed Mr. Simmons to make a motion a
2 moment ago, and --

3 MR. WISEMAN: It wasn't accepted.

4 MR. MOUNTS: I missed that. Again, this
5 goes back to who the Board is right now.

6 MR. MOORE: It also says that the
7 Nominating Committee has to be approved by the
8 executive board.

9 MR. WISEMAN: I don't --

10 MR. MOUNTS: My other point is, I don't
11 have my computer but I just looked up through the
12 source in Word "installation," and I understand your
13 interpretation of installation with regards to business
14 and contractual obligations, I understand what yours
15 is, that that is a swearing in, if you will, of the new
16 officers. There's a variety of other definitions that
17 equal everything from introduction, getting to know.
18 So your interpretation, while, again, respectfully, I
19 understand what you say, I disagree with what the
20 installation -- word "installation" can mean.

21 MR. WISEMAN: Well, again, we're not on
22 that particular portion. Where I am right now is just
23 simply at this portion of the --

24 MR. MOUNTS: No, sir, we are kind of on
25 that portion. We're scatter-shooting a little bit --

1 MR. WISEMAN: No, sir.

2 MR. MOUNTS: -- but it goes back to -- it
3 goes back to who are the qualified members of this
4 Board, and that's -- that's what I'd like to get to the
5 bottom of.

6 MR. WISEMAN: For purposes of election,
7 whether these persons were on the Board or whether
8 there was an existing Board, the way these bylaws were
9 set up the Board will not nominate anyone for officer
10 positions except to fill a vacancy. There are no
11 vacancies and it is deemed elected by acclamation. I
12 didn't make these. That's the way they're written. If
13 they had wanted these to be otherwise, they could have
14 easily have put in the place of, in order to --

15 MR. MOUNTS: That's your interpretation.

16 MR. WISEMAN: Well, don't get me wrong.
17 That may not have been the intent.

18 UNIDENTIFIED SPEAKER: That's not the
19 intent. It's not the intent of how you elect.

20 MR. WISEMAN: I don't -- I don't interpret
21 laws based upon intent. I interpret laws based on how
22 they read, and this may be something that this Board in
23 a special Board meeting needs to take and adopt and
24 change. I'm just telling you I have read the way they
25 are and that is my interpretation.

1 MR. LEMLEY: Mr. Kropp?

2 DR. KROPP: Mr. Chair, I would move that we
3 table the election of officers until the general
4 membership meeting at which time the 2007 delegates
5 from Division A are installed and we elect officers at
6 that time.

7 MR. LEMLEY: Bob, I understand what you're
8 saying but that is contrary to our bylaws. Our bylaws
9 state that we do that in a meeting preceding the Board
10 of Directors -- I mean the general meeting.

11 DR. KROPP: I'm going to ask you a
12 question, Joel, and you just got through saying you're
13 going to resign, so --

14 MR. LEMLEY: No, I didn't say I was going
15 to resign. I said I wouldn't want to be the Chairman
16 of this Board any longer.

17 DR. KROPP: Okay. But anyway, let's go
18 to -- I mean, I'm just trying to do it right. Okay?

19 MR. LEMLEY: Well, so am I. I really am.

20 DR. KROPP: Go to Section 3, page 9.
21 Section 3, page 9, where it says - and, Mr. Wiseman,
22 I'd like for you to comment on this - "The meeting for
23 the organization of the Board of Directors shall take
24 place as soon as practicable after the election."

25 Why would -- we could have done this in

1 November.

2 MR. LEMLEY: The election was over a couple
3 of weeks ago.

4 DR. KROPP: I know it. We could have done
5 it in November if the 2007 people do not get to vote or
6 sit on the Board. We could have done it in January.
7 Because you've got to have an election to determine the
8 new Board members. And those Board members then -- and
9 before the annual meeting, at which time the Board
10 shall proceed to create such committees and selection
11 of officers of the Board as they deem necessary.

12 So you've got to be able to do it after the
13 election so you've got -- the 2007 people can seat and
14 they are qualified Board members. Is that not true?

15 MR. WISEMAN: Are you addressing --

16 DR. KROPP: Yes.

17 MR. WISEMAN: I'll say it again, I've said
18 it before, these bylaws provide that both -- one of the
19 major purposes of your annual meeting is to install the
20 directors and the officers. It states that the
21 nominees receiving the most valid votes shall be
22 elected and all newly elected directors shall be
23 installed at the annual membership meeting along with
24 the officers.

25 DR. KROPP: Well, I just --

1 MR. WISEMAN: That is -- but that is a
2 completely separate issue from how you go about
3 electing officers. The way that this is written now is
4 unless there is a vacancy of an officer position, there
5 will be no nominees from the Board. The nomination
6 committee's slate of officers will be accepted by
7 acclamation. The only provision for nominees from the
8 Board are in the second -- nominees from the floor are
9 in the second provision when the Chairman has the right
10 to appoint two executive -- two directors of the
11 Executive Committee, but -- and they will be accepted
12 by acclamation, unless there are nominations from the
13 floor.

14 Again, if they were written in that
15 fashion, they would have been done that way.

16 UNIDENTIFIED SPEAKER: Could I please speak
17 for a second, a point of order?

18 MR. MOORE: We've always taken nominations
19 on the Board are these vacant -- for the different --
20 if they all resigned, every deal would be vacant. And
21 we've always had nominations off of the Board for as
22 far back as I can remember.

23 MR. WISEMAN: I haven't been involved in
24 past years.

25 MR. MOORE: Well --

1 MR. WISEMAN: I'm only looking at what is
2 here, and just as I've said before --

3 MR. MOORE: That's not traditional.

4 MR. WISEMAN: -- how custom may have been
5 done in the past, it may have been so consistently that
6 some people even thought it was what the bylaws were,
7 but when it comes down to what is to be followed,
8 Robert's Rules of Order, which these bylaws say they
9 will be abided by, say that you go by what the bylaws
10 are.

