

5 September 2016

Dear Chess Colleagues,

I hope this finds you well and happy from first round, 4-0 victories for both England teams—Open and Women's—in the World Chess Olympiad. I imagine our players responded well to Malcolm Pein's positivity. It's also the season to address more tedious ECF issues. The Finance Council meeting in April reinforced my previously held view that we need a different Director of Finance. The purpose of this letter is to seek your support for my candidacy in that role.

Several young adult ECF members approached me this year to say they wished I were still the Chief Executive. They were pleased that I had led the Board with a progressive agenda, because they also wanted to see their federation adopt professional governance found in more successful volunteer national governing bodies. Unfortunately, only half of my Board colleagues last year supported that agenda. Some opponents resorted to bad faith means to block progress.

Chris Majer's post-AGM resignation as Governance Committee Chairman is a fact that indicates he came to recognise his unprofessional conduct. In my opinion, David Openshaw and David Eustace also should have considered their positions. Actually, they should now tell Council when they started plotting with Chris Majer to remove or replace me; and why did they not disclose their intention with me, the Governance Committee, the Board; or declare their actions at the 2015 Finance Council or in their own re-election bids. In sum, they resorted to manipulation to stop progress that was taking shape by normal democratic means.

Damage from this rather boring in fighting extends beyond personal reputations. The manner in which the Chief Executive and Commercial Director posts were vacated—abetted by senior officials tossing "Gang of Four" and other slurs on social media—dismayed our main sponsor, Tradewise, whose current investment falls well short of its original ambition discussed two years ago with the President, the former Commercial Director and me. Unlike donors within the chess community, commercial sponsors do not invest where conflicted and poor leadership, flawed governance and smothered ambition are apparent. That's why I worked hard for professional standards of governance and a strategy to develop chess in sport, recreation and education.

After the AGM, I recognised that I could neither abandon the progressive agenda nor colleagues and ECF members who supported progressive change. I decided to help where I could and support my successor. Upon reflection of my respect for Mike Truran's long service, tempered by my disappointment in his service as Finance Committee Chairman, I will continue to support him as ECF Chief Executive. I informed David Eustace at the British Championships that I would seek a candidate to replace him as Director of Finance. I am now seeking your support to succeed him.

The enclosed paper expands on reasons to oppose David's continuation and entrust me with overseeing ECF finances. If I were nominated, I would challenge him and potentially other Board candidates to face-to-face online debates.

If you or your organisation wishes to support the type of progressive agenda indicted by my record, or simply recognise the inherent value of a contested election, please let me know and consider nominating me. The nomination deadline is midday this Wednesday, 7 September. Don't hesitate to get in touch on 07740428029, philehr@gmail.com or Twitter [@phil4chess](https://twitter.com/phil4chess).

Thanks for your thoughtful consideration.

Yours sincerely,



Phil Ehr

Former ECF Chief Executive (2013-2015)

Former ECF Director of Junior Chess and Education (2011-2013)

Considerations for Nominating Phil Ehr
to succeed David Eustace as ECF Director of Finance

Management Accounts. I would ensure management accounts are delivered to the other executive directors within one year. For four years, David has failed to produce management accounts, which is an essential fiduciary tool.

Management accounts are also required to recruit professional directors. I was able to recruit financial industry professionals into the Junior Directorate; however, four declined offers to put their name forward for director positions citing the lack of management accounts as an unacceptable career risk.

The lack of management accounts was a major hindrance to the former Commercial Director who had secured new advertisers but had no means of monitoring debtor performance. He eventually ascertained that the ECF never invoiced for some of these adverts, but he was unable to determine the amount of lost income.

During my time as Chief Executive, David resisted my encouragement to provide Financial Controller John Philpot with the support needed to get that critical job done. David rebuffed my repeated recommendations to recruit people to relieve John of tasks that were not part of the Financial Controller's role. Incredibly, the Finance Committee consistently excused the non-delivery. After a few years of respecting this judgement, I pressed John directly. He and I agreed that management accounts would be delivered by time of the Finance Council 2016. They were not delivered.

