

112TH CONGRESS  
2D SESSION

# H. R. 6667

To establish the Financial Consumers Association to advance the rights and remedies available to consumers with respect to financial services transactions, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2012

Mr. KUCINICH introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To establish the Financial Consumers Association to advance the rights and remedies available to consumers with respect to financial services transactions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Financial Consumers  
5 Association Act of 2012”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress finds that—

1           (1) financial services consumers and depositors  
2           are an integral part of the financial system and are  
3           affected by the safety and soundness of the financial  
4           industry;

5           (2) deceptive, illegal, and speculative financial  
6           practices have harmed public confidence in the integ-  
7           rity and fairness of many United States financial in-  
8           stitutions, and threaten the basic strengths of the  
9           United States economic system;

10          (3) contributing to the loss of public confidence  
11          are perceptions of inadequate oversight and insuffi-  
12          cient independence between financial institutions and  
13          their regulators;

14          (4) major factors contributing to the recent fi-  
15          nancial crisis include regulatory failures to ade-  
16          quately police the financial services markets for  
17          crime, unfair or deceptive practices, fraud, lack of  
18          transparency, and mismanagement;

19          (5) the financial industry has enjoyed virtually  
20          unlimited access to represent its interest before Con-  
21          gress, the courts, and State and Federal regulators,  
22          while financial services consumers have had limited  
23          representation before Congress and financial regu-  
24          latory entities;

1           (6) the resources available for organized rep-  
2           resentation of consumers in the financial industry  
3           need to be expanded so citizens can better monitor  
4           the performance of State and Federal agencies that  
5           regulate their financial institutions and participate  
6           in public policy debates regarding the oversight of  
7           these financial institutions;

8           (7) the creation of a public purpose, democrat-  
9           ically controlled, self-funded, nationwide membership  
10          association of financial services consumers is an ef-  
11          fective way to enhance the representation of con-  
12          sumers in the financial services industry and to meet  
13          the expanding information needs of consumers in the  
14          financial services market;

15          (8) the requirement that informational and  
16          statutory inserts be included in the paper mailings  
17          and email correspondence, digital or other electronic  
18          means, of covered persons is essential to the cre-  
19          ation, maintenance, and funding of such an associa-  
20          tion;

21          (9) the Federal Government has a substantial  
22          interest in the creation of a public purpose, demo-  
23          cratically controlled, self-funded, nationwide mem-  
24          bership association of financial services consumers to

1 enhance their representation and to effectively com-  
2 bat unsound financial practices;

3 (10) the creation of such an Association is not  
4 meant to substitute for, but augment, the activities  
5 of existing or future regulatory bodies whose sole or  
6 partial focus is the protection of financial services  
7 consumers; and

8 (11) consumers have more complex financial  
9 choices today than ever before, but not enough infor-  
10 mation with which to make those choices.

11 (b) PURPOSES.—The purposes of this Act are—

12 (1) to establish a public purpose, nonprofit,  
13 democratically controlled, membership association of  
14 financial services consumers;

15 (2) to give the Association a mandate to inform  
16 and represent financial services consumers, and to  
17 further the effective and vigorous oversight of cov-  
18 ered persons;

19 (3) to establish democratic rules of governance  
20 for the Association; and

21 (4) to require any covered person to periodically  
22 include inserts concerning the Association within  
23 their statements and billing statements to financial  
24 services consumers.

1 **SEC. 3. DEFINITIONS.**

2 For purposes of this Act, the following definitions  
3 shall apply:

4 (1) ASSOCIATION.—The term “Association”  
5 means the Financial Consumers Association estab-  
6 lished in accordance with this Act.

7 (2) ASSOCIATION DIRECTOR.—The terms “As-  
8 sociation director” and “director” mean any person  
9 duly elected or appointed to the Association board of  
10 directors pursuant to this Act, except as the context  
11 otherwise requires.

12 (3) INSERT CARRIER.—The term “insert car-  
13 rier” includes any email, digital, or other electronic  
14 notice or paper deposit account statement which—

15 (A) indicates the balance on a deposit ac-  
16 count; or

17 (B) involves an outstanding deposit ac-  
18 count contract or agreement between an insured  
19 depository institution and a customer of such  
20 institution.

21 (4) MEMBER.—The term “member” means any  
22 person who meets the requirements for membership  
23 in the Association, as set forth in this Act.

24 (5) REGULATORY AGENCY.—The term “regu-  
25 latory agency” means any governmental office, agen-  
26 cy, department, or commission of the Federal Gov-

1       ernment, that regulates, monitors, directs, or gov-  
2       erns publicly traded corporations, financial services,  
3       or consumer transactions.

