

PRESIDENT'S REPORT

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States Chess Federation*

One year ago, the USCF was on the verge of catastrophe. Executive Director Al Lawrence was preparing to resign. July 1996 began five consecutive months of losses resulting in a near \$400,000 deficit. Revenue from Books and Equipment sales had leveled off. Legal and professional expenses were skyrocketing. The lifeblood of the USCF, full paying adult memberships had remained flat for over a decade. Staff morale was low. Both literally and figuratively, the roof was leaking and about to come crashing down.

It was a tough introduction to USCF governance. This has been a year of anguish, hard work and frustration. Not only did Executive Director Al Lawrence leave the very day the new Policy Board was seated, but his chief assistant and temporary replacement left 6 months later. The USCF presence on the Internet fell short of expectations. The installation of an integrated computer and telephone system remains in the planning stages. Yet, I can proudly tell you that today USCF is not just a little bit better off than it was 12 months ago, it is a lot better off.

Executive Director

Hiring an outstanding Executive Director is the most important decision of this board. These were the words of advice given by the delegates to the Policy Board when it took office last August.

Take a look at the credentials of Mike Cavallo, the man we hired as Executive Director: Experienced businessman, MBA Harvard Business School graduate, self-made multi-millionaire, and founder of The Cavallo Foundation which provides financial grants for people who risk their careers to protect the public interest. Mike has all these qualifications plus he is a chess master, former junior chess champion and a chess journalist.

The new Executive Director's contributions can already be described as phenomenal. He brought to conclusion lingering litigation matters, squared away outstanding tax delinquencies, hired a new full time USCF Scholastic Coordinator, met and established an improved relationship with World Champion Garry Kasparov and brought in several new sponsors.

Finances

Starting in July 1996, expenses exceeded income for four straight months. By November the USCF had built up a debt of almost \$400,000. Leading financial experts from the chess community were predicting a year-end fiscal deficit of \$600,000 or greater. Guardians of the USCF Life Membership Fund were wary that the LMA fund might be called upon to subsidize escalating deficits.

Instead, spending was curtailed. Unnecessary and costly legal initiatives were put on hold. The number of pages and the amount of color in Chess Life were reduced. Staff worked harder allowing prudent delays in filling vacant positions. Then Mike Cavallo arrived and the Cavallo Magic went to work for the USCF. Over production and unnecessary distribution of Chess Life were stopped. Lingering and costly litigation and contractual matters were put to rest. Mike put the color back into Chess Life and managed to do more for less. The turn around has been remarkable. Instead of losses each month, we now have profits (Figure 1).

Scholastic Chess

During the last decade, we have seen a major shift in the structure of USCF's membership (Figure 2). Ten years ago, scholastics accounted for only a fraction of total membership. Today our membership is almost evenly divided between scholastic and regular adult members.

Recognizing a need to give greater focus to the largest growth segment of USCF membership, the very first official action of your new Policy Board was to meet with the leaders of the scholastic chess community. They were angry with the USCF for not listening to them in the past and some even favored secession from the USCF. They wanted a senior staff member to coordinate scholastic

chess throughout the country. Hiring a full time Scholastic Coordinator would be an important step towards resolving differences and improving programs.

PB member Bob Ferguson led the search which resulted in hiring Beatriz Marinello as the scholastic coordinator. Beatriz is a Women's International Master, but she is perhaps better known as a chess instructor of children. Now, for the first time, members can call USCF and be connected to a senior manager dedicated exclusively to the promotion of scholastic chess.

This year we tried an experiment. We combined the National Elementary, Junior High, and High School Championships into one tournament — the 1997 Super Nationals in Knoxville, Tennessee. This became the largest scholastic chess tournament in the history of the world; 4,310 children competed as individuals and on teams, all playing at the same time and in one room! It took eighty of the country's leading tournament directors to direct the tournament's thirteen sections. Congratulations to chief organizer Harry Sabine, chief TD Bill Snead and all the organizers, tournament directors, coaches, teachers, parents and players who were a part of this record breaking tournament.

The tournament had some problems, e.g. high hotel rates and trophies that were too small for a national championship. We will do our best to learn from this experience and do better next time. Everything considered, the 1997 Super Nationals was a fantastic and historic achievement.

US Championship

The first non-procedural motion of the 1996/97 Policy Board was: PB 97-02 (Schultz): The policy of the USCF is to increase the prestige, promotion, and publicity associated with the US Championship and the US Champion. It passed unanimously.

As a direct result of this motion, every issue of Chess Life now lists the names of our national champions. For the first time, the US Champion and the US Women's Champion actively participate in determining who organizes the championship. The concepts of a single

champion and match play were included in a new tournament format. These changes will go a long way in helping to achieve greater publicity and more lucrative sponsorships.

I congratulate the members of the newly formed US Championship committee for helping to bring about these improvements: chairperson Sophia Rohde, US Champion Alex Yermolinsky, US Women's Champion Anjelina Belakovskaya, GM Joel Benjamin, IM John Donaldson and Jerry Hanken. I also thank those who have worked so hard preparing excellent bids: Bob Tanner, Arizona; Bob Smith and John White, Florida; Howard Prince and Sophia Rohde, New York; Eric Schiller and Larry Reifurth, Hawaii; and Buck Buchanan, Brad Hughes, George Spentzos and Todd Bardwick, Colorado.

Focus on New Windsor

We have a marvelous staff. In the past, staff has often been taken for granted. This has now changed. USCF member and psychologist Dr. John McCrary interviewed every member of staff as a way to assess morale and to obtain feedback. Overall summaries from these private interviews were reviewed by Dr. McCrary in group meetings with staff and subsequently presented to the Executive Director and Policy Board for action. Special thanks to John for donating his time and for a job well done.

At the November PB meeting we started the practice of having key staff personnel make presentations to the PB about their jobs. As of the May meeting we have had presentations from seven members of staff. The presentations have been excellent and very informative. They have contributed to making the Policy Board better informed.

A New Openness

Presidential letters presenting the state of USCF affairs are routinely posted on the USCF's web page. Updates to income statements and balance sheets are also regularly posted.

PB members and the Executive Director are conducting discussion forums with local leaders of the chess community. We are answering questions, explaining what we are doing and listening to their ideas and suggestions. Mike Cavallo, Fan Adams and I held a breakfast discussion at the Amateur Team East. Mike, Bill Goichberg and Rachel Lieberman met with Southern California organizers at the home of Dr. Joe Wagner. Mike, Jim Eade and Tom Dorsch met with Illinois chess officials at the US Masters. I met with the local chess leadership in Denver, Kansas City and Atlanta.

We started the practice of scheduling open forum sessions in which spectators at PB meetings can state their opinions or ask questions to PB members. Closed sessions occur less often than in the past. Advanced notice for both the open forums and closed sessions is given and they take place as scheduled.

In another move to make the USCF a more open organization, PB 97-115 - Any Board member submitting a Board document to be classified "confidential" should include an expiration date for that confidential status, was unanimously passed. In the past, documents marked confidential tended to retain that classification forever.

Ratings and Qualifications

When it comes to rules, ratings and qualifications matters, our National Vice president Bill Goichberg is as knowledgeable as anyone. Through his leadership, we have unanimously passed significant improvements and refinements. The Board passed a motion establishing rating classes (F, G, H, I, & J) below Elo ratings of 1000. An improved system including use of peak ratings was adopted as the way we will now choose those representing USCF in world youth championships. No longer will a player gain rating points by losing a game. All these improvements passed unanimously.

In the near future, the "life title" system so few members understand will likely be replaced by a more understandable and more gradual "life rating," with current titles converted into life ratings. Bill's proposal to

achieve this looks good and was referred to the Ratings Committee for review.

The Master's Affairs Committee, chaired by Jerry Hanken, recommended significant improvements to rules, including Life Master titles and Grand Prix awards for Master class prizes. The Board unanimously approved these.

The Internet

Those of you who have been watching US Chess Online have observed that we had many serious problems during the transition period from our former web provider to Interplay. A number of target dates for new features (online chess play, for example) have slipped badly. One of Mike Cavallo's top priorities is to work with Interplay to solve these problems as quickly as possible.

At its May meeting, the Policy Board made its intent clear when it unanimously passed the following motion: PB 97-101 (Board): It is the policy of the USCF to maintain a website which provides chess information and a broad range of services second to none in scope and quality.

A major step has already been taken to achieve this goal. The USCF hired Jade River Designs to help update our site and keep it fresh. Jade River is the provider of the excellent website known as *Duif's Place - Chess for Fans and New Tournament Players*. Duif Calvin, a senior member of Jade River, will make sure our news coverage is timely, the TLA's are updated, ratings are easily available and our catalogue is properly maintained, etc. Last October I became aware of Duif Calvin when I saw her postings on the Internet. I was so impressed that I tried to recruit her for a job in New Windsor. She is a true professional in producing Websites and is part of our chess community. Duif together with Interplay, under Mike's direction, with advice and counsel from Myron Lieberman's Computer/Internet committee gives us the team we need to succeed on the Internet.

Congratulations IBM

Congratulations CJ Tan, GM Joel Benjamin and the entire IBM Deep Blue team for an extraordinary

accomplishment. You have beaten the World Chess Champion and, contrary to the fears of some, your victory has helped the furtherance of chess and not doomed it. Not since the first Fischer/Spassky match has chess received more publicity.

The Wall Street Journal noted that IBM received \$100,000,000 of publicity for \$5,000,000. We hope IBM accepts Garry's challenge for a rematch.

Volunteer of the Month

Chess volunteers are the USCF's Thousand Points of Light. Too often the volunteers receive little or no thanks for their selfless contributions of time and energy. The PB instituted a Volunteer of the Month program as one small way to do something about this. Each month, a photo and story appear in Chess Life. Congratulations to those receiving this honor: Alan M. Kirsner (CA), Howard Prince (NY), Roger Claff (VA), Stephen D. Shutt (PA), Ed Fogel (NY), Jim Pechac (OH), and Peter Dyson (FL).

FIDE and International

The world of FIDE politics has always been a frustrating one for the USCF. Our influence has been limited by the FIDE voting structure, and the associated abuses of the electoral system. As a result, an understandable tendency to a limited pragmatism has often dictated our decisions. Yet, the USCF has shown in recent times that we are capable of assuming more of a leadership position. In order to do so, however, we must formulate a solid program of general principles to which we must adhere even when in the midst of the turbulent, constantly changing tactical battles of world chess. Above all, we must remember that our decisions have long-term historic impact, and that our interests are for the world at large, not just the United States.

Blue Ribbon Committee

Two years ago, USCF delegates formed a "Blue Ribbon" reorganization committee. For their dedication to this task, I wish to thank committee chairman Woody Harris and the other members of his committee: Steve Doyle, Tom

Dorsch, Helen Warren, Warren Pinches and Frank Camaratta. Their recommendations represent major changes to the structure of the USCF and should be carefully considered.

Your Policy Board has gone on record in proposing an alternative to one of the proposals of the Blue Ribbon Committee. We endorsed direct election of the Policy Board, more commonly referred to as OMOV (One Member One Vote). Our opinion is that the growth of the Internet will allow candidates to explain their agendas to large numbers of voters. Now is the time to expand our voting base.

I favor a system in which the electorate vote for candidates by position as opposed to the system proposed by the Blue Ribbon Committee in which the elected Policy Board itself determines who is president, vice president, secretary and treasurer. A 'Yasser Seirawan' might run for the presidency but would likely back away from running for a PB post without any guarantee of serving in any particular position. Furthermore I favor voting for slates since this is the best way to elect a united PB.

And that Leaky Roof

Executive Director Mike Cavallo promised me that by the time you read this, the leaky roof will be fixed. Both literally and figuratively the roof is no longer about to come crashing down. We are now ready for more programs, more quality and more growth. The best is about to come.

Special thanks to the entire Board, staff and all the wonderful volunteers around the country who helped make the year end on such a positive note.

It's exciting times indeed! The foundation for the USCF's emergence into the 21st century will be determined at the 1997 USCF Annual Meeting in Orlando. Be there!

President,
US Chess Federation

EXECUTIVE DIRECTOR'S REPORT

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"The USCF would be in much better shape financially if we set our prices like a business rather than like a political body..."

The first thing on most Delegates' minds right now is the budget deficit, so I'll get to that first. When I started in January, the deficit for the first six months of the fiscal year was \$265,000. In addition there were various costs that we knew about that, in my opinion, should have already reached the bottom line under accrual accounting; costs like severance payments, FIDE dues, and anticipated legal fees. Including those costs, what I would consider the "true deficit" was over \$400,000. And I did ensure that these costs hit the bottom line by accruing them in the ensuing months, mostly in February. Because I am writing this before we have calculated the May results, I can't name the final figure you will have before you in August, but I feel confident that it will be far less than where we started and vastly below the scary numbers being discussed in December.

Most of this reduction in the deficit has been achieved by cost-cutting. Some USCF members seem to believe there is a huge amount of waste at the New Windsor office and, therefore, cutting costs should be easy. This view is just not justified by the facts. The staff in New Windsor works constantly, fielding the huge number of phone calls and vast amounts of paper that flood the office every day. I've found a few things that were obvious to change, but not very many. The biggest area for potential savings is that of legal and other professional fees. These cost \$66,000 in fiscal 1995, \$131,000 in fiscal 1996, and were increasing at an even faster rate during the first half of fiscal 1997, totaling \$69,000 through

December. I expect to reverse this trend. I have budgeted only \$70,000 for this category in fiscal 1998 and expect to squeeze this figure further in fiscal 1999.

One area of savings that was initiated by my predecessors and continued by me is the reduction of personnel costs by attrition. This is not a savings that can continue indefinitely. The USCF staff peaked at 45 and it seemed we had outgrown our building. We are now down to 38 employees with many of us doing the work of two and with some important jobs not getting done. One unfilled responsibility is that of Club Development. The federation suffers from not having someone to handle this important function which impacts on membership levels. But who should I hire back first: a Director of Operations, a Club Development Director, a graphic artist, a sales/membership representative, a warehouse worker, or someone else? And on what timetable should they be hired back? My tendency is to go slow – to have the improving financial results give me the ammunition to gradually add staff, most of whom, like a Club Development person, will create additional revenue by fulfilling their functions.

An area where expenditures will be necessary is equipment. We miss many sales and membership renewals due to our inadequate phone system. To not spend money on items like that will create larger, not smaller, deficits as the pay-back from a new phone system will be large and steady. Similarly cost-effective or necessary purchases include in-house color proof printing for Chess Life and up-to-date software for sales/membership and accounting.

WE PAY A PRICE FOR POLITICALLY DETERMINED PRICING

The USCF would be in much better shape financially if we set our prices like a business rather than like a political body with large and powerful factions. When I was what was called a Junior member back in the 60's, Junior dues were exactly half of Regular dues. Using that ratio would place Youth dues at \$20

rather than the \$15 they are today. The federation has also been subsidizing Scholastic dues at \$10. We could afford to subsidize Scholastic memberships when they were a small percentage of membership, but not with them becoming such a large amount. \$10 per year is an incredible bargain for a year's membership with tournament play, a year's subscription to a magazine, and the services of a full-time Scholastic Coordinator. This is less than what I pay to take my kids to McDonalds once, or bowling, or to the movies. It's hugely less than youth soccer league or one pair of basketball sneakers. Therefore, I have proposed raising Youth and Scholastic dues by a modest \$2 each, putting Scholastic at \$12 and Youth at \$17 per year. This will allow room to have modest multi-year discounts in these categories instead of the straight line increases that now exist, thus encouraging retention. I have also proposed limiting Scholastic memberships to children 15-years-old and under. I believe that this will aid in membership retention because School Mates is not an appropriate magazine for high school and college students. No magazine can effectively serve a readership as broad as 6 to 19 in age.

Another place in which politically determined pricing hurts us is in the area of TLA's and ratings. The editor of Chess Life, Glenn Petersen, tells me that TLA's are becoming too large a part of the magazine given the cost of printing and mailing and the low price we charge for TLA's. Glenn has done as much as can be done to hold back this expansion by stop-gap measures like changing font size. Decoupling the pricing of TLA's from ratings and raising the price of TLA's would encourage organizers to limit their TLA's to providing necessary information or else pay a price commensurate with the cost of the additional space.

If TLA's are priced apart from ratings, then we could lower ratings fees for regular tournament games, both on paper and on disk. On the other hand, scholastic ratings fees on disk should rise from being free to costing 10 cents per game. Scholastic games are actually more expensive than regular games to

rate because of the larger number of unrated players and because of the hours employees spend with some of the parents who want to check their children's rating changes game-by-game over the phone. When the delegates mandate free services like free scholastic ratings on disk and six free TLA's, they are contributors to the federation's financial distress. It is time to end this practice of politically determining prices without adequate regard to financial reality.

THE BOOK AND EQUIPMENT BUSINESS

The book and equipment business earns a good profit every year depending on the assumptions one makes on allocation of salaries and overhead. This profit then supports membership activities like the prize funds of our closed championships. So, the health of this business is very important to the well-being of the federation. Former Executive Director Al Lawrence did a very good job building up this mail-order business, aided in some years by a boom in computer chess machines and programs, and in all years by his marketing savvy. Sales in fiscal 1997 have been anemic. So, one of my major goals during fiscal 1998 will be to re-examine our practices and come up with some innovations in this aspect of the USCF.

One change I am sure to implement is to revive the Scholastic Catalog. This was tried a few years ago and was abandoned after one attempt. We now have a much larger Scholastic membership to mail to, many of whom are avid players. We could also approach them with a larger catalog and a more varied product selection. A possibility I am less sure of is to come out with a larger book catalog or book section of a catalog with more professional, and less 'rah rah!' descriptions of the offerings.

THE APRIL-MAY CHESS BONANZA

During April and May, the USCF staff was hurled from one event to the next with barely a chance to catch our breath. April saw the Super Nationals in

Knoxville, Tennessee, the largest chess tournament in the history of the United States with over 4,300 players. There were both large pluses and large minuses to combining the Elementary, Junior High, and High School tournaments into one jumbo event. Pluses included saving money for parents who have competing children in different levels of school and the extra publicity generated by holding a mega-event (photo on page one of The New York Times). The minuses were mostly more particular to the Knoxville event than to the concept in general and included inadequate skittles space, inadequate trophies, and overly-distant, excessively-priced hotels. Besides the Super Nationals, April contained another highly successful National Open.

In May, New York City hosted the biggest chess event, in public relations terms, since the first Fischer-Spassky match in 1972. Kasparov versus Deep Blue gained chess phenomenal publicity all over the world. This publicity will pay dividends to the USCF for years to come, even when we weren't directly mentioned, because of the heightened awareness of chess. However, the USCF was directly cited in many places. I recorded commentaries for NBC morning radio after every game and this was broadcast in hundreds of markets across the country. I was also interviewed on everything from Detroit Sports Radio to the Voice of America and by newspaper reporters from Dallas to Boston, making sure to mention the federation each time. Other USCF staff also made media contacts. For example, Scholastic Coordinator Beatriz Marinello was interviewed on a top Spanish language TV program and Assistant Director Eric Johnson was interviewed on the BBC.

No sooner had Kasparov-Deep Blue ended then we held a new event -- Chess JAM (Juniors Against Masters) '97. This event took four Super Nationals Championship teams and captained them with top U.S. grandmasters. Each grandmaster played one hour clock simuls against the three opposing scholastic teams. The level of the competing grandmasters was extremely high, all perennial U.S. Championship contenders: Gulko, Yermolinsky,

Kaidanov, and DeFirmian. Playing such competitors was a fabulous and educational experience for the young scholastic stars. With the honor of the team at stake and the ticking clock stimulating the adrenaline, no charity draws were given out by the famous veterans, yet the young lions did nick their elders for two half-points. The event was held at the UMBC campus in Baltimore, Maryland in conjunction with an eight board clock simul by Garry Kasparov, his last appearance in the U.S. following the Deep Blue match.

THE WEBSITE

Our website featured a well-received simulcast of the Kasparov – Deep Blue match. Our sponsor, Engage (a spin-off of Interplay), developed the necessary simulcast software just in time and the commentary by GM's Patrick Wolff and Arthur Bisguier was much appreciated. On the other hand, on-line shopping was not available in time for the match, which cost us sales. The website has greatly increased in size and scope over the last few months. On the other hand, the extremely important ratings and TLA sections were updated too slowly and were frequently out-of-date. I recently acted to improve the site by hiring Jade River Designs (Duif Calvin) to provide Engage with our website material, so, hopefully, by the time you read this the web situation will have greatly improved.

There are several important factors that members should keep in mind when thinking about the Website. Most important is that Interplay and Engage have large resources that many other chess Internet participants lack. These resources are being thrown into developing on-line chess playing and a new shelf product, USCF Chess, on which we will gain royalties. Interplay is also our best sponsor and is the title sponsor for the U.S. Championship, the U.S. Women's Championship, and the U.S. Junior Championship. The people at Interplay and Engage are highly talented professionals who are also nice people.

Berating them on the Internet is not a good way to attract additional sponsors to chess or to keep those we have. Informed criticism is fine, but it gets more respectful attention when it is expressed cogently and not abusively.

WHICH BRINGS UP SPONSORSHIP IN GENERAL

The USCF now has a great new sponsor. Wizards of the Coast is a Seattle based company which produces the hit card game Magic: The Gathering™. They helped sponsor this year's CHESSathon and they are considering the rest of our sponsorship proposals. They are also involved in setting up a gaming center in Seattle and are looking forward to organizing USCF tournaments, which could bring in many new members from the fantasy gaming world. The Wizards of the Coast people think very creatively and we are already exploring many new possibilities with them, including joint advertising efforts.

We continue to work with other potential sponsors, old and new. Saitek recently sponsored a computer give-away in Chess Life for limerick composers. We are now flooded with chess limericks. Incidentally, Saitek will also be sponsoring a new chess television program developed by wunderkind GM Gabriel Schwartzman for educational television. Look for it in the Spring!

Not all potential partners are corporate in nature. Policy Board member Rachel Lieberman made a terrific contact with the Center For Disease Control (CDC), a branch of the federal government. The tie-in is that the CDC is interested in preventing sexually transmitted diseases and teen pregnancies and that one way to do this is by providing positive alternatives to youths, like chess. Chess helps people to think ahead, weigh and test the consequences of their actions, and to delay gratification, all of which is helpful in this area. A CDC manager and five community representatives from Texas, Oklahoma, and Illinois contacted by the CDC joined the Liebermans, PB member Fan Adams, Scholastic Coordinator Beatriz Marinello and me in visiting

New York City chess instructional classes in the public schools as well as the CHESSathon. As a result of this visit, we will likely see chess introduced into the curriculum in San Antonio, Texas, as well as possible federal funding for research projects investigating the educational benefits of chess. My appeal to the general membership in Chess Life and to the Life Members by direct mail has also been successful, bringing in over \$20,000 so far.

IN CONCLUSION

We are not out of the hole yet, but we're getting there fast. I'm projecting a surplus of over \$100,000 in fiscal 1998 to offset the deficit in fiscal 1997. The initial June - October period may well see a deficit again because it is the federation's normal, seasonally weak period, but we should be in surplus after the Christmas season and for the rest of the fiscal year. If the federation is to avoid financial chaos, we need to eschew politically determined pricing to the maximum extent possible. The book and equipment business makes a positive contribution to the federation and needs new ideas, like a scholastic catalog, to give it a boost. We need to broaden our sources of support to new benefactors in the corporate, government, and foundation worlds. Finally, I'm happy to report that, even in this year which began with a large deficit cramping the federation's position, we were still able to hold many successful chess events and even to create a new one. As chess stalwart GM Edmar Mednis remarked to me while he was volunteering at the CHESSathon: "If you get any extra money next year, spend it on chess, not this other stuff." Amen, Edmar.

Michael Cavallo
U. S. Chess Federation
Executive Director

TREASURER'S REPORT

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"Life can be understood by looking
backward, but it is best lived by looking
forward" — Kierkegaard

The USCF is at a historic turning point, one of those crossroads that seldom arises in the life of an organization. The chess federation of the next decade will bear as little resemblance to the USCF of the early Nineties as a telephone does to a tomtom. The primary cause of these changes is the accelerating pace of the information explosion, powered by the Internet. Technology now exists, or will soon be developed, that will enable tournaments of thousands, or hundreds of thousands, of players every day, many participating from the comfort of their own home. This shift in the paradigm will never replace our familiar over-the-board chess, but will inevitably influence its development. In the midst of profound structural changes, the USCF must now decide the most important question it has faced since its inception — whether it will continue to confine its area of expertise to over-the-board chess, or whether it will accept the challenge to aggressively compete for market share and a leadership role in the new chess environment on the Internet. This all-important strategic decision about the future of the organization colors every other decision we make.

THE YEAR THAT WAS . . .

Because of a rollback in closing date (from June 30 to May 31), our fiscal year was only eleven months long. But this "short" year was one of the most significant and memorable in our history.

Topping the list of changes was the resignation of Executive Director Al Lawrence after eight momentous years distinguished by development of

the modern marketing program and the scholastic boom. His replacement is Mike Cavallo, an extremely bright young man with the business credentials to forge a strong future for this organization. We also saw the most widely-reported chess event of a generation, the match between Gary Kasparov and IBM's Deeper Blue, and the largest chess tournament in history, the scholastic Super Nationals in Knoxville, Tennessee.