Instead, David introduced a new bye law shifting primary responsibility to each of the other executive directors, while the Finance Director's responsibility to produce management accounts was made optional. I disagree with that solution. It burdens other volunteer directors with a core financial function. It obscures financial information required for cross-directorate accountability and collective responsibility. David's segregated approach practically restricts oversight capability to the finance team, a silo approach that frustrated the former Commercial Director's attempts to develop commercial proposals. Unless corrected, the same problem will re-occur for other directors with a cross-directorate remit, such as the new Director for Women's Chess.

Conflicts of Interest. I have no conflicts of interest. The ECF is my top chess priority. I hold no position of organisational responsibility or financial stake in any other chess organisation or business supplier.

Other senior ECF directors cannot credibly make the same claim, including David who rose swiftly to become a regular 4NCL arbiter. In view of equities currently on the Board, we should ensure more directors are available to take decisions when good governance would require conflicted individuals to recuse themselves. Several aspects of ECF-4NCL relations make it difficult to see an appropriate separation of the 4NCL and the ECF. Examples: The ECF Home Director/4NCL director's refusal to discuss creating the possibility of an English club competing alongside 4NCL teams for the European Club Cup; his resistance to publishing ECF's policy for the European Club Cup, which is a *de facto*, undocumented ECF selection policy exclusively for the 4NCL; several 4NCL officials' failure to recuse themselves or disclose 4NCL plans to initiate individual FIDE-rated tournaments when the former Commercial Director was advocating within the Board for the ECF to fill the gap left by e2e4's sudden withdrawal; and a 4NCL director's interference with the former Commercial Director's negotiations with the English Bridge Union by insisting on a 4NCL share of ECF hotel booking fee commissions from ECF events held concurrently with English Bridge Union events. Those sorts of business tactics inside the ECF Board are not acceptable. (Incidentally, I support the 4NCL's organisation of its new individual FIDE-rated

tournaments (not ECF's organisation) despite the former Commercial Director's calculation that the ECF would benefit from a share of hotel room fees and ECF members' appreciation. I object to the method by which 4NCL officials frustrated the Commercial Director's initiatives. I intend to share my concerns with the companies that control the 4NCL—MindMist Limited and 4NCL Limited—to seek their support in reminding conflicted directors to recuse themselves from ECF proceedings when their business and ECF's business coincide.) Don't misunderstand the big picture. Like me, most of us respect the 4NCL and its officials. We agree with the ECF policy to encourage and support non-ECF groups to develop chess; however, I'm also concerned that the ECF may be unduly constrained by the 4NCL's ambition.

As an independent director, I will continue to stand up to vested interests when appropriate, regardless of their voting power in Council. For example, I opposed the largely unified efforts of e2e4 organisers, who were also ECF directors, when they seemed to support e2e4's business model to the detriment of school team chess. In another example, I stood firmly for ECF interests in the face of the e2e4 group's legal threat against the ECF Board and two ECF directors regarding our response to a player's public complaint about prize money owed from the 2014 English Seniors Championships run by e2e4. The ECF legal advisor advised me to take the threat seriously. I determined that all prize money owed had been paid, but that timing of the payments was longer than e2e4's published standard, and that communication between e2e4 and the players should have been clearer. David joined those ECF directors who were adamantly opposed to any substantive ECF reply to the complaint on the basis that e2e4 did not want the ECF to respond. (In retrospect, this incident ought to be regarded as a practical joke. After all, negative publicity of a lawsuit by e2e4's leader, who is a Government civil servant, would jeopardise his employer's permission to continue his private business enterprise—approval we assume he has obtained.) The e2e4 group's legal action never materialised, but the incident disrupted the Board's work and damaged relationships. Months later, two of four e2e4 group members involved (all ECF directors, managers or former ECF directors), informed me they did not support their e2e4 leader's legal threat despite their use of the threatened lawsuit in arguments to oppose any ECF reply. David's approach was to take the path of least resistance with e2e4 organisers at the cost of adding to the perception among members that the ECF does not properly respond to player complaints, in this case regarding an ECF championship tournament.

If we decide the ECF should develop into a more conventional membership organisation, we should expect to see *no* further material conflicts of interest (as I have witnessed often) and fewer positional conflicts. More independent administrative and commercial talent can be recruited from our nearly 10,000 members.

I would advocate to strengthen the new Register of Interests to include all elected posts and manager positions. I would also make interest declarations easier to access. Interestingly, my specific guidance to office staff last summer as Chief Executive was inexplicably overridden. In my opinion, the Register of Interests is not presented in an acceptable way. Trouble is that unless the national governing body for chess joins the real world, real world investment in chess won't happen.