4           (6) REGULATORY PROCEEDING.—The term  
5       “regulatory proceeding” means any rulemaking, ad-  
6       judication, or ancillary proceeding conducted by any  
7       governmental office, agency, department, or commis-  
8       sion at the Federal, State, or local level, that affects  
9       any covered person.

10          (7) STATUTORY INSERT.—The term “statutory  
11       insert” means any digital or printed statement, card,  
12       or envelope and statement combination, or a state-  
13       ment, application, and pre-addressed business reply  
14       envelope used by the Association to solicit informa-  
15       tion and contributions or membership fees from con-  
16       sumers, financial services customers, and to explain  
17       the purpose, history, nature, activities, achievements,  
18       and membership criteria of the Association.

19          (8) APPROPRIATE COMMITTEES OF CON-  
20       GRESS.—The term “appropriate committees of Con-  
21       gress” means the Committee on Banking, Housing,  
22       and Urban Affairs and the Subcommittee on Finan-  
23       cial Services and General Government of the Com-  
24       mittee on Appropriations of the Senate, and the  
25       Committee on Financial Services and the Sub-

1 committee on Financial Services and General Gov-  
2 ernment of the Committee on Appropriations of the  
3 House of Representatives, and any successor com-  
4 mittees, as may be constituted.

5 (9) CAMPAIGN CONTRIBUTION.—The term  
6 “campaign contribution” means any money, good,  
7 service, credit, or other benefit provided or promised  
8 for the purpose of electing an Association Director.

9 (10) CAMPAIGN EXPENDITURE.—The term  
10 “campaign expenditure” means any payment, use,  
11 distribution, or gift of money or anything of value  
12 made or promised for the purpose of electing an As-  
13 sociation Director.

14 (11) IMMEDIATE FAMILY.—The term “imme-  
15 diate family” means a person’s spouse and legal de-  
16 pendents.

17 **SEC. 4. ESTABLISHMENT OF THE ASSOCIATION.**

18 (a) CHARTER.—There is authorized to be established  
19 a nonprofit corporation by the interim board of directors  
20 to be known as the “Financial Consumers Association”.  
21 The Association shall be subject to the provisions of this  
22 Act, and, to the extent consistent with this Act, to the  
23 District of Columbia Nonprofit Corporations Act. The  
24 main office of the Association shall be located in Wash-  
25 ington, DC.

1 (b) NONGOVERNMENTAL STATUS.—The Association  
2 shall be a private corporation and shall not, for any pur-  
3 pose, be considered to be a department, agency, or instru-  
4 mentality of the United States Government. An officer or  
5 employee of the corporation shall not, for any purpose, be  
6 considered to be an officer or employee of the Federal Gov-  
7 ernment.

8 (c) REGIONAL AND LOCAL OFFICES.—The Associa-  
9 tion may establish regional offices as needed, in any of  
10 the several States.

11 (d) BYLAWS.—Except as provided in this Act and in  
12 the District of Columbia Nonprofit Corporations Act, the  
13 affairs of the Association shall be regulated as determined  
14 in the bylaws of the Association.

15 (e) NONPROFIT, NONSTOCK STATUS.—The Associa-  
16 tion chartered under this section—

17 (1) shall be a nonprofit corporation; and

18 (2) may not issue any shares of stock or other  
19 securities or pay any dividends.

20 (f) MEMBERSHIP.—The membership of the Associa-  
21 tion shall consist solely of individuals who—

22 (1) are 16 years of age or older; and

23 (2) have contributed the required annual mem-  
24 bership fee to the Association.

25 (g) MEMBERSHIP FEE.—



1 **SEC. 6. MISSION, DUTIES, AND POWERS OF THE ASSOCIA-**  
2 **TION.**

3 (a) MISSION.—The Association shall advance the  
4 rights and remedies available to consumers with respect  
5 to financial services, by developing initiatives to reduce the  
6 use of dangerous features in financial products and serv-  
7 ices, and to improve the flow of accurate information from  
8 covered persons to consumers.

9 (b) DUTIES.—The duties of the Association shall  
10 be—

11 (1) to inform, educate, and advise consumers  
12 about the actions of covered persons;

13 (2) to represent and promote the interests of  
14 consumers in financial services, collectively, and,  
15 when necessary, to negotiate on behalf of financial  
16 services consumers, individually, with respect to cov-  
17 ered persons;

18 (3) to take affirmative measures to encourage  
19 membership by low- and moderate-income and mi-  
20 nority consumers, and to disseminate information  
21 and advice to consumers;

22 (4) to inform, insofar as possible, consumers  
23 about the mission of the Association, including the  
24 procedures for obtaining membership in the Associa-  
25 tion;

1           (5) to provide consumers with information  
2 about how initiatives of covered person will affect  
3 consumers;

4           (6) to monitor the availability and quality of fi-  
5 nancial services to low- and moderate-income con-  
6 stituencies and the elderly; and

7           (7) to develop data to assist financial services  
8 consumers in making informed decisions in the mar-  
9 ketplace.