The pace of technical changes was very fast. Many improvements initiated under former president Denis Barry and treasurer Frank Camaratta bore fruit. Our accounting firm of ten years was replaced by a larger, more experienced firm, better versed in the nuances of non-profit reporting. The Professional Players' Health and Benefit Fund was at last invested in segregated interest-bearing securities. Our books were adjusted to carry the equity in our building at fair market value. Member-At-Large Fan Adams designed a profit-center accounting model to inform our strategic planning. New management reporting and evaluation methodologies were implemented to provide more timely and accurate information about staffing, budget variance, contract compliance, review of expenses and inventory control. Delegate motions to safeguard the Life Member Assets Account and to clarify its relationship to Operations were implemented.

Every financial decision made this year was influenced by the early realization that a deficit was inevitable. As early as September, I tasked the Finance Committee with developing realistic financial predictions. Committee chair Jim Pechac assigned two of the Federation's most astute financial analysts, ex-presidents Steve Doyle and Leroy Dubeck, to analyze and report on our projected deficit. Their early and very accurate analysis enabled management to take countermeasures. Throughout the fiscal year, the Finance Committee assisted with visits to the business office to review and report on various aspects of USCF operations, including the origins of the deficit, and many suggestions to improve USCF

accounting and financial reporting. As a result of its many contributions, the Finance Committee was recognized as the USCF committee of the year, and its chairman, Jim Pechac, was recognized as outstanding volunteer of the year.

Because of our early realization that a deficit was unavoidable, dramatic reductions in expenditures characterized most of the year. There were many small economies. The principal big-ticket savings were:

- attrition
We were able to avoid forced staff reductions, but voluntarily departing personnel were not replaced on a 1:1 basis.
- renegotiation of bank loans
Our annual bank loan was not paid down as usual because of renegotiated terms.
- deferral of capital expenditures
Most infrastructure modernization projects were deferred. This includes cancellation of an ambitious office upgrade of software and hardware, saving 90% of its cost.
- reductions in professional fees
Fewer lawyers, fewer accountants, and the professional services line of the budget has finally begun trending in the proper direction — down.
- Other items that impacted the deficit this year were a flattening in membership and in book sales, increased rental for expansion of our business office, extraordinary personnel costs associated with the retirement of Al Lawrence, and successful resolution of our debt to Informant.

THE YEAR THAT WILL BE . . .

The upcoming year is a year of opportunity. With a new management team, and expenses under control, the USCF is in a position to make decisions about

how best to grow the future. Vast improvements are both possible and necessary in how we expand and improve service to our customer base, and how we reach out to the great market of unconnected but potential chessplayers.

High on the priority list is improvement of our utilization of the Internet. The USCF has been slow to respond to this new technology, and decisions made in the past year have led us away from, not closer to, our goals. We need to accord the development of this market the urgency it deserves.

We also need to develop the infrastructure to better serve our present customer base and accommodate the demands of future expansion. That requires installation of a high-speed telephone connection and upgrade of our office hardware and software. These improvements are cost-effective in the long run, and the sooner they are implemented the sooner they will start to pay for themselves.

The personnel in the office have done a magnificent job under very difficult conditions this past year. Now is the time to give them the help they need. Positions that remain unfilled should be filled, and there should be a renewed emphasis on retraining and cross-training to upgrade services to our membership at all levels. The recent effort of our senior employee, Joan Dubois, with twenty-eight years of experience, to suddenly learn computer operations and her success providing feedback to customers on the Internet is the type of response to new challenges that can make the USCF great.

The projected budget for the next fiscal year is designed to allow for a small profit. That may change as circumstances change. But clearly the USCF is on the way to a new and brighter future as a stronger and better organization. We have faced the past, confronted our problems, and positioned ourselves to be effective. If we have the will, the means are available to achieve greatness.

Tom Dorsch
U.S. Chess Treasurer

USCF FINANCE COMMITTEE
1996-97 PROJECTS
EXTRACT OF TEXT FROM SELECTED REPORTS
6/9/97

This file is designed to be loaded and printed in ASCII text (11 PT) using WORDPAD. An index of report contents is provided on page 2.

This file contains an extract of text from selected USCF Finance Committee reports. It is intended to provide you with sense of the items covered and conclusions drawn.

NOTE: this information is a SUMMARY OF ONLY THE TEXT PORTION OF THE REPORTS, and does not represent the full report issued by Finance, which may also have contained tables, charts, spreadsheet summaries and other graphics that are not easily reproducible in ASCII format. A Zipped version and Self-extracting zipped version are available for download. These are in Word 7 format after unzipping.

James F. Pechac
USCF Finance Chair

JFP/

USCF FINANCE COMMITTEE
1996-97 PROJECTS

| | Project | Close |
|----|----------------------------------|----------|
| X | 1997 Finance Committee Report | 06/08/97 |
| X | USCF Financial Crisis | 11/01/96 |
| XC | Field Visit to USCF Office | 11/19/96 |
| XS | FC Review of USCF Financials | 02/18/97 |
| - | FC Projections (L. Dubeck) | 04/XX/97 |
| X | Cost Savings & Rev. Enhancements | 01/11/97 |
| - | Tournament Financial Reporting | 02/18/97 |
| X | Convert Pension Plan to 401K | 11/23/96 |
| X | Gift Annuity Program | 04/24/97 |
| X | Blue Ribbon Panel | 04/30/97 |
| X | USCF Financial Overview | 05/03/97 |
| - | O/S Auditor Selection | 05/06/97 |
| - | Analysis of Realized Gain / Loss | 05/23/97 |
| XC | Fixed Assets | 04/06/97 |
| - | FC Budget Methodology | 05/27/97 |
| X | LMA Accounting 1997-98 | 05/19/97 |

X EXTRACT OF REPORT INCLUDED IN THIS MAILING
C COVER LETTER ONLY
S EXECUTIVE SUMMARY REPORT ONLY

- EXCLUDED

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1997 FINANCE COMMITTEE REPORT
submitted by James F. Pechac, Chair
June 8, 1997

COMMITTEE MEMBERSHIP

Earlier this year Steve Doyle announced that he was stepping down from several USCF Committees, including Finance, due to time constraints. I would like to formally thank Steve for his many hours of time and effort spent in direct contribution to the USCF Finance Committee. His leadership role will be sorely missed; and the space he took up will be hard to fill :-)

For 1998 there are available positions on the Committee which I would like to offer to competent individuals from the financial community. If you are a professional in auditing, accounting, or finance and would like to assist the USCF in an advisory capacity please send your background and qualifications to Jpechac@aol.com.

BUDGET DEFICIT

Much has been said about the budget problems that USCF had to address this year. Excessively optimistic revenue projections for Memberships, Books & Equipment, and the Website, combined with unplanned expenses related to settlements with two top managers were partially offset by spirited recovery efforts initiated by new management in the latter part of the fiscal year. Costs and expenses also increased by about \$50 thousand due to recommendations made by the committee in conjunction with the review of accounting records. Future Board's must closely monitor written status reports on the implementation and progress of all new sales programs, and meet and decide on appropriate action should actual results fall short of projections. The Board should not delegate this overview responsibility to the Treasurer or Executive Director.

REVIEW OF RECORDS

This was the main project undertaken by the Committee this year. In November, 1996 the Treasurer, concerned with a decline in sales and an unforeseen deficit, engaged the Committee to: 1) review the financial records, 2) develop a projection of the loss for the year, and 3) make a determination as to whether a more comprehensive audit by an outside firm was warranted.

The Treasurer was provided an interim report covering analysis of selected transactions and activities documented as a part of our November visit to New Windsor, timed with the Policy Board meeting. This was followed by the primary phase of the project, consisting of a four-day visit to New Windsor in January, 1997 during which we performed interviews of accounting and operating personnel, reviewed account reconciliations, and developed analysis of the USCF financial results for the first six months of the fiscal year. All employees at the USCF Headquarters were open and cooperative in assisting us on this assignment. A report on the results of the review was provided to the Treasurer in February, 1997, both in a detailed and Executive Summary format. The following conclusions were noted in the report:

Informant Account: Our analysis of the transactions in this account disclosed no questionable payments to vendors or employees. However, we questioned the decision by Operations in late July, 1996 to use Informant funds rather than submit a request to the Policy Board for a bank loan. We understand that use of these funds provided the means to avoid interest payments on the loan, however, by using Informant funds to pay payrolls and other creditors Operations had effectively borrowed and spent over \$200 thousand in excess of available cash. Had the Informant money not been available Operations would have had to request Policy Board approval for a loan from the bank, and the Board would have had a much earlier understanding of the depth of the emerging financial crisis. We are of the opinion that the use of Informant funds was a defacto loan, and the Policy Board should have been consulted for their approval. We recommend that policy be established that Operations is not authorized to borrow funds or use collateralized deposits in any manner without Policy Board review and approval.

Substantive Adjustments: approximately \$160 thousand in increased expenses were documented in the report, consisting of items such as increased provisions for bad debts, a write down of deferred costs, recognition of vacation pay liabilities, and provision for retroactive payroll increases.

Maintenance of USCF Headquarters Building: We noted that the building's roof is still leaking. While building repairs and maintenance have been discussed at several Policy Board meetings, no action has been taken to address this matter. We strongly recommend that Operations advise LMA management in writing as to the present status of building repairs suggested in the past two years. LMA management should address these items to ensure financial viability of the building investment.

Overall Conclusion: This review was not a financial audit. Fieldwork and subsequent follow-up was not conducted at an investigatory level. Nevertheless, we noted no instances of gross negligence, nor do we feel there is adequate reason to suspect improper conduct. As such, we feel that a comprehensive audit by an outside firm is not warranted.

The report and all supporting workpapers were provided to the Outside Public Accountant for their information and reference in conjunction with the year-end audit.

Using his background and familiarity with USCF's financial activities, Leroy Dubeck provided the Policy Board with a Financial Projection which estimated the potential loss for a full year. The model projection was then updated monthly. While Leroy's estimates were conservative, the reports provided management with an estimate of the magnitude of the potential loss, as well as a benchmark as to whether financial conditions were improving or declining. In addition to the three primary objectives of this project, the committee also released to the Policy Board a List of Revenue Enhancements and Cost Savings Opportunities as a means of both improving Operations and combating the deficit. A substantial number of ideas were provided by Steve Doyle and Tony Cottell. We also developed a detailed analysis of the methods currently used to Account for Tournament Income and Expense, and provided a list of recommended improvements.

FINANCIAL POLICY

Two detail-level policy memos were prepared: a report in November, 1996 providing guidance to Operations concerning a proposed Conversion of the Pension Plan to a 401K Plan; and a report in April, 1997 covering Bill Moushey's 1996 DM on Gift Annuity Programs. On a broader policy level, two separate documents were presented. In April, 1997 the Committee Chair issued a comment letter on the financial control issues related to the Blue Ribbon Panel proposal. This letter was subsequently forwarded to the Secretary for more general distribution. In May the Chair released a USCF Financial Overview Document describing the current financial control process from a conceptual level. The report included comments on structural changes proposed for the LMA Management Committee.

YEAR-END AUDIT

The Committee Chair participated in the selection process for the Outside Auditor, and prepared an analysis and adjustment of the Realized Gain/Loss account. The Committee provided Operations with a Computer Schedule of Fixed Assets by reference to work papers provided by Ernst & Young in their audit last year. This computer record, and the list of fiscal 1997 purchases, will be compared to items in the departments and the revised list used as the basis for capitalized assets in June, 1997.

1998 BUDGET

A Revised Budget Methodology was developed which provided for separate recognition of LMA and Operations financial performance. We also introduced an accounting procedure for LMA Accounting Changes effective 6/1/97.

OPEN PROJECTS

Three projects are pending. Proposed changes to the Monthly Data Report, and the implementation of Cost Center Reporting are both subject to installation of new financial software. A draft is also pending concerning proposed changes to the USCF Expense Report Form.

LMA

In December, 1996 the AVR Group initiated action to revalue the LMA Actuarial Liability for the upcoming fiscal year using current financial data and Life and Sustaining member data provided by Operations. The intent was to develop an annual routine which would not require services of consultants and actuaries. Due to the financial crisis the LMA Management Committee Chair canceled the project. For the upcoming year, the Group intends to readdress the above matter, as well as follow through on the USCF requirement to obtain an appraisal of the USCF Office Building for LMA valuation purposes.

FINANCE WORKSHOP

Historically, the U.S. Open Finance Workshop includes a discussion of the USCF budget. The purpose is to present during the delegate meeting the workshop's evaluation of the budget by reference to polling and straw votes. For the last several years budget review has taken up a large portion of the workshop's 2-hour time slot. While the budget will again be discussed during the workshop in Orlando, we will make every effort to provide time to answer any questions you may have on this report or other financial items. Unfortunately, I am not equipped to provide copies of these reports on request. Hopefully, some of these reports will be included in the delegate handout packet. If you would like an abstract summary of selected reports via E-mail please send your request to Jpechac@aol.com.

Jim Pechac
Finance Committee Chair

(TEXT TRANSCRIBED FROM FAX COPY)

To: USCF President Donald Schultz, Treasurer Tom Dorsch and Finance Committee Chair Jim Pechac
From Leroy W. Dubeck and E. Steven Doyle
Date: October 31, 1996
Re: USCF Financial Crisis

We are responding to the e-mail request of Jim Pechac for comments on the USCF's first quarter financial report.

The September 30 MDR indicated a \$227,510 loss over the first 3 months of the 1996-97 fiscal year. For the comparable period in 1995-96 the loss was \$81,656. This means that the USCF's finances are worst (sic) than the prior budget year by \$227,510 - \$81,656 = \$145,854 or a deficit of \$48,618 per month. We should note that the three month loss did not include the costs of the US Championship, the US Women's Championship, and the Olympiad. One of us (Doyle) estimates that the net costs for these will total about \$120,000.

We do not have the information needed to make an accurate estimate of what the 1996-97 deficit might be. There are a number of factors to consider. Last year we had essentially a break-even budget. However, the revenues for the last year included a transfer of \$102,004 from the Life Member Assets fund to operations. In addition, realized gains on LMA investments were \$54,446 last year but will be -0- this year due to structural changes in the manner of LMA investment, as noted by Mr. Filipone in his covering letter to the September MDR. In addition, membership is down, (Filipone stated \$56,000 below projections for the year), Adding these together, and including book and equipment sales at the current 5% rather than the projected 7% which would decrease net revenues below budgeted by about \$30,000, would total \$230,000. But the book and equipment sales for the all important second quarter could be lower. What if the they are flat in comparison with last year? This would lead to a \$100,000+ net additional shortfall in revenues for 1996-97. Finally, there is the cost of the severance package for Al Lawrence that is being expensed this year.

(TEXT TRANSCRIBED FROM FAX COPY)

These and other factors have led us to estimate somewhat different deficits. Mr. Doyle projects about \$275,000 while Dr. Dubeck projects \$400,000 - \$500,000. The variance in these projections is not surprising because we do not have the kind of data about first quarter disbursements as suggested in Jim Pechac's memo (attached), as well as the uncertainty in projecting book and equipment sales.

We have several suggestions:

1. Any deficit in the range \$275,000 - \$500,000 is unacceptable. It would represent the largest single year deficit in the history of USCF.
2. The Policy Board and office staff must address this growing fiscal crisis immediately. A plan to deal with it must be adopted by the Policy Board at its November meeting.
3. We endorse some of the suggestions of Jim Pechac for dealing with the crisis and

include a copy of his e-mail memo discussion the fiscal situation.

4. A series of expense cuts needs to be made. (Mr. Doyle has posted a number of suggestions on the Internet at rec.games.chess.politics) and a number of revenue enhancements should be considered.

Finally, we are sending this memo by fax to each of you because we feel that it is urgent to address this issue immediately. Please feel free to share it with Policy Board Members, Finance Committee members, or anyone else that you feel should see this memo. We are both available to assist you in any way we can to solve this problem.

* * * * *

E-mail

Subj: USCF First Quarter Financial Report

Date: 10/29/96

To: Fcamaratta@aol.com (Frank Camaratta), anthony@warwick.net (Tony Cottell), esdoyle@aol.com (Steve Doyle), lwdubeck@aol.com (LWDubeck), drchip@indirect.com (Myron Lieberman), npeacor@capecod.net (Norm Peacor), 75444.325@CompuServe.COM (Paul D. Shannon)
CC: tomdorsch@aol.com (TOMDORSCH)
To: USCF Finance Committee Members:

As you are all on line I am sure that you are all aware of the recent flareup related to the release of the USCF's first quarter financial report. While I am not fully aware of the details, I believe that USCF has a serious enough financial situation to require our active guidance.

Enclosed below is a series of Web letters should you have missed this material.

I have discussed the situation in depth with Leroy Dubeck. Our concern is that the \$230 first quarter loss (well above the \$81k loss at 9/30/95) may be due to more than lavish parties and other one time financial hits. While it may be obvious, it would seem that we should as a committee provide the board with our recommendations.

Also, while the financial situation itself is indeed perilous, my own specific concerns go beyond financial activities. I am not convinced that the computer and communications committee members were actively involved in decisions relating to the USCF Web presence and the new financial and operating systems that are under review. Communication with this committee on matters of this importance is critical to the effective and timely completion of strategic systems development. I understand from Leroy that Operations has decided to terminate Garry Prince's contract and go with Interplay for a website. Reliance on a commercial firm for web presence seems

to be financial risk. For example, as Leroy pointed out, we may not be able to tie in with IBM or other firms if we are on the web site of one of their competitor's. (could you see that written up in the journal!?)

I have my own series of recommendations. Your comments and/or changes are welcome. Please respond asap. Please call or email 10/30 or 10/31.

Note that I have only written to Finance committee members on the web. Excluded is Todd Barre as I do not know his Email. Also excluded, understandably, is Al Lawrence, (listed as a committee member by Barbara Demaro.) Please write to me for a list of phone numbers for the committee.

draft recommendations to policy board

1. Advise Policy board of seriousness of financial and systems situations.
2. Require a full review of first quarter disbursements, including review of bank statements and reconciliations. This should be done at New Windsor. This could be done by board member or committee members or both in conjunction with upcoming meeting.
3. Until otherwise noted, Treasurer approval of all expenditures over a specific amount.
4. A review and evaluation of all proposals related to financial and operating systems by the Computer and Communications Committee. No decisions until report prepared by this committee.
5. Preparation by Operations of a detailed cash budget for each month in second quarter. Adherence to same.

Jim Pechac
10/29/96

November 19, 1996

Tom Dorsch
PO Box 3294
Hayward CA 94540

RE: 11/16/97 FIELD VISIT TO USCF OFFICES

Dear Tom:

Enclosed is a more formal report on the work I completed at the USCF Office in New Windsor on Saturday, November 16. I was accompanied by Sonya Lynch, Accountant, arriving at about 2:00 PM. The primary purpose for the visit was to

review bank statements and reconciliations, and to review accounts payable documents related to the disbursement items recently questioned by you and described in my November 2, 1996 letter to Al Lawrence (responded to by Al on November 11, 1996).

A summary of the audit areas covered in this report:

- Cash Availability Analysis
- Reconciliation of LMA G/L Accounts to Statements on File
- Review of Check Registers July - August, 1996
- Review of Bonus Payments made in July, 1996
- Summary of Accounting for Al Lawrence Severance pay
- Review of Ernst & Young Account
- Review of Cost associated with Employee Year-end party
- Rigden Study / Vanguard
- Open Finance Committee Items
- Other matters

Questionable issues and/or issues requiring follow -up or resolution are indicted in bold type.

Sonya was very competent in extracting and supporting accounts payable records and other reconciliations and financial reports for my review. She was able to answer the majority of my questions related to the items investigated in this report. Files and reports appeared to arranged and in reasonable order. I did not get the impression that any of the files or reports had been revised or rerun.

We left the office about 6:30.

Jim Pechac
USCF Finance Committee

E-mail

<< Subj: Re: 11/96 PB meeting topics
Date: 96-11-23 23:43:15 EST
From: TOMDORSCH
To: JPechac, vvhv39a@prodigy.com, User544001, JimEade

Jim-

I think there are some concerns that require the involvement of your committee.

First and foremost, you received a copy of GF's plan for managing the federation for the rest of the fiscal year. That plan projects a deficit of \$400K.

A loss of that magnitude is unacceptable, and *planning* for a loss of that size is out of the question.

It is necessary that the Finance Committee examine the budget on an urgent basis, verify the accuracy of the projected budget deficit, and make recommendations about where we have to squeeze, pinch, or cut to eliminate the losses.

The 11-month fiscal year is half over, which increases the difficulty of our task. But we absolutely cannot come into the delegates meeting in Orlando blithely proclaiming by far the largest loss in the history of the federation.

There is also the question of how we could have come down so far so fast. I would like the Finance Committee to express its view of how this predicament developed, examine the causes, and, where necessary, fix blame.

Included in this assessment, I would like a recommendation pro and con on whether a special audit, estimated cost \$25K, is justified in light of our precarious financial condition. Such an expenditure would only be justified if we really could not account by other means for the sudden decline in our finances.

Jim, thanks a million for your input. I'm afraid that our current financial posture makes your input even more invaluable than it has been in previous years. I'll try to call you tomorrow.

Regards, Tom >>

February 18, 1997

To: Tom Dorsch
USCF Treasurer

From: Jim Pechac
Finance Committee Chair

Subject: REVIEW OF USCF FINANCIAL AND OPERATING RECORDS -
FEBRUARY, 1997

Enclosed is the Finance Committee's report on its review of financial records as requested by the attached letter. A copy of the Executive Summary and a Summary of Substantive Issues raised in this report is attached to this letter for your information.

In January Dr. Leroy Dubeck released a projection of USCF financial results for the balance of the fiscal year. He also provided a narrative and analysis concerning theories as to the reasons for the significant loss in the first two quarters. These reports were released by Leroy over his own signature to USCF management. The Finance Committee also released in January a list of potential revenue enhancements and cost savings actions to USCF management to review, consider, and implement as a means of addressing the current financial / budget challenge.

This review was not a financial audit. Fieldwork and subsequent follow-up was not conducted at an investigatory level. Nevertheless, we noted no instances of gross negligence, nor do we feel there is adequate reason to

suspect improper conduct. As such, we are of the opinion that a special audit of the type suggested in your letter would not be appropriate.

jfp/

Distribution:
POLICY BOARD: FINANCE COMMITTEE:
Fanueil Adams Anthony Cottell
Michael Cavallo E. Steven Doyle
James Eade Dr. Leroy Dubeck
Robert Ferguson Myron Lieberman
William Goichburg Norman Peacor
Rachal Lieberman Paul Shannon
Donald Schultz c: George Filippone

UNITED STATES CHESS FEDERATION
FINANCE COMMITTEE
REVIEW OF FINANCIAL AND OPERATING RECORDS
FEBRUARY, 1997
EXECUTIVE SUMMARY

ORGANIZATION: The Organization chart should be simplified, and a CFO/controller post should be provided for. Alternative financial controls should be introduced should the Controller/CFO post remain unfilled due to financial conditions.

POLICY: Develop financial reporting systems to forecast cash flow. Explain variances from monthly budgets, rather than the current practice, which reports on year-to-date results. Develop a financial report on cost savings and operating efficiencies.

CASH: USCF has a \$500,000 loan with Key Bank, however, this loan is normally used only to finance the cash flow effect of tournament financing and holiday inventory investment. Since future cash requirements will be clearly in addition to such stated reasons we recommend that Operations take formal action to document a request to the USCF for financing from the LMA. The \$233 thousand due to Informant should be reclassified from equity to a liability account.

INFORMANT ACCOUNT: Our analysis of the transactions in this account disclosed no questionable payments to vendors or employees. However, we do question the decision by Operations in Late July to use these funds rather than submit a request to the Policy Board for a bank loan. We understand that use of these funds provided the means to avoid interest payments on the loan, however, by using these funds to pay payrolls and other creditors Operations had effectively borrowed and spent over \$200,000 in excess of available cash. Had the Informant money not been available Operations would have had to request Policy Board approval for a loan from the bank, and the Board would have had a much earlier understanding of the depth of the emerging financial crisis. We are of the opinion that the use of the Informant money to fund Operations was a defacto loan, and the Policy Board should have been consulted for their approval. We recommend that policy be established that Operations is not authorized to borrow funds or use collateralized deposits in any manner with out Policy board review and approval.

LMA ASSETS: Reconciliation was performed between the LMA asset accounts and the LMA deferred liability accounts. No unusual adjustments were noted to account balances for the current fiscal year. Operations owes the LMA a total of \$29 thousand for cash receipts received in fiscal 1997. Analysis of LMA performance identified substandard returns in selected LMA assets; consideration should be given to reclassifying these funds. Review of LMA transfers from Life membership sales identified a \$4 thousand overstatement of life member sales in the second quarter of fiscal 1997 requiring an adjustment by Operations.

ACCOUNTS RECEIVABLE: Aged receivables (in excess of 120 days) totaled \$44 thousand. This includes Informant receivables of \$17 thousand and \$10 thousand due from Interplay for Royalties. The bad debt reserve stands at \$23 thousand, offset by returned checks and credit card charge-backs in excess of \$17 thousand. Control procedures over bounced check and credit card charges are in need of improvement. The process used to administer returned check charges should be monitored closely by management until the balance in the account is brought down to a more reasonable balance; (say \$3,500). Due to the uncertain nature of the receivables, including an "over 120 days" aged listing in excess of \$43 thousand and the bad check file, we recommend that the reserve be increased by \$25 thousand.

INVENTORY: Inventory levels have fallen 9% in six months, a significant change. A gross to net margin analysis disclosed no abnormal margin patterns. Detailed review of inventory by class is being conducted by Finance Committee staff and will be reported under separate cover. With the recent change in top management it may be appropriate to have Operations prepare a written policy statement on inventory, including description of policy covering inventory composition, valuation, reserves, and verification. Questions may also be raised as to whether the USCF should continue to invest in inventory that is by contract required to be purchased in quantities exceeding 3 months on hand. Operations may also want to take a fresh look at the practice of storing all inventory adjacent to the Administrative headquarters.