11 MR. BURTON: Can we talk about Robert's
12 Rules? Robert's Rules says under Rule 45 that the
13 Chairman must receive floor nominations to be opened
14 after the Nominating Committee presents its nominees.
15 We've had a Nominating Committee, it's presented
16 nominees, and the floor hasn't been an opportunity to
17 present nominees. And I would also state there's
18 nothing ambiguous about Section 3 on meeting of Board
19 of Directors. Why would it say after the first order
20 of business being to ascertain whether the directors
21 are qualified to serve, and we've already -- there's
22 already been a determination that new directors are
23 qualified to serve, that the past Chairman -- that's
24 not my words, it's the words of the bylaws, the past
25 Chairman of the Board and/or CEO of the Association

1 shall be the Chairman and secretary respectively of the
2 Board of Directors until the current Chairman of the
3 Board is elected.

4 Now, this is strictly ministerial. If it's
5 done by acclamation, how can there be a past Board of
6 Directors or a past Chairman of the Board and past CEO?

7 MR. WISEMAN: Because of the term limits.
8 A particular officer will serve for one year unless --

9 MR. BURTON: This doesn't say anything
10 about term limits.

11 MR. WISEMAN: Excuse me, Mr. Burton. I
12 allowed you to speak and I will answer your question.

13 I said that the officers will continue.
14 This is just but one aspect of the agenda that is also
15 set by the bylaws and that even though there is an
16 election and that person that -- whoever the -- the
17 officer can be a new officer, the officer can be an old
18 officer, depends on what the Nominating Committee came
19 up with this late, but that particular person that is
20 the Chairman at that point will continue in that
21 capacity. He will in that -- in some respect be the
22 past Chairman because there is anticipated that there
23 is going to be an election, and once there is an
24 election he will continue in that capacity until the
25 new officer carries on and is installed at the annual

1 membership meeting. That makes very consistent sense
2 with the way this is written.

3 MR. BURTON: I strongly disagree. It reads
4 past Chairman. It says past Chairman until a new
5 Chairman is elected. So that implies, does it not,
6 that there are going to be nominations. And under Rule
7 45 of Robert's Rules, those nominations not only come
8 from the committee but from the floor. They -- it's
9 not -- it's not an optional process. It's mandatory.

10 MR. WISEMAN: Robert's Rules of Order apply
11 when there is no other provision that covers that.
12 There are many other rules of Robert's that don't apply
13 here because we have bylaws that cover them. Here, we
14 have a process for nomination, so that particular
15 Robert's Rule of Order doesn't apply, because you are
16 very clear on how you go about electing your officers.
17 You have a nominating -- a national Nominating
18 Committee. It's clear on how that Nominating Committee
19 is appointed. They present nominees, and unless there
20 is a vacancy of the officers, there will be -- their
21 slate will be deemed by acclamation. And that's what
22 it says.

23 In fact, there couldn't -- it says -- it
24 says after the election. It anticipates that there
25 will be this election by acclamation or if there's a

1 vacancy nomination from the Board. In fact, that's
2 consistent with the section down there on vacancies.
3 The Board is allowed to make decisions about vacancies.
4 But the way this is written here, your Nominating
5 Committee makes the decision about the slate of
6 officers deemed by acclamation unless they're vacant.

7 MR. BURTON: "After the election" refers to
8 the election of new Board members; otherwise it's a
9 completely preposterous and pointless exercise.

10 MR. WISEMAN: It's not a completely
11 preposterous exercise if you have faith in the way this
12 is written, that you go through the process of having a
13 Nominating Committee. I serve as the president of our
14 Lettermen's Association for TCU. We have a Nominating
15 Committee. That's an important committee because the
16 basis of who they select are going to be our officers
17 for incoming. I serve as a director of my Tarrant
18 County Bar Association. We have the same process. We
19 have a very -- a procedure whereby we have a Nominating
20 Committee and we do the very same thing. We have
21 nominations that are made and selected.

22 MR. BURTON: And you've told us all these
23 other organizations have nothing to do with the way
24 these bylaws work.

25 MR. WISEMAN: I'm just saying it's

1 consistent with other organizations. But no, they
2 would have no bearing other than it's just a basis of
3 consistency. I'm just reading the bylaws the way they
4 are. Right or wrong -- someone said, "You're wrong."
5 No, my interpretation is correct; what may be is that
6 this may not be what this Board wants to have. It's
7 just, for whatever, this is what the Board has.

8 MS. PAYNE: I'd just like to say, in the
9 past how we've done things is just how we have
10 interpreted this book, here. And most of the time we
11 don't read the book when we come to these meetings. We
12 just do it like it's always been done. But in lieu of
13 everything that's going on this year, we're going to --
14 we need to do things correct or the way our bylaws are
15 interpreted, and to assist us we hired a lawyer. This
16 man represents the TLBAA. All of you.

17 (Collective response from audience.)

18 MS. PAYNE: Will you-all let me finish,
19 please.

20 UNIDENTIFIED SPEAKER: Retract that.
21 Retract that statement, please.

22 UNIDENTIFIED SPEAKER: He doesn't represent
23 us. We didn't hire him.

24 UNIDENTIFIED SPEAKER: Just retract the
25 statement.

1 MS. PAYNE: Let me finish. Let me finish.
2 I will not retract anything that comes out of my mouth.
3 I'd like to speak and I'd like for y'all to respect me
4 when I speak. I've been listening to every single one
5 of y'all.

