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### **Nominating Committee**

At least 120 days prior to the Credit Union's annual membership meeting, the Chair of the Credit Union's Board of Directors will appoint a Nominating Committee. The Nominating Committee will consist of three Credit Union members, at least one of which will be a member of the Credit Union's Board of Directors. No member serving on the Nominating Committee may be seeking election at the Credit Union.

The Nominating Committee will review any Applications for Nomination received by the Credit Union. The Nominating Committee shall not nominate any candidate who fails to meet the Candidate Eligibility Requirements set forth in this policy.

The Nominating Committee will nominate at least one eligible member for each vacancy to be filled at the election at least 90 days prior to the Credit Union's annual membership meeting.

At least 90 days prior to the Credit Union's annual membership meeting, the Secretary of the Credit Union shall notify all members of their right to petition for inclusion on the Credit Union's ballot. Notification to members under this section may include statement inserts and/or newsletter articles. Publication of the notice on the Credit Union's web site alone will not serve as sufficient notification. The written notice will also indicate that the election will not be conducted if there is only one nominee for each position to be filled.

### **Nomination by Petition**

Any qualified member who wishes to be a candidate for the Credit Union's Board of Directors or Supervisory Committee, and who meets the Credit Union's Candidate Eligibility Requirements may collect the signatures of 200 members of the Credit Union and submit a petition to the Credit Union's Nominating Committee at least 60 days prior to the Credit Union's annual membership meeting.

The Secretary of the Credit Union will be responsible for ascertaining whether a member seeking nomination by petition has successfully met the requirements of this section.

Any eligible member collecting the signatures necessary for nomination by petition will be provided with documents listed in the “Volunteer Recruitment” section of this policy.

### **Candidate Eligibility Requirements**

In order to qualify to serve on the Credit Union’s Board of Directors or Supervisory Committee, a member must:

- ♦ Be eligible for bonding.
- ♦ Be eligible to vote in Credit Union elections and at membership meetings.
- ♦ Have been a member of the Credit Union for two years before taking office.
- ♦ Not have been an employee of the Credit Union or its subsidiaries for the past two years.
- ♦ Not be an employee, officer, or director of another financial institution.

## **Voting Procedures**

### **Rules of Order**

Prior to the any membership meeting, the Board will adopt parliamentary rules applicable to the meeting. If no rules are adopted by the Board prior to the meeting, the rules of order specified by the Credit Union's bylaws will serve as the default rules of order for the meeting.

### ***Alternative #1***

#### **In Person Voting**

All persons nominated by the nominating committee, or nominated by petition and meeting the Candidate Eligibility Requirements established by the Credit Union will be placed before the members at the annual or a special membership meeting.

Nominations will not be taken from the floor unless insufficient nominations have been made by the nominating committee or by petition to provide for one nominee for each position to be filled or circumstances prevent the candidacy of the one nominee for a position to be filled. Only those positions without a nominee are subject to nominations from the floor.

When nominations are closed, an Election Teller will be appointed by the Chair, and ballots will be distributed to those members present who are eligible to vote. The Election Teller may have the assistance of one or more Credit Union employees as necessary.

The vote will be taken and tallied by the Election Teller, and the results announced at the meeting. The election will be determined by plurality vote.

When only one member has been nominated or qualified by petition for each position to be filled, the Chair may take a voice vote or declare each nominee elected by general consent or acclamation at the meeting in lieu of distributing ballots.

### ***Alternative #2***

#### **Balloted Voting**

At least 45 days before a membership meeting for the purpose of electing one or more directors, the Chair will appoint an Election Teller.

At least 30 days before the membership meeting the Board Secretary will mail voting materials to each member eligible to vote. These voting materials will include:

- A ballot including the names of qualified candidates for office. Candidates will be listed randomly, and incumbents will be identified as such on the ballot;
- A brief personal statement of qualifications and biographical data of no more than 100 words on each candidate. The personal statement will not be edited for grammar or content by anyone other than the candidate, except that the Board Secretary may remove offensive or lewd language;
- A clearly marked ballot envelope, with instructions that the completed ballot must be placed in the ballot envelope and sealed;
- Clear instructions pertaining to the deadline for receiving the ballot;
- A postage paid, pre-addressed mailing envelope; and
- Verification procedures, which must identify the member voting on the ballot.

Ballots must be received no later than \_\_\_\_\_ days [e.g., five days, three days, two business days] before the date of the election.

The Election Teller must verify, or cause to be verified, that each ballot received was completed by a member of the Credit Union eligible to vote. The Election Teller will also be responsible for tallying the vote, or causing the vote to be tallied. The election will be determined by plurality vote.

The Election Teller may have the assistance of one or more Credit Union employees as necessary.

Ballots and the accompanying verification procedures must be placed in the Credit Union's vault or an alternative place of safekeeping until the Election Teller is instructed to destroy the ballots.

When only one member has been nominated or qualified by petition for each position to be filled, the Chair may declare each nominee elected by general consent or acclamation in lieu of distributing ballots.