Conflicts of Interest in FIDE. Consider the following contrasts:

People who attended the 2013 Finance Council will recall a PIF trustee's passionate speech that criticised the former ECF President's apparent conflict of interest shown in the FIDE-AGON Memorandum. The PIF trustee was right. Ethical questions arising from the January 2013 disclosure of the FIDE-AGON Memorandum prompted me to ask the former President to resign a few hours before the Board met for a vote of confidence. David's top reasons for voting against confidence in the former President ignored the obvious conflict of interest. (Reference the February 2013 Board minutes.)

In July 2014, David joined others who objected to a statement I had written on behalf of the Board that detailed how FIDE President Ilyumzhinov politicised his FIDE office to promote his country's controversial foreign policy objectives. I cited Ilyumzhinov's official FIDE visit with Syria's President Assad around the time he began using chemical weapons and barrel bombs against civilian populations. David supported the former Finance Committee Chairman's rather emotive intervention to remove and replace my statement with one that ignored Ilyumzhinov's conflict of interest. My original statement was subsequently vindicated by US Treasury sanctions and the Turkish President's identification of Ilyumzhinov as a banker middleman for ISIS oil trade with the Syrian regime, and the consequential historical footnote FIDE earned for its apparent facilitation of ISIS's genocide, Syria's civil war, and the mass refugee migration into Europe. David supported the former Finance Committee Chairman's insistence that the replacement statement not address Ilyumzhinov's conflicts, his politicisation of FIDE and the consequential damage to chess.

Sanctions against Ilyumzhinov did not surprise informed observers. In criticising me during the Openshaw-Holowczak failed motion of no confidence in July 2015, David said, "We should be making friends with FIDE, not enemies" (paraphrase). He did not elaborate, but apparently referred to my original FIDE election statement, or a statement on ECF relations with FIDE I drafted after Ilyumzhinov was re-elected, or my report of the meeting between FIDE (Ilyumzhinov-Filatov-Balgabayev-Tserendorj) and ECF (Lawson-Ehr-Pein), or my leadership of a failed ECF attempt to ensure FIDE Academies in England conform to business and child protection norms, or something else entirely. My point is that David tends to duck ethical issues whereas I address them. Incidentally, I stand by all of the ECF's FIDE-related statements and advocacies during my tenure as Chief Executive. In my opinion, David's actions show him to be inappropriately tolerant of FIDE's leadership, its system of patronage and its encroachment on English chess.

When I criticise FIDE's leadership, as I do on Twitter more now because I am unconstrained by fellow ECF directors, people sometimes cite my US military and NATO career to discredit my criticism. Ilyumzhinov apologists certainly do. To the extent one regards my military career relevant, one should also consider the relevance of David's career as a former international energy corporation executive. I acknowledge that our respective former institutions have fundamentally different reasons for being, but objective assessments of FIDE conflicts of interest focus only on relevant facts.

General Governance. Disclosure: The current Governance Committee Chairman, upon consultation with his colleagues, declined my offers to assist implementation of the Independent Review's recommendations and his committee's other work. I understand that David is an active member of that committee.

Governance appears to be moving in a positive direction despite the unsettled state of the ECF's identity, its role and strategic planning. Should the ECF serve as the national governing body for chess? (I think "Yes, in Sport England's meaning of the term"; other Board and Governance/Finance Committee members appear to disagree.) Are individual ECF members adequately represented in the Council? (I think "No.") Do organisers enjoy disproportionate influence in Council decisions? (I think "Yes.") As Chief Executive, I began to engage the membership on questions such as these through an online chess forum. That engagement failed in part due to other ECF leaders diverting conversations off topic. Their diversions and David's role undermining my efforts to produce an adequate strategy document shows that they constituted an opposition but were unwilling to engage seriously in public. Unfortunately, they were effective within the Board.