10       (c) POWERS.—In addition to the rights and powers  
11 provided by other provisions of this Act, the Association  
12 shall—

13           (1) represent the interests of consumers in gen-  
14 eral before Federal regulatory agencies, legislative  
15 bodies, the courts, and in other public forums;

16           (2) initiate, intervene as a party, or otherwise  
17 participate on behalf of consumers in any regulatory  
18 proceeding that the Association reasonably deter-  
19 mines may affect the interests of consumers;

20           (3) conduct, support, and assist research, sur-  
21 veys, and investigations in financial services con-  
22 sumer matters;

23           (4) maintain up-to-date membership rolls, and  
24 to keep them in confidence to the extent required by  
25 the provisions of this Act;

1           (5) contract for services which cannot reason-  
2           ably be performed by its employees; and

3           (6) solicit and accept gifts, loans, grants, or  
4           other aid in order to support activities concerning  
5           the interests of financial services consumers, except  
6           that the Association may not accept gifts, loans, or  
7           other aid from any financial services providers or  
8           from any director, employee, agent, or member of  
9           the immediate family of a director, employee, or  
10          agent of any covered person.

11 **SEC. 7. INSERT AND NOTICE PROVISIONS.**

12          (a) INCLUSION IN STATEMENTS OF COVERED PER-  
13          SONS.—

14           (1) IN GENERAL.—Each covered person shall  
15           include, or cause its agent to prominently include, a  
16           statutory insert or an Association insert in quarterly  
17           mailings to its customers each year.

18           (2) STATUTORY INSERT.—The Association shall  
19           have the right to have statutory inserts prominently  
20           included in the paper mailings to the customers of  
21           each covered person once each calendar quarter. The  
22           Association shall also have the right to have covered  
23           persons send the information contained in the statu-  
24           tory insert to financial services consumers once each  
25           calendar quarter via email, digital or other electronic

1 means. The Association shall only pay the reason-  
2 able incremental costs of the email, digital, or elec-  
3 tronic distribution of such information.

4 (3) ASSOCIATION INSERTS.—

5 (A) IN GENERAL.—In addition, the Asso-  
6 ciation shall have the right to include in the  
7 mailings and via email, digital or other elec-  
8 tronic means, referred to in paragraph (2) once  
9 each calendar quarter, an insert that it pre-  
10 pares and furnishes to any institution required  
11 to carry a statutory insert.

12 (B) LIMITATION.—An insert furnished by  
13 the Association shall be limited to—

14 (i) soliciting information and contribu-  
15 tions or membership fees from financial  
16 services consumers; and

17 (ii) explaining—

18 (I) the purpose, history, nature,  
19 activities, and achievements of the As-  
20 sociation;

21 (II) that the Association member-  
22 ship is open to any resident of the  
23 United States who is 16 years of age  
24 or older;

1 (III) that the Association is not  
2 connected to any covered person;

3 (IV) that the Association is a  
4 nonprofit association directed by its  
5 financial services consumer members;

6 (V) the procedure for contrib-  
7 uting to or becoming a member of the  
8 Association; and

9 (VI) the yearly membership fee.

10 (b) FEDERAL TRADE COMMISSION OVERSIGHT.—

11 Any covered person may, if it believes that the contents  
12 of an insert are false or misleading, submit the insert to  
13 the Federal Trade Commission for review. The Federal  
14 Trade Commission shall review the insert and make a de-  
15 termination promptly, but in no event later than 21 cal-  
16 endar days after receipt of the insert. The Federal Trade  
17 Commission may disapprove the insert for mailing if it  
18 finds that the insert is false or misleading, or contains  
19 information not permitted by this section.

20 (c) CONTENT OF STATUTORY INSERTS.—Each statu-  
21 tory insert required by this Act shall contain—

22 (1) a written statement of the following infor-  
23 mation:

24 “(A) The Financial Consumers Association  
25 is a financial services consumer membership or-

1 organization established under Federal law to in-  
2 form and represent financial services con-  
3 sumers.

