

northwest

PABA Embroiled in Conflict

Treasurer resigns amid controversy

by Jaymee R. Cuti

Accusations of cronyism, lack of oversight, fiscal impropriety and illegal procedures on the Portland Area Business Association board have led to the resignation of the board's treasurer and a call for all officers to step down.

"As a result of last week's meeting, it is clear to me that the entire board has failed in our obligations to the PABA membership," said Jackie Wheatley, an accountant specializing in regulation compliance of nonprofit organizations. "I sincerely hope that the entire board will look at the possibility of resignation, as we have clearly not served the interests of our membership."

The Sept. 26 mediated board meeting had attempted to help resolve the ongoing conflict and formulate future policy.

Problems came to light in August when PABA board member Sean Minogue called for the resignation of three of the organization's leaders: Suzanne Deakins, Larry Foltz and Jim Harper. He claimed a business relationship between Foltz, the board president, and Deakins, the organization's newsletter publisher, presented a real or perceived conflict of interests.

"A nonprofit or membership organization has to look clean to the public in all of their dealings," said Wheatley.

At the heart of the conflict is not simply cross-pollination in business ventures between the business networking organization, but a lack of oversight, where those overseeing the newsletter stand to profit from it.

Deakins owns Q Press/Spirit Press, which has been publishing *The Advantage*, PABA's newsletter, since June 2005. According to his business card, Foltz is the editor of Q Press, though Deakins claims he is merely a contracted employee.

Deakins, expressing concern for her professional reputation, strongly denies receiving any special treatment because of her connection to Foltz.

In a letter submitted to the PABA board Aug. 10, Minogue also cited a "close personal friendship" between Foltz and Harper, the organization's

executive director. He indicated the relationship might make Foltz "unable to impartially fulfill his duties as supervisor of PABA executive director."

The mediated session became heated as PABA board vice president Anne Seelye defended Deakins' and Foltz's right to do business together.

"No one will be on this board if that precedence is set. I'm here to be V.P. of PABA first, but you better not tell me I can't do business with these people because I will resign right here," said Seelye, a financial planner with Waddell & Reed Financial Services.

According to board secretary Rob Patton, a distinction must exist when contractors do business with the organization.

"The issue is if one of us does business with PABA, that needs to be transparent. It's different than doing business with each other," said Patton, owner of the Internet marketing firm Enter-the-Net.

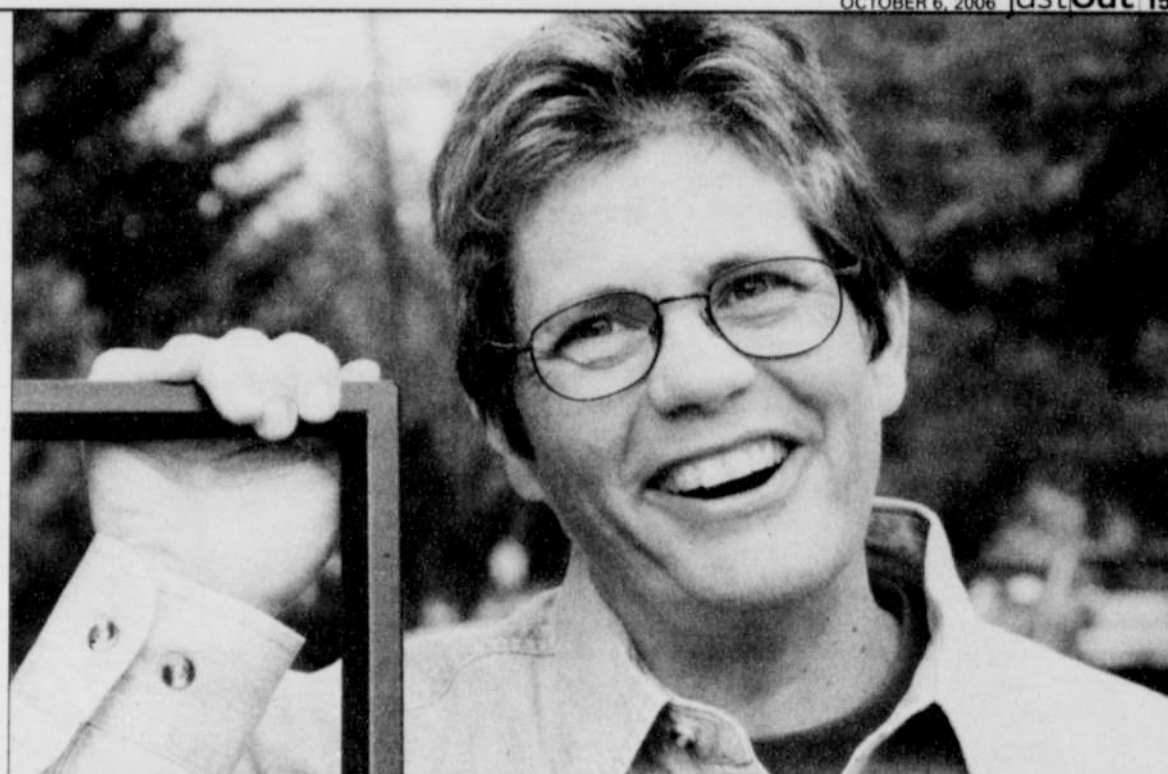
During the meeting, another possible violation arose.