The former Finance Committee Chairman, also a 4NCL director, was one of the principal forum distractors. I do not recall him attending a single Board meeting in the four years I served as a director, save one half of a Board meeting immediately prior to a Finance Council meeting. From the 2014 AGM to the 2015 AGM, however, he had sent at least 149 emails

either “To” or “Cc” the ECF Board collective address, as was his was his right. The sheer volume of correspondence should indicate that he intervened beyond financial oversight. The volume is at odds with his stated position that the Finance Committee Chairman did not have an operational role. Well, he did have an operational role per the bye laws, but not enough to warrant this volume. Whilst I appreciated his positive contributions, I acknowledge that I should have firmly told him to either attend Board meetings or exercise email restraint.

If elected, I would challenge the regional chess unions (formally the ‘constituent units’) to justify their special status in the ECF Articles of Association by demonstrating a credible effort to connect with ECF members about ECF issues. It appears that all regional unions do not accept the Independent Review’s assertion that their primary role within the ECF Articles of Association should be to represent ECF members in their respective regions at the ECF Council. That’s fine, but it contrasts with the representative model described by the Independent Review in its opposition to ‘one member one vote’.

If elected, I would advocate a programmed increase in the number of direct member representatives, facilitate their ability to communicate with their member constituents and empower them with at least 50% of ECF Council votes. I recognise that members in other member-funded organisations would normally control 100% of the votes. Our traditional deference to organisers, however—both community organisers (with open accounts) and private enterprise organisers (with closed accounts)—should be re-balanced incrementally to at least 50% unless the membership at large shows that it wants full control.

If elected, I would advocate for directors to complete online training. The National Council for Volunteer Organisations offers an economical source for volunteer director and trustee training. I would seek to negotiate for ECF-affiliated volunteer organisations to share access to the training. The prospect of required training may be controversial. I was disappointed that the Board’s immediate reaction to last year’s AGM (before the vote recount that installed Malcolm Pein) was to cancel training on the *Voluntary Code of Good Governance for the Sport and Recreation Sector* that was then scheduled for late October. I was pleased that the ECF Board and Committees finally met in June to receive that training and that I was invited. I was pleased that about half of the attendees agreed with some all of the principles in the *Voluntary Code*, but many did not agree. I understand the Board has no follow-up actions from that training, and therefore suspect that David may oppose online training for directors.

Reference the discussion above regarding management accounts. John Philpott kindly informed me after the AGM that he joined David and others last year to vote me off the Board. That’s disappointing but I understand. As Company Secretary, however, John was expected to maintain neutrality. David’s controlling influence of John’s extraordinarily large portfolio, compromised the Company Secretary’s essential neutrality before and during the AGM. Indeed, John threatened to resign a couple weeks prior to the AGM after learning of a question I had asked the office staff. (The Governance Committee should look into this instance to prevent re-occurrence.) Such stress was entirely unnecessary, and the direct result of John having too much on his plate—a situation upon which David insisted.

My emphasis on professional governance is aimed preparing the ECF to attract more external funding. Consider the positive example of the British Gymnastics Association, which transformed into a professionally governed volunteer national governing body. Its success was featured by the Institute of Directors as a positive case study and recognized by the Earl of Wessex with the Sport and Recreation Alliance’s 2016 Emeritus Award. Results of their transformation were greater stability, a more positive reputation, greater external funding, greater respect from and support for grass roots and top-flight gymnasts. I wish the same for the English Chess Federation and chess players.

Standards Before Money. I would prioritise financial management standards required of registered charities (per my 2013 election statement), standards in a recognised quality mark

scheme, or standards in the emerging UK Sports Governance Code. I understand David's position to be along the lines that such administrative burdens are not worth the volunteers' effort because chess will not attract government funds. Indeed, some of David's actions show too much desire to accept money and worry about standards later.

