

EXCERPT FROM THE TREASURER'S REPORT – 2/11/2018 LEC MEETING – JASON BRANDENBURG

Fellow members of the LEC,

On December 14, 2017 I received an email from someone that I believed to be Bill Hall from his MLP email address chair@michiganlp.org.

I read the email on my cell phone. The message asked if I would prepare a payment for a vendor. From my experience as party treasurer for the past 2 years, this was not an uncommon situation. I quickly responded to the email and asked what it was I needed to do. The reply I got back was simple instructions for electronically transferring \$3250.00 to an account at Chase bank.

A while later I informed Bill via his personal email address that the transaction had been made. He immediately informed me that he did not request this transaction and instructed me to get a hold of Comerica and try to stop the money transfer. While Comerica was able to freeze the transaction in place, the money had already posted to an account at a Chase Bank in Texas.

Both banks conducted months of fraud investigation. Initially, Comerica was hopeful that all the money would be recovered. On Monday February 5, Comerica informed me that \$1,615.79 was able to be recovered. This money has been confirmed returned the party general account. From this incident, the LPM incurred a total loss of \$1,634.21.

I am deeply sorry and embarrassed that this happened. I take the responsibility of treasurer seriously and would never intentionally risk the financial resources of the LPM. I thought acting promptly via email was the right thing to do for paying the bills of the party. I now know this left us exposed to fraud and have initiated changes to how bill pay requests are handled. Going forward, I will not release any funds unless a request has been made and verified in at least 2 forms of communication, face to face transactions being the exception.

Multiple communications to release funds should ensure that money is never stolen in this manner again. I can only ask for your forgiveness and continued faith in my abilities to execute the duties of treasurer.

Sincerely,

Jason Brandenburg

EXCERPT FROM THE STATE CHAIR'S REPORT – 2/11/18 LEC MEETING – BILL HALL

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Phishing Scam – Elsewhere Jason Brandenburg reports that he (and we) were the victim of a phishing scam, that resulted in our loss of about \$1,635.00. I want to add that this was clearly an honest mistake on Jason's part in responding to the false message requesting payment (in my name). Within the past 6 months I've heard several reports of the same sort of scam (email purporting to be from top executive of an organization asking accounting personnel to make an electronic payment of a bill), being successfully perpetrated on many organizations. Jason spent countless hours working with our bank in trying to recover the funds, and did manage to recover almost half of them. While a hard lesson, I don't know what we would do without Jason's hard work in the Treasurer role, and we should all thank him for persevering through a very unpleasant experience.

EXCERPTS FROM DRAFT MINUTES OF FEBRUARY 11, 2018, LEC MEETING

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Treasurer's report

Brandenburg reported that in December he mistakenly paid a bill for \$3250 in response to an email he believed was from Chair Hall but was really a scam. He notified Chair Hall, who asked our web hosting company and Yow to check that our website had not been hacked (it had not). Brandenburg worked with our bank to try to get the money back but it was only able to recover \$1615.79, received on February 5, resulting in a loss to the LPM of \$1634.21. As the bank had indicated it was optimistic all funds would be returned, and he was trying to get the money back, he did not bring this up at the January LEC meeting. Brandenburg took full responsibility for his mistake and apologized to the LEC for the loss to the party. He said that his new policy going forward is to require 2 forms of communication before dispersing funds. Chair Hall remarked that he wanted to give the treasurer a chance to manage things in pursuit of a solution, and therefore did not insist Brandenburg disclose the loss immediately, especially as the bank was still doing its investigation. Hall felt this was the best way to come to a solution and keep a good volunteer who had obviously just made an honest mistake that any of us could have made.

Brandenburg also noted that the bank account was locked for a time and his January report did not reflect current numbers. He will need to amend the January report.

Wood moved to remove Brandenburg as treasurer if he does not restore the \$1634.21 to the party within 120 days. After debate, Stempfle called the question, which passed with Wood voting against. Roll call vote on the motion was requested: for (2) - Wood, Carr; against (14) – Hall, Yow, Stempfle, Salvette, Gundle-Krieg, Buzuma, Lewis, Coon, Sanborn, Parker, Peterson, Kanan, Connolly, Johnson; abstain (1) - Brandenburg; absent (1) – Saliba; **failed**.

Lewis moved to put together a committee of a vice chair, the treasurer, and 3 district members to review financial procedures of the party and look into the feasibility of bonding the treasurer; **passed**.