The result of the election will be announced at the membership meeting by the Chair of the Credit Union's Board of Directors.

### ***Alternative #3***

#### **Electronic Voting**

At least 45 days before a membership meeting for the purpose of electing one or more directors, the Chair will appoint an Election Teller.

At least 30 days before the membership meeting the Board Secretary will send an election notice to each member eligible to vote. This election notice will include:

- A ballot notice including the names of qualified candidates for office. Candidates will be listed randomly, and incumbents will be identified as such on the ballot;
- A brief personal statement of qualifications and biographical data of no more than 100 words on each candidate. The personal statement will not be edited for grammar or content by anyone other than the candidate, except that the Board Secretary may remove offensive or lewd language;
- An instruction sheet stating specific instructions for the electronic election procedure, including how to access and use the system, and the period of time in which votes will be taken. The instructions will state that members without the requisite electronic device necessary to vote on the system may: (1) vote by mail ballot upon written or telephone request, and specify the date the request must be received by the Credit Union, or (2) may visit any branch during business hours and a member service representative can help them vote electronically at the branch; and
- Verification procedures, which must identify the member voting on the ballot.

Ballots must be received no later than \_\_\_\_\_ days [e.g., five days, three days, two business days] before the date of the election.

The Election Teller must verify, or cause to be verified, that each electronic vote received was completed by a member of the Credit Union eligible to vote. The Election Teller will also be responsible for testing the integrity of the balloting system at regular intervals during the election period, and will be responsible

for tallying the vote, or causing the vote to be tallied. The election will be determined by plurality vote.

The Election Teller may have the assistance of one or more Credit Union employees as necessary.

A record of votes cast and verification procedures will be securely kept by the Credit Union or the Credit Union's designated custodian until the Election Teller is instructed to destroy the voting records.

When only one member has been nominated or qualified by petition for each position to be filled, the Chair may declare each nominee elected by general consent or acclamation in lieu of conducting an electronic vote.

The result of the election will be announced at the membership meeting by the Chair of the Credit Union's Board of Directors.

#### **Amendment of Election Policy**

No material aspect of this Election Policy will be amended by the Credit Union's Board of Directors during the 120 day period before its annual meeting of members.

# Campaigning & Access Policy

## ***Preface***

**Democratic Process.** In post-Enron America, many credit unions are having difficulty recruiting volunteer directors and contested board elections are rare. However, as is often the case, a contested election is most likely to occur following controversy of some type. For this reason, the credit union is well-advised to adopt a campaigning policy before it actually needs one! The model Campaigning & Access Policy recognizes that credit unions are democratic organizations, and that members who wish to run for office should have the opportunity to do so. Because the credit union cannot provide the third-party candidate with a list of members under the restrictions of the Gramm Leach Bliley (Privacy) Act, the policy creates a balanced procedure for in-person campaigning and the distribution of informational materials on behalf of the candidate. The model was based, in part, upon existing credit union policies, and in part upon the Office of Thrift Supervision rules applicable to federally chartered mutual savings banks.<sup>6</sup>

**Internal Campaign Expenditures.** The last paragraph of the model Campaigning Policy requires the credit union to disclose expenditures incurred on behalf of retaining its elected leadership. This clause was added to the policy in the interests of equity and because of the credit union's disproportional ability to influence an election. The credit union has ready access to member contact information, and infinitely greater economic resources than most candidates running for office. After careful discussion, the DFI Governance Task Force included this clause, after considering a range of alternatives. For example, a more robust limitation might include voluntarily limiting expenditures, rather than just disclosing expenditures.

### **Discussion Issues:**

- Who should requests for access go to at the credit union? The branch manager? The CEO?
- Are the access rules established by this model appropriate for your credit union? For example, are the limits on the number of persons who can be

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<sup>6</sup> 12 C.F.R. 544.8

- present to campaign, the location of campaign activities, and the rules pertaining to appropriate campaigning activities acceptable?
- Is your credit union willing to disclose campaign expenditures incurred on behalf of retaining elected leadership? Should your credit union's policy only require the disclosure of expenditures made within 90 days of an election? Alternatively, would your credit union prefer to limit all expenditures of this type? If so, what limit would be appropriate?

## Model Campaigning & Access Policy

As a democratically controlled financial cooperative, \_\_\_\_\_ Credit Union (“Credit Union”) members should have reasonable access to Credit Union premises to interact with fellow members for the purpose of communicating about Credit Union membership issues including campaigning for Board of Director and Supervisory Committee positions, and gathering petition signatures for nominations or special meetings of members, so long as these activities do not pose a threat to the safety and security of the Credit Union, Credit Union staff, and members.

This policy has been adopted by the Credit Union to govern protocol concerning activities conducted on the property of the Credit Union.

