

DCU Opinion Number 01-4

Date: May 24, 2001

From: Parker Cann, Director of Credit Unions

Subject: Credit Unions May Use Electronic Voting Methods To Elect Directors and Supervisory Committee Members, As Permitted By Their Bylaws

Issues

Can Washington State-chartered credit unions (credit unions) use electronic devices (i.e., the telephone and internet) to conduct member voting to elect directors and supervisory committee members? If so, when may the election results be announced?

Analysis

The Washington State Credit Union Act (CU Act) requires credit union members to elect directors and supervisory committee members at the annual membership meeting. RCW 31.12.225(2) and RCW 31.12.326. Although the CU Act is silent on the use of electronic voting methods, it does provide:

Members may vote, as prescribed in the credit union's bylaws, by mail ballot, absentee ballot, or other method. However, no member may vote by proxy.

RCW 31.12.386(2). Clearly, the CU Act contemplates that credit unions may use a variety of voting methods, as prescribed in their bylaws. The outside limitation is that members may not vote by proxy. We believe that electronic voting is clearly one of the methods of voting permitted by the CU Act.

I understand that federally-chartered credit unions may adopt electronic member voting. See Option A4 to Article V of the NCUA's model Federal Credit Union Bylaws. These Bylaws can be found on the NCUA web site at www.ncua.gov. From the NCUA homepage, select "Reference Information" and then "Federal Credit Union Bylaws."

Sections 1 and 2 of Option A4 contain very specific procedures on how the electronic voting must be conducted. Credit unions wishing to use electronic voting should adopt detailed voting procedures in their bylaws. RCW 31.12.185(1). We strongly recommend that such credit unions follow the procedures specified in Sections 1 and 2 of Option A4.

If a credit union uses electronic voting, when may the results of the election be announced? Because of the requirement in the CU Act that members elect directors and supervisory committee members at the annual membership meeting, we believe that the results of the voting must be verified and announced at the annual meeting, and no sooner.

Conclusion

A credit union may use electronic voting methods to elect directors and supervisory committee members, as specified in its bylaws. The results of the voting must be verified and announced at the annual membership meeting, and no sooner.

Opinion index heading: Corporate governance

Opinion index and list descriptor: Credit Unions May Use Electronic Voting Methods To Elect Directors and Supervisory Committee Members, As Permitted By Their Bylaws