



PROTECTING CREDIT UNION MEMBERS AND EMPLOYEES

NAFCU has long heard from credit unions that current member expulsion requirements make it difficult to expel members who are physically or verbally abusive to other members and staff, or who have engaged in fraud or other illegal activities against the credit union. NAFCU supports modernizing the Federal Credit Union (FCU) Act to simplify the process for member expulsion to protect the health and safety of credit union members, staff, and property.

Some recent examples include:

- › America First FCU, Birmingham, AL: Seeing an increasing number of verbally abusive members and threats of violence against their staff. In fact, a member of the credit union recently threatened to shoot a branch manager and teller.
- › Apple FCU, Fairfax, VA: Recently had a member threaten to kill staff unless they falsify documents related to an auto loan.
- › Lookout FCU, Pocatello, ID: Multiple accounts of dealing with a member who would come into the branch intoxicated and proceed to sexually harass staff.
- › CACL FCU, Pottsville, PA: Experiencing a steady increase in verbally abusive members threatening staff, so much that they are in the process of removing members for the first time.

There are many more examples out there, and most credit unions have had to deal with similar situations. Unfortunately, the law is outdated in this area. Currently, federal credit unions are required to hold a special member meeting open to all members (including the member in question) to seek expulsion. Members can only be expelled for cause, and they must be provided with notice and an opportunity to be heard prior to the membership vote. There must be a two-thirds vote of approval from all members present at the meeting in order to expel the member.

Holding a special meeting is often a last-resort option for credit unions to address a member's bad behavior because such a meeting of the full membership is a timely and costly endeavor. This is, in part, due to the cumbersome notice requirements. This laborious process requires too much time and effort to quickly remove a dangerous member to protect staff and other members.

Fortunately, there are bipartisan legislative efforts underway to fix this problem:

S.1767, Credit Union Employee and Member Safety Act of 2021

- › Introduced in the Senate by Banking Committee members Tina Smith, D-Minn., and Ben Sasse, R-Neb.

H.R.2311, Credit Union Governance Modernization Act of 2021

- › Introduced in the House by Financial Services Committee members Tom Emmer, R-Minn., and Ed Perlmutter, D-Colorado.

Both bills would improve existing language in the FCU Act related to expulsion by providing parity with several state-chartered credit unions' model or standard bylaws, which allow credit union boards to consider expulsion under certain conditions. The updated language of H.R. 2311 was reported by a unanimous bipartisan vote in the House Financial Services Committee in Fall 2021 and awaits consideration on the House floor. We encourage support for this initiative as it will provide immediate benefits to credit unions, their members, and their employees.