### Physical Access Procedure

Members wishing to conduct campaigning activities on Credit Union property must complete a Request for Access form, and submit the Request for access to \_\_\_\_\_ [e.g., the manager of the branch at which the member desires access, the President/CEO, the Secretary of the Board]. Each member desiring access must complete a separate Request for Access.

### Rules Governing Access to Credit Union Property

Access to Credit Union property is subject to the following conditions:

- Members must be in good standing, and must agree to abide by the terms and conditions of this policy.
- The Request for Access is valid only for the approved member, the approved purpose, and the branch, time and duration indicated during the normal business hours of the branch, or during the hours as designated by Credit Union management or the branch manager.
- Access is limited to those portions of the branch common areas as designated by Credit Union management or the branch manager. This access may be adjusted at the discretion of management to assure the safety and security of the Credit Union staff and members.
- Any contact or communication with other Credit Union members or customers shall be limited to matters related to the Credit Union as are specifically identified in the Request for Access.

- Because of size limitations at the branch, the number of members approved for access at any one time will be limited, and in most circumstances will not exceed two people. If there are multiple requests for access to any one branch, Credit Union management retains the discretion to schedule access to provide reasonable access.
- All activity conducted pursuant to the Request for Access must follow reasonable standards of public decorum. Inquiries or requests made to members that compromise the privacy and confidentiality of member information or transactions (e.g., requesting Social Security Numbers or account numbers), or comments that could be considered defamatory, false, or misleading will not be tolerated.
- Informational flyers, campaign information, or other handouts may be distributed to persons on Credit Union premises, so long as the information distributed is not defamatory, false, misleading or offensive.
- Members granted access to Credit Union property will not represent themselves as employees of the Credit Union.
- The Credit Union reserves the right to impose additional restrictions on access granted under the Request for Access at any time, as necessary to assure the safety and security of the Credit Union, its staff and members.

A member’s access to Credit Union premises for campaigning purposes is subject to immediate termination if the member fails to conform to the conditions outlined in this policy.

**Informational Access Procedure**

In compliance with the federal Privacy Act the Credit Union will not release lists of member names and addresses. Credit Union Members wishing to distribute informational materials to other members of the Credit Union by mail, must complete a Request for Access form, and submit the Request for access to \_\_\_\_\_ [e.g., the manager of the branch at which the member desires access, the President/CEO, the Secretary of the Board] along with a copy of the materials to be distributed.

Following receipt of the Request for Access and a copy of the materials to be distributed, the Credit Union will provide the member with either: a bid on the cost of distributing the informational materials to members of the Credit Union through a third-party mailing house, and an estimate of how long it will take for the Credit Union to provide the materials to the mailing house; or prompt

notification that the materials to be distributed do not meet the Credit Union's standards for distribution (see "Rules Governing Information Distribution" below). The cost estimate obtained by the Credit Union will be provided within ten days of receiving a completed Request for Access form and a copy of the materials to be distributed. If a member chooses to accept the cost estimate provided by the Credit Union it must notify the Credit Union of acceptance, pay in advance for the cost of distributing the materials (or make arrangements for payment that are acceptable to the Credit Union or the Credit Union's third party mailing house), and provide sufficient copies of the materials to be distributed. Materials provided by the member will be distributed to the mailing house within fifteen days of the member's notification of acceptance of the estimate to the Credit Union, and payment of costs.

### **Rules Governing Information Distribution**

The distribution of informational material to members of the Credit Union under this policy is subject to the following conditions:

- Members must be in good standing, and must agree to abide by the terms and conditions of this policy.
- Members wishing to distribute informational material to other members of the Credit Union must pay for the cost of mailing the information through a third-party mailing house.
- Informational materials distributed under this policy shall be limited to matters related to the Credit Union as are specifically identified in the Request for Access.
- Information mailed under this process may not contain information relating to a personal claim or a personal grievance, or be solicitous of personal gain or business advantage by or on behalf of any party.
- Information mailed under this process may not relate to any matter, including general economic, political, racial, religious, social, or similar cause, that is not significantly related to the business of the Credit Union or is not within the control of the Credit Union.
- Information mailed under this process may not contain defamatory, false, misleading or offensive information, and may not include charges or statements impugning the stability and soundness of the Credit Union.
- The President/CEO will be responsible for making a good faith, reasonable determination concerning whether materials to be distributed meet the standards established under this policy.

- The Credit Union will not be responsible for editing informational materials sent to other members under this policy

The Credit Union reserves the right to impose additional restrictions on access granted under the Request for Access at any time, as necessary to assure that member confidentiality is protected, and the Credit Union is protected from adverse legal proceedings.

### **Internal Campaign Expenditures**

From time to time the Credit Union may choose to expend its own funds to retain the Credit Union's elected leadership or educate members on an issue that must be determined by member vote. The Credit Union recognizes that there may be a substantial disparity between the resources of the Credit Union and members campaigning for office or wishing to offer a different viewpoint. As such, the Credit Union will annually disclose the aggregate direct expenses incurred in conducting meetings or campaigns related thereto.