PREPAIDS AND ADVANCES: Review of the balance sheet disclosed several cost items that are being written off over the balance of the fiscal year. This includes the former Executive Director's severance and vacation, which is being written off over 10 months. We recommend that all prepaid accounts that represent deferred expense be written off as of the date of the review. This would constitute an adjustment of approximately \$80 thousand.

TOURNAMENT INCOME AND EXPENSE: No substantive issues were noted in this section. Refer to the detailed report for several structural, procedural, cost savings, and financial reporting recommendations.

FIXED ASSETS: This asset group will be reclassified to the balance sheet effective 5/31/97. Consideration should be given to taking an inventory of both on-site fixed asset items and fixed asset items, such as fax machines, that were purchased and provided to both current and past Policy Board members.

DEFERRED MEMBERSHIP INCOME: No substantive issues were noted in this section.

ACCOUNTS PAYABLE AND ACCRUALS:

Professional Tax and Audit Services: A total of \$39,000 in payments was charged to fiscal 1997 expense. The professional fee accrued liability account carried a balance of \$49,608 over year-end 1996. We expect that the accrual account balance represented at least a portion of this work. The decision process used to engage the audit firm in expensive tax services is well documented and understood. There was no formal agreement with the firm for the contracted tax work. Our requirement for formal contracts covering items of this nature is addressed earlier in the report. Also, while it appears that this professional service was performed after fiscal year-end, and is thus properly charged to fiscal 1997, we question the rationale of the decision to spend \$25 thousand of a total professional fee budget of \$55,000 on this service.

Several other items of concern were noted:

The monthly accrual for professional fees should be increased to \$7,500 a month. This adjustment has already been provided for in Dr. Leroy Dubeck's Financial Projection.

The liability due to employees for vacation pay is not accrued. We recommend an accrual of \$25,000. This should subsequently be revised based on a comprehensive calculation.

Full year expense for overtime and temporary employees appear to approximate the cost of two FTE's. This cost should be investigated.

The policy on overtime pay should be reviewed for compliance with state and federal law.

Executive Summary - Continued

Page 4

MEMBERSHIP INCOME: USCF's membership system does not provide management with sufficient information to control the business and must be replaced as a matter of priority. The database provides no information or statistics on transaction processing. Formal policy must be developed clarifying membership expiration. The present informal system could result in as much as an 8% error in membership renewals. Members can also receive more than 12 publications of Chess Life. The system, written in COBOL, will be unable to properly account for memberships set to expire beyond 12/31/1999. The Office is already having the problem of how to account for three-year memberships sold in January, 1997.

WEB SERVICES: No exceptions were noted in review of this area.

CHESS LIFE INCOME: No exceptions were noted in this area.

OTHER INCOME: No exceptions were noted in review of this area. Royalty accrual entries from Interplay, due in mid-1996, are still open and unpaid.

CHESS LIFE PRINTING AND DISTRIBUTION: The review disclosed no accounting errors in this area. Operationally, however, it may be prudent to study the time line of delivery of the Catalog to print vendors in order to avoid excess charges and ensure efficient utilization of their services. It was also pointed out that the purchase of a color printer for approximately \$3,500 would save the Federation several thousand dollars a year in charges from print vendors.

PAYROLL AND BENEFITS: A full accounting of year-to-date payroll costs revealed no significant errors in this area. The USCF continues to operate using an outdated, relatively informal HR policy manual. The revised policy manual should be completed and released prior to the August annual meeting.

EXECUTIVE INCENTIVE AGREEMENT: While it is generally agreed that this agreement was authorized, we understand that this was done in a closed session of the Policy Board and that there is no formal record of approval. Apparently, past practice has always been to take no notes at such closed meetings. We recommend that the Policy Board take action to correct this deficiency.

OVERHEAD EXPENSES: No exceptions were noted in review of this area.

Executive Summary - Continued

Page 5

POLICY BOARD: The board is 37% over budget for transportation, Hotel, Per Diem and Misc. This is unacceptable given our present financial situation and should be addressed.

MAINTENANCE OF USCF HEADQUARTERS BUILDING: While visiting the New Windsor Headquarters in January, 1997 we noted that the building's roof was leaking. While building repairs and maintenance have been discussed at several Policy Board meetings, we do not recall recent action being taken to address these matters. We strongly recommend that Operations advise LMA management in writing as to the present status of building repairs and maintenance suggested in the past two years. LMA management should address these items to ensure financial viability of the building investment.

USCF Finance Committee-

Audit Subcommittee:

Anthony Cottell

E. Steven Doyle

Dr. Leroy Dubeck

James F. Pechac - Chair

February 17, 1997

TO: Don Schultz
Fan Adams-fax
Tom Dorsch
Jim Eade
Robert Ferguson
Bill Goichburg
Racheal Lieberman
Please Binfo

SUBJECT: ACTION ITEMS RECOMMENDED BY USCF FINANCE COMMITTEE

Note: the first three recommendations were provided by the Committee on October 29, 1996; Many of the Steve Doyle items were posted to r.g.c.p. in late October, 1996. The list is in no way intended to be comprehensive. It's primary purpose is to initiate a thought process within the group that will result in action to make the USCF alert to potential revenue areas and more cost conscious.

The Committee encourages USCF management to review, consider, and implement these suggestions as a means to address the current financial / budget challenge. We suggest that USCF Operations form a separate cost savings committee, made up of key managers and employees, and that they meet on a scheduled basis to develop and implement these and other recommendations.

A written record should be made of all cost savings conclusions and actions reported through these meetings, and the meeting minutes directed to Binfo for information purposes.

USCF Finance Committee
January 11, 1997

c: George Filippone juraf@msn.com

ACTION ITEMS RECOMMENDED
BY USCF FINANCE COMMITTEE
1/11/97

STRATEGIC ISSUES

Advise Policy board of seriousness of financial and systems situations. Establish a written action plan for resolution of the USCF Financial situation. (Pechac)

Full audit of first quarter disbursements, including review of bank statements and reconciliations. (Pechac)

Until otherwise noted, the Treasurer, or his designee, should be required to approve all authorizations for expenditure (commitments) over a specific amount as established by the Board. (Pechac)

Operations to prepare a detailed cash budget on a three month rolling basis. Deviations should be explained. (Pechac)

Promote the Postal chess area BIG or sell it (Doyle)

Set up a fee for service with the Trust--no more keeping weekly time sheets...(Doyle)

Re-engineer Work Flows at the office--the outputs are old--I got three letters asking me to submit \$4.00 for a guy that played in NJ Open that was not a member...inside of each one was three pieces of paper and hand written notes. Come on....(Doyle)

The systems are terrible...we need to buy but can't just yet...lets decide what we need and work towards it (Doyle)

"Peachtree" Accounting system. Should we convert to Quicken For Business? (Doyle)

Propose future USCF revenue and expenditures on a monthly basis. Require specific action to monthly budget variances by the office. (Pechac)

Put any ideas to sell the building on hold--we have other problems now. Sign a lease with LMA the landlord---I promise to be fair (Doyle)

FINANCIAL ISSUES

Develop a forecast of major balance sheet categories; establish programs to reduce investment in idle assets and extend liabilities where permissible. (Cottell)

Review status of Open Accounts Receivable and actively go after accounts and charge interest on over 30 days. Go back and collect old A/R by referring to collection agency- (Doyle)

Analyze inventory on hand by type and value and reduce inventory on hand. Consider return of unneeded inventory for credit or in partial payment of current account. Dramatic reduction in inventory overstocked in several large categories--this raises cash but hurts income stmt (Doyle)

Identify miscellaneous balance sheet categories and adjust. Discontinue practice of deferring expenses to subsequent periods. (Pechac)

Prepare list of unpaid invoices and determine the liability for Informants.

Establish funding procedure for resolution of \$231,000 liability that will protect USCF account with vendor. (Pechac)

Review bank loan covenant. Develop and propose revised funding procedure with bank. (Pechac)

REVENUE ENHANCEMENTS

The linking of the USCF website to the IBM website during the May, 1997 Deep Blue - Kasparov match could produce Major revenue increases in both the membership and books and equipment categories. This possible revenue-enhancing opportunity is consistent with the USCF's strategic need to expand into the Internet in order to reverse the present long-term decrease in regular members. USCF should vigorously pursue needed upgrades in its website in order to capitalize on this event. (Dubeck)

Consider membership program in conjunction with 25th anniversary of Bobby Fischer's World Championship match win vs. Spassky in Reykjavik, Iceland. (Pechac)

Review Chess Life archive for souvenir issues and other historical chess items to give to members as an incentive to rejoin. Consider Fischer memorabilia. (Pechac)

Any FIDE events held in US this year --organizers will be billed for rating fees --any titles at FM level--member will be billed (Doyle)

Seek another outlet for sales in West (Doyle)

Buy Airline mileage as a premium for computer sales/high end chess sets (Doyle)

Get time on Home Shopping network--Xmas and Fathers Day (Doyle)

Get ads for School Mates--potential at \$10,000 (Doyle)

Push Renewal membership 500 miles for renewing! (Doyle)

Push Scholastic Chess like crazy--hire full time go getter (Doyle)

Hire fund raiser on commission only (Doyle)

Examine Lease vs. Buy options ASAP (Doyle)

COST SAVINGS

Cut any remaining Master Chess activity for this fiscal year by 30% (Doyle).

Reduce funding for the 1997 U.S. Championship and other tournament events.

Develop a program to ration tournament income for other major tournaments in 1997-98 as appropriate. (Cottell).

Require all Open National events to be on a pure P/L--no fee with organizer getting a large cut--(Doyle)

National event rebates: historically these rebates went to USCF. In recent years the organizer has taken over airfare, hotel & Car rental rebates --- in the form of comp tickets - and USCF pays full travel for staff at these events. (Doyle)

Cut Salaries/Staff by 10% (Doyle)

Programmer - convert to outside service (Doyle)

Employees need a 401K to save for retirement. Start that and eliminate current plan I started in 1986. Give a 3% match to non executive staff and a 1% match up to \$1000 to Executive staff. (Currently they get same deal as hourly...) (Doyle)

Cut Forms and Supplies by \$35,000--cap at \$45,000; cut office supplies by \$10,000 (Doyle)

Eliminate any additional FIDE reimbursement--I'll donate to USCF (Doyle)

No fixed asset acquisitions effective immediately-- (Doyle)

Purchase of Fax machines - physical inventory of purchases in last 4 yrs

Older units now in the hands of Barry, et al. Recall and reassign to new PB so that they do not have to buy new be reimbursed by USCF. (Doyle)

Secretary minutes - printing cost. Consider cost savings in this area.

Maybe even elimination of minutes. (Doyle)

Telephone--switch carriers--install network top save dollars (Doyle)

Institute management control over collect calls and credit card calls. (Doyle)

Post PB newsletter on Internet only till end of year; post press releases on Internet only Cut postage costs by use of E-mail by \$20,000(Doyle)

Eliminate sending PB packs priority mail (Doyle)

No reimbursements to PB visits at national events; No staff visits to national events-only National Scholastic Cap PB reimbursement at \$3000 per PB member (Doyle)

Frequent flyer awards should accrue to USCF. PB members should be required to turn over all mileage to USCF for any trips taken at USCF expense. This should yield 3-4 tickets per year (Doyle)

Require rebates on Air from all National events including National Open
(Doyle)
Negotiate National Travel Agency, Car and Air rebate program (Doyle)

Promote Visa card again (Doyle)
Cut Professional fees--contact Gary Sperling and beg him to take back the job
(Doyle)
Discontinue subscriptions to publications cut budget for books and
periodicals (Doyle)
Discontinue donations, chamber dues, etc. (Doyle)
Defer all SASP payments until January 1997. (Doyle)
Justify use of off-site storage space rental (Doyle)
Justify USCF Company car - insurance, repairs, gas. Is a log maintained?
(Doyle)
Review contracts for Cleaning services, etc. and determine if cost effective.
(Doyle)
Outside lighting - convert to sodium lighting - much cheaper (Doyle)
I left CL and School mates alone---but I have some ideas--starting with the
waste in postage in CL....come on Glenn...watch the nickels and dimes the
dollars watch themselves (Doyle)

* * * * *

E-mail

TO: USCF FINANCE COMMITTEE

FROM: JIM PECHAC

DATE: 11/5/96

RE: USCF PROFIT SHARING PLAN AND TRUST - 401K

In October Operations released a Binfo concerning proposed changes to the USCF Profit Sharing and Trust Plan (for employees). At the bottom of this document are George Filippone's Binfo 96-588 to the Board, with attached letter and plan summary written by Craig Simon, an attorney engaged to draft a new 401K plan for employees.

The Board will be reviewing and approving action on this plan at the November meeting, with the plan to take effect 1/1/97.

An example of some relevant points that I think should be made on this matter: What is the bottom line cost of this plan revision? Is the cost in the 1997 budget? Does USCF donate 2% of total salaries to the 401K? Or 2% of salaries of employees that are contributing? How do contributing

employees receive funds in their account? Who will do the administration, accounting, and investing? What is the cost of the administration, accounting, and investment? Will this be paid by the fund or USCF? (Etc, etc)

I have copied below the first paragraph from our 1996 Annual Report, which describes the current "Pension Plan". It is not clear (to me) whether USCF will be paying 2% toward the employee portion of the 401K in addition to the 2% toward the pension.

I am sure that the majority, if not all of these questions have been worked out. I will copy George to ensure that he is aware of our interest and can provide details. Perhaps you each can look over this plan document and comment as appropriate.

Your input on the vesting portion of this plan would be useful.

Jim Pechac

E-mail

TO: USCF FINANCE COMMITTEE

FROM: JIM PECHAC

DATE: 11/20/96

RE: USCF PROFIT SHARING PLAN AND TRUST - 401K

On November 5, 1996 I sent a letter to committee members requesting your comments on the plan by USCF Operations to convert the pension plan to a 401k plan. If you want a second copy please write to me and ask. I also asked George Filippone to respond to certain questions on the planned change - which he did. George's response is below.

At the recent PB meeting the board asked Tom to assign the Finance Committee to review and comment on the 401K conversion plan. As a result I am again asking for committee input. While this action is in no way finalized it may be important to develop the 401k plan now due to the fact that it could be an economic incentive for new top operating management.

As of January 1, 1997 not-for-profits will be permitted to operate 401K's. USCF is considering converting the current pension plan to a 401k, and to fund the plan from the company side with a minimum of 2% of applicable payrolls. Company contributions over 2% will be based on overall company performance and employee status - executive level versus all other. My understanding is that the funds in the present plan will be rolled from the present investment vehicles to a firm such as Merrill Lynch or Charles Schwab. The specific means to accomplish the conversion was not provided to me and is at this time still unclear.

In my mind the following appears to be an acceptable change by USCF:

1. Convert the present pension plan to a 401K. . Company matching portion will be a minimum of 2% based on vesting. Amounts over 2% by USCF to be determined by PB based on result of financials.
2. Establish vesting for the plan using an employee is applicable for contributions after 1 yr of employment, and will be vested in company portion over a 4 year period at 30-50-80-100% increments.

What is unclear to me is how the old plan will be rolled in. The old plan has been in effect since 1991. Employees are presently vested in the old plan. How do we:

Roll all vested employees to the new 401K?
Pay off all former employees vested in the old plan?
Do with plan investments that remain?

Any suggestions or background on this item will be useful. Please send your comments on the 401K proposal in to me ASAP. Appreciate the help.

Jim Pechac

Subj: Re: Profit Sharing Plan and Trust - 1997
Date: 96-11-21 14:46:21 EST
From: anthonyc@warwick.net
To: JPechac@aol.com, tjbarre@aol.com (toddbarre), FCamaratta@aol.com, anthonyc@warwick.net (tonycottell), ESDOYLE@aol.com, lwdubeck@aol.com (lwdubeck), drchip@indirect.com (myronlieberman), npeacor@capecod.net, 75444.325@compuserve.com (pauld.shannon)
CC: tomdorsch@aol.com (tomdorsch), JuraF@msn.com (georgefilippone)

An employee pension plan was initiated by the Doyle Board in the mid 80's. I don't know where 1991 came from. Why is the office spending so much time and money converting an already good and acceptable pension plan. I really don't see any measurable benefits. Tony

Subj: Re: Profit Sharing Plan and Trust - 1997
Date: 96-11-21 02:45:54 EST
From: drchip@indirect.com (Myron Lieberman)
To: JPechac@aol.com
CC: juraf@msn.com, secretary@juno.com (Lieberman, Rachel)
RE: USCF PROFIT SHARING PLAN AND TRUST - 401K

Jim, This vesting plan seems reasonable, but some thought needs to be given to relinquishments.

The portion of the fund given up by employees who are not fully vested needs to be apportioned among the remaining employees and added to their accounts.

The account review statements for the Motorola Profit Sharing fund, for example, spelled out for each employee the portion of their account value that was due to their contribution, dividends/interest on their contribution, the company contribution, dividends/interest on the company contribution, market variation (on company contribution only), and relinquishments.

I was a member of Motorola's Profit Sharing Council for 3 years (and a member of the board of the Motorola Employee's Credit Union West for 9 years) and have seen firsthand that the employees were happy with this structure and so was the company. While it is true that the relinquishments would have been higher than USCF's are likely to be due to a vesting schedule that went from 50% after 1 year in 5% increments until full vesting after 10 years (10% on the last increment), relinquishments will still be significant enough to include on the statements.

What is the current vesting schedule on the old plan? My first impression is that it would make sense to roll active employees to the new plan, taking with them both the dollars in their accounts and their seniority (not necessarily the same as their vesting unless the schedules of the old plan and the proposed 401K are identical). In other words an employee on the old plan who has been with USCF for 9 months reaches 30% vesting in 3 additional months while an employee who has been with USCF for 2 years already and has participated in the old plan will be vested at 50% regardless of their previous vesting.

Also to be considered is how the 401K structure will affect any employee who currently is eligible for a tax deferred IRA (if any are). Regards,

Myron Lieberman

E-mail Response from George Filippone:

What is the bottom line cost of this plan revision?

Approximately \$2000.00

Is the cost in the 1997 budget? Does USCF donate 2% of total salaries to the 401K? Or 2% of salaries of employees that are contributing?

It was originally, but the professional services line --- i.e. legal, accountant fees for review of USCF tax status -- have made its original inclusion problematic.

How do contributing employees receive funds in their account?

A contribution is made annually under the current plan and would continue under the proposed plan.

Who will do the administration, accounting, and investing? What is the cost of the administration, accounting, and investment? Will this be paid by the fund or USCF?

The administration and accounting has always been contracted out to a professional service Recommended by our past auditors. Spectrum charges approximately \$900 per year for record maintainance and report filing.

Investment has previously been done by the whole Board with the Treasurer as their designee. The last Board passed a motion making the Trustees the Treasurer, the Executive Director, and Director of Operations the Trustees. This Board appointed both Tom Dorsch and myself as trustees at the last PB meeting.

The fund will be paid by USCF. The plan is to change the current plan and make a similar contribution to a self-directed 401K at a brokerage such as Charles Schwab or Merrill Lynch that have many varied investment opportunities for the employees. The plan moneys are currently invested in Vanguard Asset Allocation Fund.

E-mail Response from George Filippone:

I have copied below the first paragraph from our 1996 Annual Report, which describes the current "Pension Plan". It is not clear (to me) whether USCF will be paying 2% toward the employee portion of the 401K in addition to the 2% toward the pension.

There is a plan contribution method in place since Gary Sperling's stint as Treasurer that mandates a minimum contribution of 2% to a maximum 4% depending on the bottom line. A 401K cannot mandate a contribution in the plan document itself. The Board can and should continue to mandate a contribution schedule outside the plan document.

The proposed change is not meant to be in addition to the current plan but to change the nature of the plan to allow for self-direction and individual contribution. No additional moneys are required other than the cost of re-writing the current plan to conform with the 401K provisions.

I hope these answers help your understanding of the proposed changes. Please contact me if you need more information.

Vesting is always an important factor in any plan. I prefer, as noted in my memo, a quicker vesting procedure. Please note in the Annual the longevity of staff. So many of our people have already vested that a question of added expense is moot.

I simply want to allow individual contribution by our employees and offer a decent mechanism for them to save for eventual retirement. Self-direction allows the young to be more aggressive in their investing if they desire, an individual to buy and trade stocks. and all employees to put more than USCF's contribution in their account and maximize their tax advantage.

Regards,
George Filippone

FINAL REPORT
November 23, 1996

TO: Tom Dorsch - Treasurer
George Filippone - Acting Executive Director - Please BINFO

RE: CONVERSION OF PENSION PLAN TO 401K

Dear Tom & George:

The Finance Committee was requested to review and comment on Operation's proposal to convert the USCF pension plan to a 401K. Enclosed for your information are photocopies of selected responses I received on this subject.

In summary, conversion to a 401K is considered to be in the employees' interest and is expected to result in a nominal cost to USCF. We would normally recommend that such a change be structured and enacted as soon as practicable. However, given our present financial situation, it may be more appropriate to enact the change subsequent to actions related to the 1996-97 Budget Review.

Specific comments related to financial and management issues:

COST ESTIMATE: Operation's has indicated that the cost for this change is nominal. However, we suggest that an estimate of overall cost of the conversion (legal fees, etc) be developed for Board information. Please copy the Finance Committee on this.

CONVERSION POLICY: The policy to introduce the new plan should specify that employees will receive at least equality in converting their ownership in the old plan to the company portion of the new one. No participant should be converted to a less favorable financial position. In addition, the conversion method should be simple enough mathematically for an employee to follow with no unnecessary complications.

COMPANY MATCHING: In a regular pension plan each participant is vested in a like manner based on hired dates, vesting dates, and salary. In a 401K it is not infrequent for the company portion to enure only to employees that participate by investing their own funds (with the company putting up a "matching" portion). Employees that do not participate normally do not receive the company matching portion. It is not clear from the proposal how the proposed USCF plan will be designed. Based on the discussion provided so far, it is assumed that each employee will receive a company portion irrespective of whether or not they contribute personal funds. While this is consistent with plan conversion, it may be prudent to consider conversion to a plan that encourages employee investment by adoption of a matching program for all (or part) of the company contribution.

ACCOUNTING FOR RELINQUISHMENTS: Myron's comments on "relinquishments" (the portion of company contributions given up by employees who leave before they are fully vested) are important. The plan benefit statement should delineate account value by source (employee basic, employee additional, dividends/interest on employee portion, etc).

VESTING: The design of the vesting is a more subjective issue and has already been discussed by George Filippone.

PROPOSED CONVERSION TABLE: The former plan should be reviewed and a summary prepared of each participant's hire date, vesting rate, and current account value. To this information should be added their vesting in the 401K and the value of the company portion of the proposed 401K. The list should present intended resolution of any former employees that are currently vested in the former plan, and the intended method of resolving their accounts.

ADMINISTRATIVE COSTS: The plan should specify who will address the costs of administration, such as the cost of purchasing shares, or other ancillary expenses. Note that in the current pension plan shares are purchased one annually. In the new one share purchases will occur on a monthly basis for each participant.

INVESTMENT VEHICLES: Employees should be provided a reasonable range of investment vehicles. Please advise the committee on the plans in this area.

FUND PERFORMANCE: The plan should specify that all employees will receive regular statements on equity and investment performance.

CONVERSION REPORTING: The cost of the conversion should be captured in expense records, and a summary prepared for the Delegates at the annual meeting.

Should you have any questions on this report feel free to contact me via the above address. Sincerely;

James Pechac; Chair
USCF Finance Committee

C: USCF FINANCE COMMITTEE:
Todd Barre
Tony Cottell
Frank Camaratta
Steven Doyle
Leroy Dubeck
Myron Liebermann
Wayne Praeder
Norman Peacor
Paul Shannon
cf: Binfo #96-588

REPORT TO COMMITTEE
April 24, 1997

TO: FINANCE COMMITTEE:
Frank Camaratta
Tony Cottell
Steve Doyle

Leroy Dubeck
Myron Liebermann
Norman Peacor
Paul Shannon

CHARITABLE TRUST:

Arnold S. Denker
Harold Dondis
M. Lee Hyder

COPY:

Mike Cavallo
Tom Dorsch

RE: GIFT ANNUITY PROPOSAL BY BILL MOUSHEY OF MISSOURI DM96-90

Dear Committee Members:

As you may recall, at the annual meeting Bill Moushey of Missouri recommended that USCF establish a gift annuity program to raise money. The following motion was presented to the delegates:

DM 96-91/NDM 96-90 (Bill Moushey, MO): The Board of Delegates directs the Finance Committee to study the feasibility of a USCF Gift Annuity Program and report back to the USCF Policy Board by the next Policy board meeting in November, 1996. (Referred to The Finance Committee.)

Bill provided me with a copy of some financial information that he obtained from the St. Louis Symphony Gift Annuity Program, which is enclosed for your review. I have also enclosed for your background some of the material from the Institutional Advancement Dept. of The Cleveland Clinic Foundation.

I conferred with George Filippone on this topic late last year, requesting him to search USCF files and check with office personnel to determine whether USCF had ever attempted this type of "AMarketing" program before. George was unable to locate any file reference material related to a program of this type. If anyone is aware of USCF's previous use of charitable giving literature please contact me.

Other than the material that is printed periodically in CL, I am not familiar with the charitable program literature provided by the USCF Charitable Trust. For the present time, I propose that we address the topic of charitable donations generically, and avoid differentiating whether such programs should be run directly by USCF or through the Trust. I have included several CT directors in this mailing so that they are aware of this discussion. I encourage the Trust to provide information to the Finance Committee members in order that we all better learn from this discussion.