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There was no objection to spending 10 minutes populating the new financial review committee. Stempfle, Wood, Peterson and Lewis nominated themselves. Wood moved to close nominations and approved by acclamation; **passed** with 1 abstention (Salvette).

Forwarded Message -----

Subject:EXPENSE
Date:Thu, 14 Dec 2017 05:10:27 -0700
From:Bill Hall <chair@michiganlp.org>
Reply-To:Bill Hall <presidentchair@yahoo.com>
To:treasurer@michiganlp.org

Hi Jason, Do you have some minutes to spare?

I want you to prepare a payment of \$3,250 to a vendor this morning, let me know if you're available so i can forward you details.

Thanks.
Bill Hall

From: Libertarian <swmi4liberty@be-innovative.net>
Date: December 14, 2017 at 8:16:43 AM EST
To: Bill Hall <presidentchair@yahoo.com>
Subject: Re: EXPENSE

Bill,

I am not available this morning, but I can talk around lunchtime.

Jason B

On Dec 14, 2017, at 7:10 AM, Bill Hall <chair@michiganlp.org> wrote:

Hi Jason, Do you have some minutes to spare?

I want you to prepare a payment of \$3,250 to a vendor this morning, let me know if you're available so i can forward you details.

Thanks.
Bill Hall

Subject:Re: EXPENSE
Date:Thu, 14 Dec 2017 06:36:07 -0700
From:Bill Hall <chair@michiganlp.org>
Reply-To:Bill Hall <presidentchair@yahoo.com>
To:swmi4liberty@be-innovative.net

Jason, would want you to do a wire transfer at the branch bank so that the vendor can get it today. Do i forward you the beneficiary details for a wire transfer now?

Regards.

Bill Hall

From: Libertarian <swmi4liberty@be-innovative.net>
Date: December 14, 2017 at 8:48:42 AM EST
To: Bill Hall <presidentchair@yahoo.com>
Subject: Re: EXPENSE

Sure go ahead, Send every detail you have.

I can try to do this on my lunch hour today.

On Dec 14, 2017, at 8:36 AM, Bill Hall <chair@michiganlp.org> wrote:

Jason, would want you to do a wire transfer at the branch bank so that the vendor can get it today. Do i forward you the beneficiary details for a wire transfer now?

Regards.

Bill Hall

Subject:Re: EXPENSE
Date:Thu, 14 Dec 2017 06:59:20 -0700
From:Bill Hall <chair@michiganlp.org>
Reply-To:Bill Hall <presidentchair@yahoo.com>
To:swmi4liberty@be-innovative.net

Jason, Below is the beneficiary details for payment.

Bank Name:Chase Bank
Address: 1111 Polaris Parkway Columbus, OH 43240
Bank Account Name : Esmeralda Aguilar
Bank Account Number: 426771833
Bank Routing Number: 111000614
Amount:\$3,250

I will be going for a doctors appointment soon, Please do email me a copy of payment once done.

Thanks.

Bill Hall

From: Libertarian <swmi4liberty@be-innovative.net>

Date: December 14, 2017 at 10:25:27 AM EST

To: Bill Hall <presidentchair@yahoo.com>

Subject: Re: EXPENSE

Bill,

What account should these funds come from?

On Dec 14, 2017, at 8:59 AM, Bill Hall <chair@michiganlp.org> wrote:

Jason, Below is the beneficiary details for payment.

Bank Name: Chase Bank

Address: 1111 Polaris Parkway Columbus, OH 43240

Bank Account Name : Esmeralda Aguilar

Bank Account Number: 426771833

Bank Routing Number: 111000614

Amount: \$3,250

I will be going for a doctors appointment soon, Please do email me a copy of payment once done.

Thanks.

Bill Hall

Subject:Re: EXPENSE
Date:Thu, 14 Dec 2017 08:29:14 -0700
From:Bill Hall <chair@michiganlp.org>
Reply-To:Bill Hall <presidentchair@yahoo.com>
To:swmi4liberty@be-innovative.net

Jason, From the main account.

Bill

From: "Bill Hall " <chair@michiganlp.org>
Date: December 14, 2017 at 1:57:34 PM EST
To: swmi4liberty@be-innovative.net
Subject: Re: EXPENSE
Reply-To: "Bill Hall " <presidentchair@yahoo.com>

Jason, has the payment been made yet?Please don't hesitate to email me a copy of payment for my own record.

Best Wishes,

Bill Hall