4 “(B) The Association will work on behalf  
5 of financial services consumers to prevent cor-  
6 porate fraud, deceptive and criminal business  
7 practices, and to ensure the protection of retire-  
8 ment funds and investments.

9 “(C) The Association provides financial  
10 services consumers with information and advice  
11 on a range of consumer issues.

12 “(D) The Association also represents fi-  
13 nancial services consumers before regulatory  
14 agencies and legislative bodies.

15 “(E) The Association is a democratically  
16 controlled consumer membership organization.

17 “(F) Although the Association has been es-  
18 tablished under Federal law, as a consumer  
19 membership organization, the Association is pri-  
20 marily supported by membership fees, not pub-  
21 lic funds. Thus the Financial Consumers Asso-  
22 ciation depends on its membership base for  
23 funding to undertake its information and rep-  
24 resentation activities.

1           “(G) Anyone who is 16 years of age or  
2           older may become a member of the Association  
3           by paying the annual membership fee. The  
4           amount of the annual membership fee shall be  
5           determined annually by the Association.

6           “(H) You may become a member simply by  
7           filling out the attached application and mailing  
8           it and the membership fee to the Financial  
9           Consumers Association in the attached pre-ad-  
10          dressed envelope.”;

11          (2) an application for Association membership,  
12          which requests the name and address of the appli-  
13          cant, and indicates the annual membership fee; and

14          (3) a pre-addressed business reply envelope for  
15          mailing the application and membership fee to the  
16          Association.

17          (d) OTHER REQUIREMENTS APPLICABLE TO STATU-  
18          TORY INSERTS.—With respect to a statutory insert re-  
19          quired by this Act—

20                 (1) the statement, application, and pre-ad-  
21                 dressed business reply envelope specified in this Act  
22                 shall be presented to the customer as a single docu-  
23                 ment (except that the document may be separable  
24                 into different parts by tearing along perforated  
25                 lines);

1           (2) the statement and application shall be  
2 printed in at least 10-point type; and

3           (3) the Association shall pay the cost of print-  
4 ing and placement of the statutory insert in all ap-  
5 propriate mailings, but shall not pay any postage  
6 costs if the insert weighs less than 0.35 ounces.

7 **SEC. 8. INTERIM BOARD.**

8           (a) ESTABLISHMENT OF INTERIM BOARD.—Members  
9 of the interim board of directors of the Association shall  
10 be appointed not later than 6 months after the date of  
11 enactment of this Act, as follows:

12           (1) 3 members shall be appointed by the Presi-  
13 dent of the United States.

14           (2) 3 members shall be appointed by the Speak-  
15 er of the House of Representatives.

16           (3) 3 members shall be appointed by the Presi-  
17 dent Pro Tempore of the Senate.

18           (4) 1 member shall be appointed by the Minor-  
19 ity Leader of the House of Representatives.

20           (5) 1 member shall be appointed by the Minor-  
21 ity Leader of the Senate.

22           (b) MEMBER CRITERIA.—Individuals considered for  
23 appointment to the interim board shall, to the extent pos-  
24 sible, represent different regions of the United States, and  
25 represent categories of citizens' organizations including—

- 1 (1) consumer groups;
- 2 (2) organizations representing low-income per-
- 3 sons;
- 4 (3) labor unions;
- 5 (4) civil rights groups;
- 6 (5) neighborhood groups; and
- 7 (6) elderly groups.

8 (c) ELIGIBILITY.—To qualify for nomination or ap-  
9 pointment as an interim director of the Association rep-  
10 resenting a designated category of citizens' organizations,  
11 an individual shall be an active officer, employee, or mem-  
12 ber of a citizens' organization within such category or pre-  
13 viously have been an officer or employee of 1 or more such  
14 citizens' organizations within such category for a cumu-  
15 lative period of at least 2 years.

16 (d) DUTIES OF INTERIM BOARD.—The interim board  
17 of directors of the Association shall—

18 (1) not later than 60 days after the date of ap-  
19 pointment of all members, incorporate the Associa-  
20 tion under the laws of the District of Columbia, sub-  
21 ject to the provisions and limitations of this Act;

22 (2) manage the affairs of the Association until  
23 the first elected board of directors takes office;

24 (3) inform the public of the existence, nature,  
25 and purpose of the Association, and encourage such

1 persons to join the Association, participate in its ac-  
2 tivities, and contribute to the Association;

3 (4) adopt procedures and standards, consistent  
4 with the requirements of this Act, for the nomina-  
5 tion and election of the first elected board of direc-  
6 tors of the Association;

7 (5) make all necessary preparations for the first  
8 election of the board of directors of the Association,  
9 oversee the election campaign, and tally the votes;

10 (6) conduct meetings of the interim board of di-  
11 rectors at least once every 3 months;

12 (7) keep minutes, financial books, and records  
13 which shall reflect the acts and transactions of the  
14 interim board of directors; and

15 (8) employ such interim staff as the interim  
16 board of directors deem necessary to carry out their  
17 responsibilities under this Act.