**Request for Access**

*This form must be completed and forwarded to \_\_\_\_\_ [e.g., the manager of the branch at which the member desires access, the President/CEO, the Secretary of the Board].*

Name: \_\_\_\_\_

Member Number: \_\_\_\_\_

I am requesting:

- Physical access to the Credit Union branch offices located at:  
\_\_\_\_\_
- Informational access to the members of the Credit Union (if you are requesting the Credit Union to mail informational materials to its members on your behalf, please include a copy of the materials with this Request for Access, and the Credit Union will contact you with a timeline for distribution, and a bid on the cost of distributing the materials).

Please describe the purpose of this Request for Access:\* \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please tell us how we can best reach you for more information:

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
E-Mail

I have read and agree to the Credit Union's Campaigning & Access Policy, including any rules governing access to the Credit Union's property or relating to the distribution of information materials.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\*Reminder: The Credit Union's policies prohibit the distribution of solicitation materials through this Request for Access process.

<i>For Internal Use Only:</i>	
Date Request for Access Received:	
Date cost estimate provided to member:	
Date of member acceptance (including sufficient copies for mailing and payment of estimated costs):	

# Member Access to Records Policy

## ***Preface***

**Information Available to Members.** As a cooperative financial institution owned by its members, credit unions must carefully balance the desire for open governance processes, the need to keep proprietary information confidential, and protecting member privacy. As a result, the list of information that must be provided to members upon request is actually rather short. It includes minutes from membership meetings, but not board meetings. It includes the information on the credit union's 5300 Call Report, but does not include copies of the financial statements provided at board meetings. Before your credit union adopts the model Member Access to Records Policy, you should carefully consider whether you want to provide only the most recent or up-to-date copy of the records listed, or whether the credit union will provide these documents for a specified time period (e.g., for the past five years). The model policy does not limit access to information. If your credit union chooses to adopt the model policy, it's important to also adopt a reasonable research and copying fee, which should limit any potential abuses of the policy. If the credit union already has a research or copying fee, be sure it is applicable to governance documents such as those listed in this policy.

As you adopt the model policy for use at your credit union, give careful consideration to the underlined text in the model. If your credit union does not have a policy concerning reporting illegal, fraudulent or dishonest conduct (a whistleblower policy) or a code of ethics, do not include them in the list of documents available to members. If your credit union is federally chartered, do not include IRS Form 990 in your list of documents available to members because federally chartered credit unions are exempt from filing this form.

### **Discussion Issues:**

- Are there other documents your credit union wants made available to members generally?
- Does your credit union want to place a time limit on available documents (e.g. five years), or would the credit union prefer to make all of these governance documents available to members with a reasonable research and copying fee?

- Who should requests for information go to at the credit union?



**Reasonable Request Process**

Requests for information available to members under this policy must be reasonable. Requests must be made in advance to \_\_\_\_\_ [e.g., a branch manager, the President/CEO, the Secretary of the Board], giving the Credit Union two business days to prepare the information for the requesting member. If the information requested is more than a year old, additional time may be necessary to retrieve and prepare the information for the requesting member.

At its discretion, the Credit Union may allow a member to inspect these records in person or may choose to provide the member with a copy of the information requested. Personal access will only be provided during normal business hours or during the hours designated by the Credit Union. If copies are provided to the member, the Credit Union may charge the member a reasonable research and/or copying fee for the records.

Members obtaining copies of corporate Credit Union information are restricted from further distributing the information unless the information is already publicly available.

# Reporting Illegal, Fraudulent or Dishonest Conduct Policy

## ***Preface***

**Sarbanes Oxley Applicability to Credit Unions.** Section 1107 of the Sarbanes Oxley Act of 2002 makes it a crime for any individual to retaliate against a whistleblower for providing truthful information to a law enforcement officer relating to the commission or possible commission of any federal offense.<sup>7</sup> While most of the provisions of the Sarbanes Oxley Act only apply to publicly traded companies, Section 1107 is applicable to credit unions. The Act does not require the adoption of a whistleblower policy, however, because the penalties for violating Section 1107 include imprisonment for up to ten years and substantial fines, credit unions are strongly urged to consider adopting a policy that will encourage whistleblowers to report suspected violations of law and protect them from retaliation. Thus, whistleblowers will be encouraged to make their complaints within the credit union’s system—rather than going directly to the authorities. As a result, credit unions should:

1. Adopt a policy prohibiting retaliation.
2. Train managers and supervisors on procedures for handling employee concerns.
3. Allow for a non-traditional “shotgun style” reporting structure that allows an employee with concerns to take those concerns to persons other than their supervisor or report their concerns anonymously.
4. Establish (and adhere to) a policy taking disciplinary action against those who engage in retaliation.
5. Document performance issues carefully. Without good documentation, an employer will have a difficult time proving that a termination or adverse action against the employee was *not* retaliation.

