

GC/MFR:bhs
SSIC 6100
00-1049

TO:

FROM: Sheila A. Albin, Associate General Counsel

SUBJ: Nonstandard Bylaw Amendment,
Your October 26, 2000, Memorandum.

DATE: November 21, 2000

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You have asked this office to review [] Federal Credit Union's ([]) request for a nonstandard bylaw amendment to Article VII, Section 4 of its bylaws. The provision relates to the board of directors' monthly board meetings. The Federal Credit Union Bylaws (FCU Bylaws) provide that, except for the requirement that one regular board meeting each year be conducted in person, the other regular meetings may be conducted using "audio or video teleconference methods." FCU Bylaws, Article VI, Section 5. The proposed amendment adds, "chat room with members voting electronically over the Internet, or with the use of similar communications equipment" as a permissible method of conducting the monthly board meeting. We have no legal concerns with the proposal as long as [] is able to show that participating board members may simultaneously "hear" each other during a meeting and the chair is able to control the meeting.

The proposed amendment includes a requirement that each director participating in the meeting can communicate concurrently with all others. That capability is essential. As written, the proposed amendment would allow a meeting where some of the directors participate by Internet chat room while others are either present or communicating by telephone or video. Technically, our understanding is that all the directors have to be connected to the chat room in order for them to communicate concurrently if they want to use that option. The amendment should be clarified on that point. In addition, it is important that the chair be able to conduct the meeting according to Robert's Rules of Order. In a meeting conducted in an Internet chat room, it may be more difficult for a chair to control discussion, for example, by recognizing particular participants and so forth. It will be up to the chair to ensure order and the opportunity for deliberation.

Your memo indicates that the board does not intend to hold its meetings in a chat room but would send material over the Internet and allow for electronic voting. This would not be permissible because the directors must deliberate and vote as a group. Analyst [] checked with the FCU and has informed us that both the board meeting and the voting would occur over the Internet through a "chat room."

Based on conversations with [], it appears that the FCU does not yet have the capability to conduct its meetings over the Internet, but wants this bylaw approved to expand its options. You may want to consider withholding your approval of this bylaw until the FCU can show it has the capability to conduct a meeting, particularly the verification and security requirements stated in the proposed amendment, for an Internet chat room board meeting.