

**"USA Cycling's Bylaw K"** - Written by Andrew Bohlmann in the Spring of 2005. Originally written for Velo News but never published. All facts are from USA Cycling's 2004 Bylaw K disclosure forms

It's springtime for the bike racing crowd and that means...election time! That's right, everyone's favorite USOC National Governing Body (NGB) USA Cycling (USAC), through its member Associations begin their process of electing Trustees who will represent their Association. Those Association Trustees then elect from among themselves, individuals who serve as Directors on the Board of USA Cycling. Our sport is in their good hands! Or are they really, "good" hands, and just whose hands are they in?

USAC, through its Bylaw K provides an opportunity for a little insight into its Board of Directors and those of the Trustees of its member Associations. The words in that Bylaw, "made available to the public" are the basis for this article.

But first, a little background.

The five USAC member Associations are: the U. S. Cycling Federation (USCF); the National Off-Road Bicycle Association (NORBA); U. S. Professional Racing Organization (USPRO); the National Collegiate Cycling Association (NCCA); and BMX. Any national BMX organization that becomes a USA Cycling member becomes an Association.

The USCF, NORBA, and USPRO each elect two Trustees and one Athlete Director to serve on the USAC Board. One Trustee each comes from the NCCA and the BMX Association.

Three Directors come directly from the USA Cycling Development Foundation (USACDF). Suggestions for USACDF for USAC Directors go to the USACDF Nominating Committee and the entire Board then votes. Their Board of Directors shall consist of between ten (10) and twenty-five (25) Directors with the exact number determined by the Board. The Nominating Committees shall also nominate USACDF Directors to serve on the USAC Board who in turn then votes. The President of the USACDF shall be one of those nominated. The current President, Tom Weisel has passed on being a USAC Director having already served on the USAC Board.

The USAC Board has a total of 14 Directors.

The material for this article was provided by the USAC under Bylaw K, Section 2, Parts 1 and 2. Bylaw K is the "Conduct" Bylaw.

Part 1:

Each year at the time of the first meeting of the Board of Directors and Boards of Trustees of the year, each Director and each Trustee shall file with the CEO a disclosure of all activities in which he held a financial interest or from which he received compensation during the preceding 12 months that were directly involved with the sport of cycling or were doing business with USA Cycling or any Association. The list of these activities shall be made available to the public upon request.

Part 2:

On a quarterly basis, the CEO shall compile a list of payments by USA Cycling, other than reimbursement of expenses, that have been made to Directors, Trustees, or their spouse or to any business entity in which the Director, Trustee, or spouse has a 10% or more financial interest, as well as any debts to USA Cycling by any of these entities that are 60 days or more past due. This disclosure shall be distributed to the Directors and Trustees and made available to the public.

I first asked USAC in the Spring of 2003 for the disclosure statements which were to be collected the previous fall. While that was not done at the proper time, the staff got right on it. A form was prepared and sent to the current Trustees and I was offered copies, which I declined. I declined only because I had asked

just to review (see) them. Most Trustees sent in or faxed their disclosures and I noticed nothing that caught my eye.

However, the staff on advice of long time counsel, Bart Enoch, declined to give me the “payments by USA Cycling” made to Mari Holden who rode for the USCF T-Mobile National “type team”. The reason, as explained to me by Bart was that there is a Colorado law (which they would not give me) that for some reason, allows them not to disclose certain types of not-for-profit information. USAC is a 501c not-for-profit Colorado corporation. They did not want Mari Holden’s salary made public for fear of causing unrest or maybe resentment within the team, should her salary be made public.

The following information comes directly from the 2004 USA Cycling, Inc. “Board of Directors & Trustee Disclosures” and from the spreadsheet given to me which reflects payments to “Directors, Trustees, and their spouses or business interests.” The comments are an interpretation and clarification was provided by the USAC.

The names of USAC Directors and Association Trustees are listed in alphabetical order much like the actual voting procedure as this was a big issue in the mid-1980’s as those seeking election often lobbied the USCF staff for the best (top or first position) location on the ballot. Association Trustees who are also USAC Directors are not listed again under their respective Association.

#### USA Cycling Directors

Mark Abramson As an NCCA Trustee, he lists receiving \$1973.38 from USAC while the USAC lists only \$1216. This comes from announcing fees, prize money received from a third party and NCCA conference director stipends.

Frankie Andreu An Athlete Director from USPRO. No money received from USAC. He indicated “None” regarding “which I received compensation during the preceding 12 months that were directly involved with the sport of cycling...”

Nigel Blair-Johns BMX: No money received from USA Cycling and no compensation from the sport of cycling.