**“Shotgun” Style Reporting.** The model Reporting Illegal, Fraudulent or Dishonest Conduct Policy creates a “shotgun” style of reporting rather than a strictly

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<sup>7</sup> 18 U.S.C. 1513(e).

hierarchical, traditional complaint tree. Some credit unions may not be entirely comfortable with the broad array of persons to whom a report of illegal activity may be made. However, providing the employee with a range of reporting options is intentional. Remember that the purpose of having a whistleblower policy is to *encourage* the employee to report within the organization, rather than going directly to the authorities. By giving the employee a choice of persons to receive the report of suspected wrongdoing, the credit union is increasing the likelihood of reporting within the organization. If wrongdoing is reported within the organization, the credit union can conduct its own investigation and address any wrongdoing revealed—without the involvement of the authorities (unless such involvement is warranted by the investigation).

**Keep it Simple.** As your credit union adopts its own whistleblower policy, be mindful of keeping the process for reporting wrongdoing easy for the employee to understand and use. By keeping the process simple, the credit union is encouraging internal reporting. If the process is made too complex, the employee will be encouraged to make their report directly to outside authorities, eliminating the credit union's ability to swiftly and quietly address wrongdoing.

**Discussion Issues:**

- What reporting tree should the credit union adopt? How will the credit union ensure that an employee reporting wrongdoing will feel comfortable doing so?
- Should the credit union adopt some form of confidential reporting process? How will that process work?
- Who will be responsible for investigating allegations of wrongdoing?
- Should the same policy apply to employees, volunteers, service providers, and members, or should the credit union adopt separate policies for one or more of these groups?

# Model Reporting Illegal, Fraudulent or Dishonest Conduct Policy

The \_\_\_\_\_ Credit Union (“Credit Union”) expects all staff and volunteers to conduct all Credit Union–related business at the highest standards of integrity and honesty. The Credit Union has an obligation to guard against illegal, fraudulent and dishonest conduct, and protect persons reporting such conduct. The Credit Union expressly prohibits retaliation based on any conduct protected by law.

This policy addresses the treatment of complaints of illegal, fraudulent or dishonest conduct. For ease of reference, the term “employee” has been used throughout this policy, however the policy is applicable to any member of the Credit Union’s community, including employees, volunteers, service providers, and members.

## **Reports of Illegal, Fraudulent or Dishonest Conduct**

Employees at the Credit Union are encouraged to report possible illegal, fraudulent or dishonest conduct. An employee should report concerns to his or her manager or supervisor. If an employee feels that appropriate action may not result from reporting possible illegal, fraudulent or dishonest conduct to their manager or supervisor, the employee can report his or her concerns directly to the Credit Union’s President/CEO, General Counsel, Chief Financial Officer, Internal Auditor or the Credit Union’s human resources manager. If the employee’s concern involves one of these individuals, or if the concerns are raised by a Credit Union volunteer, the report may be made instead to the Chair of the Credit Union’s Board of Directors, or the Chair of the Credit Union’s Supervisory Committee. Contact information for any of these parties can be found in a number of locations at the Credit Union, including: the Credit Union web site, the Credit Union intranet, and in the internal Credit Union directory.

## **What Constitutes Illegal, Fraudulent or Dishonest Conduct**

Illegal, fraudulent or dishonest conduct includes any deliberate act or failure to act, with the intention of obtaining a material, unauthorized benefit. Examples of illegal, fraudulent or dishonest conduct include, but are not limited to:

- Forgery or alteration of documents.

- Unauthorized disclosure, alteration or manipulation of computer files.
- Fraudulent financial reporting.
- Submitting fraudulent or improper expense account reporting.
- Pursuit of a benefit or advantage in violation of the Credit Union's conflict of interest or bank bribery policies.
- Misappropriation or misuse of Credit Union resources.
- Authorizing or receiving payments for goods not received or services not performed.
- Authorizing or receiving compensation not earned.
- Violations of applicable laws or rules.

While employees are encouraged to report suspected fraud or dishonest conduct, they should avoid baseless allegations. Allegations proven to be maliciously or knowingly false will be considered a disciplinary offense.

#### **How to Make a Report of Illegal, Fraudulent or Dishonest Conduct**

Wherever possible, persons reporting possible illegal, fraudulent or dishonest conduct are encouraged, but not required, to make their report in writing, and to include:

- A detailed description of the improper activity.
- The name of the individual(s) involved.
- Details that may be important to the Credit Union's investigation such as dates, witnesses, documents and evidence.
- Contact information.

The Credit Union takes reports of illegal, fraudulent or dishonest conduct very seriously. Supplying detailed information will contribute to a thorough and efficient investigation of the complaint.

When reporting possible illegal, fraudulent or dishonest conduct, employees may make their reports confidentially. For example, the employee could establish a free, confidential e-mail address and the Credit Union could contact the employee through this address (however, any information exchanged via e-mail must meet the Credit Union's information security standards and should not include account numbers or access codes). Whenever possible, however, the Credit Union encourages employees to include contact information, so that additional questions can be asked of the employee during the investigation of the complaint.