6 We get through this Board meeting today, we
7 get through our general membership meeting and the new
8 Board members are coming on, I think we need to maybe
9 look at the bylaws in the coming year and see what we
10 want to put into existence in this book right here and
11 make it where a lawyer cannot come in here and tell us
12 how they read. We can make it very clear to all of us
13 over the next year if you'll let us, or we can sit here
14 and argue all day.

15 MR. WISEMAN: I will also say that one of
16 my recommendations, as I have looked -- I haven't been
17 asked, but one of my recommendations that I would make
18 in connection with the work that I've done is there are
19 many areas in your bylaws -- I don't know when they
20 were drafted or who drafted them, but there are many
21 areas that could be cleared up, that could be changed,
22 and I think that that is a very appropriate action that
23 this new Board, once they are installed, they take.
24 Have a special Board meeting, get a committee that will
25 come back with looking at the bylaws and see areas that

1 they want to change, perhaps some areas they want to
2 add. Sometimes you may want to look at some other
3 organizations to see -- that are similar, that -- maybe
4 your competitors or something similar in the cattle
5 area, see how they are doing things and see how that's
6 worked for them and perhaps use that in your bylaws.

7 I don't know when they were adopted. I
8 know you organized back in 1964 and I don't know if
9 that was the first time they'd been done or when they
10 were revised, they just do not state that. But I think
11 that would be -- that is certainly what I would -- I
12 have intended, just as -- wasn't asked, but was going
13 to be as free advice that the bylaws need to be looked
14 at and need to be cleaned up so that you don't have
15 these problems in the future, and that they actually
16 reflect in how they are written what your intent as a
17 Board is.

18 And just to make a response, you are
19 correct, I wasn't hired by the Association. Again, the
20 Association, it's clear in the bylaws, is operated by
21 and through its Board of Directors, and the Board of
22 Directors has hired me to represent them. So you can
23 say indirectly I am representing the Association
24 because I am representing the Board who has and is
25 charged with the responsibility of representing the

1 Association.

2 MR. MOUNTS: Sir, with regards to the
3 bylaws --

4 MR. WISEMAN: Yes, sir.

5 MR. MOUNTS: -- there is ambiguity in the
6 bylaws. You have an interpretation. I won't speak for
7 everybody sitting in the audience but I hear a lot of
8 people out here arguing with your interpretation and
9 generally that means there's ambiguity, and I only
10 bring that up to support what Carla Jo said, that a
11 review of these bylaws and suggestions for changes
12 could eliminate some of that ambiguity in the future.

13 However, that's not the purpose of this
14 trip to the microphone. Take a little different tack.
15 We seem to be at an impasse right now and the rock's
16 not moving one way or the other about what's right and
17 wrong on this Board as is written in this book.
18 Towards that end, I want to take you back to starting
19 on page 7, under the Board of Director -- Board of
20 Directors, Section 1, Power of the Board of Directors,
21 and go right to B. And this is where I hope to give
22 the current Board or prospective Board an opportunity
23 to take corrective action about the way business has
24 been conducted in the past. Erroneously, correctly,
25 doesn't matter.

1 B reads, "The Board of Directors shall from
2 time to time enact, alter, amend, or cancel rules and
3 regulations for the proper conduct of the affairs of
4 the Association by the Board, provided, however, that
5 such rules and regulations be not inconsistent," again
6 some ambiguity, "with the charter or bylaws of the
7 Association."

8 This Board has a tremendous amount of power
9 as written in these bylaws. This Board has an
10 opportunity to take corrective action through amending
11 or changing the rules as they think they are right now,
12 and possibly responding to the membership that's here,
13 and towards that end I'm going to do what I hope
14 doesn't blow up, but by a show of hands -- and again, I
15 appreciate, Joel, we're all here as your guests, all
16 right? But I'm trying to give you input as to how
17 people out here feel about how the Board should be
18 structured.

19 I guess the question would be -- question
20 would be, would you like to see the new Board --
21 there's 70 people selected, those of you that just came
22 in, there's 24 Board positions, would you like to see
23 those 24 people, the seven new and the existing --

24 UNIDENTIFIED SPEAKER: 16.

25 MR. MOUNTS: -- thank you, 16, my mistake,

1 be able to vote on who their new -- this is not
2 binding, but be able to vote on who their new chairman
3 and officers are going to be? I would.

4 (Hands raised.)

5 MR. MOUNTS: I'm going to call that a
6 majority of the people that are in this audience. Not
7 the majority of the TLBA membership. It's an emotional
8 point, I agree, but if a Board is interested in
9 representing at least the people that took the time and
10 made the effort to show up here today and represent
11 their feelings, I think you need to take a look at the
12 tack y'all are taking.

13 MR. WISEMAN: Let me just say a couple of
14 things in response. That particular B section that you
15 read, there is no ambiguity. The rules and regulations
16 are things that are different from the charter and the
17 bylaws, and all it's saying is you certainly -- you
18 have a lot of rules and regulations: how you register
19 animals, how you may get information about animals,
20 various rules and regulations. And all it's saying is
21 that you certainly have, the Board does have the right,
22 this Board, to adopt rules and regulations, just
23 provided they don't violate your bylaws and charter.

24 There's a section provision at the end of
25 the bylaws that allows the procedures whereby the Board

1 can amend the bylaws, then present it to the general
2 membership.

3 UNIDENTIFIED SPEAKER: Joel, I know you're
4 tired of hearing me, but, you know, there's a lot of
5 things going on, there's a lot of issues, there's a lot
6 of problems, and I'm just going to tell you and I'm
7 going to bet that most of the people agree, to try and
8 perpetuate a farce of an election and pull this off is
9 not doing anything to help us heal. If you think that
10 is healing this organization and helping us move
11 forward, I contend to you that you are a hundred
12 percent wrong. This is a farce, any way you look at
13 it, from my standpoint. That's just my opinion.

