

April 16, 2001

Jerry Spratt, Supervisory Committee Chairman
Arkansas Federal Credit Union
P. O. Box 9
Jacksonville, Arkansas 72078-0009

Re: Election Dispute.

Dear Mr. Spratt:

You have asked this office for a legal opinion concerning an election dispute at Arkansas Federal Credit Union (the FCU). As explained below, the National Credit Union Administration (NCUA) does not involve itself in election disputes that do not implicate either the Federal Credit Union Act (the Act), NCUA's regulations or safety and soundness.

You state that the FCU's bylaws provide that members receive notice of the annual meeting 75 days in advance of the deadline for voting. This year, due to unforeseen difficulties with the mailing process, the members received notice 68 days in advance.

The bylaws are a contract between the members and the credit union. NCUA's longstanding view is that those parties should resolve disputes concerning them. Credit unions should look to local corporate law to resolve election disputes not addressed in the bylaws. In the event corporate law is silent, we suggest the FCU take steps to resolve the dispute reasonably.

In this case, it appears reasonable for the FCU's board either to require a new mailing in conjunction with a new election date or to allow the election to proceed as scheduled, since the notice to members was only delayed 7 days. We see no

basis for NCUA to object to either alternative. We leave it to the board to determine which option would best serve the members of the FCU.

You have also asked about the role of the supervisory committee in a dispute of this nature. The Act and the FCU Bylaws state that the supervisory committee may call, by a majority vote, a special meeting of the members to consider a violation of the bylaws. 12 U.S.C. §1761d and FCU Bylaws, Article IX, Section 6 (emphasis added). The issue of whether there is a violation, and if so, is it intentional or unintentional, technical or substantive, and did it result in minimal or undue prejudice to the members are all issues the supervisory committee should take into consideration in deciding whether to hold a special meeting.

Sincerely,

Sheila Albin
Associate General Counsel

GC/MFR:bhs
SSIC 3000
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cc: Region III