As you can see from the enclosed CCF literature, there are a number of different planned giving formats that can be offered to prospective donors. In addition to outright donations, including those related to estate planning, there exists a rich array of tax sensitive financial vehicles. The Clinic approached this complex selection process by printing a series of individual brochures for the various financial concepts, and displays these brochures at its institution. The Institutional Advancement Department also

provides this material selectively to prospective donors based on request and/or interview. This is done to simplify the process, and to keep the prospective donor more concentrated on the commitment to the institution rather than befuddled by a dazzling choice of options.

Relating to Bill Moushey's specific inquiry concerning gift annuities; this program encourages donors to contribute assets, such as cash, securities, or other property, to a charitable institution. In return the charitable institution provides financial return to the donor, usually for life. The donors also are provided certain one-time tax benefits, computed based on the fair market value of the donation.

Donations in the form of gift annuities are normally irrevocable. Payments are made regularly by the charitable institution to either the donor or, under certain circumstances, specified beneficiaries. The charitable institution receives all earnings over and above the amount due to the donor (or beneficiary.) During the time that the donor (or beneficiary) is still living the donation is placed in a restricted status, and may not legally be accessed by the charitable institution. This is normally provided for by placing the donated item with a third-party trustee. A limited time frame, such as 20 years, may be assigned to the trust. When the trust terminates the donated assets pass to the charitable institution.

Depending on the financial situation of the donor, donations in the form of gift annuities to charitable institutions can be quite beneficial for all concerned. One of the most frequent examples is the donation of common stock, purchased by an individual in his/her earning years some time ago, that is currently not paying a reasonable dividend. Should the individual sell the stock a significant tax bite would ensue. By donating the stock to the trust the stock's market value" would immediately convert to an (agreed upon) investment earnings rate, and at the same time provide a similar tax write off. The trust would provide payments to the donor for life, at which time the shares would convert to unencumbered ownership by the charitable institution. A beneficiary may also be involved as mentioned earlier.

There are many other formats and examples, some which include more complex considerations such as insurance coverage and estate tax avoidance. But in any case a high degree of reliance is placed on the ability of the financial arm of the charitable organization to manage their financial affairs in a manner so that the encumbered principle is prudently invested to provide each donor with the predicated income stream. Preferably, the charitable institution should amass the financial savvy to easily outrun the minimum return, thus providing period income which it may either reinvest or use for a charitable cause.

Following are the various methods of receiving donations ranked in terms of financial complexity: (this breakout is mine - and is subject to discussion and change:

Category I

Unencumbered Cash Gifts

Category II

Gifts of Stock or Other Property

Charitable Bequests

Category III

Life Income Gifts

Charitable Remainder Trust

Charitable Gift Annuity
Pooled Income Fund

For any of the Category III donations, consideration must be given to the fact that the USCF does not have a full time financial professional to manage such a program and the related investments. Based on familiarization with programs at my institution, any formal planned giving program requires a significant financial and personnel resource commitment. A complex program such as CCF's requires use of financial software so as to simplify the fund development process and market the program to prospective donors. Similarly, a back-room software product is necessary to properly apportion earnings from financial instruments to the various "funds" on a timely and accurate basis. Both systems require personnel skilled in financial planning and analysis. This is necessary not only to market the program and account for the products, but also to summarize and present the program to membership, the delegates, and the Policy Board.

An important concept of planned giving is the necessity to provide the donor with an "accounting" of his/her donation. This can be done using various funds earmarked for specific investments, such as "Building Program", "Chess Life", "Scholastics", or just simply "General Fund." My understanding is that for the past several years USCF Operating Management allocated all gifts or bequests directly to Operating Income, and spent the money in the current budget year. Based on the learning curve that the Federation has gone through over the past eight months I think we all see how important it is to provide for financial downturns by creating a savings and investment plan.

My preference, based on this incomplete background, is to develop a planned giving program with particular emphasis on Category II (primarily Charitable Bequests). USCF should also establish a formal savings plan as a part of this program. While I respect Bill Moushey's motion, I do not believe that the USCF should introduce Category III products until we hire and fully indoctrinate a full time financial professional.

Of course, the timing of this strategic program is highly dependent on our current financial situation. It was not inappropriate, for example, for Mike Cavallo to address the deficit by introducing a Category I campaign. We should work to develop this product and learn from it.

This letter hopefully will establish a communication line and bring all USCF financial professionals up to date on the status of this topic. I would like feedback from the group so that we can discuss which direction USCF should proceed. Please let me know what you think of Bill's motion, so that we can develop a response to the Delegates in that regard. Your thoughts on structure and responsibility are also encouraged. Please Email your comments to the group.

JFP/
Finance Chair

April 30, 1997

TO: FINANCE COMMITTEE:

Frank Camaratta
Tony Cottell
Leroy Dubeck
Myron Lieberman
Norman Peacor
Paul Shannon

COPIES:

Mike Cavallo
Tom Dorsch
Steve Doyle
M. Lee Hyder

BLUE RIBBON PANEL

Woody Harris
Warren Pinches
Helen Warren

Dear Committee Members:

I am sure that you all have by now received a copy (enclosed) of the proposed Bylaws Revision, drafted by the Blue Ribbon Panel, a Delegate committee comprised of Woody Harris, VA, Chair; Frank Camaratta, AL; Tom Dorsch, CA/N; Steve Doyle, NJ; Warren Pinches, MA; and Helen Warren, IL. The Panel's primary role is to propose a reorganization of the USCF governance structure. The panel was created by Delegate motion in 1995 and is due to present it's proposal at this year's annual meeting. This letter presents my thoughts on the proposal as it impacts the area of finance.

We should first recognize that the BRP proposal was not developed specifically to address only the USCF finance function. Instead, it is an attempt to provide structural change to the USCF management process. Also, BRP committee members presented their proposed changes to the Delegates at Alexandria, and encouraged them to review, discuss and comment on the proposal over the coming year. I have waited until now to raise these issues, mainly to see if others may do so earlier and if so what the effect would be. Since there has been little discussion on this aspect of the proposal I prepared this letter.

THE VICE-PRESIDENT OF FINANCE WILL BE ELECTED BY THE POLICY BOARD RATHER THAN BY THE DELEGATES

Under present policy the Treasurer is elected by the Delegates. While any delegate can run for Treasurer, campaign statements, background, and qualifications will ensure that the post is won by an individual with the necessary skills. Also, financial candidates must take a stand on financial issues prior to the election.

Under Blue Ribbon Panel, the Policy Board shall consist of six members of the Board of Delegates elected for staggered terms of four years by the Board of Delegates at the annual meeting. Elections are held every even-numbered year, with three Policy Board posts filled as a result of each election. Once elected the six Policy Board members use an internal election process to establish four officers: President, Vice-president, Vice-president of Finance, and Secretary. The term of each office is two years.

The election of Vice-president of Finance (formerly Treasurer) will now be determined by the Policy Board, not the Delegates, and will change every two,

rather than every four years. It is possible that of the six elected Policy Board members, none will be equipped with the background or familiarity necessary to properly address the financial issues in the USCF. Should only one individual with the requisite background be on the Policy Board, board political structure could result in that individual not being "elected" to the Vice-president of Finance position. It is also possible that two or more qualified financial individuals will run for the Policy Board and both be elected, with the result that the "loser" of the Board election choosing to then resign rather than act in a nonfinancial capacity. Political reality may result in a reduction in the number of financial individuals interested in Treasurer.

My purpose for raising this issue is more to get other points of view on this specific issue that to attack the overall proposal. It is logical to enhance board comradely, and improve morale, by changing the process so that the Board elects its own internal "leader" as President. Similar logic supports the method for Vice-president and Secretary. Must we use the same rationale for determining the financial gatekeeper?

NEW CHIEF FINANCIAL OFFICER POSITION IS A POSITIVE STEP

The Chief Financial Officer will be appointed by the Policy Board and supervised by the Executive Director. The Executive Director and the Chief Financial Officer serve as ex-officio members of the Policy Board, with the right to debate and make motions, but without the right to vote. From a financial perspective, this newly created post is the most significant proposed improvement. The new post may more than compensate for a Vice-president of Finance with less than appropriate technical skills. Also, as this post is appointed (hired) by the Board, there is more chance of filling it with a qualified individual. The Blue Ribbon Panel proposal brings about the long sought after "second accounting professional", and provides the New Windsor Office with full time financial expertise.

On the downside, qualified financial candidates make balk at taking on a position that has little internal advancement opportunity. Also, it may not be possible to fill this post without giving up the open Director of Operations post, as that position may be more important to the Executive Director.

The title "Chief Financial Officer" is, in technical audit and accounting literature, normally used to refer to the most senior-level financial officer of an organization. I suggest that the Chief Financial Officer title in the Blue Ribbon Panel Proposal be replaced with Director of Accounting.

PERFORMANCE EVALUATION

The Chief Financial Officer position is "appointed" by the Policy Board, but supervised by the Executive Director. Supervision implies that the Executive Director will evaluate the Chief Financial Officer's performance. However, it seems incorrect to permit the Executive Director to fire but not hire. On the other hand, the Policy Board will be turning so frequently that giving them responsibility for performance evaluation of the Chief Financial Officer would seem inconsistent. Perhaps this issue was already addressed by the Blue Ribbon Panel. If so I would be interested in their logic.

RESPONSIBILITIES OF THE VICE-PRESIDENT OF FINANCE

The Vice-president of Finance shall obtain records of the financial affairs of the federation, report to the Board of Delegates, and counsel and assist the Policy Board on financial affairs. As an added duty, I suggest that the Vice-president of Finance ensure that the management and accounting control systems are operating as intended. The Vice-president of Finance should also assist the Chief Financial Officer in running the financial affairs of the federation.

RESPONSIBILITIES OF CHIEF FINANCIAL OFFICER

The duties of Officers appointed by the Policy Board ... shall be set forth in written memoranda by the Policy Board. Copies of said memoranda shall be added to the minutes for dissemination to the Delegates. This delegation is proper for general management positions who relate their responsibilities to plans established for the current period, on which performance incentives can be based. However, in this instance my preference is to list duties by reference to this individual's job description.

I encourage additional comments by the Finance committee on these and other financial implications of the BRP proposal.

JFP/

Final Report To Committee
May 3, 1997

TO: FINANCE COMMITTEE
Frank Camaratta
Tony Cottell
Leroy Dubeck
Myron Lieberman
Norman Peacor
Paul Shannon

COPIES:
Mike Cavallo
Tom Dorsch
Steve Doyle
M. Lee Hyder

RE: USCF FINANCIAL OVERVIEW

Dear Committee Members:

The firestorm ignited in USCF by the financial deficit has burned for over five months, resulting in a flurry of reform proposals and organizational redesigns. A similar, if not more intense blaze was ignited last year concerning the LMA, and the year before the topic was "the Internal Control Reports." The discussion and debate that accompanied each of these topics was favorable; among other things, it improved our perception of USCF reality. But there is more to be done.

The USCF management core operating process is graphically depicted on Exhibit 1. To this representation, the Delegates have introduced three separate and independent management controls; the Treasurer, the LMA, and the Finance

committee (refer to Exhibit 2.) These control points are similar to the Controller, the Treasurer, and audit committee existing in for-profit entities. It is of interest to note that the "hot" issues of the last three years each impact a separate control point on this chart.

PROPOSED CHANGES TO THE LMA MANAGEMENT COMMITTEE

Enclosed is a draft copy of Leroy Dubeck's proposal to change the structure and responsibilities of the LMA Management committee. This draft is still in the process of finalization, and may be a bit different than the final one Leroy submitted. I have taken the liberty to relate Leroy's proposal to the Exhibit to show how this and other proposals can be developed to address the following management concerns:

1) IMPROVE CONTROL OVER OUR LOAN COVENANT: The Board of Delegates formed the LMA Management Committee for the purpose of overseeing the investment of LMA assets. The committee is also responsible for related accounting issues such as determination of the liability due to life and sustaining members. Operations cannot access LMA assets without following a specified approval process.

A known loophole in our policy is the ability of Operations to obtain a bank loan and commit USCF to a debt which may only be repaid out of LMA funds. While a review process for bank loans does exist, the borrowing of funds by Operations to finance seasonal inventory buildup has made such approvals relatively routine. In addition, last year Operations arranged extended credit terms with Informant, resulting in a defacto loan. The lack of a monitoring process on loans delayed development of a plan to address the recent deficit. Leroy's proposal brings the loan approval process under review by LMA.

2) CLARIFY OVERLAPPING RESPONSIBILITIES: The Delegates approved a rewording of Article 10 two years ago in California that established the Accounting, Valuation and Reporting (AVR) Group, the Liquid Asset Group, and the Fixed Asset Group. These advisory groups had as their primary responsibility to provide technical advice to the LMA management Committee, each in their own specific area of competence.

This technical overview process does not appear to be working as intended. AVR performed fieldwork in fiscal 1996 resulting in several reports and proposals that were widely disseminated. However, since that time the group has been relatively inactive. To the best of my knowledge the Fixed and the Liquid Groups have not been active for some time.

The advisory group structure also unnecessarily complicates the reporting process to the delegates. Preferably, all group reporting should be required to channel to the Delegates through the LMA Management Committee. However, this does not appear workable, due mainly to the lack of direction assigned to the advisory groups by LMA. (Perhaps a Management Committee member should have been assigned to work directly with each group on their technical agenda.)

Leroy Dubeck's modification of Article 10 removes the three advisory groups from the formal structure. This does not mean that these control concepts disappear, they are still the responsibility of the management committee. Under the revised format the management committee will be required to formally meet and place assignments with technical project groups made up of

selected USCF financial representatives. The work will be directly monitored by LMA, and they will be accountable for the final report to the Delegates.

3) BROADEN THE LMA PERSPECTIVE: The present committee configuration is staffed by three financial personnel. While this is not improper, the fact that these individuals have similar professional backgrounds may narrow the group's thought process, and could be a reason why the committee has failed to interrelate and discuss issues. Leroy's proposal is intended to achieve three objectives:

a) Expand the committee from its present three to five, thus providing for quorum meetings. With the present structure if one individual is not available a meeting cannot be held. The decoupling of the advisory group structure and the establishment of LMA Management Committee representation on technical project groups assigned is consistent with this expansion;

b) Enhance committee background by adding general management personnel, and including a financial representative from the CT. The general management representation will be useful in addressing loan financing.

c) Include the Executive Director. This is a prudent measure intended to improve communications with Operations. It may be debatable as to whether this post is voting or non-voting. My preference is the latter.

The change in the committee's composition is by far the most significant, politically and will be subject to much discussion and debate. While this motion may indeed pass, I predict that it will be revised so that the former Treasurer keeps a seat.

IMPROVED ACCOUNTING CONTROL OF U.S. CHARITABLE TRUST

A second change on Exhibit 3 concerns extension of the Finance and LMA Advisory Committees to the loans, investments, and financial reporting policies and related control procedures of the U.S. Charitable Trust. The Trust, while under the responsibility of a separate board, and maintained using an independent accounting and financial system, has to this point not been covered by USCF committees. There are a number of prudent business reasons why this should be considered.

The continued reappraisal of USCF has identified objectives that are more similar than different from those of the Trust. CT is provided a number of administrative services directly by USCF, and both would benefit by common accounting, charitable giving, and investment systems. I do not expect the CT financial or loan covenant issues to be significant. However, the expansion of LMA's role into CT investments will provide the means for USCF and CT to employ similar investment strategies and reduce cost by consolidation of portfolios. This would of course be conducted only to the extent that it is legally permitted.

I expect that Leroy's proposal will require time to consider and evaluate. Due to the learning process that the committee should go through concerning the Chess Trust I recommend that we exclude the CT proposal from formal consideration until the 1998 meeting. As always, your comments on the topics discussed in this letter, and the accompanying exhibits, are welcome. Thanks for your contribution to U.S. Chess.

JFP/

ps: I drafted the exhibits intending to present them at Orlando to the Delegates. A chart can assist in explaining relatively complex relationships all at once without having to "bore the reader." If you have some thoughts or ideas on changes to these charts or development of additional ones please let me know. Thanks.

April 6, 1997

TO: USCF FINANCE COMMITTEE:

Norman Peacor
Tony Cottell
Paul Shannon
Leroy Dubeck
Frank Camaratta
Myron Liebermann

Dear Committee Members:

Enclosed are Fixed Asset reports developed from year end work papers provided to USCF by Ernst & Young. I have taken the liberty to load them into a spreadsheet in order to provide us with a decision tool for the upcoming conversion to Fixed Asset accounting. The three detail reports list assets by serial tag number, by year of acquisition, and by asset type (further sorted by year of acquisition).

| | | Gross | Accum | Net |
|--------------------------|-------------|-----------|-----------|-----|
| Life | | | | |
| Land & Building | \$382,723 | \$183,532 | \$199,191 | |
| 30 | | | | |
| Building Improvements | 91,724 | 40,602 | 51,122 | |
| 31.5 | | | | |
| Computer Eqpt | 295,934 | 203,974 | 91,960 | |
| 5 | | | | |
| Editorial Equipment | 72,012 | 67,239 | 4,773 | |
| 7 | | | | |
| Furniture & Office Eqpt. | | 200,855 | 177,171 | |
| 23,684 | 7 | | | |
| Automotive Eqpt. | 15,680 | 15,419 | 261 | |
| 5 | | | | |
| Total | \$1,058,928 | \$687,936 | \$370,992 | |

Please review the enclosed material and E-mail your comments (to the committee) on how USCF should address this policy change. I would also appreciate any information you can provide related to the accuracy of the descriptions and classification of items appearing in the accompanying reports.

Note that while I was able to reconcile the above totals to the EY financials, and made every effort to revalidate dates, spelling and punctuation, there still may be inaccuracies in the description section of this report. Any corrections you note will be gladly appreciated.

JFP/

c: Steve Doyle
Mike Cavallo
Sonya Lynch

E-mail

Subj: LMA Accounting Policy - Accounting changes
Date: 05/18/97
To: mike_cavallo@msn.com (Mike Cavallo)
CC: tomdorsch@aol.com (TOMDORSCH)

Mike - not to catch you off guard - but the LMA accounting changes that I propose will impact certain budget lines. as examples:

Depreciation will be recorded - for both the building and for other fixed assets. The building depreciation will be LMA's. The rest goes to Operations.

(Internal) Rent expense will be booked for Operations. LMA will have a rental income account.

Interest, dividend and investment gain / loss will be recorded on the LMA side only.

Operations will have a new account to record the \$140K annual write down of the LMA reserve account.

I am proposing intercompany payables and receivable accounts to record transaction monthly. The intercompany account balances will be cleared via check payment from LMA to Operations.

I have included the above in my budget analysis. The amounts are not significant - but it will be important to put the LMA issue behind us at the Delegates meeting.

I have not worked out the implications of the above on the monthly reporting - other than to say that if we continue to use the present software then I will sit down with Sonya and revise the Quattro Pro templates.

thanks for your patience!
your comments are welcome

Jim Pechac

Subj: 1998 LMA Accounting Change - for comment
Date: 05/18/97

To: Fcamaratta@aol.com, anthony@warwick.net (Tony Cottell),
esdoyle@aol.com, lwdubeck@aol.com (LWDubeck), drchip@indirect.com (Myron
Lieberman), npeacor@capecod.net, 75444.325@CompuServe.COM (Paul D. Shannon)
CC: mike_cavallo@msn.com (Mike Cavallo), vv39a@prodigy.com (Don
Schultz), hortense@indirect.com (Denis Barry), tomdorsch@aol.com (TOMDORSCH)

PROPOSED ACCOUNTING CHANGES:

The 1998 Budget will include the following accounting changes approved by the Delegates at the 1996 Annual Meeting:

1. The USCF Profit and Loss Reporting will be broken down into two sections, Operations and LMA.
2. LMA will bill Operations monthly for Internal Rent. A separate income line will be reported for LMA rental income, with a corresponding expense line for Operation rental expense - USCF Facilities.
3. Depreciation will be recorded on assets using the current book value and remaining lives of capitalized assets plus estimated depreciation for assets planned to be acquired in the upcoming fiscal year. A separate depreciation expense account will be reported for USCF building depreciation, which will be recorded to the LMA account.
4. Dividend interest income, and recognized gain/loss from investments, will be recorded to the LMA Account.
5. Operations will record an Intercompany receivable, and LMA an Intercompany payable, for the write-down of the LMA reserve account. Operations will offset this entry to a new income account entitled Life and Sustaining Income. LMA will offset this entry to a contra account in the LMA Liability section of the Balance Sheet.
6. Each month Operations will record an Intercompany payable, and LMA an Intercompany receivable, for the LMA portion of respective Life and Sustaining Sales, each of which LMA is due to receive 95% and 50%, respectively. Operations will offset the related income accounts when making this entry; and LMA will offset a current year account in the LMA Liability section of the Balance Sheet.
7. The Intercompany accounts will be cleared by payment on a quarterly basis.

JFP/

Subj: Re: 1998 LMA Accounting Change - for comment
Date: 97-05-19 18:45:40 EDT
From: anthonyc@warwick.net (APC)
To: JPechac@aol.com
CC: FCamaratta@aol.com, ESDOYLE@aol.com, lwdubeck@aol.com (lwdubeck),
drchip@indirect.com (myronlieberman), npeacor@capecod.net,
75444.325@compuserve.com (pauld.shannon), mike_cavallo@msn.com (mikecavallo),
vvhv39a@prodigy.com (donschultz), hortense@indirect.com (denisbarry),
tomdorsch@aol.com (tomdorsch)

Strange, during my six years as Treasurer the USCF had none of this "funny" bookkeeping. I find it somewhat sad that many good people consent to this "raid" of the LMA. I repeat, during my years as Treasurer "operations" just budgeted for repairs and maintenance, with full agreement from the Chair of the Finance Committee, and the full finance committee. I have no problem being a voice in the wilderness. It's just that long-time friends are being hoodwinked. As a CPA I believe I know a bit about accounting. What is being done is not GAAP, nor kosher, BUT politically correct!!! Just my 2 cents. Regards to friends and adversaries. Tony

Subj: Re: 1998 LMA Accounting Change - for comment
Date: 97-05-19 07:19:17 EDT
From: ESDOYLE
To: JPechac

The MGMT committee can approve this--it does not need to go to the delegates.
I vote yes

Editor's Report

*www.uschess.org is the Official Website of
the United States Chess Federation*

"There are few wild beasts
more to be dreaded than a
talking man having nothing
to say."*

— Jonathan Swift

Good News, Bad News

The bad news is that our six month relocation at 192 Rte. 9W has lasted 15 months.

The good news is that our six month relocation at 192 Rte. 9W has lasted 15 months.

We like it here. We have windows. And heat in the winter. And air conditioning in the summer. And two outside telephone lines, one for a FAX machine, and one for online connections. Did I mention windows?

The bad news is that our assistant editor, John MacArthur, has left for greener pastures (read shorter hours and more money). Making your avocation your vocation isn't all it is cracked up to be.

The good news is that former assistant editors Ron Burnett and Elliott Winslow have agreed to help out this summer until a new assistant editor is found. Saved my bacon is what they did.

The bad news is that USCF was looking at a financially horrible year. The bad news is that CHESS LIFE had to trim almost \$30,000 from its operating budget. The bad news is that we had to alternate some of our regular columnists. But you already knew that. I've got the letters to prove it.

The good news is that we did it, and in doing so, found ways to save money for this fiscal year. By renegotiating our contract with Quebecor, we should be able to print 12 issues for almost what was budgeted for 11 issues this past fiscal year. I hope.

The bad news is that by changing our cover date (so that the August issue comes out in August instead of July), we have probably confused everyone. No, it doesn't mean you get an extra issue. No, it doesn't mean you get one issue less. It just means

that your expiration date will now match the cover date. And that's the good news, because that little clerical change should save the federation over \$20,000 a year by saving on weekly supplemental mailings. Your rating on your June cover will match your rating in the June rating supplement. New members and late renewals who received a monthly supplemental mailing before a weekly supplemental mailing, will no longer be calling up to complain that they received their August issue, but not their July issue. No longer will we have to send out an issue (which really is already in the mail) first class in order to satisfy a doubtful caller. One time members — those who did not renew — were, in reality, getting 13 issues for their one year membership. Join in June and you expire 6/30, which means you are entitled to the July issue (already mailed), and that meant a weekly supplemental mailing. And if you joined after the 10th of the month, when the main mailing list is created, then you had to go on a monthly supplemental list in order to get the August issue. And at the other end of the spectrum, since your membership was good through 6/30, you got the July issue whether you renewed or not, since you were still on the main mailing list. Now when you join during the first ten days of June (approximately), you will make the generation of the main mailing list for the July issue, or if you join later in the month, you'll make the monthly mailing for the July issue. And your membership will end with the June issue of the following year. Twelve issues. AND, as a bonus, CHESS LIFE will appear to be more current with its content. Under the old system of cover dates, the report on the U.S. Open would appear in the November issue — if we were lucky. Even though that issue was released and received in October, that's not something you remember half a year later. Now, at least the cover date will be October. The printer can't give us a faster turnaround, the post office won't deliver any quicker — in this age of instant gratification (read Internet), we need every break we can get.

The bad news is that we have started, stopped, and stalled too many times over the past two years with our website. The good news is that Jade River, Inc. has made remarkable progress as our new webmaster, our online catalog not only looks good (thanks to the super efforts of John MacArthur) but also you can USE it now.

Glenn Petersen
Chess Life Editor

USCF Computer/Internet Committee Report

by Myron Lieberman, Chairman

The Computer / Internet Committee was formed by the merger of the Computer Chess and Computer Communications Committees last August.