14 (Applause.)

15 MR. LARSON: Bob Larson. Please. Excuse
16 me. I'm as surprised about being on the Nominating
17 Committee. Almost -- we are classified as an
18 appointing committee for the Board, for the next
19 executive Board. That is not what I thought I was
20 looking at and I don't think a lot of you thought
21 that's what our job was. Our job was that we would
22 nominate, talk to the Board of Directors, have a
23 direction to go, and then there would be nominations
24 from the floor.

25 Now, how do we get to the point so that we

1 can do that here today now?

2 MR. BINGER: I can answer your question.
3 You've got a legal opinion, you've got another legal
4 opinion over there and you've got another legal opinion
5 over there, and they differ. I get people all the time
6 that hire me for legal advice and I give it to them and
7 they pay for it, and sometimes they don't take it.

8 (Applause.)

9 UNIDENTIFIED SPEAKER: Is there a judge in
10 the house?

11 (Laughter.)

12 UNIDENTIFIED SPEAKER: We have four
13 lawyers. Let's just let the lawyers decide it and get
14 on with it.

15 UNIDENTIFIED SPEAKER: What you are
16 suggesting is you are inviting a lawsuit among the
17 directors of the organization, and I cannot imagine, if
18 that's what you want to do to heal this entity, is to
19 sit here and fight and push people into court.

20 UNIDENTIFIED SPEAKER: We don't want to do
21 that.

22 MR. LEMLEY: We do not want to do that. I
23 assure you, we do not want to do that.

24 MR. BINGER: And I don't want my clients on
25 here that are on this Board to suffer any personal

1 liability for taking action that a lot of people are
2 going to deem wrongful and end them up in court.
3 That's why I say you don't have to take that advice.
4 That's just one man's interpretation. We've got others
5 that are just the opposite. And I'm telling you, a
6 judge would have to study this long and hard to figure
7 out what he would do. And he might be wrong. That's
8 why they have appellate courts.

9 Do what you think is right. You have an
10 interpretation here, you have one there. You don't
11 have to take it. Do what you think is right.

12 MR. LEMLEY: I'd like to go back to where
13 we were.

14 MR. MOORE: Wait a minute. I've got one.
15 I've been trying a long time, Joel.

16 MR. LEMLEY: Go ahead, Bob.

17 MR. MOORE: Thank you.

18 I don't think our illustrious attorney read
19 in context everything he was talking about. It says,
20 "The nominees of the National Nominating Committee will
21 be presented to the Board of Directors at the Board
22 meeting preceding the membership meeting. Should there
23 be no nominees from the Board to fill these vacancies,"
24 well, then we'll go with it. But it says right there
25 that the Board has the right for -- to give nominees.

1 It don't say that that law is chiseled in stone that we
2 have to take the National Committee. Should there be
3 no nominees by the Board. If we've got nominees by the
4 Board, we've got to accept it.

5 UNIDENTIFIED SPEAKER: That's what he's
6 presented.

7 MR. MOORE: Huh?

8 UNIDENTIFIED SPEAKER: That's what he's
9 presented. He's got nominees.

10 MR. MOORE: We've got nominees.

11 MR. LEMLEY: Nominees that were presented
12 to you, Bob, were presented by your Nominating
13 Committee.

14 MR. MOORE: Right.

15 MR. LEMLEY: Just like we did when we voted
16 for you --

17 MR. MOORE: Right.

18 MR. LEMLEY: -- and when we voted for every
19 other Board Chairman that we've had.

20 MR. MOORE: Right.

21 MR. LEMLEY: All were done by acclamation,
22 I might add. So I don't know exactly where you're
23 coming from. I'll be honest with you, if you want --
24 I'm going to make a little ruling here because I want
25 to move on. I'm tired of this. Extremely tired of it.

1 I'm extremely embarrassed by it.

2 At this particular time I am going to
3 submit my resignation as Chairman of the Board. I will
4 walk out this door here in about two minutes. Before I
5 do, I am going to make it very clear: this opportunity
6 for this Board is to get this Association back in gear.
7 I don't know what you are going to have to do to get
8 that done. If you guys want to elect people from this
9 Board, I don't have a problem with that, go ahead and
10 make your election.

11 But I want to make it very clear and I want
12 the record to be clear that this was my first
13 opportunity, as I hadn't even completed this year,
14 before we went into conflict. Ninety days after I
15 became Chairman, we went into conflict and have been in
16 conflict ever since. I'm not very good at conflict
17 management. I thought we were going to determine how
18 longhorns were and put blue ribbons on cattle that
19 these kids are showing and have the opportunity for
20 these kids to get scholarships. I had no intentions to
21 sit here and argue about semantics or interpretations
22 of these bylaws. For 43 years this Association has
23 conducted its business without any kind of interruption
24 except when it came to conflict and we've had that
25 happen a couple of times way before I ever got here,

1 and it destroyed this Association. I'm not wanting
2 that to happen. If my part of being here will destroy
3 this Association, I am submitting my resignation at
4 this time, and it breaks my heart because I love this
5 Association and all I've ever wanted to do is to serve
6 on this Board and conduct this thing to operate
7 properly.

8 Y'all had little meetings last night,
9 everybody had little meetings, everybody had little
10 meetings in their rooms to determine how they wanted to
11 do this. I went to bed last night at 8:30 thinking
12 that I could get through this thing without it falling
13 apart. It fell apart as soon as I walked in this room.
14 And if you're proud of that, so be it. I'm not. I'm
15 ashamed of it.

