

From: [Ben Savill](#)
To: [Regulatory Comments](#)
Cc: [Nick Dibs SFFCU](#); [Matthew Foreman](#)
Subject: Ben Savill - Comments on Federal Credit Union Bylaws ANPR
Date: Tuesday, May 22, 2018 2:31:44 AM

Dear NCUA

I apologize that I am sending you my comments less than one hour before the midnight deadline, but I only found out about your Advance Notice of Proposed Rulemaking last week when I was trying to find out what rules govern credit union member attendance at credit union Board Meetings.

I have not had time to study the FCU Bylaws and NCUA Regulations, but I wanted to submit some comments before your deadline.

I have been a member of my federal credit union since 2004. I attended my credit union's Annual Meeting of the Membership last week. This is something of a misnomer, as our credit union has grown enormously in recent years. There are now over 825,000 members, yet there were only around 100 people at the meeting last week, of whom most were staff and directors and committee members of the credit union. I was unable to identify more than four lay members of the credit union. I have attended most of the Annual Meetings of the Membership since I joined the credit union in 2004, and unfortunately this has become par for the course.

I believe that my federal credit union does not do nearly enough to encourage member attendance at and participation in the Annual Meeting of the Membership. It used to hold an annual dinner on the same evening as the annual meeting of the membership, which was very well attended. But since the annual dinner was scrapped, attendance at the Annual Meeting has been pathetic.

A paper notice of the Annual Meeting is sent to all members with their account statement several months before the meeting. But the notice is very dry and does little to motivate members to attend. It does little if anything to encourage members to submit agenda topics for the Annual Meeting or to submit questions and comments. It is rare that more than two or three members show up to the Annual Meeting to ask questions or make comments. And those questions and comments that are put forth by members at the Annual Meeting are largely brushed off and swept under the carpet by the President.

For example, two years ago I attended the Annual Meeting. I explained that I have a child with special needs, and I did not see any evidence that the credit union was thinking about or addressing the needs of members who have special needs or members who have family members with special needs. I asked what policies, procedures and products the credit union had in place or in the pipeline to address these unmet needs. The President thanked me for my comments, and said that one of his committees would look into the matter. I never heard anything more, and have not seen any evidence that the credit union has begun to address these unmet

needs. So I attended the Annual Meeting last week, to ask a follow-up question as to what the credit union had done in response to my questions and comments two years earlier. The President gave an answer that showed he clearly had no idea what might be the unique needs of families with members with special needs. He basically said it was an ongoing conversation within the credit union, which to me meant that absolutely nothing had been done to address my concerns.

What was even more alarming at the Annual Meeting last week was that the section of the meeting dedicated to Questions and Comments from Members had been moved outside the Business Meeting itself. In the past, Questions and Comments from members had always been taken before the Adjournment of the Business Meeting, and those questions and comments had been officially recorded in the minutes of the Annual Meeting. But this year, Questions and Comments were taken after the Adjournment of the Business Meeting, meaning that they were no longer officially recorded in the minutes of the Annual Meeting. This seemed to be yet another deliberate attempt by the Board and/or the President and/or the management team to silence and exclude the voice of members.

Based on my experience with my federal credit union, I am concerned that as credit unions get larger, they are becoming more like banks and private corporations, rather than member-owned and democratically-run co-operative financial institutions. As they become further and further removed from ordinary members, they become less transparent, accountable and accessible. They use the increasing size of the membership to justify reducing the opportunities for face-to-face interactions with the membership. There are no meaningful debates or elections. The Board and its Committees are basically hand-selected by the President and his cronies. There is no meaningful competition for Board or Committee membership. There is no effort to recruit directors and committee members from the broader membership. There is no meaningful attempt to inform the membership of how to become a director or committee member. Members who might ask searching questions or challenge management are effectively excluded from the Board and its committees. The Board and management team also use the increasing size of the membership to justify the use of the credit union's website to provide information to the membership, which enables them to bury important information in hard-to-find areas of the website. For example, no meaningful or effective attempt was made to inform the membership of this NCUA Advance Notice of Proposed Rulemaking. This reliance on a website to disseminate information in effect transfers responsibility from the Board and management team to the membership. Rather than taking steps to ensure the membership is properly informed, the Board and management team put the responsibility on members to actively search the website for information they don't even know exists!

FCUs should take effective action to ensure that the membership is aware of important information such as the NCUA's Advance Notice of Proposed Rulemaking, just like they took action when the Banks were trying to cripple the credit unions, and the credit unions wanted their members to sign petitions and contact their lawmakers. Credit unions clearly know how to, and have the capacity to, mobilize the membership when it serves the interest of the Board and staff, so why can't they do it when it

serves the interest of democratic accountability and transparency? A federal bylaw and/or NCUA regulation is needed to ensure genuine accessibility, accountability and transparency. Otherwise, there is a real danger that a credit union President, Board, Committee or management team will act irresponsibly and even nefariously in the knowledge that the membership will probably not find out. This poses a systemic risk, not only to individual credit unions, but to the credit union movement itself. A scandal in one credit union could undermine confidence in the movement as a whole.

The annual printed notice of the Annual Meeting of the Membership should be required to encourage the submission of agenda items, questions and comments, and should encourage members to stand for election to the Board and the Committees. It should explain how members can get involved in the running and oversight of their credit union.

The Board of a credit union needs to be representative and reflective of the membership, rather than a hand-picked group of friends and acquaintances, almost entirely drawn from the same backgrounds and culture.

A true commitment to democratic participation requires a committee and staff member dedicated to the development of participation by the membership. The Nominating Committee should be a Sub-Committee answerable to a Participation Committee, and its recommendations should come after every effort has been made to encourage active participation from as many members as possible. Based on my experience with my credit union, only lip-service is paid to democratic participation and member ownership.

I strongly believe that democratic participation, transparency, accountability and accessibility require a bylaw to mandate that regular Board Meetings should include an Open Session which members could attend to receive reports from the Board and to ask questions, make comments and propose changes. Not everything that is discussed at a regular Board Meeting needs to be behind closed doors. There could quite easily be a Closed Session for sensitive and confidential issues to be discussed, and an Open Session in which the Board account to members for their actions and decisions, provide information, and receive feedback.

It is very dangerous for credit unions to be administered by a small group of socio-economically and culturally homogeneous people, who may be blind to abuses, failings, and unmet needs. There is a huge pool of untapped experience, expertise and creative & innovative thinking among the membership that credit unions are failing to draw upon, and which the credit union movement as a whole is allowing to go to waste. The most successful businesses are those which encourage participation by, and elicit ideas from, their employees at every level. A credit union only has a limited pool of staff with a limited range of experience, expertise, and creative & innovative thinking. But they have a huge pool of members who may have ideas for improvement that the members of staff, of the Board, and of the Committees have never even thought of.

Credit unions should be required to have the systems and policies in place to

encourage and welcome searching questions, innovative ideas and creative thinking from the membership.

If I had more time, I could provide a number of other suggestions and recommendations. But I am up against the clock, and need to send this e-mail to you now.

I very much hope that my comments and suggestions are genuinely listened to and taken into account, and not just swept under the carpet, as have been my comments and suggestions at the Annual Meeting of the Membership of my credit union over the years.

I would be grateful if you would notify me of any changes to the bylaws made as a result of this consultation, and notify me of any future consultations and proposals to change the bylaws.

Thank you for your attention to these important matters.

Yours for co-operative credit and member-owned financial institutions,

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