The Committee's primary concerns during the year had to do with the USCF web site, the upgrading of the office computer system, and the Tournament Administrator program. There were a number of delays in these areas due in part to the transition in the office and related factors.

As expected, the World Wide Web continued to grow as a means of communication. The Delegates in August of 1996 passed a motion that clearly mandated that the site was to be maintained and improved, but this proved to be a problem as funding was not made available for that purpose. The result was that the operation of the web site was transferred from Websong Publishing to Engage Games Online in December, 1996. Engage had generously volunteered to host the site on a no charge basis. While they provided a server they did not provide the timely maintenance required of what is primarily an information site. An important opportunity was missed as the Christmas Catalog made its debut after Christmas and had significant problems when it did appear. The CIC outlined a number of problems with the website in general, and the catalog in particular, that needed attention. Another opportunity developed with the Kasparov-Deep Blue match. By the time of the match, thanks to John MacArthur and the office staff, a satisfactory catalog was online but there was still no online ordering of merchandise, renewal of memberships, or payment of rating fees. Availability of the catalog online was sufficient for a significant increase in phone orders for merchandise (approximately double the normal volume).

The Kasparov-Deep Blue match resulted in unprecedented visibility of chess in the news media and especially on the Internet. IBM's official site for the match was linked to many of the highest visibility locations on the Internet. The IBM site included a direct link to US Chess Online (www.uschess.org) so that people who never knew of USCF could reach our site by clicking on a link that they found while on the IBM site. Our site, running on Engage's server, received over 3 million "hits" during the time of the match. Websong publishing provided additional servers at no charge to handle the volume from game 5 forward. Thanks to Engage and Websong for their support.

"Chess Life Online" was added to the site in 1997 and quickly became one of its most popular features. It provided current news, games, and other information in a timely

manner. The Correspondence and Scholastic areas have been enhanced and the "Guide to Scholastic Chess" is online. A new area for beginners has recently been implemented.

As of the deadline for this report plans are to hire Jaderiver Designs to maintain and develop the site. The remaining problems, including timely updates of ratings, TLAs, news, and other information, should no longer be a problem. Alternative measures are also in place in the event of further delays.

The web is now truly a mass media publication and the issues involved with the web site are becoming more editorial than technical. I propose that for 1998 and the future the editorial content of the web site (and there should be a web editor as soon as possible when finances allow one) be considered as within the scope of the Publications Committee. The Computer / Internet Committee will remain available for technical support of the Publications Committee and will jointly review feedback and web issues with the Publications Committee. At this point US Chess Online needs to be recognized for what it is - a very widely read publication - and it should be treated as such.

The Policy Board in May, 1997, committed to a policy of having a web site second to none.

The Computer / Internet Committee has reviewed the status of the Tournament Administrator program and has looked at the problem of upgrading the software under two parallel efforts. One idea was to hold a competition among volunteer programmers to develop DOS, Windows, and Mac versions acceptable to the office, the CIC, and Tournament Directors. Calls for volunteers were made and several people have volunteered for this project. The other idea was for USCF to get out of the software production business and simply certify third party software for use in submitting rating reports. This would allow more than one program to be used for submission of rating reports and give the author(s) full control over the software. Certification would be based on output submitted to the office. The committee has also recommended that certified rating report programs as well as pairing programs be carried in the USCF Catalog subject to normal selection criteria for products to be included in the catalog.

The Computer / Internet Committee has made itself available to the office for advice about the upgrading of office systems. The CIC will continue to consider HTML/Java/ActiveX standards as an ongoing project but has no recommendation at this time.

Respectfully submitted, Myron Lieberman, Chairman

Reach Out! - A report on USCF Outreach Efforts

By USCF Secretary Rachel Lieberman

Over 20 million Americans play chess but less than half of 1% are USCF members. Of the hundreds of millions of Americans that may not play chess, many would become chess enthusiasts if they knew of a good reason to do so.

The value of chess in general and the USCF in particular has not been adequately brought to public attention. Most USCF communication has been to members and former members. It is essential that we now share our "secret" and introduce American chess to America.

To this end the Policy Board has created an Outreach Subcommittee which I chair. Dr. Robert Ferguson is the other member of the subcommittee. This report reflects the progress of our outreach efforts to date.

I will address three general areas of outreach. These are Chess in Education, Chess as a tool for Prevention, and the Media. I will conclude by emphasizing how anyone and everyone can help.

1. **CHESS IN EDUCATION** - The Chess in Education Committee, thanks to the efforts of Dr. Robert Ferguson, Jayne Bertovich, Sunil Weeramantry, and many others, held a reception at the Capitol Building in Washington DC in September, 1996. Representatives from government agencies and educational organizations attended, including the National Education Association (NEA). Through contacts made at this event mention of chess found its way into the January, 1997, issue of "NEA Today" magazine and over 3,000 requests for information were received and processed by the office. Chess in Education will be represented at upcoming teachers' conferences.
2. **CHESS AS A TOOL FOR PREVENTION** - Benjamin Franklin was the first prominent American to fully realize and advocate that chess could have a major positive effect on society. Two centuries later his ideas are equally applicable to today's society. The concept is that chess provides a positive alternative to the many negative influences that confront youth. Additionally chess provides the discipline and thought processes necessary for children and adults alike to succeed in life and to recognize and be responsible for the consequences of their own actions. The "Summer Special" issue of "Chess Life" magazine contained two stories about judges who recognize the value of chess to society

and are doing something about it. Sponsorship would be very helpful to institutionalize these and similar programs.

My article on this subject was published in the Fall, 1996, issue of the "NOAPPP Network Newsletter" and received a good response. One contact that resulted from this article was the Spar and Spindle Girl Scout Council, which represents over 11,000 Girl Scouts in MA and NH. Arrangements have been made for USCF Scholastic Director Beatriz Marinello to introduce chess to this organization in September, 1997. The Girl Scouts of America organization is celebrating its 85th anniversary and can be a good partner of ours in bringing chess to female participants. We are also continuing to work with the Boy Scouts of America at the national level to develop chess merit badge and award programs.

NOAPPP is a network of agencies, organizations, and foundations dedicated to the prevention of adolescent pregnancy. We presented a workshop at their annual conference in October, 1996, and it was very well received. Many of the attendees didn't even know how the pieces move, but clearly understood the significance of chess as a tool for prevention. Many organizations are adding chess to their programs. Arrangements are being made for USCF Scholastic Director Beatriz Marinello to attend the NOAPPP conference in November, 1997.

The Centers for Disease Control and Prevention (CDC) is enthusiastic about this concept and arrangements have been made for the CDC (Atlanta, GA), the Illinois Caucus for Adolescent Health (Chicago, IL), the Latino Community Development Agency (Oklahoma City, OK)*, the Edgewood Independent School District (San Antonio, TX), The YMCA of San Antonio and the Hill Country (San Antonio, TX) to see chess programs in place in the New York schools and to conduct focus groups at the 1997 US CHESSathon. The CDC plans to include chess in their prevention programs in several communities and monitor and evaluate the results. *The LCDA is affiliated with HEART of OKC.

Contact has been made with the Turner Foundation, the California Wellness Foundation, Multnomah County (OR) Health Services, the Children's Aid Society, and others. Plans call for Specific proposals to be submitted.

3. THE MEDIA - A mailing was made to over 300 newspapers and agencies nationwide. It discussed chess as a positive alternative and specifically promoted the Super Nationals, the US CHESSathon, and the Kasparov-Deep Blue rematch. This mailing underscored one point that should be helpful to

everyone. Newspapers were generally very interested in the "hometown" angle. Anyone who plans to participate in a significant national event should contact their local newspaper. There is a good chance of getting coverage for both the individual and the event. Another important point is the need for media kits to provide information on our top players and events.

The Kasparov - Deep Blue rematch generated an unprecedented intensity of public visibility for chess. This opened the door to media interest in chess in general. Many local and national chess personalities appeared on radio, TV, newspapers, magazines, and the Internet. US Chess Online (the USCF website at www.uschess.org) was reachable by direct link from the official IBM site at www.chess.ibm.com. It is essential that we build on this momentum. Now is the time that you have public attention. Recognize it. Make good use of it. Keep your local media informed.

Contact was made with "Modern Maturity", a magazine that reaches the membership of the AARP. Under consideration is an article about chess that will also seek volunteers from the magazine's readership.

VOLUNTEERS - We need volunteers in order to take advantage of our opportunities. I published a call for volunteers in the May, 1997, issue of "Chess Life" magazine, which received a good response. Thanks to all who have indicated a willingness to help out. Many more are still needed. If you are interested in volunteering I can be reached at secretary@aol.com.

USCF is currently considering association with "America's Promise - The Alliance for Youth", a national call for volunteers spearheaded by President Bill Clinton, the living US Ex-Presidents, and General Colin Powell.

The Outreach Subcommittee is interested in your input and appreciates any outreach that you are may be doing. Let me know how we may be able to help you.

Rachel Lieberman

**ADVANCE AGENDA FOR THE 1997 USCF MEMBERSHIP MEETING
AUGUST 8, 1997, ORLANDO, FLORIDA**

- I. Welcome by USCF President Donald Schultz**
- II. Introduction of USCF Policy Board Members and Staff.**
- III. Old Business**
- IV. New Business**

**ADVANCE AGENDA FOR THE 1997 USCF BOARD OF DELEGATES MEETING
ORLANDO, FL, AUGUST 9 AND 10, 1997**

I. CALL TO ORDER BY USCF PRESIDENT DONALD SCHULTZ

II. ROLL CALL OF DELEGATES.

Re-election of those Delegates-At-Large whose terms are expiring or have expired is normally sponsored by Harold Winston (IL). This year Harold Winston is a candidate for re-election. Please note: those eligible for re-election as Delegates At Large under this motion are those who were previously elected as Delegates At Large, whose terms have expired or are expiring as of the beginning or the end of the 1997 Delegates' Meeting, and who are present at the 1997 Delegates' Meeting. All three conditions must be met

ADM 97- 01 (Rachel Lieberman, AZ): The Delegates re-elect as Delegates At-Large those whose terms are expiring or have expired and who are present at this meeting (names to be filled in).

III. APPROVAL OF THE MINUTES OF THE 1996 DELEGATES' MEETING.

ADM 97-02 (Rachel Lieberman, AZ): Moved, that the minutes of the 1996 Delegates' Meeting be accepted.

IV. CERTIFICATION OF ELECTION RESULTS

Normally this will generate two motions from the floor. One motion will be to certify the election results and the other to commend the election tellers.

ADM 97- 03 (Rachel Lieberman, AZ): The Delegates certify the election results.

ADM 97- 04 (Rachel Lieberman, AZ): The Delegates thank and commend the Tellers and Assistants in the election:

V. REPORTS OF USCF OFFICERS AND STAFF.

A. Report of the President

B. Report of the Executive Director

Please note that the following motions may be considered at this time:

ADM 97-05 (Adams, Eade, Ferguson, Goichberg, Lieberman, Schultz): Beginning January 1, 1998, one, two, and three year Scholastic dues should be raised from \$10.00 - \$20.00 - \$30.00 to \$12.00 - \$23.00 - \$34.00. Beginning January 1, 1998, one, two, and three year Youth dues should be raised from \$15.00 - \$30.00 - \$45.00 to \$17.00 - \$32.00 - \$47.00.

Beginning January 1, 1998, Scholastic memberships should be limited to people fifteen years of age and under.

Please note: Motion 97-25 also deals with a proposed dues increase.

ADM 97- 06 (Board): DM 94-56 and prior motions setting TLA and rating fees are rescinded. The Executive Director will develop a substitute fee structure.

C. Report of the Treasurer

The following motions are submitted as part of the Treasurer's report:

ADM 97- 07 (Board): The 1997-98 budget as presented by the Treasurer is adopted.

ADM 97- 08 (Board): The employment of the accounting firm of (name to be filled in) is ratified.

D. Report of the Editor of Chess Life

E. Report of the President of the US Chess Trust

VI. Reports of the FIDE Delegate and Zonal President.

VII. Committee Reports

DELEGATE COMMITTEES- Note: Delegate Committees are appointed by the Delegates

Report, related motions, and nomination and election of 1998 committee members:

Blue Ribbon Panel on Governance

Please Note: The Blue Ribbon Panel on Governance offers the following motions for consideration by the Delegates:

ADM 97- 09 (Blue Ribbon Panel): The Bylaws of the United States of America Chess Federation are amended as follows to implement the new governance structure as proposed to the Delegates

Blue Ribbon Panel - Proposed Bylaws

Article I: Name

The name of the corporation shall be the United States Chess Federation (USCF), commonly known as US Chess.

Article II: Purposes

The purpose of the Federation shall be educational and instructional, to broaden and develop chess as art and recreation, as a significant element of culture in America. The Federation shall cooperate with schools, colleges, hospitals, military bases, community centers, recreation departments, and other groups and institutions, in teaching chess, conducting tournaments, and other activities. The Federation shall disseminate information through its publications and representatives, and the Federation shall select the official USA representatives in all international chess affairs. The Federation shall encourage and support chess programs for handicapped individuals and the participation of handicapped in chess activity, including, where feasible, the expansion of opportunities for meaningful participation by handicapped individuals in all chess competition. The Federation is pledged:

(a) to operate exclusively for educational, recreational, and social welfare purposes;

(b) that no part of its contributions, dues, or net income shall inure to the benefit of any individual, except that trophies or prizes awarded in the course of its educational and promotional program shall not be so construed; and

(c) that the Federation is not operated for profit and that neither principal nor income of any of its funds may be used in any attempt to influence legislation.

Article III: Membership

Section 1. Regular Membership. Any person may become a Regular Member of the Federation upon payment of \$40 dues for one year, \$75 for two years, or \$109 for three years. This may also be referred to as Full Adult Membership.

Section 2. Youth Membership. Any person under 20 years of age and a resident of the United States or Canada (or if he or she submits his or her membership through a USCF affiliate) may become a Youth Member of the Federation upon payment of \$15 dues for one year, \$30 for two years, or \$45 for three years.

Section 3. Scholastic Membership. Any person under 20 years of age and a resident of the United States or Canada (or if he or she submits his or her membership through a USCF affiliate) may become a Scholastic Member of the Federation upon payment of \$10 dues for one year, \$20 for two years, or \$30 for three years.

Section 4. Special Membership. A blind person may become a Special Member of the Federation upon payment of \$7 dues for one year, \$14 for two years, or \$21 for three years.

Section 5. Senior Membership. A person who has passed his or her 65th birthday (and who is a resident of the United States or Canada or if he or she submits his or her membership through a USCF affiliate) may become a Senior Member of the Federation upon payment of \$30 dues for one year, \$60 for two years, or \$90 for three years.

Section 6. Family Membership. Any person may become a Family Member of the Federation upon payment of \$11 per year, provided that a relative in the same household is a Life, Sustaining, Regular, Senior, or Blind member. Any person under 20 years of age may become a Family Member of the Federation upon payment of \$11 per year, provided that a relative in the same household is a Life, Sustaining, Regular, Senior, Blind, Youth, or Scholastic member.

Section 7. Life Membership. Any person may become a Life Member of the Federation upon payment of \$850 dues. Any person age 65 years or older may become a Life Member by payment of \$425 dues, or one-half of the Life Member rate then in effect. The Federation may require reasonable confirmation of eligibility from time to time as a condition to continuation of Life membership.

Section 8. Sustaining Membership. Any person may become a Sustaining Member of the Federation upon payment of dues equal to twice the current rate for Regular (Full Adult) Members plus a surcharge*. After 10 such timely payments, a Sustaining Member becomes a Life Member. (Note, the rate for Sustaining automatically changes with each dues increase for Regular Members.) *The surcharge, set by the Delegates, is currently \$15.

Section 9. Promotional Memberships. In order to facilitate the development of membership promotion, the Policy Board may authorize special promotional membership terms and rates for a limited period of time to determine their feasibility by trial; such terms and rates shall be subject to review annually by the Board of Delegates.

Section 10. Rights and Privileges. Each Life, Sustaining, Regular, Senior, Blind, Computer, and Youth member shall be entitled to receive a regular copy of Chess Life. Each Scholastic member shall be entitled to receive a regular copy of School Mates. Each member shall be entitled to have his or her tournament play officially rated, to participate in the Annual Membership meeting, and to enjoy all other rights and privileges of membership not herein enumerated. Members and Affiliates with mailing addresses outside the United States may be charged an additional fee to cover extra costs.

Section 11. Revocation of Membership. The Policy Board, subject to the provisions of Article III, Section 12, may revoke or suspend the membership of any member for good cause.

Section 12. Revocation of Membership or Affiliation. In the event that the Policy Board shall revoke or suspend the membership of an individual or affiliate pursuant to Article III, Section 11, or Article IX, Section 5, it shall, prior to taking such action, give to the individual or affiliate 30 days' written notice of the proposed action. Within said time said individual or affiliate may submit in writing to the Policy Board reasons why

such actions should not be taken. The Board may thereafter, if it sees fit, act upon the written suggestion or set a date for a hearing to be held at or prior to the next annual meeting of the Federation, but before the meeting of the Board of Delegates. Any person or affiliate aggrieved by any action of the Policy Board may appeal to the Board of Delegates at the said annual meeting if the action is taken at the said meeting, or at the next meeting of the Board of Delegates. The Board shall affirm, reverse, or modify the action of the Policy Board. Only Delegates present in person may vote on any such appeal.

Section 13. Annual Membership Meeting. The President shall call and preside at an annual meeting of the membership, held in conjunction with the U.S. Open tournament, for the purpose of hearing reports and making suggestions to the Board of Delegates. Twenty-five members present in person shall constitute a quorum. The Secretary shall publish in Chess Life advance notice of the meeting.

Article IV: Voting Members

Section 1. Responsibility. The Voting Members are responsible for electing the Delegates and Alternate Delegates that represent their state. An insert containing nominees and voting instructions shall be inserted in an appropriate issue of Chess Life.

Section 2. Definition. Any member who is 18 years of age or older at the time of the election, is in a membership category that receives Chess Life magazine, and whose membership is current through the end of a month in which an election is held, is a Voting Member.

Article V. Board of Delegates

Section 1. Responsibility. The Board of Delegates is responsible for the management of the USCF. It shall formulate general policy, adopt the annual budget, and write the Bylaws.

Section 2. Number. The Board of Delegates shall be composed of the Policy Board members, the Delegates at Large, and ninety Delegates, apportioned among the states in proportion to their USCF membership as of May 31 of any year in which there are Delegate elections, except that each state with thirty or more members must have at least one Delegate. In addition, any Policy Board member-elect who is not already a Delegate becomes a Delegate immediately upon certification of the election result

Section 3. Nomination . Members may be nominated for Delegate from the state in which they reside by either submission of a petition bearing the signatures of ten members who are residents of their state to the Secretary of the USCF on or before April 1 of an election year; or, in the alternative, by submission of a nomination from the official state affiliate to the Secretary of the USCF on or before April 1 of an election year. Nominees submitted by the state affiliate shall be so designated on the ballot.

Section 4. Election. Delegates for each state shall be elected by the members of their state. Ballots for that purpose shall be included in Chess Life so that the ballots can be returned and counted no later than August 1 of a year in which there is an election. Ballots shall be authenticated by use of official mailing labels provided in Chess Life with the ballots. Each state shall elect three times its allotted number of Delegates and list them in the order of votes received, the candidate who receives the largest number of votes listed first, and so on. The candidates who receive the largest number of votes are elected Delegates, the others are elected Alternate Delegates to fill the number of vacancies apportioned to each state. Delegates shall be considered elected immediately upon certification of the election results by the Board of Delegates and shall continue to serve until their successors are certified. Ties shall be broken by the President of the state affiliate in which the tie occurs.

Section 5. Vacancies. If one or more Delegates from any state are not present or are unable to attend the Annual Meeting, the state president or senior officer may fill the vacancy or vacancies from its ordered list (refer to section 4, supra) of Alternate Delegates. If there are insufficient Alternate Delegates from the state to fill all remaining vacancies, the state President or senior officer may appoint Alternate Delegates.

Section 6. Annual Meeting. The President shall call and preside at an annual meeting of the Board of Delegates, held in conjunction with the U.S. Open tournament, for the purposes of hearing annual reports, installing officers, and considering other USCF business. A quorum shall consist of one third of the whole Board of Delegates present in person. The Secretary shall mail to each Delegate, between thirty and forty days before the Annual Meeting, a notice of the meeting and an agenda.

Section 7. Delegates at Large. Delegates at Large shall consist of all USCF Presidents who have served at least two years in office or of those individuals who have rendered distinguished service to chess and who are elected by at least a $\frac{3}{4}$ vote of the Board of Delegates at two consecutive Annual Meetings. The number of Delegates at Large shall not exceed twenty. The term of the Delegates at Large shall commence at the Annual Meeting at which they achieve Delegate at Large status and continue for three more Annual Meetings. A Delegate at Large whose term is expiring may be elected to a new term.

Article VI: Policy Board

Section 1. Composition. The Policy Board shall consist of six members elected for staggered terms of four years by the Board of Delegates at the Annual Meeting. Elections are held every even numbered year and three Policy Board members are elected in each election. The Executive Director and the Chief Financial Officer serve as ex-officio members of the Policy Board, with the right to debate and make motions, but without the right to vote. All Policy Board members are national officers of the USCF.

Section 2. Functions. The Policy Board shall manage the affairs of the Federation, including employment and other contracts, between meetings of the Board of Delegates and shall perform other duties as are specified in these Bylaws. The Policy Board shall be subject to the authority of the Board of Delegates, and none of its acts shall conflict with actions taken by the Board of Delegates. The Policy Board's direction to the staff shall generally be given by the USCF President.

Section 3. Meetings. The Policy Board shall meet at least twice per year, the day and place to be fixed by vote of that Board. Special meetings, including conference telephone calls, may be called by the President or upon the written request of any three members of the Policy Board. Reasonable efforts to notify all Policy Board members of the meeting shall be made by mail, fax, telephone, or other means approved by the Policy Board. The minutes of the Policy Board shall be sent to all USCF Delegates and Alternate Delegates, and posted on the USCF's Internet web page, within six weeks of each meeting. A quorum shall consist of a majority of the Policy Board present in person. The affirmative votes of at least three different Policy Board members will be required to approve any action, as long as there are at least four members on the Policy Board.

Section 4. Nomination. Any USCF member shall be eligible for nomination to any elected office upon submitting to the Secretary a valid petition containing the signatures of fifty or more Voting Members. No full time employee of the USCF is eligible to serve on the Policy Board. The Secretary shall have advertised a call for nominations in the issue of Chess Life published on later than January 20 of an election year and shall publish a list of all duly submitted nominations in the issue published not later than June 20 of an election year.

Section 5. Election of Policy Board Members. Between thirty and forty days before the announced Annual Meeting of the Board of Delegates in each year in which a Policy Board election is to take place (referred to as an election year) the Secretary shall mail to every Delegate a ballot for a secret mail vote, listing all duly submitted nominations. These ballots shall be mailed to a post office box in the locality of the U. S. Open and must be received by the day on which the official vote count is held. The ballots shall be opened and counted by the Secretary and by tellers appointed by the Policy Board prior to the Annual Meeting of the Board of Delegates. A plurality shall elect and the President shall break any ties of electoral results.

Section 6 Election of Policy Board Officers. At an organizational meeting immediately following the certification of election results by the Board of Delegates, the Policy Board shall elect among itself the following officers: President, Vice President, Vice President for Finance, and Secretary. The term of each

officer shall be for two years, except that upon a vote of 2/3 of its membership, the Policy Board may at any time meet in person or by teleconference and elect new officers.

Section 7. Terms. The terms of the Policy Board members shall commence at their first meeting, which shall immediately follow the Annual Meeting, and shall continue for four years except as provided in Section 10 of this article. The terms of the Policy Board officers shall commence at their first meeting, which shall immediately follow the Annual Meeting, and shall continue for two years except as provided in Sections 6 and 10 of this Article.

Section 8. Duties.

President. The President shall preside at all meetings of the membership, Board of Delegates, and Policy Board; carry out all requirements of these Bylaws, represent the Federation officially on occasion, and report annually to the Board of Delegates. Policy Board voting shall be conducted in a random and impartial sequence, except that the President shall have the option of voting last.

Vice President. The Vice President shall execute the duties of the President when the President is unable to serve and such other duties as are assigned by the Policy Board or the President on its behalf.

Secretary. The Secretary shall coordinate with the office to ensure that a professional stenographer or reporter is present to record the minutes of Policy Board and Board of Delegates meetings. The Secretary shall review the minutes, act as custodian of the corporate seal, preside over Federation elections, ensure that the annual report is filed with the Secretary of State of the state of Illinois, and perform such other duties as are prescribed by these bylaws. The Secretary shall officially publish and mail and also post on the USCF Internet web page a summary of the minutes a summary of the minutes of Membership Meetings, Annual Meetings, and Policy Board meetings.

Vice President of Finance. The Vice President of Finance shall obtain records of the financial affairs of the Federation, report to the Board of Delegates, and counsel and assist the Policy Board on financial affairs.

Member at Large. Members of the Policy Board shall have such other duties as are assigned by the Policy Board or by the President on behalf of the Policy Board or as prescribed by these bylaws.

Section 9. Vacancies. If a vacancy shall occur on the Policy Board it shall be filled by special election as described in Section 5 of this Article, except that a vacancy occurring within four months before the next regular Annual Meeting shall be filled by a vote of the Board of Delegates at the next regular Annual Meeting.

Section 10. Removal and Recall. Members of the Policy Board are subject to removal by the Board of Delegates through either of two procedures; Recall by Petition for Recall and Recall by Delegate Motion for Recall.