16 I want you guys to go ahead and take this
17 opportunity to nominate from the floor, but I am
18 removing my name from nomination. I will not serve as
19 your Chairman for another year.

20 So, Bob, I'm turning this over to you as
21 past chairman. You are now in charge.

22 (Applause.)

23 UNIDENTIFIED SPEAKER: You know, this is a
24 bump in the road, you guys, attorneys out there. Over
25 20 years ago, about, we had a big revolution, very

1 vice chairman is actually Tom Claassen.

2 MR. MOORE: That's what we were talking
3 about. Tom is executive vice chairman and it's his
4 place to take this podium and proceed.

5 MR. CLAASSEN: Well, I'll start this
6 conversation by you have just found the second man that
7 is not a candidate for this office today. I am not
8 going to be running for executive or Chairman of the
9 Board. That will be filled by someone else. I don't
10 consider myself either stupid or ignorant either one,
11 and that's what I think probably the way this is what
12 you have to be, a little bit of each in order to accept
13 that job today.

14 I will help chair this meeting to its
15 closure. We will elect a new -- I will entertain a
16 motion from the floor that says that we will nominate
17 candidates for the various offices if they deem
18 necessary.

19 MR. LADNIER: I want to make a motion that
20 the 2007 officers are in position to where they can
21 vote. Directors. I said officers.

22 MR. CLAASSEN: A motion has been brought
23 forward to recognize the 2007 officers that -- or Board
24 members that were elected to be allowed to vote, to be
25 allowed to be candidates in this election. Do I have a

1 second?

2 MR. MOORE: Second.

3 MR. CLAASSEN: Second has been made. Is
4 there any discussion?

5 If not, all in favor say aye.

6 (Ayes.)

7 MR. CLAASSEN: All opposed?

8 Motion carried. The 2007 --

9 (Applause.)

10 MR. CLAASSEN: The 2007 officers or elected
11 Board members are allowed to be considered as
12 candidates for office as well as are able to vote for
13 the offices.

14 Cliff?

15 MR. WHITFILL: Bob, as chairman of the
16 Nominating Committee, we all sit here together last
17 week, we discussed that we would like to pull our
18 entire slate of officers. Y'all can nominate -- I
19 would suggest starting at the top and working down, but
20 we would like to pull all of our nominations for
21 officers, let officers be nominated from the floor.

22 Is that correct parliamentary procedure?

23 (Applause.)

24 MR. CLAASSEN: Our parliamentarian has just
25 said that you can't quite exactly do it that way. I'll

1 let her tell us what we've got to do.

2 MS. GREEN: Each person who wants to, may
3 withdraw their name as a candidate, but you can't do
4 that.

5 MR. WHITFILL: Okay. Well, then --

6 MR. CLAASSEN: What she said, that each
7 candidate has to decline individually. You are not
8 authorized to remove their name from the slate.

9 MR. WHITFILL: Okay. Then my point was, to
10 fill these positions that you had to start at the top,
11 the Chairman, and work down. Since our appointee for
12 the Chairman has withdrawn, then we need to have a
13 break and take a meeting and have -- put up a slate of
14 officers. That's what I was not trying to do.

15 UNIDENTIFIED SPEAKER: He can be nominated
16 from the floor.

17 MR. WHITFILL: That's what I said. That's
18 what she said, that's --

19 MR. CLAASSEN: No, no, no, she didn't say
20 that. She said you could do that but the individuals
21 had to decline this nomination individually rather than
22 you decline on their behalf.

23 UNIDENTIFIED SPEAKER: You've already
24 nominated them so you can't pull them out. You can't
25 pull the nomination out.

1 MR. WHITFILL: That's fine. That's fine.

2 That's fine.

3 DR. MOELLER: I will start the process.

4 MR. CLAASSEN: Mr. Moeller has just
5 declined the nomination for executive vice chairman.

6 Aubrey DuBose has just declined his
7 nomination for secretary.

8 Ty Wehring has just declined his nomination
9 for treasurer.

10 Any more? Buck Adams isn't here. Carla Jo
11 is gone, for the present.

12 MR. MOORE: Are we open for nomination?

13 MR. CLAASSEN: This is new to me, folks. I
14 don't do this on a regular basis, this is not my bag,
15 but I'm going to try to do it right.

16 Is it time to open this thing for
17 nominations?

18 We will start at the top. I will now
19 accept nominations for Chairman of the Board of
20 Directors for the Texas Longhorn Breeders Association
21 of America.

22 MR. MOORE: Mr. Chairman.

23 MR. CLAASSEN: Recognize Bob Moore.

24 MR. MOORE: I'd like to nominate a man
25 who's coming on the Board new. He's been a big sponsor

1 of the TLBAA, he advertises in the magazine, he has
2 events, he has shows of his own that brings money to
3 the Association and I think he would be a long ways in
4 getting us straightened up. He's Chairman of the
5 Boards of many corporations and has one of the biggest
6 steel companies on the East Coast. He's used to making
7 decisions and being fair, and that's Mr. Ben Gravett.

8 UNIDENTIFIED SPEAKER: I'll second that.

9 MR. CLAASSEN: I think I'm going to make
10 the recommendation that we hire Bob out to some of the
11 nominating committees for the National Convention.
12 That was quite a little speech that he made there.

13 Motion has been made and seconded that Ben
14 Gravett be nominated for Chairman of the Board of the
15 Board of Directors. Are there any other additional
16 nominations for that position?

17 Cliff Whitfill.

18 MR. WHITFILL: I'm not going to make a
19 speech, but I think I'd like to throw somebody in there
20 that we respect and love, too. I'd like to nominate
21 Fritz Moeller at this time.

