

**RESPONSE TO SECTIONS POLICY WORKGROUP PROPOSED CHANGES OF THE  
WSBA CREDITOR-DEBTOR RIGHTS SECTION**

TO: [sections@wsba.org](mailto:sections@wsba.org)

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The Executive Committee of this Section opposes the changes proposed by the Sections Policy Workgroup.

It is alleged by the Workgroup that “many of the policies affecting WSBA Sections... have fostered inconsistent applications among Sections, and inconsistencies with the WSBA general policies.” It is also alleged that the inconsistent policies add unnecessary administrative burdens to both Section leadership and WSBA staff. These inconsistencies and burdens are never identified.

The actual proposal is to:

1. Replace the By-Laws of the 28 Sections with a single Charter;
2. Revise the WSBA By-Laws; and
3. Revise WSBA fiscal policies.

It is unclear as to what benefit there is to the WSBA members or to the Sections to replace their By-Laws with a Charter. All the existing By-Laws comply with the WSBA By-Laws and have been approved by the Board of Governors. The Charter will remove the diversity that currently exists between the Sections. All Sections and their leaders have been told over the past two years that diversity is a goal of the WSBA and that we all need to improve diversity within our Sections.

The proposed Charter will remove financial autonomy for each Section and in turn remove the incentive for the Sections and their members to produce substantive continuing legal education programs for members of the WSBA.

Membership in the WSBA is mandatory. Membership in a WSBA Section is voluntary. It appears that the various Sections have been good stewards of the revenues within their control.

The WSBA By-Law changes and WSBA Fiscal Policy changes the Workgroup proposes all relate to taking away the existing Section financial reserves and placing the financial decision-making for each Section outside of the control of their individual Executive Committees. Why is this necessary?

The WSBA staff recommended the formation of the Sections Policy Workgroup based on financial information submitted to the Board of Governors in July of 2015. The WSBA financial statements for 2014 and 2015, show that the Sections’ administrative expense charged by the Bar staff increased from \$299,889.00 to \$405,738.00 between 2014 and 2015. This is an increase of over 35%. Continuing legal education administration increased for the same period from \$512,786.00 to \$548,384.00, an increase of approximately 7%. CLE revenues for the same period increased from \$674,720.00 to \$762,463.00, for an increase of 13%. The sharp rise in the administrative costs charged by the WSBA staff is not explained in the financial information.

The Section Seminar Financials included in those materials all include a charge for “indirect and non-event specific direct expenses”. The calculation of these charges are not explained. However, this fee, and the

administrative fee charged by the WSBA often exceed the gross revenue generated by the event. Some might call this voodoo accounting.

The transparency provided by the Workgroup in the area of the financial considerations, is similar to the view provided through a clear window on a foggy day.

If there is a problem with the finances of the Sections, that problem needs to be addressed to the Sections directly. If the financial problem exists within the WSBA staff, that needs to be addressed also.

The Creditor-Debtor Rights Sections has a great deal of expertise in dealing with money problems. Solving those types of problems is what most of the Section members do in their practices on a daily basis. We are all volunteers and we are willing to help. Our help has never been asked for.

The Sections Policy Workgroup as currently comprised, excludes all Section leadership from the process. The problems the Workgroup is addressing do not seem to be the real problems faced by the WSBA.

The result of implementing the changes proposed by the Workgroup in the current form, will be a short term benefit in that the WSBA will be able to get the Sections' financial balances off their books. The long-term effect will be to diminish or to dissolve most, if not all, of the Sections. The membership of the Creditor-Debtor Rights Section will volunteer their efforts with other organizations.

We ask that the current proposals be rejected and the process be reset and include Section leadership. The real problem appears to be the shrinking of the assets of the WSBA. Get the Sections involved, take a broader look at the problems so that the interests of the WSBA as a whole and of the Section members are met in a rational and professional manner.

JAMES P. HURLEY  
Chairperson of the Creditor-Debtor Rights Section