Petition for Recall. A petition for Recall bearing the signatures of at least one third of the Delegates may be filed with the USCF Business Office. Upon certification of the petition, notice of the recall shall be provided to the Delegates by mail and the Policy Board Member who is subject to recall shall have no less than thirty days to communicate his/her views to the Delegates. At the end of that period a recall ballot shall be mailed to the Delegates providing for its return within two weeks to the Business Office. At the end of that period the ballots shall be opened and tabulated in the presence of three tellers, one appointed by the highest officer of the Policy Board who is not subject to recall, one appointed by the Policy Board Member who is subject to recall, and one appointed by the Business Office. If at least fifty ballots are received and at least 2/3 of those voting support recall, the Member is recalled.

Delegate Motion for Recall. A Delegate Motion for Recall may be placed on the advance agenda by filing said motion with the Secretary (or with the President if the Secretary is the Member subject to recall) within the time frames provided. A Delegate Motion for Recall requires the signatures of at least ten Delegates. The

Member shall be given an opportunity to speak on the Motion for Recall at the Annual Meeting. The Motion for Recall must pass by a 2/3 majority for the Member to be recalled.

Article VII: Other Officers, Appointees, and Committees

Section 1. Officers appointed by the Policy Board. The Policy Board shall appoint an Executive Director, a Chief Financial Officer, a Publications Director, and a National Promotion Director.

Section 2. Duties of Appointees. The duties of Officers appointed by the Policy Board, Committee Chairs, and other Policy Board appointees shall be set forth in written memoranda by the Policy Board. Copies of said memoranda shall be added to the minutes for dissemination to the Delegates.

Section 3. Committees. The Board of Delegates shall appoint the following Standing Committees:

1.) Governance, 2.) Life Member Assets, 3.) Ethics

The Policy Board shall appoint the following Standing Committees:

1.) Finance 2.) Ratings 3.) Rules 4.) Tournament Director Certification 5.) Computer / Internet

The Policy Board may appoint Special Committees including, but not limited to the following: Awards, Correspondence Chess, Grandmaster Affairs, Hall of Fame, Master Affairs, Prison Chess, Scholastic Chess, Senior Chess, Women's Chess.

Delegate and Policy Board appointed Standing Committees report to the Delegates in writing and at the Annual Meeting. Policy Board appointed Special Committees report to the Policy Board and have the right of first discussion of any matters presented on the advance agenda of the Annual Meeting which are within their area of expertise.

Comment: Governance shall assume the functions presently exercised by Bylaws and Regions and States. It is responsible for non-policy technical review of bylaws amendments and for the review of state voting structures and procedures.

Section 4. Counsel. Legal Counsel shall be appointed by the Policy Board.

Section 5. Eligibility. None of the National Officers (including the Policy Board and Executive Director) shall be officers of other sports organizations recognized by the U.S. Olympic Committee as a national governing body.

Article VIII: Organizational Units

Section 1. State Chapters. Every state (the District of Columbia being treated as a state for all Federation purposes and Northern and Southern California being treated as separate states for all Federation purposes) shall be entitled to have an affiliate designated as the State Chapter, provided that any state having more than 5000 members may have two state chapters divided along geographical lines. Credentials of affiliates applying for designation as State Chapters shall be presented by the Policy Board to the Board of Delegates with recommendations, if any, one month before the next Annual Meeting.

Section 2. Functions. Each State shall guide the chess activity within the state in a manner that provides representation to all groups of chessplayers within its state. Each State Chapter shall nominate Delegates and Alternate Delegates as provided in Article V Section 3 of these bylaws. Each State Chapter shall fulfill other responsibilities as the Board of Delegates may from time to time designate.

Section 3. Affiliates. Any organization of chessplayers may affiliate with the Federation upon payment of the fee of \$40 per year. Any organization of chessplayers who are exclusively scholastic players may affiliate with the Federation as a Scholastic Affiliate upon payment of the fee of \$40 per year. Any organization of

chessplayers who are incarcerated in a penal institution may affiliate with the Federation as a Prison Affiliate upon the payment of the fee of \$15 per year. Affiliation does not constitute the affiliate as an agent of the USCF for any purpose.

Section 4. Rights and privileges. Each affiliate shall:

- (a) receive a subscription to Chess Life, except that scholastic affiliates shall receive a subscription to School Mates;
- (b) be entitled to conduct USCF rated tournaments in accordance with USCF tournament rules;
- (c) be privileged to issue Federation memberships per Article III above, to collect and forward to USCF the dues, and to retain commission thereon at a rate set by the Board of Delegates.

Section 5. Revocation. The Policy Board may, subject to the provisions of Article III, Section 12, revoke or suspend the affiliation of any affiliate for good cause shown.

Article IX: Sundry Bylaws

Section 1. Authority. These Bylaws have been adopted by the Delegates under the authority of the charter issued to the United States of America Chess Federation by the State of Illinois.

Section 2. Amendment. These Bylaws may be amended by a majority vote of the Delegates present at an Annual or a Special Delegates' meeting except that any proposal not specifically included in the Delegates' advance agenda shall require a 2/3 majority vote to pass.

Section 3. Office. The registered office of the Federation shall be at such address in the State of Illinois as is designated by the Policy Board.

Section 4. International Affairs. The Federation is the official USA unit of FIDE and shall be represented officially in all FIDE affairs by a Permanent Delegate appointed by the Policy Board.

Section 5. Publications. Chess Life, a periodical, or its successor publication, is designated an official publication.

Section 6. Fiscal period. The Fiscal period shall be the year ended May 31.

Section 7. Fund Depositories and Disbursements. All funds, other than Life Member Assets, shall be deposited in one or more federally insured depositories, or other vehicles approved by the Policy Board, disbursable only by withdrawal authorized by two or more of the following: President, Vice President of Finance, Executive Director, and such senior staff as the Policy Board shall designate. The Policy Board may authorize petty cash accounts, whose amounts may not exceed \$500.00, and disbursable only by check signed by one of the above, or any two employees approved by the Policy Board.

Section 8. Accountants. Early in each fiscal year the Policy Board shall engage properly qualified independent certified public accountants to review the Federation's accounts in accordance with generally accepted accounting principles. The choice shall be subject to ratification by the Board of Delegates.

Section 9. Encumbrance.

- (a) No asset of the Federation may be encumbered without the approval of the Policy Board or Board of Delegates, and any mortgage, loan, or borrowing agreement must be signed by at least two of the following: President, Vice President of Finance, Executive Director. The Life Membership Assets funds may not be used to purchase real estate without approval of the Board of Delegates.
- (b) The building and land cannot be encumbered, liened, or mortgaged in any fashion without action by the Delegates at a regular meeting or special meeting called for that purpose.

Section 10. Emergency Borrowing from Life Member Asset Fund.

(A) Emergency borrowing from the Life Member Assets is possible only when the following procedure has been followed:

- (1) The Executive Director certifies all of the following, that:
 - a. There exists a state of financial emergency; and
 - b. USCF is in need of cash to pay for on-going staff, the production of Chess Life, and other goods or services required to keep necessary services to members ongoing; and
 - c. Appropriate fund raising or borrowing from other sources is not possible.
- (2) The Executive Director makes a specific request to borrow what he believes to be an appropriate amount from the marketable securities within the Life Membership Asset Fund. This request shall include a statement of the proposed terms and use.
- (3) The Policy Board ratifies the Executive Director's request by either five (5) affirmative votes out of seven (7), or six (6) affirmative votes out of eight (8), to include an affirmative vote by either the President or the Vice President of Finance.

Note: Item (3) may need to be modified depending on the number of members of the Policy Board that are approved. If the number remains six, as recommended above, the number would be likely to be four (4) affirmative votes out of six (6).

(4) A special committee consisting of all USCF Past Presidents and all USCF Past Treasurers will be polled. At least 75% of this group constitutes a quorum, and then at least 75% of those responding must approve this borrowing request. No person may cast more than one vote on this committee. Neither the Executive Director who made the request, nor any member of the Policy Board at the time of the request, nor any Policy Board member at the time of committee approval, nor the current Executive Director is eligible to serve on the committee.

(B) The total amount of borrowings shall be limited to 40% of the current market value of the marketable securities within the Life Membership Asset Fund.

Section 11. Indemnification of Directors and Officers. Each member of the Board of Delegates, national officer (hereinafter "officer"), and employee of the corporation now or hereafter serving as such, shall be indemnified by the corporation against any and all claims and liabilities to which he or she has or shall become subject by reason of serving or having served as such director, officer, or employee or by reason of any action alleged to have been taken, omitted, or neglected by him or her as such a director, officer, or employee; and the corporation shall reimburse each such person for all legal expenses reasonably incurred by him or her in connection with any such liability, provided, however, that indemnification shall be limited to cases in which such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal act or proceeding, had no reasonable cause to believe his or her conduct was unlawful; and provided further, however, that as a member of the Board of Delegates such a person shall only be indemnified for his or her acts or omissions at an Annual or Special Meeting of the Board of Delegates and not for any local or other activities.

To the extent that a director, officer, or employee of the corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding, or in defense of any action, suit, or proceeding, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Any indemnification against any and all claims (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, or employee, is proper in the circumstances because he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Such determination shall be made

- (a) by the Board of Delegates by a majority vote of a quorum consisting of directors who were not parties to such action, suit, proceeding, or claim, or if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or
- (b) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or
- (c) by the Voting Members.

The right of indemnification herein above provided for shall not be exclusive of any rights to which any director, officer, or employee of the corporation may otherwise be entitled by law, and shall continue as to a person who has ceased to be a director, officer, or employee, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, or employee, or agent of the corporation, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of this article.

Section 12. Ratification of Voidable Acts. Any transaction questioned in any suit brought by any member on the grounds of lack of authority, defective or irregular execution, adverse interest of any director, officer, employee, or member, nondisclosure, miscomputation, or the application of improper principles or practices of accounting may be ratified before or after judgment by the Board of Delegates, or by the Voting Members in case less than a quorum of directors are qualified; and, if so ratified, shall have the same force and effect as if the questioned transaction had been originally duly authorized, and said ratification shall be binding upon the corporation and its members and shall constitute a bar to any claim or execution of any judgment in respect of such questioned transaction.

Section 13. Reliance on Records. Each officer, member of the Board of Delegates, or employee shall in the performance of his or her duties be fully protected in relying in good faith upon the books of account or reports made to the corporation by any of its officials, or by an independent Certified Public Accountant, or by an appraiser selected with reasonable care by the Board of Delegates, or in relying in good faith upon other records of the corporation.

Section 14. Parliamentary Authority. The rules contained in the current edition of Robert's Rules of Order Newly Revised shall be used at all meetings of the membership, Board of Delegates, Policy Board, in all cases to which they are applicable and in which they are not inconsistent with these bylaws and any special rules which have been adopted.

The object for which the USCF was formed, as elaborated in the USCF corporate charter:

- (a) To promote the study and knowledge of the scientific game of chess.
- (b) To foster the development of players and to help those who seek to become masters; to encourage the formation of chess groups, clubs, and associations.
- (c) To hold a tournament once every two years for the chess championship of the United States and to confer upon the winner of such tournament the title "United States Chess Champion."
- (d) To hold an open tournament every summer in some major city of the United States.

Section 15. Eligibility for International Competition. Eligibility criteria for international competition may not be more restrictive than the eligibility criteria established by the Internationally recognized Chess Federation.

Section 16. Non-Discrimination. Participation in chess shall be open to athletes, coaches, trainers, team captains, managers, seconds, and analysts without discrimination.

ADM 97- 10 (Blue Ribbon Panel): Implementation of revised bylaws. The Member-At-Large elected to the Policy Board in 1997 shall serve a truncated term of two years, but shall be eligible to run for reelection to the Board in 1999. There will be no Policy Board election in 1998. In 1999 the Delegates will elect six members to the Policy Board. The top three vote getters will serve a term of four years. The other three members elected will serve a term of two years. Thereafter, in odd numbered years, three members shall be elected to the Policy Board for a term of four years. Ties, if any, will be broken by a sealed ballot vote at that year's Delegates' Meeting.

Please note that this may be an appropriate place to consider motion 97-16, which is a motion to refer Motion 97-10. This may also be an appropriate place to consider motions **97-20, 21, 22, 31, 36, and 39**, which also address governance changes.

Please also note that the following motions were referred to the Blue Ribbon Panel by the Delegates at the 1996 Delegates' Meeting. Wording of the motions can be found at the end of Old Business.. Wording will also be available on the web at members.aol.com/secretary/oldbiz.htm

DM 96-62 (regarding eligibility of RVP candidates)

DM 96-63 and 96-64 (regarding establishment of a recall procedure for Policy Board members) -
SEE 97-13

DM 96-66 (regarding termination of an Executive Director)

LMA Management Committee

Report, related motions, and nomination and election of 1998 LMA Management Committee members:

Please note that the following motions from the 1996 Delegates' Meeting are ongoing and concerned with LMA Management issues: Wording of the motions can be found at the end of Old Business. Wording will also be available on the web at members.aol.com/secretary/oldbiz.htm

DM 96-10 (regarding the sale of the building and the purchase of a new building

DM 96-11 and 96-14 (regarding direct deposit of Life and Sustaining Memberships; funding for Operations)

OTHER COMMITTEES-Note: These Committees are appointed by the Policy Board and report to both the Delegates and the Policy Board.

Bylaws- Please note that the following motions were referred to the Bylaws Committee by the Delegates at the 1996 Delegates' Meeting: Wording of the motions can be found at the end of Old Business. Wording will also be available on the web at members.aol.com/secretary/oldbiz.htm

DM 96-62 (regarding eligibility of RVP candidates)

DM 96-63 and 96-64 (regarding establishment of a recall procedure for Policy Board members) -
SEE 97-13

DM 96-66 (regarding termination of an Executive Director)

DM 96-81 (regarding a change of the corporate name to "US Chess Federation")

Chess in Education

Club Development

College Chess

Computer/Internet- Please note that the following motion was referred to the Computer/Internet Committee by the Delegates at the 1996 Delegates' Meeting: Wording of the motion can be found at the end of Old Business. Wording will also be available on the web at members.aol.com/secretary/oldbiz.htm

DM 96-98 (regarding revision of the Tournament Administrator program)

Computer Rating Agency

Correspondence Chess

Fred Cramer Awards

Ethics- Please note that the Policy Board referred DM 96-61 (regarding conflict of interest) to the Ethics Committee. **SEE 97-15.**

Please also note **ADM 23 and 24** which address Standards of Conduct and the Code of Ethics.

Events

Fast Chess

FIDE Advisory

Finance- Please note that DM 96-91 was referred to this Committee. Wording is as follows: DM 96-91 (Bill Moushey, MO) The Board of Delegates directs the Finance Committee to study the feasibility of a "USCF Gift Annuity" program and report back to the USCF Policy Board by the next Policy Board meeting in November, 1996.

Grandmaster Affairs

Grants

Hall of Fame

Historian's

Master Affairs and Development- Please note that the following motions were referred to the Master Affairs and Development Committee by the Delegates at the 1996 Delegates' Meeting: Wording of the motion can be found at the end of Old Business. Wording will also be available on the web at members.aol.com/secretary/oldbiz.htm

DM 96-93 (regarding conditions under which Life Masters shall not have their floor removed)

DM 96-94 (regarding qualifications for earning the title "Life Master")

DM 96-95 (regarding qualifications for earning the title "Original Life Master")

DM 96-96 (regarding lifetime performances being make retroactive for older chess Masters).

Membership Growth

Metro Chess

Nominations

Olympic Participation

Organizer's

Prison Chess

Publications - Please note that the Policy Board referred DM 96-80 (regarding School Mates being designated an official magazine of the USCF) to the Publications Committee.

Ratings

Regions and States- Please note that the following motions were referred to the Regions and States Committee by the Delegates at the 1996 Delegates' Meeting: Wording of the motion can be found at the end of Old Business. Wording will also be available on the web at members.aol.com/secretary/oldbiz.htm

DM 96-62 (regarding eligibility of RVP candidates)
DM 96-63 and 96-64 (regarding establishment of a recall procedure for Policy Board members)
SEE 97-13

Rules

Scholastic

Senior- Please note that the following motions were referred to the Senior Committee by the Delegates at the 1996 Delegates' Meeting: Wording of the motion can be found at the end of Old Business. Wording will also be available on the web at members.aol.com/secretary/oldbiz.htm

DM 96-77 (regarding age 50 and over eligibility for the US Senior Championship)
DM 96-78 (regarding eligibility for prizes and title in the US Senior Championship)

TD Certification

US Championship

Women's Chess

VIII. Motion to ratify.

ADM 97- 11 (Harold Winston, IL): The Delegates ratify all actions of the Policy Board appearing in the published minutes of the Policy Board meetings between the 1996 and 1997 Delegates meetings.

IX. OLD BUSINESS Any motions or reports arising out of past Delegate motions and any routine recurring motions should be considered here.

ADM 97- 12 (Harold Winston, IL): Pursuant to Article III, Section 9 of the USCF Bylaws, the Delegates have reviewed the promotional memberships offered by the Policy Board in 1996 - 97 and authorize their continuation.

ADM 97- 13 (Harold Winston, IL, and Bylaws Committee): Result of Referral of DM 96-64 from 1996, PBN 1, page 29:

Add to Article IV

Section 6. Recall of Regional Vice Presidents. A recall election for Regional Vice Presidents shall be held upon receipt by the USCF Secretary of a petition signed by one third of the voting members of a region (alternative ten voting members of a region) or by a state chapter in the region. Notice of the recall election will be sent by the Secretary to all the voting members in the region thirty days after the petition is received. A recall ballot will be sent to all voting members in the region by the Secretary thirty days after the mailing of the notice. The ballots must be received twenty one days after the date mailed. A Regional Vice President shall be recalled if two thirds of those voting support recall.

Add to Article VII

Section 9. Recall of Policy Board Members. There are two methods of recalling Policy Board members:

- (a) A recall election for Policy Board members shall be held upon receipt by the USCF Secretary, or by the USCF President if the Secretary is being recalled, of a petition signed by seventy five (alternate eighty) voting members. Notice of the recall election shall be sent by the Secretary to all voting members thirty days after the petition is received and a recall ballot will be sent to all voting members by the Secretary thirty days after the mailing of the notice. The ballots must be received twenty one days after the date mailed. The ballots will be opened and tabulated by three Tellers, one appointed by the first available signer of the recall petition, one by the person being recalled, and one by the Chairman of the

Nominations Committee. If at least two thirds of those voting support recall, the Policy Board member is recalled and also loses the automatic Delegate position.

(b) A Policy Board member may also be recalled solely in their capacity as a Policy Board member, retaining a Delegate position as an additional Delegate for the remainder of the Policy Board term, by a resolution of the Board of Delegates if that resolution is placed on the advance Delegates' Agenda signed by ten Delegates and approved by two thirds of those Delegates voting on the resolution. Any Policy Board member whose recall is sought by resolution shall be given an opportunity to speak on the recall resolution if the Policy Board member is personally present at the meeting.

THE FOLLOWING MOTIONS FROM 1996 HAVE BEEN REFERRED TO IN COMMITTEE REPORTS AND OLD BUSINESS

DM 96-10 ADM 96-07 (Frank Camaratta, AL; E. Steven Doyle, NJ, Tim Redman, TX, Ralph Bowman, KS): The Delegates authorize the Policy Board to sell the land and building currently housing the offices of the United States Chess Federation at 186 Route 9W, in New Windsor, New York, and to purchase or lease new facilities not necessarily located in New York.

Further, the proceeds from the sale will be invested in the Life Member Account and become a part thereof, and invested in a manner consistent with the recommendations from the LMA Management Committee.

The LMA Management Committee is authorized to loan to USCF Operations an amount not to exceed the sale price of 186 Route 9W. The rate of interest for the loan will not be greater than the prime rate, nor less than the average rate LMA is earning from its Treasury holdings, both rates understood to be those in effect at the time of the loan.

Under this new arrangement, Operations will be the owner of the property and, consequently, responsible for all repairs, maintenance, and capital improvements.

The Delegates further direct the LMA Advisory Group to modify the actuarial study recently completed to reflect this change and to recalculate the amounts to be transferred annually from the LMA to Operations for services provided to Life and Sustaining Members.

The Bylaws Committee is directed to make resulting appropriate wording changes to USCF bylaws within 30 days. PASSED

DM 96-11 ADM 96-08 (Frank Camaratta, AL; E. Steven Doyle, NJ): The Delegates direct that, starting June 1, 1997, all income from Life and Sustaining Memberships be deposited directly into the Life Member Asset Account. The Delegates further direct that services provided to Life and Sustaining Members be funded quarterly from the LMA Account. The amount due Operations will be determined by the LMA Advisory Group, and will be based on costs associated with servicing the Life and Sustaining members. For example, if there are 10,000 Life and Sustaining Members, and if the costs of providing services to these members is \$14, then the amount to be transferred from the LMA to Operations is \$35,000/quarter. The amount shall be paid at the beginning of each quarter and shall reflect any change in the numbers of Life and Sustaining members. It is anticipated that any offset for imputed rent assumed in these calculations will be eliminated once ownership of the property is transferred to Operations. PASSED

DM 96-14/ ADM 96-08 (Frank Camaratta, AL; E. Steven Doyle, NJ; Jim Pechac, OH): The Delegates direct that, starting June 1, 1997, all income from Life Memberships and 50% from Sustaining Memberships be deposited directly into the Life Member Asset Account. The Delegates further direct that services provided to Life and Sustaining Members be funded quarterly. PASSED

DM 96-61/ ADM 96-48 (Tim Redman, TX): The Delegates of the US Chess Federation direct the Policy Board, with the aid of Counsel, the Bylaws Committee, the Legal Committee, and other individuals or committees it considers helpful or appropriate, to consider the question or problem of conflict of interest as it relates to the actions, decisions, activities, or votes of the Policy Board itself, the members of the USCF staff, and other related national organizations. The Delegates of the US Chess Federation request that the Board of the USCF Charitable Trust also consider the question or problem of conflict of interest as it relates to the

actions, decisions, activities, or votes of the Board itself. The recommendations of the Policy Board, including appropriate motions or bylaws amendments, are to be submitted for the Advance Agenda for the 1997 meeting of the Delegates. REFERRED TO POLICY BOARD AND CHESS TRUST

DM 96-62/ ADM 96-49 (Myron Lieberman, AZ): Amend Article IV, Section 2 of the Bylaws to append the following:

All states should have the opportunity to have at least one Regional Vice President. Therefore, a candidate from a state that already has a Regional Vice President may only run if there are no candidates from states with no Regional Vice Presidents within the same region. REFERRED TO REGIONS AND STATES, BYLAWS, AND BLUE RIBBON PANEL ON USCF GOVERNANCE.

DM 96-63/ ADM 96-50: (Ken Horne, NV) A member of the Policy Board can be removed from office by a special recall election. A Policy Board member recall election can be made by a petition signed by five of the seven board members or a petition signed by TBD (200 or 25% or so) voting members. The petition will be given to the President of the USCF or if the President is being recalled given to the USCF Vice President to conduct a recall election. The nomination committee will find candidate /candidates to run against the board member being recalled. REFERRED TO REGIONS AND STATES, BYLAWS, AND BLUE RIBBON PANEL ON USCF GOVERNANCE.

DM 96-64/ ADM 96-51 (Myron Lieberman, AZ): The Delegates charge the Bylaws Committee with the task of creating a procedure for recall of elected officials and any necessary Bylaw changes and/or new Bylaws to implement the procedure. The Bylaws Committee is to report back to the Delegates at the 1997 annual meeting with the proposed procedure. REFERRED TO REGIONS AND STATES, BYLAWS, AND BLUE RIBBON PANEL ON USCF GOVERNANCE.