22 MR. CLAASSEN: Nomination for Fritz Moeller
23 has been made. Is there a second?

24 Is there a second?

25 I'm sorry, it does not require a second.

1 MR. WHITFILL: Moeller has declined the
2 nomination.

3 MR. CLAASSEN: Fritz Moeller has declined
4 the nomination.

5 Is there any other nominations for Chairman
6 of the Board?

7 UNIDENTIFIED SPEAKER: I move the
8 nominations be closed.

9 UNIDENTIFIED SPEAKER: Seconded.

10 MR. CLAASSEN: A motion has been made and
11 seconded that nominations for the position of Chairman
12 of the Board of Directors be closed. All in favor say
13 aye.

14 (Ayes.)

15 MR. CLAASSEN: Any opposed?

16 One opposed. One opposed. Motion is
17 passed.

18 Okay, now we will move on to executive vice
19 chairman.

20 MR. WHITFILL: I abstained.

21 MR. CLAASSEN: Yeah, I jumped the gun.
22 What I did, I adopted the motion to close the
23 nominations for Chairman of the Board.

24 Okay. So we have one nomination. We have
25 one nomination for Chairman of the Board of Directors

1 of the Longhorn Association and now we have to elect
2 him or decline him.

3 UNIDENTIFIED SPEAKER: Move that we accept
4 him.

5 UNIDENTIFIED SPEAKER: Move that to this by
6 acclamation. That's the way it should be.

7 MR. CLAASSEN: We're going to do this
8 right. If we're going to do this -- if we want this
9 thing done right, then we're going to take a little
10 extra time and we're going to do it right.

11 All in favor of Ben Gravett as being
12 elected as the Chairman of the Board of the Board of
13 Directors, say aye.

14 (Ayes.)

15 MR. CLAASSEN: Any opposed?

16 Two opposed. The motion carries.

17 (Applause.)

18 MR. CLAASSEN: Okay. I'm sorry. We had
19 one abstain as well. Motion still carried.

20 Now we will move on to nominations for the
21 position of executive vice chairman of the Board. Are
22 there any nominations from the floor?

23 Lee.

24 MR. SHERBEYN: I make a motion for Tom
25 Claassen for the executive vice chairman.

1 UNIDENTIFIED SPEAKER: I'll second that.

2 MR. CLAASSEN: A motion has been made and
3 seconded that Tom Claassen be elected to the position
4 as executive vice chairman of the Board.

5 Any other nominations?

6 MR. MOORE: I move the nominations cease.

7 UNIDENTIFIED SPEAKER: I second.

8 MR. CLAASSEN: If there's no other
9 nominations, the nominations will be closed and we will
10 now vote on that.

11 All in favor of Tom Claassen being elected
12 executive vice chairman, raise your hand -- say aye.

13 (Ayes.)

14 MR. CLAASSEN: Any opposed?

15 One opposed.

16 Do you want to abstain, anybody?

17 Okay. Motion carried.

18 We will now move on to treasurer. I will
19 entertain nominations for treasurer of the Board of
20 Directors.

21 UNIDENTIFIED SPEAKER: Vice chairman.
22 First vice chairman.

23 MR. CLAASSEN: That's right. We will go
24 down to first vice chairman. I am entertaining
25 nominations for position of first vice chairman of the

1 Board of Directors. Are there any nominations from the
2 floor?

3 UNIDENTIFIED SPEAKER: I nominate
4 Dr. Moeller.

5 MR. CLAASSEN: Dr. Moeller wishes to
6 decline his nomination.

7 Any other nominations from the floor for
8 first vice children of the Board of Directors?

9 UNIDENTIFIED SPEAKER: I nominate Lee
10 Sherbeyn.

11 UNIDENTIFIED SPEAKER: I'll second that.

12 MR. CLAASSEN: Nomination has been made and
13 seconded as first vice chairman of the Board of
14 Directors for Lee Sherbeyn. Any additional
15 nominations? If not, I'll consider nominations closed.

16 All in favor of having Lee Sherbeyn serve
17 as first vice president of the Association say aye.

18 (Ayes).

19 MR. CLAASSEN: Any opposed?

20 Any abstaining?

21 Lee Sherbeyn is your new first vice
22 president.

23 Now we will go to the position of the
24 second vice chairman of the Board of Directors. I will
25 entertain motion from the floor.

1 MR. SHERBEYN: I would nominate Maurice
2 Ladnier.

3 UNIDENTIFIED SPEAKER: I'll second that.

4 MR. CLAASSEN: Nomination has been made and
5 seconded for Maurice Ladnier for the second vice
6 chairman's situation from the floor. Is there any
7 additional nominations?

8 In that event, we will vote. All in favor
9 of having Maurice Ladnier elected as a second vice
10 president (sic) of the Association, say aye.

11 (Ayes.)

12 MR. CLAASSEN: Any opposed?

13 One opposed.

14 Any abstentions?

15 Maurice Ladnier is now your new second vice
16 chairman of the Board. We will move on to treasurer.
17 I can do that now.

18 UNIDENTIFIED SPEAKER: Secretary.

19 MR. CLAASSEN: Secretary. Okay. Secretary
20 first. I am entertaining nominations for secretary of
21 the Board of Directors.

