

May 20, 1999

Steven R. Bisker, Esq.
119 North Henry Street
Alexandria, Virginia 22314

Re: Expulsion of a Member - Permitted Contents in Notice of Special Meeting.

Dear Mr. Bisker:

You have asked whether a federal credit union (FCU) may release confidential financial information about a member in a notice of special meeting being called for the purpose of expelling the member for causing a loss to the credit union. Our view is that including specific financial information in a notice of special meeting would violate the FCU bylaws.

The Federal Credit Union Act (the Act) provides that a member may be expelled by a two-thirds vote of the membership at a special meeting called for that purpose by the board of directors. 12 U.S.C. §1764(a). The Act also requires that the member be given an opportunity to be heard prior to the membership vote. Id. You contend that, for this opportunity to be heard to be meaningful, the member needs to know the specific basis for expulsion so the member can be prepared to refute or defend him or herself. You also suggest that the nature and amount of the debt should be stated in the notice of special meeting because members will want this information before the special meeting in order to decide whether to attend.

While the Federal Credit Union Bylaws (FCU Bylaws) require that the notice of special meeting "state the purpose for which it is to be held," they also require that the credit union generally maintain the confidentiality of members' transactions. FCU Bylaws, Article V, Section 2 and Article XIX, Section 2.

We note that the Act requires that members voting to expel a member of the credit union must be present at the special meeting called for that purpose. The requirement that members be present at the special meeting will give the member whose expulsion is sought an opportunity to attend and address the membership prior to a vote being taken. If the member whose expulsion is sought needs more information about the nature of the loss he or she is alleged to have caused, he or she can certainly obtain that information from the FCU prior to the special meeting. We also think it is sufficient notice to the membership if the notice of the special meeting informs them that the meeting is for the purpose of expelling a member for causing a loss. We think this would be sufficient to allow members to decide whether to attend, without detailing the nature and amount of the transaction.

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Enclosed is a previous opinion letter from Michael McKenna to Steve Canfield, dated February 3, 1997, that addresses the issue of expelling members for causing a loss to the credit union. Also enclosed, is a letter from me to Cheryl Ernst, dated April 22, 1998, stating that the posting of members' names who have caused a loss would violate the confidentiality protections of Article XIX, Section 2.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/MFR:bhs
SSIC 3700
99-0317

Enclosures