

# A REPORT TO THE MEMBERS OF ATOS

*It is with sincere regret that a majority of the present board and officers find it necessary to break tradition and use the pages of this publication to tell our side of an unhappy story.*

ATOS has reached a very crucial point in its life and faces a challenge that may well change it drastically from the organization as we now know it. Let's review some factual material from years past that has a direct effect on our present problems.

For most of the past 15 years, ATOS and its administrators, have been under constant attack from a small group of dissenters who have been nurtured and supported by *The Console* magazine. In 1961, *The Console* was the chapter newsletter of the Los Angeles Chapter but its distribution was not only to the chapter members but to a nationwide paid subscription as well, in direct violation to the Chapter Charter Agreement between the National and the Los Angeles Chapter. This condition was brought to a head at the Los Angeles convention in 1962 and the chapter agreed to make the necessary changes in order to conform. The following year, the ATOS Board of Directors made several changes in the editorial program of the society which included the appointments of Stu Green, editor of *Posthorn*, and Tom B'Hend, editor of *The Console*, to the editorial staff of THEATRE ORGAN. Both *Posthorn* and *The Console* were to cease publication and Tom B'Hend was named editor of THEATRE ORGAN. He demanded full authority and a free hand on all policies relative to content and make-up of THEATRE ORGAN. When advised that the Board of Directors would have final control, he resigned after one issue of THEATRE ORGAN — Spring 1964.

Since that time, the officers and directors of ATOS have been targets of repeated attacks in *The Console* as to their handling of about any matter that pertained to the society. With a steady stream of, "It is rumored," "It is reported that," "According to reliable sources," etc., many excursions from the truth have been spread through a segment of our membership, apparently using the old theory of "Tell a story often enough and people will believe it is true."

During the past year, a major hassle has centered around the Ledwon committee bylaws and the replacement of John Ledwon as chairman of that committee. In 1979, the board had appointed John Ledwon to set up a committee of five to look into revising our bylaws. The final draft of such revisions was to be sent to Judd Walton who would obtain OUR attorney's approval prior to presentation to the board.

The Ledwon committee chose to involve the chapters

and the membership in their quest for changes — an idea having some merit. Input was received from about half of the 50 US chapters, and from a very small number of individual members.

Most, but not all, of the suggestions received were included in the Ledwon bylaw draft which was presented to the ATOS Board of Directors on July 13, 1980. These bylaws had been approved by an attorney selected by Ledwon instead of our ATOS attorney, as instructed. Nevertheless, the board then decided to take the proposed bylaws under consideration. When these bylaws were turned over to our attorney, we were informed they were sadly lacking in content to conform with the revised California law covering nonprofit corporations. To quote our attorney, "It appears to me, and I would recommend to you, that because of the specific shortfalls, that the proposed bylaws of the Ledwon committee should not be adopted. They would be the cause of many problems."

As a matter of record, our ATOS attorney worked with the California State Legislative Select Committee, set up at Stanford University, to review and rewrite the state corporate laws, and, as such, he is certainly highly qualified to advise on the intent and qualifications of the law.

In view of this and the fact he had not followed the board's directive, the Ledwon committee was dismissed, and a new Bylaw Revision Review Committee, chaired by Tiny James, was appointed by President Haight on September 8, 1980, to review the proposed bylaw changes as to their need, compliance with California law, and how they would improve our organization. This committee, using the material collected by the Ledwon committee as part of its research, working with our attorney, developed a set of conforming bylaws that were presented to the Board of Directors at the special board meeting on February 7, 1981. After a review of each section, with our attorney present at the meeting, the Board of Directors approved the new bylaws (Ledwon & Segur dissenting) for presentation to the general membership for final approval at a meeting called for March 22, 1981, at College Park, Maryland.

After John Ledwon was relieved as chairman of the bylaw committee, he again acted outside the board, of which he was a member, and took his complaints to a majority of the chapters. Unfortunately, this opened a Pandora's box and several officers and directors have come under further attack from this dissident group, providing a field day for the vocal troublemakers as well as creating the most serious member morale problem ATOS has ever faced.

Another matter of concern seemed to be the tone of the letters coming from the president's office. As a result of the action referred to above, letters started to flow to the president making statements and demands based on facts that the writers had little knowledge of, and were far from being complimentary to the efforts of the board or president.



Unfortunately, many of these letters drew a response in the same vein from President Haight, which, in most cases, spoke the truth, but was not the meek type of reply that the writers expected.