22 UNIDENTIFIED SPEAKER: Buck Adams.

23 MR. CLAASSEN: Buck Adams has been
24 nominated for secretary.

25 MR. MOORE: I am nominating Aubrey DuBose.

1 MR. DuBOSE: I decline the nomination.

2 MR. CLAASSEN: We've got a nomination for
3 Buck Adams as secretary of the Association and I'm
4 looking for a second.

5 UNIDENTIFIED SPEAKER: You don't need a
6 second.

7 MR. CLAASSEN: Pardon?

8 UNIDENTIFIED SPEAKER: You don't need a
9 second.

10 MR. CLAASSEN: That's right, I don't need a
11 second.

12 Dr. Kropp.

13 DR. KROPP: Mr. Chairman, I nominate Scott
14 Simmons for secretary.

15 MR. CLAASSEN: Scott Simmons has been
16 nominated for secretary.

17 Any additional nominations? Any additional
18 nominations?

19 The nominations will then be --

20 UNIDENTIFIED SPEAKER: Kaso Kety.

21 MR. CLAASSEN: Kaso Kety.

22 MR. KETY: I'll decline that one.

23 MR. CLAASSEN: Kaso decides to decline.

24 Seeing as how we have two candidates for
25 this position, we are going to do this by ballot. It

1 will be passed around. You will either vote for Buck
2 Adams or Scott Simmons for the position of secretary of
3 our Association.

4 UNIDENTIFIED SPEAKER: Who's teller?

5 MR. CLAASSEN: I am going to appoint
6 tellers to tabulate these votes. Can I pick them from
7 the audience? I am going to pick Bill Davidson, number
8 one, that's going to be up here and be our teller.
9 Charlie, you'll be another one, and Dick Curry.

10 We will remind you that any old officers
11 that have been defeated or haven't chose to re-up again
12 cannot vote in this election.

13 Has everybody received a ballot? Everybody
14 that's eligible to vote, have you received a ballot?

15 Would all the people that just voted raise
16 your hand, please. You don't have to tell me how you
17 voted. We're going to have a hand count here. 18.

18 Okay. That's right. We had 18 votes, 18 votes written
19 down on here. The votes go as follows: Scott Simmons
20 10, Buck Adams 7, 1 abstain. Scott Simmons is the new
21 secretary of the Association.

22 (Applause.)

23 DR. KROPP: Mr. Chairman, I nominate Buck
24 Adams as treasurer.

25 MR. CLAASSEN: Treasurer, okay. Buck Adams

1 has been nominated as treasurer. Do I have a second?

2 UNIDENTIFIED SPEAKER: Seconded.

3 MR. CLAASSEN: Second has been made.

4 UNIDENTIFIED SPEAKER: Nominate Ty Wehring.

5 MR. WEHRING: I decline.

6 MR. CLAASSEN: Are there any other
7 nominations for treasurer?

8 I will consider nominations closed. All in
9 favor of Buck Adams as treasurer of the Association,
10 signify by saying aye.

11 (Ayes.)

12 MR. CLAASSEN: Opposed?

13 All right, he's elected. Buck is the
14 treasurer.

15 Now we have an appointee. All officers are
16 on the Executive Committee automatically. All past
17 presidents or CEOs are automatically if they are still
18 serving on the Board of Directors. We have two
19 positions that are appointed by the new CEO -- or
20 Chairman of the Board, I'm sorry, for a position on
21 that seat on the Executive Committee. Ben is going to
22 nominate two at this time. It's my understanding that
23 if you have any additional nominees for that position,
24 you can nominate them from the floor as well.

25 So I will turn this over to our new

1 Chairman of the Board, Ben Gravett.

2 (Applause.)

3 MR. MOORE: Point of order. Ben, point of
4 order. I think the new Chairman appoints two new --

5 UNIDENTIFIED SPEAKER: No, he doesn't. He
6 nominates them.

7 MR. GRAVETT: I nominate them and it must
8 be voted on.

9 MR. MOORE: Okay.

10 MR. GRAVETT: And I'm kind of new at this,
11 too. I have chaired many many deals. I sit on two or
12 three nonprofit organizations.

13 For those of you that don't know me, I'm
14 the president and CEO of Ben Gravett Enterprises, we
15 have about 150 employees. I am a founding member of
16 the Millennium Futurity. I'm a director for the
17 Fauquier County Hospital and advisor for the Fauquier
18 County Health Shelter. I do a lot of other things but
19 that's just a base of what I do, so I have some
20 knowledge about charitable works and how charitable
21 boards should be run.

22 I think the healing process should begin.
23 Let's put the past behind us and go forward. There has
24 been some mistakes, we've all got to admit to that and
25 know it. I will not be running the annual membership

1 meeting. That has to be run by the old Board because
2 there's a lot of committee reports and stuff that I
3 know nothing of, so you are going to have to give me a
4 little time to get up to speed. I plan to stay here
5 most of this week and I will devote myself to this for
6 one year. I will probably be here half of that year.
7 After that, I sure would like somebody else to step in.
8 I am not an emperor for life. I was asked by a bunch
9 of people if I would be interested in doing this
10 because of my background and that's why I volunteered.

11 I love what Tom said; he really made me
12 feel good. "You have to be either really stupid or
13 ignorant to get on," isn't that that what you said?
14 Well, I can't deny that.

15 UNIDENTIFIED SPEAKER: I'll second it.

16 MR. GRAVETT: I had a few friends call me
17 and ask me, you know, "Do you want me to support you,"
18 as this process was going on, as we all know earlier,
19 and I said, "If you are truly a friend of mine you
20 won't vote for me. So I don't have many friends, do
21 I?"

22 Anyhow, I would like -- I would like to
23 nominate Dr. Kropp and Scott Hughes. I know they'll
24 have to be voted on. And I will turn this back over to
25 Tom.

1 MR. CLAASSEN: The two nominations for
2 positions on the Executive Committee are Dr. Bob Kropp
3 and Scott Hughes. Are there any additional nominations
4 from the floor?