### **Investigation of Illegal, Fraudulent or Dishonest Conduct**

The Credit Union will investigate any alleged illegal, fraudulent or dishonest conduct, or misuse of Credit Union resources by management, staff or volunteers. Anyone found to have engaged in illegal, fraudulent or dishonest conduct is subject to disciplinary action by the Credit Union and civil or criminal prosecution when warranted.

In conducting an investigation under this policy, persons charged with investigating allegations of fraud or dishonesty should take reasonable care in dealing with suspected misconduct to avoid:

- Baseless allegations.
- Premature notice to persons suspected of misconduct.
- Disclosure of suspected misconduct to others not involved in the investigation.
- Violations of a person's rights under law.

No person involved in the alleged illegal, fraudulent or dishonest conduct shall be involved in any part of the investigation of the reported conduct.

During the investigation process the Credit Union may periodically update employees who have filed a complaint on the status of the investigation if the employee has provided the Credit Union with contact information.

Once the investigation of the report is complete, the investigation will be documented in writing. If the investigation uncovers legal or regulatory violations, or serious misconduct, the Credit Union's Board of Directors and Supervisory Committee will be presented with a copy of the report.

Credit Union managers and supervisors are responsible for maintaining a system of management controls, which help detect and deter illegal, fraudulent and dishonest conduct. Failure by a manager or supervisor to establish management controls or report misconduct within the scope of this policy may result in adverse personnel action against the manager or supervisor, up to and including dismissal.

### **Protection Against Retaliation**

The Credit Union will protect employees reporting illegal, fraudulent or dishonest behaviors as defined below:

- The Credit Union will endeavor to protect the employee's confidentiality, if requested. However, the Credit Union cannot guarantee confidentiality.
- Credit Union employees may not retaliate against a employee filing a complaint under this policy with the intent or effect of adversely affecting the terms or conditions of employment (including but not limited to, threats of physical harm, loss of a job, punitive work assignments, or impact on salary or wages). Employees who believe that they have been retaliated against may file a written complaint with their manager or supervisor. If an employee feels that appropriate action may not result from the complaint, the employee may file his or her complaint directly with the Credit Union's President/CEO, General Counsel, Chief Financial Officer, Internal Auditor or the Credit Union's human resources manager. If the employee's concern involves one of these individuals, the complaint may be made instead to the Chair of the Credit Union's Board of Directors, or the Chair of the Credit Union's Supervisory Committee. A proven complaint of retaliation will result in the initiation of disciplinary action.

This policy is not intended to prohibit managers or supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

# Appendix

# Membership Meeting Rules

## ***Preface***

**What are Membership Meeting Rules?** In addition to general parliamentary standards adopted by the board for all official meetings, and included in your credit union's bylaws, the model Election Policy allows the board to adopt rules specifically intended for an upcoming membership meeting. These rules are essentially an outline of how the business of the meeting will flow. The rules address issues such as the amount of time allotted to each speaker, and question and answer periods. Meeting rules have long been in use with regard to stockholders' meetings, and manage issues that are not addressed by *Robert's Rules of Order* or other parliamentary guides.

**How to Use Meeting Rules.** Meeting rules can be changed from meeting to meeting at the will of the board in order to address unique meeting needs. The model Meeting Rules provided as part of the Corporate Governance Policies for Washington Credit Unions represent a tool your credit union can use to better manage its membership meeting processes. For example, membership meeting rules relating to an annual membership meeting might differ from those applicable to a special membership meeting. A credit union might want to delete rule #7, which creates a question and answer period about the general affairs of the credit union if the membership meeting is a special meeting, called for one particular purpose. Rule #3, which appoints a parliamentarian for the meeting, should be modified as appropriate for a meeting—for example, if the credit union is expecting a contentious meeting, it might want to appoint its attorney as parliamentarian, however, if the meeting is expected to be routine, perhaps a board or staff member versed in parliamentary law could serve as parliamentarian for the meeting.

**Consistency.** If your credit union chooses to adopt meeting rules for a membership meeting, the rules need to be consistent with any meeting rules found in the credit union's existing bylaws and/or policies.

**Election Tellers.** Model Membership Meeting Rule #2 concerns the appointment of an election teller. You'll note that the rule only calls for the appointment of one election teller—not a group of election tellers. Having just one election

teller creates a clear reporting structure between the board chair and the election teller. Not to fear though...the model Election Policy allows the election teller to have the assistance of one or more credit union employees as necessary.

**Discussion Issues:**

- Are the model Membership Meeting Rules consistent with your credit union's existing membership meeting practices?

## Model Membership Meeting Rules

The \_\_\_\_\_ Credit Union's ("Credit Union") Board of Directors has adopted these meeting rules pertaining to the Credit Union's meeting of members to be held on \_\_\_[day]\_\_\_\_\_, 20\_\_\_, at \_\_\_[time]\_\_\_, at the Credit Union's office.