He and the former International Director persuaded the Board to allow an ECF volunteer (who was not a director) to use the ECF bank account to deposit a large anonymous donation and to personally direct spending of it for his own set of English chess priorities. The Board (including myself) agreed, provided certain questions were resolved. The Board received answers that, as events unfolded, I found to be grossly incomplete, negligent or the result of deceit; that the ECF had inadvertently accepted significant legal and reputational risk; and that the Board's ill-informed action risked damaging the careers of directors whose employment involved fiduciary responsibilities. At one point, David Eustace and the former International Director exceeded the Board's specific guidance by prematurely agreeing a way forward with a third party. The former Finance Committee Chairman and the former Governance Committee Chairman each refused my repeated requests over weeks to provide a formal opinion. In retrospect of AGM proceedings, I believe my persistence intensified the concerted and undeclared campaign to remove me as Chief Executive. Although I have now concluded that the ECF did not violate the law; that the Board was misled into accepting unacceptable risk; and that the former Finance and Governance Committee Chairmen lost the perspective required to provide objective advice. I recently received a letter on behalf of the Board expressing its concern for privacy about this matter. I agree with the Board that releasing details of this episode would harm English chess and the ECF; however, I do not agree that the Directors' and Committee Chairman's actions, and their impact on last year's election requires privacy. (If a Council member requires detailed information, I will consider showing the relevant correspondence provided I am satisfied that the details will not be disclosed.) The Board has since corrected regulations governing the handling of donated funds, but the Board has yet to recognise the need to conform to charity standards. This illustrates an instance of my efforts to achieve recognised standards.

David displayed disproportionate deference, in my opinion, to people who once stated their intention to donate a portion of their estate upon their death. I respect these people as valued members, and in some cases valued volunteers. I do not favour special consideration for them in Board proceedings until donations are actually received. David and the former International Director charged me with endangering the ECF's financial future when one prospective donor stated on social media that he might withdraw his previously declared legacy donation. Frankly, that was simply a bazaar reaction.

Budget Presentation. If nominated and elected, I would improve the forward-looking budget worksheet David and John introduced. I would refrain from casting blame on other directors when presenting the budget as David has done in two successive Finance Council meetings. I would also relinquish the floor to the Council Chairman when asked, to avoid the awkward spectacle seen at the last Finance Council meeting when a Governance Committee member shouted from the floor for David to let the Chairman chair the meeting. That scene was a sign that David needs a break.

I would re-energise Board efforts to conduct strategic planning in a way described by the *Voluntary Code of Good Governance for the Sport and Recreation Sector* or another recognised standard. I would advocate for reviews of executive director plans in time for credible collective Board buy-in.

I would advocate within the Board for no membership fee increase above inflation unless it was accompanied by an additional benefit. David consistently prioritises acquisition of financial reserves by large increases to membership fees.

I share many other Finance Council attendees' concern that David's rationale for a £100,000 reserve fund needs clarity. I am looking forward to reading David's paper, but in general I believe that too much priority was given to swiftly achieving the £100,000 reserve target. Finance Council attendees may recall that I disagreed with David's original decision last autumn to deny the Director of Junior Chess and Education immediate relief for an unforeseen expense. Such relief would have come from the reserves, because the contingency fund was depleted due to our unrealistic commitments to the international teams in advance of actually raising the desired funds. David's initial denial negatively impacted other junior chess activity.

I would review the entire financial position, including factors that required a UK corporation tax payment over £11,000 last year. Such review would also include the financial and member benefits that might result from status as a Community Benefit Society, which is a new type of corporate entity entitled to gift aid, corporation tax relief and some VAT exemptions; and where 'one member one vote' is mandatory.

Activate The Chess Trust. The ECF Finance Director serves as a trustee for The Chess Trust. During my time as Chief Executive, David helped to define and establish The Chess Trust; however, his progress was frustratingly slow. The Chess Trust remains only a shell of the other founders' original vision. As a result, it is still not actively pursuing its charitable objects, nor is it prepared to offer any assistance to help the UK Chess Challenge solve its current crisis. I would advocate for The Chess Trust trustees to gather resources to actively pursue its charitable objects. Disclosure: The Chess Trust declined my requests to join them as an independent trustee or attend its meetings.

Financial Qualifications. Some will question my personal qualifications to perform core financial functions. I do not hold a finance degree. I have not previously served in a designated finance position. I have been responsible, however, for people, their performance, budgets and equipment exceeding those of the ECF. I'll expand the Finance Directorate with financially qualified volunteers, *pro bono* or part-time paid staff. It's more important to re-orient the Finance Director's post than to perpetuate the status quo.

Summary. Whilst this paper is critical of David's service, he deserves respect for his knowledge and dedication. We both work hard to improve the ECF, but we adhere to different frames of reference when it comes to strategy and governance. Sadly, he and his like-minded colleagues successfully won the last election with an undeclared, and therefore one-sided campaign that cast strategic differences as personal deficiencies. Council should have the opportunity to examine more facts for similar decisions at the upcoming AGM.