5 UNIDENTIFIED SPEAKER: I would like to
6 nominate Bob Moore as a --

7 MR. CLAASSEN: He is automatically on.

8 UNIDENTIFIED SPEAKER: That was not a
9 permanent position ever voted into the rules. That
10 past president on Chairman of the Board -- past
11 president being on the Executive Committee was never
12 passed --

13 MR. CLAASSEN: That's how he served this
14 past year.

15 UNIDENTIFIED SPEAKER: It's not in there
16 now. That is a one-year --

17 MR. CLAASSEN: Now, let's not get excited.
18 We can figure it out. That's why the last -- the past
19 year Richard Carlson was on the Board on that basis.
20 Bob Moore was on on that basis. Who else?

21 MR. MILLER: Me, Tim Miller.

22 MR. CLAASSEN: Tim Miller. And Sherman
23 Boyles. All were --

24 MR. GRADDY: Made that into a motion, I
25 think.

1 MR. CLAASSEN: Sherman Boyles was on last
2 year, correct. That's what I said.

3 So we had four people on the Board of
4 Directors last year -- or on the Executive Committee on
5 the basis of their having been past Chairman of the
6 Board, still serving on the Board of Directors.

7 Now, I have just been advised that that has
8 not been made into a bylaw, that we can't do that. Is
9 that correct, is that what you are telling me? So that
10 those positions, I guess, are not going to be filled
11 unless --

12 MR. GRADDY: Mr. Chairman?

13 MR. CLAASSEN: Yes. Go ahead.

14 MR. GRADDY: Can I make a motion that we
15 continue to carry forth what we did last year?

16 MR. CLAASSEN: In order for that to get
17 accomplished, it will be, again it will be a matter of
18 changing the bylaws which we can't do at a single
19 meeting here. We have to go through the proper
20 procedure to change the bylaws in order to get that
21 implemented in the future if we indeed decide that
22 that's what we need done.

23 MR. GRADDY: Can I nominate Bob Moore now?

24 MR. CLAASSEN: Yes. Bob Moore has been
25 nominated from the floor. Is there any additional?

1 Yes, Fraser.

2 COLONEL WEST: Ladies and gentlemen, we
3 have, on the getting the job description done, three
4 people. Dr. Fritz Moeller put his heart and soul in
5 this. The Board members have a copy. It's well done,
6 really well done, and I think we ought to put him back
7 on there. That was why I submit his nomination,
8 Dr. Fritz Moeller.

9 MR. CLAASSEN: Dr. Fritz Moeller has been
10 nominated from the floor to serve on the Board of
11 Directors. Any additional nominations?

12 MR. LADNIER: I want to move the nomination
13 cease.

14 MR. CLAASSEN: The motion has been made
15 nominations cease for this position. Here comes Fritz.
16 We've got to ask him.

17 Fritz, you've been nominated to serve on
18 the Executive Committee as an appointee.

19 DR. MOELLER: I decline.

20 MR. CLAASSEN: He declines. So we have
21 three. We are going to have to do this by ballot again
22 because two out of the three will be elected to the
23 position. So we are going to pass the papers around
24 again. I'd like my tellers that did such a good job
25 last time, let's bring them back up here, do it all

1 over again.

2 UNIDENTIFIED SPEAKER: Who are the
3 nominees? Who are they?

4 MR. CLAASSEN: The three nominees are
5 Dr. Bob Kropp, Scott Hughes and Bob Moore. You are
6 voting for two out of three nominees. Vote for two.
7 Bob Kropp, Scott Hughes, Bob Moore.

8 The results of the tabulation are as
9 follows: the two representatives on the Executive
10 Committee from the membership, or from the Board of
11 Directors, are Dr. Bob Kropp and Scott Hughes.

12 And I believe that winds up the election
13 portion of this meeting. We've been doing this for
14 about five hours now and I think that we all deserve a
15 little break. Is everybody ready to do that?

16 MS. RANDOLPH: Before you do that, may I
17 get recognized by the Chairman?

18 MR. CLAASSEN: Yes, you may. Recognize
19 Christy Randolph.

20 MS. RANDOLPH: I have a couple of things
21 that I'd like to say. My name is Christy Randolph. I
22 am your Region 12 national director, but my comments
23 are going to be directed to every single person in this
24 room.

25 What this Board of Directors has been

1 through over the last several months at best can be
2 described as heart-wrenching and gut-wrenching, and for
3 anyone to suggest otherwise is just simple fallacy. I
4 hope that the actions that you have seen this morning
5 demonstrate the willingness of this Board of Directors
6 to honor the wishes of the general membership.

7 (Applause.)

8 MS. RANDOLPH: There's not a single person
9 on this Board of Directors that does not recognize the
10 method by which we got here, and let me tell you, the
11 pay stinks, but we're here because we love the TLBAA,
12 we're here because we want to be sure that we do it
13 right, we have to rely on our membership to make us
14 stay the course.

15 Darlene, I thank you for bringing attention
16 to things that we let get by us, but I don't believe
17 that we were negligent, necessarily, in letting some of
18 the things get by. You've heard from the experts that
19 tell you how easy it is to hide a paper trail.

20 I would like for us to stand up and move
21 forward. I would like to see the continued growth of
22 the TLBAA. I think we've taken a step in the right
23 direction. Right now my heart is broken, but I feel
24 very positive about our future and I hope that we have
25 demonstrated that you can have confidence in your Board

1 of Directors that we will ultimately choose to do the
2 right thing.

3 (Applause.)

4 MR. CLAASSEN: I will now entertain a
5 motion from the Board of Directors to adjourn.

6 UNIDENTIFIED SPEAKER: I so move.

7 MR. CLAASSEN: All in favor say aye.

8 (Ayes.)

9 MR. CLAASSEN: Return in 30 minutes for the
10 next meeting.

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