DM 96-66/ ADM 96-53 (Jerry Hanken, CA/S; Randy Hough, CA/S): Five votes shall be required for the Policy Board to terminate the contract of an Executive Director (six if the Board has eight members, rather than seven.) REFERRED TO BYLAWS AND BLUE RIBBON PANEL ON USCF GOVERNANCE

DM 96-77/ ADM 96-69: (Ken Horne, NV): The US Senior Open Championship is open to those 50 and over. PB 96-09 will have to be rescinded if the Policy Board was referring to the US Senior Open Championship in this motion. REFERRED TO SENIOR COMMITTEE

DM 96-78/ ADM 96-70: (Ken Horne, NV): Eligibility for prizes or a title in the US Senior Open Championship, except for the age requirement, will have the same requirement as the US Open and National Open Championships. REFERRED TO THE SENIOR COMMITTEE

DM 96-79/ ADM 96-71 (Ken Horne, NV) The office will conduct a survey at the major open tournaments that are sponsored by the USCF. The purpose of these surveys will be for marketing and to learn information about the USCF's customers. REFERRED TO THE OFFICE

DM 96-80/ ADM 96-72 (Garrett Scott, IL): School Mates shall be designated an official magazine of the United States Chess Federation. REFERRED TO POLICY BOARD AND BYLAWS COMMITTEE

DM 96-81/ ADM 96-74 (Board) The Policy Board recommends to the Delegates that the corporate name of the USCF be changed to "US Chess Federation". (See PB 96-28.) Appropriate, related wording changes to USCF's Bylaws and legal filings shall be made. REFERRED TO POLICY BOARD, LEGAL, AND BYLAWS WITH POWER TO IMPLEMENT

DM 96-91/NDM 96-90 (Bill Moushey, MO): The Board of Delegates directs the Finance Committee to study the feasibility of a "USCF Gift Annuity Program" and report back to the USCF Policy Board by the next Policy Board meeting in November, 1996. REFERRED TO THE FINANCE COMMITTEE

DM 96-93/ NDM 96-95 (Jerry Hanken, CA/S and Robert Singletary, NC): Life Masters who earned the title by playing 300 games as Masters and have a 2200 floor shall not have this floor lowered. REFERRED TO MASTER'S AFFAIRS COMMITTEE

DM 96-94/ NDM 96-96 (Jerry Hanken, CA/S): Resolved: That before any chess player can receive the title "LIFE MASTER" they must actually have a published Master's rating of 2200 or above for at least 100 games REFERRED TO MASTER'S AFFAIRS AND RATINGS COMMITTEES

DM 96-95/ NDM 96-97 (Jerry Hanken, CA/S): Resolved: That chess Masters who earned their LIFE TIME titles under the very demanding original system of playing 300 rated games as a Master be given the title "ORIGINAL LIFE MASTER" REFERRED TO MASTER'S AFFAIRS AND RATINGS COMMITTEES

DM 96-96/ NDM 96-98 (Jerry Hanken, CA/S): Resolved: That LIFE TIME performances be made retroactive for older chess Masters whose playing skills since 1990 are no longer strong enough to earn LIFE MASTER titles under the new system. Such performances are to be submitted with convincing documentation of performance to the USCF prior to approval. REFERRED TO MASTER'S AFFAIRS AND RATINGS COMMITTEES

DM 96-98/ NDM 96-101 (Robert Tanner, UT): Resolved: That since it is widely accepted that the Tournament Administrator program has substantial weaknesses, the Delegates instruct the office to place the revision of said program as a very high priority by staff or other programming personnel. It is expected that the office will present a revised program no later than the next Delegates' Meeting. REFERRED TO POLICY BOARD AND COMPUTER COMMUNICATIONS COMMITTEE

X. NEW BUSINESS

The following motions deal with Bylaws revisions:

ADM 97- 14 (Denis Barry, AZ; Steve Doyle, NJ; Leroy Dubeck, NJ; George Koltanowski, CA/N; Tim Redman, TX; Frank Skoff, IL): Replace Article VII, Section 7 under Duties "Treasurer":
Treasurer. The Treasurer shall obtain records of the financial affairs of the Federation, shall be the Policy Board Liaison to all committees primarily concerned with the finances of the Federation, shall review the travel and other reimbursable expenses of all other Board members, shall report to the Board of Delegates, and shall counsel and assist the Policy Board on financial matters.

ADM 97- 15 (Robert John McCrary, SC): Amend Article III, Section 11, of the Bylaws by adding this sentence at the end: "The USCF Ethics Committee may suspend or revoke the membership of any person by applying the procedures established by the Board of Delegates in the USCF Code of Ethics.
Amend Article III, Section 12 of the Bylaws by inserting this sentence immediately after the first sentence of that section: "If the USCF Ethics Committee suspends or revokes the membership of any individual through application of the USCF Code of Ethics, the appeal procedures established in the Code of Ethics shall be applicable, and the remaining provisions of this section shall not be applicable, to that case."

ADM 97-16 (Bob Smith, FL): The proposal presented by the Blue Ribbon Committee shall be referred to the Policy Board, the Bylaws and Regions and States Committees, and also to other appropriate committees for full study prior to being voted on by the Board of Delegates at the 1998 meeting

ADM 97- 17 (Leroy Dubeck, NJ): Replace Article X Section 10 by the following:

Section X: Borrowing

A. Borrowing of an aggregate of more than \$200,000 at any given time is possible only when:

1. The Executive Director certifies that there is a need for such borrowing.
2. The Policy Board approves of the borrowing.
3. The Life Member Assets Management Committee approves of such borrowing.
4. A report shall be made to the Delegates in the Annual Report describing the funds borrowed and repaid during the past year.

The Life Member Assets Management Committee shall consist of the current Treasurer, the Chair of the Finance Committee, the Executive Director, the President of the Charitable Trust, and a past President of the

USCF. The Life Member Assets Committee shall choose its own Chair and may appoint other committees to assist it in its work.

The total amount of borrowing above \$200,000 shall be limited to 40% of the current market values of the Life Member Assets.

ADM 97- 18 (Harold Winston, IL): Amend Article X, Section 10 (4) LMA Borrowing

Replace the first two sentences by:

(4) The Delegates (alternative Policy Board) shall select a committee for approval of LMA borrowing to consist of 6 - 8 persons to be chosen from former Policy Board members, former Finance Committee Chairmen, and the current Finance Committee Chairman. Committee members shall serve a term of two years (alternative three years) and be eligible for re-election. At least 75% of this committee constitutes a quorum which shall be polled and at least 66.6% of those responding must approve this borrowing request.

ADM 97- 19 (Harold Winston, IL): Add to Article III, Section 13

Members can only participate and vote at the Membership Meeting if they are present in person and cannot participate in the meeting through the use of conference telephone or other communications equipment.

ADM 97- 20 (Bob Holliman, MO): Amend Article V, Voting Members, Section 2 to read:

Number. There shall be 450 Voting Members apportioned among the states in proportion to their USCF membership as of June 30, except that each state with ten or more members shall have at least one Voting Member.

ADM 97- 21 (Bob Holliman, MO): Add the following to Article VII, Section 4...and no person may serve on the Policy Board more than nine consecutive years "or three elected terms. A Policy Board member who has been elected to complete an unexpired term shall not have the unexpired term counted against their total eligible terms."

ADM 97- 22 (Adams, Eade, Ferguson, Goichberg, Lieberman, Schultz): The One Member One Vote proposed revisions to the Bylaws are as follows:

Article III, Section 10. Rights and Privileges. Each Life, Sustaining, Regular, Senior, Blind, Computer, and Youth member shall be entitled to receive a regular copy of Chess Life. Each Scholastic member shall be entitled to receive a regular copy of School Mates. Each Life, Sustaining, Regular, Senior, and Blind member shall be entitled to sign nominating petitions to place candidates on the ballot for Policy Board elections. Each Life, Sustaining, Regular, Senior, and Blind member shall be entitled to cast a ballot in each Policy Board election. Each member shall be entitled to have his or her tournament play officially rated, to participate in the Annual Membership meeting, and to enjoy all other rights and privileges of membership not herein enumerated. Members and Affiliates with mailing addresses outside the United States may be charged an additional fee to cover extra costs.

Article IV: Regional Organization

Section 1. Regions. The membership and the Federation shall be divided geographically, for administrative purposes, into USCF Regions which shall be:

- (a) compact enough for administration by personal contact,
- (b) conformant with conventional groupings of states,
- (c) represented by not more than four nor less than two Regional Vice Presidents apportioned by population as in (e),
- (d) about 12 in number, and

(e) numbered, composed and represented as

follows:

(see current list)

This apportionment by population shall be reviewed every three years.

Section 2. Regional Vice Presidents. Every two years the Voting Members from each region shall elect Regional Vice Presidents in accordance with Article VII, Section 5, and Article IV, Section 1.

The term of the Regional Vice Presidents shall begin at the end of the annual Delegates' Meeting of the year in which elected and continue two years and thereafter until a successor is elected. No state shall have more than two Regional Vice Presidents at the same time (Northern California and Southern California, each having State Chapters pursuant to Article IX, Section 1, are considered to be separate states for these purposes).

Section 3. Nomination and Election of Regional Vice Presidents.

(a) Nomination. Any member shall be eligible for nomination as Regional Vice President in that region, except that no RVP who has served at least half of a two-year term shall be eligible in the year that term expires. A candidate is eligible for nomination when he or she submits his or her name to the Chairman of the Nominations Committee or is nominated for that office by a resident member or State Chapter within the region. Nominations must be submitted to the Chairman of the Nominations Committee by February 1 of the election year.

(b) Nominating Committee. Before September 1 the Policy Board shall appoint a Nominating Committee of five Delegates, no two from the same region. The Committee shall advertise in Chess Life for candidates to become nominees in the issue published not later than November 15, and publish its nominees in Chess Life in the issue published not later than April 15.

(c) Election. The election shall be conducted in the same manner as prescribed in Article VII, Section 5 except that only the Voting Members of the Region vote for its Regional Vice President.

(d) Vacancies. The Secretary shall notify every State Chapter and every Delegate in any region where a vacancy exists of such vacancy. Thirty days shall be allowed for such State Chapters and Delegates to submit nominees for a special election. The Secretary shall conduct a mail ballot among the Delegates of the region, allowing 21 to 35 days for the return of the ballots. No special election shall be held if the vacancy arises in the last six months of a term of office.

(e) Regional Vice Presidents who move. A Regional Vice President who moves from the region for which elected or who moves to a state that already has a Regional Vice President shall be deemed to have resigned his or her office unless each State Chapter in the Region (in response to a poll by the Secretary) indicates no objection to the Regional Vice President continuing.

Section 4. First Regional Vice Presidents and Duties. The candidate for Regional Vice President receiving the most votes in each region shall be designated as the First Regional Vice President. The First Regional Vice President in each region is the senior officer of the region. He or she shall maintain personal contacts by visiting tournaments and chess affairs, and endeavor to strengthen and develop Federation organization and communication within the region.

Section 5. Duties of the Regional Vice Presidents. The other Regional Vice President in each region shall assist the First Regional Vice President, carry out assignments from him or her, and endeavor to strengthen and develop Federation organization and communication within the region.

Article V: Voting Members

Section 1. Responsibility. The Voting Members are responsible for electing the Policy Board and the Regional Vice Presidents.

Section 2. Selection. Each Life, Sustaining, Regular, Senior, and Blind member is a Voting Member during the term of his or her membership.

Article VI: Board of Delegates

Section 1. Responsibility. The Board of Delegates is responsible for the management of the USCF. It shall formulate general policy, adopt the annual budget, and write the bylaws.

Section 2. Number. The Board of Delegates shall be composed of the Policy Board members, the Regional Vice Presidents, the Delegates at Large, and 100 Delegates, apportioned among the states in proportion to their USCF membership as of June 30, except that each state must have at least one Delegate. In addition, any Policy Board member-elect who is not already a Delegate and whose election has been certified may serve as a member of the Board of Delegates until he or she takes office.

Section 3. Selection. In those states which have affiliated USCF State Chapters on August 31, the state Delegates and Alternates, who shall be USCF members, shall be certified in writing to the USCF Secretary by the authorized state officer by November 1. Certification of Delegates and Alternates shall indicate the method of selection, including whether they were elected or appointed, and the person or class of persons making the selection. Included shall be an ordered list of Alternates equal in number to three

times the state's number of Delegates. In states which do not have State Chapters or which fail to submit the specified list of Delegates and Alternates, these Delegates and Alternates shall be selected by the First Regional Vice President of the region. If this Regional Vice President does not make a selection, the Regional Vice President next in vote total in the region shall make the selection. The names and addresses of the Delegates and Alternates shall appear in Chess Life no later than March 31st of each calendar year. State Chapters may appoint Delegates and Alternates residing outside their respective states; however, Delegates and Alternates appointed by a Regional Vice President must reside within the state they represent. State Chapters are responsible for the payment of the membership dues of all Delegates and Alternates they appoint. No one may be a Delegate or Alternate from more than one state simultaneously, or a Delegate from one state and an Alternate from another simultaneously. USCF shall reconsider recognition of any State Chapter which fails to appoint Delegates or Alternates. State Chapters may appoint at the annual meeting as additional Alternates only residents from their own state or USCF members from other states that were and are members of that State Chapter prior to the start of the annual meeting of the Board of Delegates. If a quorum cannot otherwise be obtained at the Delegates Meeting this provision shall be waived.

Section 4. Term. The term of each Delegate and Alternate shall commence on January 1 for the year for which selected and continue for one year and thereafter until a successor is selected. Should a Delegate vacancy occur it shall be filled promptly from the ordered list of Alternates. A Delegate or Alternate may resign his or her position by submitting a signed letter of resignation to the USCF Secretary. A Delegate or Alternate who moves from the state which selected him or her shall be deemed to have resigned his or her position unless the State Chapter for that state notifies the Secretary to the contrary.

Section 5 - Annual Meeting. No changes

Section 6. Delegates at Large. The position of Delegate at Large shall be conferred upon a motion duly listed in the advance agenda:

- (a) automatically upon each USCF President upon completion of his or her term of office and
- (b) upon contributors of outstanding service to chess, up to a total of twenty, who are so designated by the Board of Delegates by at least a 3/4 vote at each of two consecutive annual meetings.

The term of a Delegate at Large shall begin at the end of the meeting in which he or she is elected and shall run for three years. However, the term of a Delegate at Large who is not already a Delegate shall start immediately upon election and expire at the start of the third following annual meeting of the Board of Delegates. A Delegate at Large whose term is expiring may be re-elected to a new term.

Article VII: Policy Board

Section 1. Composition. The Policy Board shall consist of seven members, each of whom shall have terms of four years. (Between August 2000 and August 2001, there shall be six members.) All Policy Board members are national officers of the Federation. The Policy Board shall elect a President, Vice President, Secretary, and Treasurer each year from among its members at its August meeting held after the Delegates Meeting; the remaining members shall be Members at Large. No person may serve as President for more than four years during any eight year period.

Section 2. Functions. Unchanged.

Section 3. Meetings. Unchanged.

Section 4. Nomination. Any USCF member shall be eligible for nomination to the Policy Board upon submitting to the Secretary by February 1 of any election year a nominating petition containing the signatures of at least one hundred Voting Members. However, no person may serve on the Policy Board more than eight consecutive years. No full time employee of the USCF shall serve in any elected office on the Policy Board. The Secretary shall advertise for nominations in the issue of Chess Life published not later than November 15 and shall publish a list of all duly submitted nominations in the issue published not later than April 15.

Section 5. Elections. Each year in which an election is to take place, ballots for a secret mail vote shall be inserted in the final issue of Chess Life which is published not later than June 15. Each Voting Member is entitled to vote for a number of candidates up to the number of Policy Board seats open. Three seats will be open in 2001 and every four years thereafter; four seats will be open in 2003 and every four years thereafter. The ballots shall be mailed to an independent agency for counting. A plurality shall elect and the President shall break any ties.

Section 6. Term. The terms of the Policy Board members shall begin at the end of the Annual Meeting after their election and shall continue for four years.

Section 7. Duties. Same as current Section 7.

Section 8. Vacancies. If a vacancy occurs in the office of President, it shall be filled by the Vice President. If a vacancy occurs in the office of Vice President, Secretary, or Treasurer, the Policy Board shall elect a new Vice President, Secretary, or Treasurer from among its members at its next meeting or conference call. If the offices of both President and Vice President become vacant, the Policy Board shall elect these officers at its next meeting or conference call. If a vacancy occurs in the office of Member at Large, a successor to serve the unexpired term shall be nominated and elected under the procedure in Sections 4 and 5. If the vacancy occurs during the final 18 months of the term of the Member at Large, no successor shall be chosen.

Section 9. Free candidate statements. In the issue of Chess Life published two months before the issue containing the ballot, each Policy Board candidate is entitled to a free statement of up to 100 words in support of his or her candidacy. In the issue of Chess Life published one month before the issue containing the ballot, each Policy Board candidate is entitled to a free statement of up to 250 words in support of his or her candidacy.

Section 10. Candidate paid advertising. In the issue of Chess Life containing the ballot, each Policy Board candidate is entitled to purchase up to one half page of advertising to promote his or her candidacy, to be charged at the affiliate rate. No other paid advertising in USCF publications is permitted.

Section 11. Implementation. Sections 1 and 8 shall replace the previous Sections 1 and 8 beginning with the first meeting of the Policy Board elected in 1999. Sections 4, 5, 9 and 10 are effective immediately. Section 6 shall be phased in as follows:

In 1998, one Policy Board member shall be elected to serve a three year term.

In 1999, six Policy Board members shall be elected. The four obtaining the most votes shall serve a four year term. The candidate with the fifth highest vote shall serve a two year term.

The following motions deal with standards of conduct for Policy Board members:

ADM 97- 23 (Robert John McCrary, SC; Tim Redman, TX; Woodrow Harris, VA):

STANDARDS OF CONDUCT FOR THE USCF POLICY BOARD

The USCF Board of Delegates establishes the following standards of conduct for Policy Board members in the performance of their duties:

(1) Policy Board members are expected to contribute to the functioning of the Board as a cohesive unit, with information flowing comfortably among all its members. Actions that interfere with comfortable and open communication among all Board members should be avoided.

(a) All Board members have the right to receive all information pertinent to the making, monitoring, and implementation of USCF policy. Board member(s) should not withhold full and accurate information from other Board members, when that information is relevant to Board decisions or potential decisions. Where decision-making authority has been given to a specific officer by the Board or the Bylaws, that officer must keep all Board members fully and accurately informed of all decisions made and factors influencing those decisions.

(b) All Board members have the right to be involved in the determination of all Board decisions. A group of Board members should not reach a decision secretly among themselves, with the intention of voting it into effect, until all Board members have had a genuine opportunity for input. A Board majority has no authority except as a majority vote within the context of a properly called Board meeting.

(c) Board members are responsible for contributing to constructive communication within the Board. Board members are responsible to communicate directly with each other whenever there is misunderstanding or ill will, making strenuous efforts to resolve the issue amicably through such communication, before making the dispute public.

(2) Policy Board members must be motivated solely by the best interests of the USCF in exercising their duties. Any potential conflict of interest, whether due to financial, political, personal,

geographical, organizational, familial, or other considerations, must be prevented from affecting any Board member in the discharge of his or her duties.

(a) Except where noted below, no Policy Board member or a member of his immediate family may receive financial compensation from the USCF for any reason, except for standard reimbursement of expenses, during his tenure on the Board, or after his tenure if such compensation results from bids accepted or agreements made by the Board during his tenure. In claiming expense reimbursement, a Board member must claim only that portion of expenses that were incurred in non-political activities that were a legitimate exercise of the Board member's duties. Any unusual expenses for which reimbursement is questionable must be referred to the full Board for consideration. Board members are expected to exercise all reasonable frugality in incurring expenses to be reimbursed.

(b) No Policy Board member, or a member of his immediate family, may profit financially from organizing or directing a national tournament or activity organized or co-organized by the USCF, or from any business activity of the USCF, if the Policy Board or the USCF business office is involved in determining the arrangements. An exception may be made to this provision if the bid, and all relevant financial arrangements, were finalized before the member was elected to the Board, and are not changed to his advantage during his tenure.

(c) No Board member may participate in consideration of bids for any event or for any expenditure of USCF funds if he or his immediate family member has any office or other conflicting interest in any entity offering a bid. He is required to inform the Board whenever there is a conflict of interest. However, the Board member may provide information on behalf of such a bid, provided that his opportunity to provide information is the same as for those involved in other bids. The Board member with a potential conflict of interest may not make or second motions, enter into debate or discussion in the capacity of a Board member, or vote on the bids or on any issue reasonably related to the bid consideration. If consideration of the bid involves sensitive matters that require a closed session, a Board member who has a potential conflict of interest may not attend the portion of the closed session involving that bid, unless all parties representing competing bids are permitted to attend.

(d) Any Board member who believes that he or another Board member may have a conflict of interest on any matter is expected to inform immediately all members of the Board.

(e) No Board member may make decisions on Board matters as a result of factors that are not necessarily consistent with the best interests of the USCF. Such factors could include personal likes or dislikes of any person, political or geographical factors, or other factors irrelevant to the principle of making decisions solely for the best interests of the USCF.

(f) A Board member should not pressure any USCF employee for the furtherance of any political agenda. Those responsible for Chess Life and other USCF publications should not be pressured for political reasons regarding specific content, beyond the general expectation that standards of factual and balanced coverage of events be maintained. Specific criticism of other USCF employees should be conveyed discretely to the Executive Director.

(3) The Policy Board is responsible for conducting business in an efficient, constructive, and open manner.

(a) All actions taken by the Policy Board must be consistent with the Bylaws of the USCF, and with all policy established by the USCF Board of Delegates.

(b) Any derogatory and/or sarcastic statements attacking an individual in a personal manner, or intended to bring scorn or ridicule on an individual, shall be considered out of order at any and all times in a Policy Board meeting, whether in open or closed session. Any angry and heated exchanges in a Board meeting should be considered out of order. The Chair of the meeting shall be responsible for promptly ruling such

utterances out of order, or any member may raise a point of order to that effect. Personal differences must be privately resolved without disturbing the efficient conduct of USCF business in a Board meeting.

(c) A closed session should be held only when the best interests of the USCF are definitely served by doing so. Examples of when closed sessions are proper would include the discussion of matters that are legally sensitive, issues involving sensitive negotiations, or matters in which the privacy rights of any individual may be at risk. Closed sessions should not be scheduled to permit the airing of heated or derogatory comments, which should be out of order in any meeting discussion, or to avoid the necessity of Board members' dealing with unpopular issues publicly. The Board may invite other persons into the closed session if such persons possess special information or expertise needed by the Board, but a certified Policy Board candidate who is not currently on the Board should not be included in a closed session unless all Board candidates present at the meeting are also invited.

(d) Board members should be sensitive to the feelings of volunteers and staff members whose names may be mentioned, or whose work may be criticized, during Board discussion.

(e) All Board members must strictly observe confidentiality of closed sessions. In the case of a conference call, the Board members must clearly understand what portions of the call are considered open or closed, for the purpose of determining what information in the call must be considered confidential.

THESE STANDARDS OF POLICY BOARD CONDUCT SUPERSEDE ALL PREVIOUS DELEGATE OR POLICY BOARD ACTIONS ESTABLISHING STANDARDS FOR POLICY BOARD CONDUCT.

ADM 97- 24 (Robert John McCrary, SC; Tim Redman, TX; Woodrow Harris, VA):

The Code of Ethics of the United States Chess Federation is revised to read as follows in its entirety:

PURPOSE AND SCOPE

1. The purpose of this code of ethics is to set forth standards to which the conduct of players, tournament directors, sponsors, and other individuals and entities participating in the affairs of the United States Chess Federation (USCF), including tournaments and other activities sponsored by or sanctioned by the USCF, should conform; to specify sanctions for conduct that does not conform to such standards; and to specify the procedures by which alleged violations are to be investigated and, if necessary, the appropriate sanctions imposed.
2. The standards, procedures, and sanctions set forth in this code of ethics are not equivalent to criminal laws and procedures. Rather, they concern the rights and privileges of USCF membership, including, but not limited to, the privilege of participating in tournaments, events, or other activities as a member of the USCF.
3. The standards, procedures, and sanctions set forth in this code of ethics shall apply only to: (A) actions and behavior by members of the USCF that occur in connection with tournaments or other activities sponsored by or sanctioned by the USCF; and (B) individuals and entities acting in an official capacity as officers or representatives of the USCF. Each member of the USCF and each participant in a USCF activity shall be bound by this code of ethics.

THE USCF ETHICS COMMITTEE

4. The USCF Ethics Committee is appointed by the Policy Board acting under its powers as set forth in the bylaws of the USCF. The committee exists to consider allegations of unethical conduct at or in connection with events sanctioned by the USCF, and allegations of unethical conduct involving the USCF and its activities, in accordance with the standards and procedures contained in this code.

STANDARDS OF CONDUCT

5. The actions and behavior of individuals participating in USCF activities, or in events sponsored by or sanctioned by the USCF, shall be lawful and in accordance with all USCF rules and regulations, and consistent with the principles of fair play, good sportsmanship, honesty, and respect for the rights of others. The following is a list of examples of actions and behavior that are considered unethical. The list is not intended to be exhaustive, and any action or behavior that is unlawful or violates USCF rules and regulations, or is inconsistent with the principles of fair play, good sportsmanship, honesty, and respect for the rights of others, may be considered to fall within the scope of this code of ethics.

- (a) Intentional violations of tournament regulations, or of any other regulations pertaining to USCF activities and goals, particularly after being warned.
- (b) Cheating in a game of chess by illicitly giving, receiving, offering, or soliciting advice; or by illicitly consulting written sources; or by tampering with clocks; or in any other manner.
- (c) Deliberately losing a game for payment, or to lower ones rating, or for any other reason; or attempting to induce another player to do so. Deliberately failing to play at ones best in a game, in any manner inconsistent with the principles of good sportsmanship, honesty, or fair play.
- (d) Deliberately misrepresenting ones playing ability in order to compete in a tournament or division of a tournament intended for players of lesser ability; players with foreign ratings are expected to disclose those ratings.
- (e) Participating in a tournament under a false name.
- (f) Participating in a tournament while under suspension.
- (g) Purposely giving false information in order to circumvent or violate any rule or regulation recognized by the USCF, or to interfere with the goals of any USCF activity.
- (h) Attempting to interfere with the rights of any USCF member, such as by barring someone from entering a USCF-sanctioned event for personal reasons. Generally, no individual should be barred from a USCF-sanctioned event for which he or she meets the advertised qualifications, without appropriate due process, and for behavior inconsistent with the principles of this code and/or the rules of chess. If a ban on future participation is imposed, the individual should be notified of the ban prior to his attempting to appear at future events.
- (i) Violating federal, state, or local laws while participating in activities that are associated with the USCF.

PROCEDURES

6. Any USCF member may initiate procedures under this code of ethics by filing a complaint in a timely manner with the USCF Ethics Committee. In the case of any accusation that does not fall clearly under the "Standards of Conduct" above, the Ethics Committee shall have the authority to decide whether the alleged conduct is within the scope of the code of ethics. In the case of each alleged violation that is within the scope of the code of ethics, the following steps shall occur in a timely manner:

- (a) A factual inquiry shall be made by the Ethics Committee, assisted as necessary by the USCF staff. Previous findings of the Ethics Committee or other USCF entities may be included among the evidence considered by the Ethics Committee, if relevant to the circumstances of the present case. As a part of such an inquiry, any person accused of unethical conduct shall have the right to examine the evidence against him or her, the right to respond to the accusation, and the right to produce written evidence in his or her behalf.
- (b) Appropriate sanctions, if any, shall be imposed by the Ethics Committee. In determining sanctions, the Ethics Committee may consider any previous ruling or finding of the Ethics Committee, or other USCF

entity, pertaining to the past conduct of the person being sanctioned. Any person against whom sanctions have been imposed shall be promptly notified.