1. The Chair of the Credit Union's Board of Directors will preside over the meeting of members.
2. \_\_\_\_\_, the Credit Union's Secretary [or other person such as an independent accountant, attorney, or the Chair of the Credit Union's Nominating Committee] is designated as the meeting's Election Teller. The Election Teller will determine all questions of eligibility to vote or eligibility to participate in the meeting, and will tabulate the results and report on the same at the meeting. The Election Teller may have the assistance of one or more Credit Union employees as necessary.
3. \_\_\_\_\_, [e.g., "a lawyer with the firm of XYZ, L.P., counsel for the Credit Union"] is designated parliamentarian, to provide advice and assistance to the Chair as necessary.
4. The Credit Union's bylaws restrict Board nominations to those persons nominated by the Credit Union's Nominating Committee, or qualifying by petition. Nominations will not be taken from the floor unless insufficient nominations have been made by the Nominating Committee or by petition to provide for one nominee for each position to be filled, or circumstances prevent the candidacy of the one nominee for a position to be filled. Only those positions without a nominee are subject to nominations from the floor.
5. In addition to the election of directors, all matters to come before the meeting are limited to the proper purposes of the meeting. Subjects which are not germane, or which should first be considered by the Credit Union's Board of Directors, may be ruled out of order, or deferred to the question and answer session of the meeting.

6. In order to facilitate the good order of the meeting as to any matter debated, each member will be limited to no more than two speeches each, with each speech limited to three minutes, unless the Chair rules otherwise. Each speaker must be a current Credit Union member in good standing and must identify him or herself before speaking. If there are many persons seeking to speak, the Chair may limit each speaker to one speech not to exceed three minutes.

7. At the end of the meeting, following adjournment, the Credit Union's Chair and its Chief Executive Officer will receive questions from current members in good standing in a question and answer format. Questions taken will not be restricted to matters within the meeting's agenda, however, some questions

may be ruled out of order (e.g., questions that aren't germane to the Credit Union's business, or questions that would intrude upon the privacy of Credit Union members, or matters in litigation).

This question and answer period will not exceed thirty minutes in total.

# Script Outline of Credit Union Annual Membership Meeting

## ***Preface***

**Purpose.** The model Script Outline of a Credit Union Annual Membership Meeting has been provided as part of these Corporate Governance Models for Washington Credit Unions for your use and convenience. The model Outline includes the use of membership meeting rules, and covers most of the agenda items discussed at a credit union's typical membership meeting.

# Model Script Outline of Credit Union Annual Membership Meeting

Chair: Good evening and welcome to the \_\_\_\_\_ Credit Union's 71st Annual Membership Meeting. I am \_\_\_\_\_, the Chair of the Credit Union's Board of Directors.

## Call to Order

Chair: The \_\_\_\_\_ Credit Union Annual Membership Meeting is called to order.

## Introduction of Volunteers

Chair: I'd like to introduce and recognize the other members of your Board of Directors:

<b>Name</b>	<b>First Year of Service</b>	<b>Position</b>
<u>Mark Twain</u>	<u>1998</u>	<u>Vice Chair</u>
<u>Emily Dickens</u>	<u>1995</u>	<u>Director</u>

The credit union's Supervisory Committee acts as a check and balance to the Board, and is responsible for ascertaining regular audits of the credit union's membership and financial records. Here tonight representing the Supervisory Committee we have:

<b>Name</b>	<b>First Year of Service</b>	<b>Position</b>
<u>John Gault</u>	<u>2003</u>	<u>Supervisory Cmte. Chair</u>
<u>Dagny Taggart</u>	<u>1999</u>	<u>Cmte. Member</u>

## Quorum Report

Chair: Our first order of business is to establish whether or not we have a quorum. Under the Credit Union's bylaws, a quorum exists when either .01% or fifteen Credit Union members are present, whichever number is greater.

Do we have a quorum present?

Election Teller: Yes Mr. Chair, \_\_\_\_\_ members are present.

Chair: I therefore declare that a quorum is present. The 71st Annual Membership Meeting of the \_\_\_\_\_ Credit Union is duly constituted and open for business which may properly come before it.

### **Meeting Rules & Adopting of Agenda**

Chair: Copies of the rules applicable to this meeting are available at the front table. These rules have been adopted by the Board of Directors for the purpose of this meeting. Now that we have established that a quorum is present, our next order of business is to approve the agenda found in the Credit Union's annual report.<sup>8</sup> Do I hear a motion to approve the agenda as presented?

Member #1: Mr. Chair, I move approval of the agenda as presented.

Member #2: I second the motion.

Chair: Will all those in favor of the motion say "aye"; if there are any opposed, please say "no". The motion is carried.

### **Appointment of Parliamentarian, Secretary & Election Teller**

Chair: At this time, I would like to appoint a parliamentarian for the meeting. Tom Jones, an attorney with the firm of Acme & Jones, L.P., is appointed parliamentarian. Thank you Tom. As parliamentarian, Tom will be responsible for providing advice and assistance concerning the proceedings of this meeting to me as necessary.

