



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

September 16, 1991

Mr. Duke Strosser
Concora Federal Credit Union
5000 Flat Rock Road
Philadelphia, PA 19127-2098

Re: Special Meeting (Your August 30, 1991, Fax)

Dear Mr. Strosser:

You have asked whether it is permissible for a special meeting to be held for the purposes of holding new board elections when there is currently a board in place. A special meeting for the purpose of holding new board elections in this situation is not permissible.

ANALYSIS

The Concora Federal Credit Union's (FCU) bylaws permit the members to petition the FCU for a special meeting. Members of the FCU have submitted a petition to the FCU, with the required number of signatures, to request a special meeting. The petition includes the following:

We are presently confronted with a Credit Union board that refuses to act in accordance with our bylaws. The composition of the board at this time does not give fair representation to the hourly worker. We are hereby petition . . . for a re-election of all board members to correct the situation.

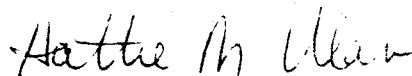
The petition is requesting new board elections. However, the claim that the board does not give fair representation to the hourly worker or has violated its bylaws in some unspecified manner is not a sufficient justification for a new election. Furthermore, as we stated previously, the failure of the

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board to hold its reorganization meeting within the appropriate timeframe (see attached) is not a justification for a new election.

Sincerely,



Hattie M. Ulan
Associate General Counsel

GC/MM:sg
SSIC 3701
91-0840

cc: Robert Schafer, Region II Deputy Director

Attachment



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

Mike

August 20, 1991

Mr. George E. Rohde
Concora Federal Credit Union
5000 Flat Rock Road
Philadelphia, PA 19127-2098

Re: Reorganization Meeting (Your July 15, 1991,
Letter)

Dear Mr. Rohde:

You have asked us for a legal opinion regarding Concora Federal Credit Union's (FCU) "reorganization meeting."

BACKGROUND

The FCU has a nine member board of directors. On April 26th, the FCU held an annual membership meeting at which time three board members were reelected and one appointed board member was elected. After the annual meeting, a meeting was held with five directors in attendance. There was no written notice of this directors meeting although the past practice had been to hold the reorganization meeting immediately after the annual meeting. The meeting was quite contentious and no official actions were taken and no minutes of the meeting were recorded. On May 8th a director's meeting was held. At this meeting the Chairman of the Board was asked if this was the reorganization meeting. The Chairman of the Board stated that since the reorganization was not accomplished within the seven day timeframe, the organization of the board would not change. At the June 10th board meeting, the board proceeded with a reorganization over the objection of the Chairman and another board member.

ANALYSIS

The FCU's bylaws state that:

Board officers elected at the meeting
of the board next following the annual

Mr. George E. Rhode

August 20, 1991

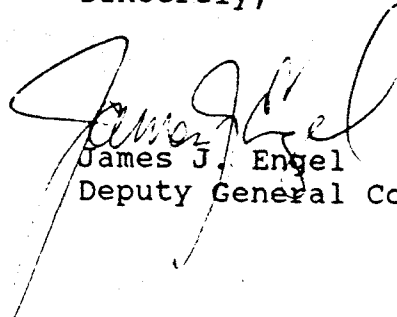
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meeting of the members, which shall be held not later than 7 days after the annual meeting. . . .

It is clear that the FCU violated its own bylaws by not conducting a reorganization meeting within the required timeframe. However, the board's inaction at the April 26th meeting does not invalidate subsequent board decisions nor does it preclude the Board from rectifying the situation at a later date. Decisions and policies made by the board between the April 26th meeting and the June 10th meeting are therefore valid. Furthermore, there is no prohibition on an FCU from reorganizing itself after the seven day timeframe if that is the desire of the board of directors. Therefore, the June 10th meeting is a valid reorganization meeting. From June 10th forward the officers and committee members elected and appointed at the June 10th meeting validly hold their positions.

Some FCU members have expressed concern that the failure to hold the reorganization meeting within the seven day timeframe somehow affects the validity of the election. This is not true. The failure of the board of directors to hold the reorganization meeting within the required timeframe does not vitiate the board of directors elections. These are two separate issues.

Sincerely,


James J. Engel
Deputy General Counsel

GC/MM:sg
SSIC 3701
91-0733