John Bucksbaum USACDF Has a “minority interest” in Tailwind Sports, did not check the “None” box (which would indicate compensation was received from the sport of cycling) on the Disclosure form and did not explain further. He was a USACDF “Champions Club” donor in 2004.

Raymond Cipollini USPRO No USAC compensation. Compensation comes from Velocity Sports Management DBA Navigator’s Insurance Cycling Team.

Mick Hellman USACDF: Listed no compensation from USAC but \$2500 from the USACDF for data services from Blackbaud, Inc. “intended to help USACDF improve its fundraising capabilities.” Mr. Hellman is Chairman of Blackbaud, Inc. and a USACDF “Champions Club” donor in 2004.

Mari Holden An Athlete Director from the USCF. As an “athlete on the US National Team T-Mobile Women’s Team” the USAC compensated her \$41,134 for her “T-Mobile Rider Contract” and \$938 in prize money received from a third party.

Jeremy Horgan-Kobleski An Athlete Director from NORBA, no USAC compensation was listed, plus he did not return the Disclosure form.

Terry Lee USACDF: Co-chairman of Bell Sports, Inc. and a Tailwind Sports Board Member/Investor. A USACDF

“Champions Club” donor in 2004.

Kirk Leidy Chair, USCF with “sometimes USA Cycling National Event as Official with Official fees” listed as his only compensation within the past 12 months.

Lisa Nye NORBA Director with no compensation from USAC  
Checked the “None” box on the Disclosure form.

Jim Ochowicz USAC President and comes from USPRO. His Disclosure form, on Thomas Weisel\* LLC type stationary, in the form of an email to Bart Enoch states (actual wording) the following: “I want to disclose in full the fact that I have concluded a consulting arrangement with Specialized Bicycle Company. I informed Gerard of this arrangement when I was first contacted by Mike Sinyard, the President of Specialized, for help in securing a European Pro Team for 2005.”

Futher, “I did indeed secure a team for them and Specialized will pay The North Club, Inc., my company, a one time fee for my services. I may assist them in the future depending upon their needs in utilizing my services.

Regards: Och”

\* Thomas Weisel is a 2004 USACDF “Champions Club” Donor. Och is an employee of Weisel.

Jim Patton USCF: No direct compensation from USAC. “However, I have received fees and expenses for working as a race Official and conducting timing services.”

Tom Spiegel NORBA: His company, Team Big Bear Mountain Bikes, Inc. received \$90,000 as an “Event Contract Payment” and \$75,000 as an “Event Contract Payment” for producing the NORBA National Series and the USAC National Road Championships. The USAC indicated the \$90,000 going to Team Big Bear and the \$75,000 to Blue Wolf Events. Gerard Bisceglia, USAC CEO, indicated that this was done “in an open bid” process.

All three USACDF Board members who serve on the Board of USAC are also “Champions Club Members” of the USACDF. A “Champions Club Member” is one who donates an average (most donate more) of \$25,000 per year to the USACDF. In addition, two have an interest in Tailwind Sports. Tailwind Sports co-manages the Discovery Channel Pro Cycling Team.

USCF Trustees

Jim Allen Received USAC compensation of \$625 for Officials fees and his company, Cyclesmiths received \$200 for rental of his frame measuring jig. His wife, a long time top UCI International Commissaire received \$1560 in Officiating fees.

James Carney An Athlete Representative, received no USAC compensation and checked the “None” box indicating no money earned from cycling in the preceding 12 months.

Mike Fraysee Mike Fraysee's Sports Resort received \$6530 for Development Camp food and lodging. Mike did not return the Disclosure Form.

Robert Heatley Received no compensation and was/is the representative and/or agent for several athletes with no compensation.

James Karthaus While the USAC report does not indicate any payments, his Disclosure does mention payment as Head Coach for a Regional Selection and a Spring Training Camp. Maybe payment did not come from the USAC.

Anton Quist An Athletes Representative with no USAC compensation. He does list an unspecified amount from two equipment sponsors.

Tom Simonson No USAC compensation but has earned fees as an Official and from timing and results services.

Gary Stephenson 1st Vice Chair: No USAC compensation and no compensation from cycling.

Wayne Stetina 2nd Vice Chair: No USAC compensation and a longtime Shimano USA employee. Shimano USA is a "sponsor of USA Cycling Road & MTB Programs."

#### USPRO

Ed Beaman No compensation from USAC. A principal partner in Velocity Sports Management he serves as Director Sportiff of the Navigators Insurance Cycling Team and is a paid employee of Velocity Sports Management.

Dylan Casey No USAC compensation and checked the "None" box on his Disclosure form indicating no income from cycling.

