

TO:

FROM: Sheila A. Albin, Associate General Counsel

SUBJ: [ ] Federal Credit Union  
Nonstandard Bylaw Amendments

DATE: October 26, 2004

You have asked this office to review and comment on two nonstandard bylaw amendments submitted for approval by [ ] Federal Credit Union (FCU). We believe that your office should deny both requested amendments.

We object to the proposed amendment to Article IV, Section 3 regarding special meetings of members because it reduces the ability of the membership to be heard through a special meeting by raising the number of signatures required to call a meeting from 500 to 1000. We objected to a similar request in the attached OGC Legal Opinion 01-0725, dated July 26, 2001.

We also object to the FCU's proposed amendment to Article XVI, Section 3 that would require a "full membership vote" in accordance with the general election procedures to remove directors and committee members. We note the proposal fails to indicate the election option the FCU uses and does not explain how the FCU would implement such a voting process to remove a director or committee member. The FCU Bylaws require the chair to call a special meeting of the members within 30 days of receipt of a written request properly submitted by the members. FCU Bylaws, Art. IV, Sec. 3. This provision demonstrates the urgent nature of special meetings. If the membership deems it necessary to call a special meeting to remove a director, the FCU cannot delay the vote for removal by imposing the lengthier process used for general elections in Article V.

In its proposed amendment to Article XVI, Section 3, the FCU also requested that directors "have an opportunity to be heard by writing a brief summary in a format approved by the Board." While we would not object to directors defending themselves against removal by providing members with a written statement, we need additional information as to the FCU's rationale for imposing this specific format requirement in its bylaws. It is unclear from the proposal whether a director would be required to provide the written summary in advance of the special meeting or why a director would be precluded from making an oral statement at the special meeting.

cc: Regional Directors

Attachment