The financial records of ATOS have also come under fire from this group. The financial statement shown in the June, 1980 issue of THEATRE ORGAN was compiled in an effort to relate 1979 expenses to 1979 income. This report purposely did not show the real cash flow for 1979, which in reality included 1980 dues collected during November and December, 1979. The audited figures, however, did show this and were the basis for our financial reports filed with the State of California and the IRS. Ralph Beaudry, chairman of Los Angeles Chapter, obtained a copy of the CT-2 form filed with the State of California containing the audited figures explained above and promptly made a big issue of the difference in the figures. On November 15, 1980, he proceeded to write the board and all chapter chairmen, questioning the honesty, integrity and competency of the treasurer, and threatening the involuntary dissolution of ATOS as well as forming an anti-ATOS organization! Some chapters did not understand and continued to distribute this distorted information in their newsletters. In addition, the Los Angeles Chapter filed papers with the California Secretary of State in December 1978 changing their name, and in doing so, by incorrect statements, removed the ATOS name from the state corporate records. ATOS Treasurer Erwin Young discovered something was wrong and, in 1978, and again in 1979, wrote letters to both the chapter and the State of California, requesting them to check into the matter. No replies were received from any of these letters. In April, 1980, our attorney contacted Sacramento seeking an answer for the ATOS President, and at that time was advised of exactly what was wrong. At the request of Erwin Young the past chairman of Los Angeles, who had signed the certificate in error, was contacted and he and his attorney began the action necessary to correct the error. The report of this mistake in the Beaudry letter of November 15, 1980, circulated to all chapter chairmen, was totally incorrect. While all of this was going on, the LATOS corporate franchise was in a state of suspension. The ATOS name, as a corporate entity, was finally restored in October, 1980.

The financial records of ATOS had never been audited prior to the establishment of a national office in 1974. There was simply no money for this. For the next three years CPA members of ATOS inspected the books and reported to the board. In 1977, an independent CPA was asked to inspect the books and submit a report to the board. Since 1978, an audit has been made each year by an independent CPA who has no connection with ATOS.

While on the subject of finances, another subject that has been incorrectly presented should be explained, namely Contract Fees, as they are so named by the IRS. These are, in most cases, only a *partial* reimbursement of expenses resulting from ATOS work and are *not* salaries as many have been led to believe. A ruling on this has been received based on the definition contained in section 74-02A of the Internal Revenue Code of 1954. Contract fees paid are reported to the IRS by national on Form 1099 and each individual receiving a contract fee also receives form 1099 to use in filing their income tax return. Contract fees are paid to the following people in the amounts listed.

Richard Haight, <i>President</i> .....	Nothing
Lois Segur, <i>Vice President</i> .....	Nothing
Erwin Young, <i>Treasurer/National Office</i> .....	\$350.00/month
Lee Prater, <i>Membership Secretary</i> .....	\$200.00/month
George Thompson, <i>Editor Theatre Organ</i> .....	\$200.00/issue TO
Betty Mason, <i>Publisher Theatre Organ</i> .....	\$200.00/issue TO
Stu Green, <i>Associate Editor TO</i> .....	\$150.00/issue TO
Lloyd E. Klos, <i>Associate Editor TO</i> .....	\$150.00/issue TO
Don Lockwood, <i>Publisher's Assistant</i> .....	\$100.00/issue TO
Directors.....	Nothing except as noted.

In the case of the National Office, Membership Office and publisher, these above figures do not even begin to cover the cost of automobile mileage incurred in ATOS business, nor do they approach the expense incurred during the past year as a result of actions by the critical group. Some members have been incorrectly made to believe that ATOS has a big 'Nest Egg,' and nothing could be further from the truth. Dues arrive beginning in November and lasting through March, in the larger amounts, and this is why the audited financial report shows the large year end figure. We try to place any amount of this that we will not need for the first three issues of THEATRE ORGAN in certificates to earn the interest shown. The balance, plus what trickles in during the following months, plus advertising income are used for the first three issues of THEATRE ORGAN while the certificates are used for the August and October issues. For several years we have had to borrow to cover the December issue prior to the time that the next year's dues come in. This, then was the reason that the membership was given the type financial statement shown in the June 1980 THEATRE ORGAN. It was not an attempt to falsify any information, merely an effort to point up the shortfall in income at the end of the year and the belief that it was wrong to always have to draw on next years' dues to cover the cost of the December issue.

The real shortage in finances began in 1978 when we had a loss of over \$9000 on the Atlanta Convention because of the failure of the Atlanta Convention Committee to follow the guidelines set up by national.

Checks that were issued by National Headquarters to bail out the Atlanta Chapter from the 1978 ATOS Convention deficit incurred by them are as follows:

Birmingham — Jefferson Civic Center (rental and suppers).....	\$7996.87
Alabama Chapter for Organ Repair (this had been included in the preconvention budget).....	600.00
Attorney Fees in Atlanta (to obtain convention records from the Atlanta Chapter).....	480.00
Attorney Fees in California (to arrange for legal representation in Atlanta).....	88.40
Total expense for three trips to Atlanta (These trips were made after the conven- tion, to obtain and review the records with the attorney by Erwin Young, who did not charge the society for expenses incurred for seven trips for guidance prior to the conven- tion.).....	634.33
Refunds (for two members who could not attend the convention).....	162.00
TOTAL.....	\$9961.60



The record store had a profit of \$1835.20. The Alabama Chapter was to have received 25 percent of that profit, but they never did, nor was the balance accounted for. In addition the payback of the National Convention advance was short \$185.40. The following is a list of *unauthorized* expenses paid by the Atlanta Chapter and not included in the preconvention budget:

East Point Theatre .....	\$4087.68
(property of Joe Patten which was not available for convention.)	
Lyn Larsen .....	1000.00
Hector Olivera .....	979.00
Chapter Incorporation Fee .....	609.81
Sheraton Hotel	
(A suite for a nonmember, Robert McKoon, at \$130 a day plus telephone and restaurant charges.) .....	
	708.17
TOTAL .....	\$7384.66

This followed with two special board meetings called in 1978 which cost around \$3000 each in travel and associated expenses. The first was called by newly-elected President Sandy Fleet, in Wilmington, DE, October 8, 1978, at which time he proposed that Tom B'Hend and *The Console* be taken into ATOS as an equal partner with THEATRE ORGAN. The board deliberated on this for several weeks and a second meeting was called in San Francisco on November 4, 1978, at which time the rejection of the plan resulted in the resignation of Fleet as president, who gave the board one reason for the resignation and furnished *The Console* with another reason to print. In 1980, the board, with the cooperation of the Wurlitzer Company, attempted to set up an organ seminar in association with the giant Wurlitzer at Wurlitzer headquarters in De Kalb, IL. Once again, unfavorable comments were circulated by the same individuals relative to our intentions and when the enrollment was not adequate to cover expenses, the event had to be cancelled. Our expenses for this aborted attempt were \$2500, in addition to expenses incurred by the Wurlitzer Company. The honest mistake, which removed the ATOS name from the State of California records, cost about \$1000, and the latest board meeting, demanded by many because of the bylaw controversy, cost over \$4000 in travel and associated expenses.

And so it goes! We have had to put many thousands of your dues monies down the drain in an effort to counter the actions of a vocal few, and it is high time that you know as much of the story as we can put on these few pages. We, the 'Old Guard,' have tried to serve *all* of ATOS and no special interest group, and through the years the annual membership vote for directors has seemed to confirm our belief that we were on the right track. Perhaps we have been wrong. Despite the actions of the officers of Central Indiana, Central Ohio, San Diego, Los Angeles, Southern Arizona, Sierra, Eastern Massachusetts, Delaware Valley, CATOE, Valley of the Sun, Motor City, Alabama, Sooner State, Nor Cal, Garden State, and Bee Hive chapters, the revised bylaws were adopted at the March, 1981, special membership meeting. The above chapters all had indicated that they had the full support of their members in opposing actions by the president and board as well as demanding adoption of the Ledwon bylaws even after they had been proved to be unsatisfactory, certainly indicates a complete lack of support for the present administration of

ATOS. In addition, several members of the vocal minority, all backed by *The Console*, have run for election to the board on repeated occasions only to fail by a wide margin each time. This has brought the demand for limitation of terms of office for directors and the charges that we were dishonest in the handling of the vote count. We, the members of the 'Old Guard,' have always considered ourselves to be honorable ladies and gentlemen and these charges, in addition to being completely false, are deeply resented. All of these facts can be verified by written proof.

We regret that our great society has reached this sad position and feel strongly that each member must know the true story and, as the vocal minority has for so long demanded, place the control of the society in the hands of the membership (where we have always thought it was). Many of those opposing the new bylaws claim that they deny the membership many rights, but the exact opposite is true. The new California law places many more demands and controls on the corporation, and just the staff to handle all the demands that could come from this or any similar critical group could bankrupt the society. We have allowed a thorn to grow within our group under the guise of membership rights until now the organization is in a very critical condition. A few chapter officers seem to think that a few chapters run the organization, but we have always felt that the members ran the society and chapters were a necessary accessory. The number of letters we have received in the membership office from former chapter members who have dropped their chapter affiliation because of chapter politics seems to support our theory. The vocal few seem to completely forget the 40 percent of our membership who are not members of any chapter.

Most of us are in this organization for the fun of it and not to have to spar with a lot of operational red tape. We long to be able to attend a convention and enjoy the program instead of having to battle the vocal few constantly. The conditions covered in this article have made the effort strictly unacceptable to us, many of whom have worked for ATOS for over twenty years; and we hereby announce that the following resignations will be effective June 15, 1981, and as of that date these offices will be vacant:

Sec./Tres., National Headquarters.....	Erwin Young
Editor Theatre Organ.....	George Thompson
Publisher Theatre Organ.....	Betty Mason
Membership Office.....	Lee Prater

For the same reasons, the following board members, whose terms expire this June, have decided NOT to submit their names for renomination:

W. Tiny James	Dick Schrum
Betty Mason	George Thompson

It has been a pleasure to meet and work with many fine people over the years and these memories will be our reward for years of service. Finally, we urge your serious consideration of all candidates for the new Board of Directors. Be sure they represent what you want ATOS to be. The responsibility is yours.

"The Old Guard"

*The June/July issue will include the minutes of the February 7-8, 1981 board meeting and March 22, 1981 membership meeting, as well as the new bylaws as adopted by the membership.* □