David Chauner Threshold Sports, LLC received \$1,214,000.00 from USAC as an "Event Contract Payment." Chauner is an owner and CEO of Threshold Sports, LLC. Gerard Bisceglia and Todd Sowls (USAC CFO) told me that a sponsor (BMC) contacted the USAC wanting to do an event(s). USAC then contracted with Threshold Sports, LLC to do two races, the NYC Invitational and the Team Mobile International in San Francisco, CA. The money went from the sponsor to the USAC to the race organizer, Threshold Sports, LLC.

When Todd Sowls was asked if this was a "tax deductible" or "non-profit" situation for the sponsor he said, "No" and said he felt uncomfortable talking about this, didn't want to give out any incorrect or misleading information and referred me to Gerard Bisceglia. Gerard answered all of my questions. I did not bring up the "tax deductible" question as I felt that Todd's answer was sufficient and I left it at that.

Roy Knickman No USAC compensation and no Disclosure form was returned.

Craig Kundig No USAC compensation and no Disclosure form was returned.

Fred Mengoni No USAC compensation and no Disclosure form was returned.

Fred Mengoni is a USPRO Lifetime Trustee. According to Bylaw D, Section 3 a Life Member has no voting rights, Association membership, or license. The Bylaws are unclear about Disclosure forms for Life Members.

#### NORBA

Teresa Eggersten An Athlete Trustee who checked "None" on her

Disclosure form.

Gary Fisher No USAC compensation who said, "I work for Trek Bicycle Corp." on his December 1, 2004 Disclosure form and checked "None" on his June 22, 2004 Disclosure form.

Gerald Foss No USAC compensation and checked "None" on his Disclosure form.

Jay Franklin No USAC compensation and checked "None" on his Disclosure form.

Dorothy Nichols No USAC compensation and no Disclosure form returned.

Marla Streb A "Gravity Athlete Representative" with no USAC compensation. She indicated she raced "w/salary and bonuses", was paid for consulting, photo rights, appearances, speaking, giving clinics, and for writing articles.

NCCA

Nathan Drake No USAC compensation and no Disclosure form returned.

Brian Hudzinski No USAC compensation and no Disclosure form returned.

Laura Valaas No USAC compensation and no Disclosure form returned.

The USAC reported that no Directors had any outstanding debts to them.

Comments:

There is no indication of what, if anything, the USAC will do to those Association Trustees that did not return the required Disclosure Forms. You should not be surprised at all by the high rate of non-returned forms. The inability of the Board members/Trustees to do the minimally required paperwork in legendary and nothing at all has changed since I was the USCF Director of Technical Services (aka Technical Director). This is the norm for those on the NCCA.

The amount of money paid to Threshold Sports, LLC certainly is cause for concern. While I was told this money was passed from the sponsor to the USAC and then on to Threshold Sports, LLC the appearance of "money laundering" for the purpose of giving to a non-profit for tax purposes comes to mind. While there is no reason to suspect that this was the case, this needs to be avoided. And also, was there an "open bid" process?

As USCF Director of Technical Services in the 1980's I often was asked if money could be given to the USCF by a sponsor and then sent to the promoter in order that the sponsor could benefit tax wise. The answer was always, "No".

The "open bid" process in which Tom Speigel's two companies received money for race promotion at the National level is also disturbing. I organize races and would have liked the opportunity to participate in the process. Awarding bids or contracts to Association Trustees and USAC Directors has always been a somewhat shady thing. Remember, USAC Directors are the ones who hire and evaluate the USAC CEO. The CEO is the person signs who those checks! Again, no indication of any wrongdoing, but appearances need to be very carefully monitored.

For the most part, the Association Trustees are minor power players in the sport and most likely have little influence in just how their own Association works. The USACDF took control of the USCF several years ago with the help of USCF staff and runs the show without any athlete input. Pay your "donation", become a "Champion" (Champion's Club Member) and maybe get on the USAC Board. Once again, it's that "appearance" thing. Buy your way on to the USAC Board?

To learn more about the financial aspects of the both the USAC and the USACDF go to [www.Guidestar.org](http://www.Guidestar.org). You will need to register and use a password but there is no charge. To view

corporation paperwork on file with the Colorado Secretary of State go to [www.colorado.gov](http://www.colorado.gov), click on "Doing Business" on the top and then go to "Search business and court records" on the left.

USAC members need to vote for Association Trustees in the upcoming important election. Go to [www.USACycling.org](http://www.USACycling.org) for specific election and voting information.

The USAC staff should be commended for the response to my request for information and to their willingness to answer my questions. And even a special thank you to USAC lawyer, Bart Enoch for not calling me this time to tell me that there is some material that I wasn't going to get!