I would like to appoint Walter Scott as Secretary of this meeting. Thank you Walter. As Secretary, Walter will be responsible for keeping a record of the official proceedings of this meeting.

Next, I would like to appoint Jules Verne as our Election Teller. As Election Teller, Jules will be responsible for determining all questions of eligibility to vote or eligibility to participate in the meeting, and will tabulate the results of the election with the assistance of one or more Credit Union employees as necessary.

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<sup>8</sup> Once an agenda is adopted by majority vote, a 2/3 vote is required to deviate from it.

**Approval of Membership Meeting Minutes**

Chair: Copies of the minutes from last year’s Annual Membership Meeting have been distributed and are now before the members for approval. Are there any questions? If not, then I call for a motion to approve the minutes of the 2005 Annual Membership Meeting.

I recognize \_\_\_\_\_.

Member #1: Mr. Chair, I move that we waive reading of the minutes of the last meeting of members, and approve those minutes.

Member #2: I second the motion.

Chair: Will all those in favor of the motion say "aye"; if there are any opposed, please say "no". The motion is carried.

**Report of the Chair**

[Insert report here.]

## Report of the Supervisory Committee

[Insert report here.]

## Report of the President/CEO & Recognition of Leadership Team

[Insert report here.]

President: The Credit Union is very proud of its leadership team and it's my pleasure to introduce them to you:

<b>Name</b>	<b>Title</b>
<u>Alex Dumas</u>	<u>President/CEO</u>

## Report of the Treasurer

[Insert report here.]

Chair: Do I hear a motion to approve the audited financial statement as presented in the Credit Union's annual report?<sup>9</sup>

Member #1: Mr. Chair, I move approval of the Credit Union's financial statement as presented.

Member #2: I second the motion.

Chair: Will all those in favor of the motion say "aye"; if there are any opposed, please say "no". The motion is carried.

## Business of the Meeting

### A. Unfinished Business

There is no unfinished business.

### B. New Business

There is no new business.

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<sup>9</sup> Under Robert's Rules of Order the audited financial statement should be approved by the members. No other reports need be approved in this manner.

### C. Election of Directors

*Alternative #1: Directors running unopposed.*

Chair: Will the Credit Union's Nominating Committee Chair, Ms. Beatrix Potter, please present the slate of candidates?

Nominating Committee Chair: Yes Mr. Chair. The candidates nominated for election are:

1. Herman Melville
2. Joseph Conrad
3. William Shakespeare

All candidates are running unopposed.

Chair: There being no opposition to the slate of candidates as presented, they are each elected to the Credit Union's Board of Directors for a three year term.

Chair: [Closing remarks as appropriate]

*Alternative #2: Directors running opposed:*

Chair: Will the Credit Union's Nominating Committee Chair, Ms. Beatrix Potter, please present the slate of candidates nominated by the Nominating Committee or who have met the Credit Union's bylaw requirements to be eligible for nomination at this meeting?

Nominating Committee Chair: Yes Mr. Chair. The candidates eligible for election are:

1. Herman Melville
2. Joseph Conrad
3. William Shakespeare
4. John Locke
5. Adam Smith

Chair: May I have the Election Teller's report?

Chair: [Read results of election.] I therefore declare that these persons have been elected for three year terms on the Credit Union's Board of Directors. Subject to the Credit Union's bylaws concerning eligibility, they are to serve until their successors are elected and qualified.

Chair: [Closing remarks as appropriate]

### **Destruction of the Ballots**

Chair: I order that the ballots be maintained in the Credit Union's vault [or alternative place of safekeeping] for one month. After that time, the Election Teller is instructed to destroy the ballots.

### **Adjournment**

Chair: Following adjournment of this meeting, both I and the Credit Union's President/CEO will take questions for up to thirty minutes.

As there is no further business to come before this meeting, the Chair declares this meeting is adjourned.

### **Question & Answer Period**

[Chair & President take questions from members under the meeting rules established prior to the meeting.]

## Endnotes

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<sup>i</sup> This phrase was added after the Vancouver meeting on October 4, 2005, to clarify a credit union could be compliance of the Act's requirements for whistleblower protections without a policy. (See page 4.)

<sup>ii</sup> At the Vancouver meeting on October 4, 2005, a request was made to clarify the voting age of a member. RCW 31.12.386 (3) states "A member who is not at least eighteen years of age is not eligible to vote as a member unless otherwise provided in the credit union's bylaws." A credit union's bylaws may set a different age than eighteen years for eligibility of voting. (See page 19.)

<sup>iii</sup> On October 26, 2005, DCU discovered an error regarding what is public information in the 5300 call report. The Contact and Certification Page for the US Patriot Act (page 8 of the 5300 Call Report) is not public information and therefore, would not be accessible to credit union members. (See page 36.)