(c) Such sanctions shall be deemed final unless appealed to the Policy Board by the person or persons upon whom the sanctions have been imposed, or upon the initiative of any member of the Policy Board. Such an appeal must be made within thirty days of the date that notification of sanctions occurred, except that the Policy Board may extend the deadline for appeal if in its judgment an unavoidable delay in communications or other valid cause prevented a timely appeal.

(d) Upon appeal, a review of the facts and the appropriateness of the sanction shall be undertaken by the Policy Board. The person against whom the sanction has been imposed, as well as the person filing the initial complaint, shall be given notice of the time and place the Policy Board will review the case. The sanctioned person shall have the right to appear before the Board and present evidence. The sanctions shall be either continued, modified, or revoked by the Policy Board.

SANCTIONS:

7. The following are some of the sanctions that may be imposed as a result of the procedures specified above. In unusual cases, other appropriate sanctions may be imposed, or these sanctions may be varied or combined.

(a) Reprimand. A determination that a member has committed an offense warranting discipline becomes a matter of record, but no further sanction is imposed at the time. A reprimand automatically carries a probation of at least three months, or longer if so specified. If the member is judged guilty of another offense during the probation, he or she is then liable to further sanctions for both offenses.

(b) Censure. A determination that a member has committed a serious offense warranting discipline becomes a matter of record, but no further sanction is imposed at the time. Censure automatically carries a probation of at least one year, or longer if so specified. If the member is judged guilty of another offense during the probationary period, he or she is then liable to further sanctions for both offenses.

(c) Suspended sentence with probation. A determination is made that the member has committed an offense warranting discipline. When the discipline is imposed and execution thereof suspended, such suspension shall include probation for at least six months longer than the discipline imposed. If the member is judged guilty of another offense during this period, unless otherwise decreed, the original discipline shall be added to such new discipline as may be imposed for the new offense.

(d) Suspension. Suspension is a determination that the member has committed an offense warranting abrogation, for a specified period of time, of all membership rights and privileges.

(e) Expulsion. Expulsion is a determination that a member has committed an offense warranting permanent abrogation of all membership rights and privileges. An expelled member may be readmitted to membership only by the USCF Policy Board.

(f) Exclusion from events. This is a more selective determination that a member has committed an offense warranting abrogation of the right to participate in certain specified events or activities.

8. In the case of every sanction that involves suspension or expulsion, a member may not hold any office in the USCF or participate in any capacity in any event or activity sponsored by or sanctioned by the USCF.

9. The effective date of any sanction shall be the date named by the Ethics Committee in its determination.

10. The USCF Business Office shall be informed in writing of all official determinations by the Ethics Committee, and shall record the imposition of any sanctions. The USCF Business Office shall inform the Policy Board of any sanctions imposed.

The following motions deal with financial issues:

ADM-97-25 (Ken Horne, NV): Effective 1 January 98 the dues will be increased according to the following table:

| Type | 1 year | 2 years | 3 years |
|-------------|----------|----------|----------|
| Full Adult | \$44.00 | \$82.50 | \$120.00 |
| Youth | \$16.50 | \$33.00 | \$49.50 |
| Scholastic | \$11.00 | \$22.00 | \$33.00 |
| Senior | \$30.00 | \$60.00 | \$90.00 |
| Sustaining | \$100.00 | \$200.00 | \$300.00 |
| Life | \$900.00 | | |
| Senior Life | \$425.00 | | |

The bylaws will be changed to show the following dues increases.

The following motions deal with Personnel issues:

ADM 97-26 (Jim Eade, CA/N): All Board approved changes to employee compensation will be subject to a vote of the full Board and the vote will be recorded in open session.

ADM 97- 27 (Jim Eade, CA/N): Any Board approved change to employee compensation will be recorded as a confidential BINFO item

ADM 97- 28 (Jim Eade, CA/N): Any Board approved change to an employee incentive plan must be finalized no later than 90 days after the plan has been approved

ADM 97- 29(Jim Eade, CA/N): Any employee contract must have the signature of no fewer than one officer and one other Board member.

ADM 97- 30 (Jim Eade, CA/N): Board conducted employee reviews must be written before presented. Please Note: These motions were PASSED unanimously by the Board at the November, 1997 meeting in Newburgh, NY. Please refer to PB 97-34 through 97-38.

The following motions deal with Regions and States issues:

ADM 97-31 (Alan Benjamin, NY): When counting the ballots in USCF elections, thirteen regions should be noted (instead of the current twelve). The thirteenth region shall be composed of the votes of Policy Board members, Life Voting Members, and anyone who has been given the ballot by Delegate action rather than being chosen by a state.

ADM 97-32 (Stephen Dillard, KY): The USCF shall provide once per year upon request, a Top Fifty Rating List of each state for their adults, their seniors, and their juniors, at no cost to the state association.

ADM 97- 33 (Stephen Dillard, KY): The State Affiliate Support Program of the state with the greatest percentage growth in membership each year shall receive a \$500.00 bonus in recognition of that accomplishment.

ADM-97-34 (Ken Horne, NV): The Nevada Decision (Which was published in Nov 1996 issue of Chess Life, Page 14), signed by Denis Barry, USCF President, April 19, 1996, gave the following order: Group 1, the spokesperson of which is Thomas Klem, shall cease and desist claiming to be the legitimate and official state affiliate of the United States Chess Federation from the state of Nevada or otherwise conducting itself or holding itself out as such.

For continuously claiming to be the legitimate state affiliate from Nevada the following Officer's of the Nevada State Chess Association, Inc., membership will be suspended for two years: Tom Klem, John Blackstone, Laymon (Snapper) McGauhey.

For continuously claiming to be the legitimate state affiliate from Nevada the following Board members of the Nevada State Chess Association, Inc., and having his membership previously suspended, the membership of Stan Vaughn is revoked.

This action will be effective 1 Sep 97.

ADM 97-35 (Donald Cotten, CA/S): In a case where two or more organizations claim to be the state chapter, or when an election of state officers is claimed to be a fraud, the USCF will try to offer an impartial solution to the problem by:

1. Providing a neutral representative (agreed upon by all sides) who may be a USCF officer, a Regional Vice President, or any USCF member, to help negotiate differences.
2. If no solution is reached, an election shall be called in the state, with notice given in Chess Life, or by letter to all USCF members in the state, alerting them about the election and membership requirements to join the state chapter, or chapters, so that they will be permitted to vote. Ballots shall be sent to a neutral site, either a Regional Vice President, if both sides agree, or to a local accounting firm, if no neutral officer can be found.
3. Any officers thus elected may not change the charter of the state chapter until during or after the second election in that state.

The following motions deal with USCF governance issues:

ADM 97-36 (Alan Benjamin, NY): The privilege of voting in USCF elections shall be taken away from Life Voting Members. The Policy Board shall be given one year to develop an alternate way of honoring these people.

ADM 97- 37 (Jim Eade, CA/N): The current Annual Report will be divided into two separate publications as follows:

The Annual Report
The Delegates' Call

ADM 97- 38 (Jim Eade, CA/N): No Board member shall serve as Liaison to any Committee chaired by his or her spouse.

ADM 97-39 (James Bolton, CT): We favor the concept of one person, one vote.

The following motions deal with players' issues:

ADM 97- 40(Alan Benjamin, NY; Events Committee): One of the following formats shall be used for the Amateur Team playoffs:

- a. Two teams of four (any alternates travel at their own expense) fly to the other two teams. USCF spends up to \$300 per person for airfare. Hotel expenses are borne by players, but host regional organizers should try to set up a cheap or free hotel room. Teams can then supervise each other for honesty, and one round will be face to face.
- b. Three teams of four are flown to the fourth team's site, for head to head play. Same conditions as above.
Thus we get a true winner.

The USCF will publicize the event previous to its being held, and provide space in Chess Life to report the results.

ADM 97- 41 (Harold Stenzel, NY): The USCF office shall be instructed to program the new correspondence tournaments originally approved in 1994. The work is to be completed by the end of 1997. The Correspondence Committee chair and tournament secretary shall make themselves available for advice and guidance if the programmer has questions.

The following motions deal specifically with scholastic issues:

ADM 97-42 (Luis Salinas, TX): To be effective for the 1998 events, the Scholastic Committee will implement provisions/ guidelines for the home schooled teams to participate in national tournaments with public and private school teams.

The following motions deal specifically with Women's chess issues:

ADM 97- 43 (Alan Benjamin, NY): Half of the next Women's Olympic team shall be Junior players.

ADM 97- 44 (Alexey Root, TX): The Delegates direct that \$30,000 be budgeted to sponsor a 1998 tour of the Women's World Chess Champion.

ADM 97- 45 (Alexey Root, TX): The Delegates direct that \$10,000 be budgeted to sponsor a 1999 - 2000 tour of the current and/or former US Women's Chess Champions.

The following motions deal with Rules and Ratings:

ADM 97- 46 (James Bolton, CT): We recommend that the Rating Committee consider whether to include the color played in the rating formulas.

ADM 97- 47 (James Bolton, CT): We recommend reconsideration of Rule 32-C-4 on page 135 of the current rulebook. CL ads should not be so strict about guaranteed prize funds for small tourneys.

ADM 97- 48 (James Bolton, CT): We recommend that Rule 14 h (1), dealing with Sudden Death time controls and losing chances, be reconsidered. Adjudications are not favored.

ADM 97- 49 (Board): The K factor of Quick Chess will go to 1.0 if not otherwise mandated by the Delegates and if the Chairman of the Ratings Committee approves.

ADM 97- 50 (Board): The system of Life Titles based on norms will be abolished. It may be continued temporarily to allow an equitable transition to a Life Rating system, if the latter is under consideration.

ADM 97- 51 (Board): The Delegates endorse in principle the creation of a system of Life Ratings to reward lifetime achievement and replace the Life Titles based on norms. These Life Ratings will not measure current strength and will not be intended to determine section or prize eligibility. The Delegates refer the following proposal to the Ratings Committee and ask that Committee to evaluate it, revise it if appropriate, and report to the Policy Board, which will have the power to implement.

1) Each established player has a current rating and a life rating. The current rating measures present ability; the life rating reflects lifetime achievement.

2) Each player is assigned his or her current rating, rounded up to the next highest number which ends in zero, as an initial life rating.

3) If the Executive Director believes it feasible, a player's highest rating ever, or highest rating during a recent period, may be used in place of the current rating for players requesting this or for all players.

4) Life titles based on norms are no longer tabulated. Players obtain credit towards initial life ratings as follows: Counting norm points as 10 points each, each title is translated into an equivalent number (Life 2000 with 7 norm points equals 2070, etc.) If the equivalent number is above the current rating, the initial life rating is the average of the current rating and the equivalent number, rounded up to the next higher number which ends in zero.

5) Each time a tournament of at least four games is rated, two calculations are made for each player. One is the current rating, calculated as at present. The other is the life rating calculated identically, except 1) using the player's old life rating as the pre-tournament rating and 2) without bonus points.

6) All life ratings end in zero. If the life rating calculation results in a number ending in another digit, that digit is lowered to a zero.

7) Life ratings never drop. If the life rating calculation shows a decrease, the life rating is unchanged.

8) Although the life rating will usually be the higher of the two, it is possible for the current rating to be above the life rating. This could occur due to A) events of under 4 rounds, B) bonus points, or C) rounding down. If the life rating becomes 30 or more points below the current rating, it shall be raised to the current rating minus 20, with the last digit rounded down to zero. 9) To avoid confusion between current and life ratings and to save space on labels and in rating supplements, the zero at the end of each life rating can be dropped. For instance, a player with current 1657, life 1820 would look like this on the rating supplement: 1657*182.

NOTE A: This proposal creates a series of plateaus, such as 1800, 1810, 1820 (or 180, 181, 182), etc. These are designed to make life points harder to earn.

NOTE B: Life points are not available in events of under four games for the same reason- to avoid having them too easy to earn. For instance, it would be undesirable if a player needed only to win in a one round team match to gain life points.

NOTE C: This proposal has a major advantage over simply recording each player's highest current rating ever achieved. With the latter system, a player who is below lifetime peak strength due to advancing age has virtually no chance to achieve a new peak, but would still have a real chance to improve a life rating.

ADM 97-52 (Board): Quick Chess Grand Prix points are to be calculated in the same manner as any other Grand Prix points

The following motions deal with TD Certification issues:

ADM 97-53 (James Bolton, CT): Concerning Tournament Director certification exam results: Let there be optional explanation of wrong answers. The applicant to pay (for instance) a \$5 fee for it before taking the exam, and the applicant to pay for the phone call, if any. Written explanations are not required. At present the applicant may not know what he is doing wrong.

The following motions deal with miscellaneous issues:

ADM-97-54 (Ken Horne, NV): The office will conduct a survey at the major open tournaments that are sponsored by the USCF. The purpose of these surveys will be for marketing and to learn information about the USCF's customers.

ADM 97-55 (Robert B. Tanner, AZ; Tim Just, IL): Be it resolved that in recognition of his services at major tournaments, including but not limited to the National Open, Wile E. Coyote is named an Honorary National Tournament Director.

XI. PRESENTATION OF CERTIFICATE OF GOVERNANCE

XII. INSTALLATION OF NEW POLICY BOARD MEMBER.

XIII. ADJOURNMENT

Delegates at Large

The following members are currently Delegates at Large whose terms expire in 1998:

- Harold Dondis
- Robert Erkes
- Harry Sabine

The following members are currently Delegates at Large whose terms expire in 1999:

- Denis Barry (Past President)
- Anthony Cottell
- Leroy Dubeck (Past President)
- Gerard Dullea
- F. Woodrow Harris
- Burt Hochberg
- Al Lawrence
- Myron A. Lieberman
- Timothy Redman (Past President)

The following members are Delegates at Large whose terms expire in 2000:

- Arnold Denker
- E. Steven Doyle (Past President)
- Jerome Hanken
- Helen E. Warren
- Harold J. Winston (Past President)

The following members were Delegates at Large but their DAL status has expired. They are eligible for re-election when they attend a Delegates' Meeting.

- John W. Collins - Expired 1989
- George Koltanowski - Expired 1989 (Past President)
- Frank Skoff - Expired 1992 (Past President)
- Gary H. Sperling - Expired 1996 (Past President)

Note: Past President Maxim Dlugy was a Life Voting Member but not a Delegate at Large under the old Bylaws. The LVM category is eliminated under the new Bylaws. Before final adoption of the new Bylaws the issue needs to be resolved as to whether Maxim Dlugy automatically becomes a DAL under the new Bylaws by virtue of being a Past President. Frank Elley and John Osness are currently Life Voting Members but not Delegates at Large under the old Bylaws. They are not Past Presidents. As they are Life Members they are still Voting Members for Life but the responsibilities of Voting Members will have changed significantly.

Submitted by Rachel Lieberman, Secretary.

1979-1997 Award Recipients

Distinguished Service

- 1979 George Cunningham, Arpad Elo,
Burt Hochberg, George Koltanowski
- 1980 Ed Edmondson, Isaac Kashdan,
Paul Webb
- 1981 John Collins, Marshall Rohland,
Frank Skoff
- 1982 Fred Cramer, Lina Grumette,
Gary Sperling
- 1983 Arnold Denker, Van Vandenburg,
Bill Goichberg
- 1984 Lynne Babcock, Pearle Mann,
George Tiers
- 1985 Denis Barry, Harold Dondis,
Tim Redman
- 1987 Leroy Dubeck
- 1988 Gerard Dullea
- 1989 Myron Lieberman, Don Schultz
- 1990 Steve Doyle
- 1991 Harry Sabine, Yasser Seirawan
- 1992 Harold Winston
- 1993 Robert Erkes, Carol Jarecki,
Helen Warren
- 1994 C. Norman Peacor, Fred Townsend

1995 Jerry Hanken, Martin Morrison

1996 Woodrow Harris

1997 Anthony Cottell,

Frank Camaratta

Outstanding Career Achievement

1986 Allen Hinshaw, Helen Hinshaw,

Bob Dudley, Robert Erkes,

George Mirijanian

1987 Alan Benjamin, Phyllis Benjamin

1989 Peter Lahde, Alina Markowski,

Larry Paxton, Glenn Petersen

1990 Roger Blaine, Lee Hyder,

Russell Miller

1991 Mike Goodall, Ira Lee Riddle,

Fjola Vandenburg

1993 Robert Karch, Robert P. Smith

1994 Clarence Callaway

1995 Pete Nixon, Warren Pinches

1996 Burt Hochberg

1997 J.C. Thompson,

Leroy Dubeck, Bill Snead

Special Services

1983 Hal Boger, Arnold Denker,
Thad Rogers, Hyman Rogosin,
Eric Schiller, Don Schultz

1985 Lackland Bloom, Martin Morrison

1986 Fred Gruenberg, Richard O'Keefe,
C. Norman Peacor, Ron Warnicki

1988 Fred Townsend, David Welsh

1991 Larry Evans, Lev Alburt

1992 Ron Lohrman, Les Leroy Smith

1993 Jeremy Gaige, John Varis

1994 Garrett Scott, John McCrary,
Warren Pinches

1995 Jo Eglan, Doris Thackrey

1996 Herb Hickman, Hanon Russell,
Helen Warren

1997 Jim Pechac, Denis Barry,
Robert John McCrary

Meritorious Service

1980 Robert Tanner

1985 Joseph Wagner

1986 Lincoln Chess Foundation,
Glenn Meachum, Ben Munson,
Sunil Weeramantry

1987 Don Maddox, Jules Stein,
Charles Pashayan

1988 Harry Lyman
1991 Imre Konig, George Leighton
1992 David Mehler
1993 Allen Kaufman, Dale Brandreth
1994 Paul Shannon, Randall Hough
1995 Frank Brady, Billy Colias, Ernest Marx
1996 Paul Gold, Myron Lieberman
1997 Alan Sherman, Randall Swanson, Jim Warren

Committee Of The Year

1982 Computer Committee
1988 Hall of Fame Committee
1989 Scholastic Committee
1990 Tournament Direction Certification Committee
1993 Special Committee on Rulebook
1994 Ratings Committee
1995 Computer Communications Committee
1996 Chess in Education Committee
1997 Finance

City Of The Year

1983 Pasadena, California
1984 New York, New York

1985 Foxboro, Massachusetts
1986 Charlotte, North Carolina;
Somerset, New Jersey
1987 Pulaski, Virginia; Terre Haute, Indiana
1988 Albuquerque, New Mexico;
Memphis, Tennessee; Southfield, Michigan
1989 Knoxville, Tennessee; Peoria, Illinois;
Seattle, Washington; Tempe, Arizona;
Lexington, Kentucky
1993 Durango, Colorado; Reno, Nevada
1994 Bloomington, Illinois; New York, N.Y.
1995 Chicago, Illinois; Key West, Florida
1996 Tucson, Arizona; New York, New York
1997 Knoxville, Tennessee;
Sioux Falls, South Dakota

Organizer Of The Year

1994 Bill Goichberg
1995 Al Losoff
1996 Nick Conticello,
Manhattan Chess Chess Club
1997 Jose Cuchi, E. Steven Doyle

Koltanowski Medal

1979 Gold: Bill Church,
Jacqueline Piatigorsky,
Louis Statham

1980 Gold: Thomas Emery,
Lessing Rosenwald

1981 Gold: Fred Cramer;
Silver: Howard Gaba,
Fred Gruenberg, Al Hansen

1982 Gold: Rea Hayes;
Silver: Nobert Leopoldi

1983 Silver: Stephen Jones,
Don Richardson, John Rylowski,
Ralph Slottow

1984 Gold: Jose Cuchi;
Silver: M. Vacheron

1985 Gold: Frank Normali;
Silver: R. W. Twombly

1986 Gold: Shelby Lyman,
NCR Corporation;
Silver: Faneuil Adams, Jr.,
Paul Arnold Associates,
Equitable Life Assurance,
Prudential Insurance

1987 Gold: Frank Samford

1988 Gold: Sid Samole

1989 Gold: Novag Industries

1990 Gold: Arnold Denker,
Helen Warren

1991 Gold: Ted Field;
Silver: Neil Falconer

1992 Gold: Banker's Trust

1994 Silver: Dr. Martin Katahn

1996 Gold: Saitek Industries, Ltd.
Silver: Zamagias Properties

1997 Gold: Interplay Productions
Silver: Wizards of the Coast
Novag Industries

Scholastic Service

1994 Harry Sabine

1995 Ron Lohrman

1996 Lee LaFrese

1997 Robert Ferguson

U.S. Chess Hall Of Fame

*For more information about those inducted into the Hall of Fame please go to: <http://www.uschesshalloffame.com/>

1986 Paul Morphy, Robert Fischer, Reuben
Fine, Frank Marshall, Isaac Kashdan,
George Koltanowski, Harry Pillsbury,
Sammy Reshevsky

1987 Sam Loyd, Wilhelm Steinitz

1988 Arpad Elo, Hermann Helms

1989 I.A. Horowitz
1990 Hans Berliner
1991 John Collins, Arthur Dake
1992 Arnold Denker, George MacKenzie,
Gisela Gresser
1993 Pal Benko, Victor Palciauskas
1994 Larry Evans, Robert Byrne,
Arthur Bisguier
1995 Ed Edmondson, GM William Lombardy
1996 Fred Reinfeld
1997 Kenneth Harkness

Frank J. Marshall

1994 Albert Sandrin
1995 Grandmaster Arthur Dake
1996 Grandmaster Arnold Denker
1997 Maurice Ashley,
John Donaldson

GRANDMASTER Oscar of the Year

1997 Alexander Yermolinsky

Special Rules for 1997 Delegates Meeting

- 1) Those submitting motions should review them in advance with appropriate committees and discuss them during workshops. I will routinely request committee positions on Delegate Motions.
- 2) The Delegate meeting will be tape recorded, therefore all speakers should state their name when using the microphone. They also should mention the state they represent, the first time they speak at the microphone.
- 3) All motions, substitute motions and amendments should be given to the Secretary in writing before being presented on the floor.
- 4) All debate and discussion on the substance of a motion will take place from the three floor microphones that are marked 'FOR', 'AGAINST' and 'PODIUM'. No one may speak into any of these microphones without first being recognized by the chair.
- 5) As we proceed through the agenda, the chair will recognize delegate(s) whose motion will be considered. These individuals will proceed to the Podium, present their motion and remain at the Podium during debate in order to answer points of information. They should leave the Podium and wait in line at the 'FOR' microphone if they wish to advance new arguments or rebut arguments of others.
- 6) If any delegate, including any of the PB members present on the dais, wish to speak to the substance of a motion, he/she must go to the 'FOR' or 'AGAINST' microphone and wait in line until recognized by the chair.
- 7) Delegates who have previously spoken to a motion should before speaking to the same issue again allow others who have not spoken a chance to express their views.
- 8) Delegates may only be recognized from the chair.
- 9) The chair will conduct all votes, including straw polls.
- 10) A short recess may be called each morning and afternoon at a convenient time determined by the chair.

Donald Schultz
President, USCF

SCHEDULE FOR 1997 U.S. OPEN WORKSHOPS & COMMITTEE MEETINGS

| | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | |
|--|--|-------------------------|--------------------------|--------------------|----------------------------|--------------------------------|--|---------------------------|------------------------------------|----------------------------|
| Wednesday, August 6 | 9-hour Chess In Education Seminar, Part I | | | | Lunch Break | Ethics Committee | 9-hour Chess In Education Seminar, Part II | | | |
| | Ballot Count | | | | | Chess Journalists | | Club Development | College Chess | |
| | Events | Correspondence Chess | TDCC/ Problem Solving | | | Senior Chess | Prison Chess | TDCC | Chess History | |
| Thursday, August 7 | 9-hour Chess In Education Seminar, Part III | | | | Chess Collectibles | Regions & States | | Scholastic Chess | | |
| | Policy Board | | | PB/ Staff Forum | Lunch Break | Rules Workshop | | Computer Chess / Internet | | |
| | | | | | Chess in Education* | | Ratings | | | |
| Friday, August 8 | Rapid Chess | Chess Trust | <i>Chess Life</i> | | Robert's Rules of Order | Finance | | Women's Workshop | Member- ship Growth Comm. | Member- ship Meeting |
| | Organizers | Blue Ribbon Panel | | | Lunch Break | | | 3:00-4:30 Bylaws | | |
| | FIDE | | | | | | | | | |
| Saturday, August 9 | Delegates' Meeting | | | | USCF Awards Luncheon | | Delegates' Meeting | | | |
| Sunday, August 10 | Delegates' Meeting | | | | Lunch Break | Delegates' Meeting | | | | |
| Monday, August 11 | Policy Board | | | | Lunch Break | PB Forum | Policy Board (closed session) | | | |
| Tuesday, August 12 | Chess Trust Business Meeting | | | | Lunch Break | Policy Board (if necessary) | | | | |
| | Policy Board (if necessary) | | | | | | | | | |
| Thursday, August 7: Scholastic Reception, 9 p.m. Friday, August 8: President's Reception for Delegates, Voting Members, Chess Journalists, and Grandmasters, 9 p.m. | | | | | | | | | | |

*Chess in Education Committee business meeting only. Nine-hour workshop on Chess In Education: Wednesday 9-12, 2-5, Thursday 9-12. Registration fee \$30 (\$20 for one day). For more information call (407) 694-6199.