Despite a proposal made at the May 18, 2005, executive board meeting that Deakins' newsletter would result in "no cost to the organization," the PABA general fund has paid for mailing of the newsletter in excess of \$2,000 and will continue to pay \$160 a month to mail the newsletter until Deakins' agreement expires in December.

The proposal, which was accepted by the board, stated: "PABA will be responsible for printing and mailing of the newsletter the first three months. Once advertising solidifies (we expect this to happen by the end of the first quarter) the cost of printing and mailing will come out of ad revenue." The agreement—including ad revenue and production, printing and circulation cost—was said to be re-evaluated at the end of August 2005. Printing services were donated. More than a year later, Minogue said the board never voted on whether PABA should continue paying to mail the newsletter.

"There's no record that it came to the board at any point," said Minogue.

Deakins cites "precedence" as the reason PABA



Jackie Wheatley resigned from the PABA board Oct. 2.

has continued paying for mailing costs associated with *The Advantage*.

Harper concurred when he said, "It is customary that we do it."

An informal gathering of some PABA board members did occur at a Northeast Portland restaurant in August 2005. According to Deakins, those present agreed that PABA would continue paying postage for the newsletter.

"I think it was like a verbal contract," Deakins recalled. "We were sitting around talking. It was just a discussion that most of the board was there for."

A year ago, PABA was not an organization governed by documents and procedures, Deakins explained. She said board members must be patient as new policies cement.

"The idea of precedent in any business is that whatever was going on before has to be eased out," Deakins said. "The precedent was already set, and it never occurred to anybody that there was anything wrong with it because that's what we had been doing."

The board voted down Minogue's motion to recoup mailing costs from Deakins.

"I can't see the action the board has made tonight as anything other than illegal," said Minogue, who claims he is motivated by a spirit of stewardship for the organization.

He and other members also criticize the board's failure to put the sizable \$30,000 contract for the newsletter up for a general bid.

In Deakins' agreement with PABA, she was selected to create a newsletter with the potential to earn up to \$2,500 an issue, generated completely

from advertising sales. Deakins says because of ads traded for services and unpaid accounts, that figure has never been reached. She estimates her average earnings at between \$500 and \$800 an issue for 20 to 40 hours of work.


The potential for Deakins to earn a profit on the newsletter infuriates PABA member Chris Reed, owner of A Word in Edgewise. Reed agreed to print *The Advantage* for free, under the assumption that the entire newsletter was created on a volunteer basis.

"This whole newsletter is a fiasco," said Reed, who is reconsidering whether to print the newsletter through December. "I'll be damned if I'm going to spend my time and money printing and folding it. I'm not going to support dishonesty. It is dishonest if you put an ad in a publication [and don't] pay for it."

Reed said if he had known *The Advantage* publisher was a paid position, he would have bid for the contract.

"I don't feel guilty about backing out of my commitment because I based that decision on misinformation," Reed said. "If people are making money on this newsletter, I am not going to print it for free. I should be getting paid, too."

Minogue has expressed an intention to file a complaint with the Oregon Department of Justice for what he believes to be illegal decisions made by the board. He is evaluating whether the perceived conflict of interest concerns other PABA members.

"I need to explore some conversations to see if it matters to members," said Minogue, owner of Director's Chair Studio. "At the end of the day, I think the right thing to do is file the complaint." 



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