18 (e) APPLICABILITY OF CERTAIN OTHER PROVISIONS  
19 OF THIS ACT.—Members of the interim board of directors  
20 shall be subject to the requirements of the applicable pro-  
21 visions of this Act.

22 (f) LIMITATION ON AUTHORITY TO APPEAR BEFORE  
23 OTHER BODIES.—The interim board of directors shall not  
24 engage in representation or intervention on behalf of fi-  
25 nancial services consumers, except to the extent necessary

1 to maintain or exercise the powers granted and the duties  
2 imposed upon interim directors by this Act.

3 (g) CONDUCT FIRST GENERAL ELECTION.—

4 (1) IN GENERAL.—Once the membership of the  
5 Association reaches 50,000, or within 18 months of  
6 the date of the appointment of the last interim di-  
7 rector, whichever occurs first, the interim board of  
8 directors shall set a date for the first general elec-  
9 tion of the board of directors, and shall promptly no-  
10 tify each member of the Association.

11 (2) TIMELY ELECTION REQUIREMENT.—The  
12 date set for the election shall be not more than 90  
13 days after notification as provided in this Act.

14 (3) EXCEPTION.—Notwithstanding the provi-  
15 sions of this Act, no election shall be held in an elec-  
16 tion district unless there are at least 500 residents  
17 of any such district who are Association members.

18 **SEC. 9. DELEGATES.**

19 (a) IN GENERAL.—Members of the Association shall  
20 have duly elected representatives who shall be elected in  
21 accordance with the provisions of this Act.

22 (b) ONE DELEGATE TO BE ELECTED FROM EACH  
23 DISTRICT.—1 delegate shall be elected by the Association  
24 members from each Association election district, except  
25 that an election shall not take place in an election district

1 if there is no candidate who has satisfied the qualification  
2 requirements of this Act.

3 (c) ELECTION DISTRICTS.—

4 (1) IN GENERAL.—Each State of the United  
5 States shall be considered an Association election  
6 district. The District of Columbia shall also be con-  
7 sidered an Association election district.

8 **SEC. 10. ELECTIONS OF DELEGATES.**

9 (a) VOTING STANDARD.—Each member of the Asso-  
10 ciation shall be entitled to cast 1 vote for a candidate for  
11 a delegate to represent such member's district. Voting  
12 shall be by secret mail ballot.

13 (b) ELIGIBILITY STANDARDS FOR NOMINATION AS A  
14 DELEGATE.—To qualify for nomination as a candidate for  
15 election as a delegate of the Association, an individual  
16 shall—

17 (1) be a member of the Association and a resi-  
18 dent of the election district that such individual  
19 seeks to represent;

20 (2) submit to the Association, not less than 60  
21 days and not more than 120 days before the elec-  
22 tion, a nomination petition signed by at least 25 As-  
23 sociation members from the election district that  
24 such individual seeks to represent;

1           (3) submit to the Association the statements re-  
2           quired by this Act; and

3           (4) satisfy all other requirements of this Act  
4           and any applicable bylaws of the Association.

5           (c) DISTRIBUTION OF ELECTION MATERIAL.—

6           (1) IN GENERAL.—The Association shall mail  
7           to each member the following documents concerning  
8           duly nominated candidates for election as a delegate:

9                   (A) An official ballot listing all such can-  
10                  didates from the member's election district.

11                   (B) The candidate's statement required by  
12                  this Act for each such candidate from the mem-  
13                  ber's election district.

14           (2) SUMMARY AND COSTS.—The delegate sum-  
15           maries shall have a uniform format and shall provide  
16           information on the same characteristics for each  
17           candidate. The costs for all mailings described in  
18           this Act shall be borne by the Association.

19           (d) LIMITATION ON CAMPAIGN EXPENDITURES.—No  
20           candidate for election as a delegate or director shall incur  
21           campaign expenditures for any such election in an amount  
22           greater than the amount determined by multiplying the  
23           number of members in the candidate's election district by  
24           150 percent of the cost of postage for a 1-ounce 1st class  
25           mailing.

1           (e) LIMITATION ON USE OF CAMPAIGN CONTRIBU-  
2 TIONS.—No candidate for election as a delegate or to the  
3 board of directors may use any campaign contribution for  
4 any purpose other than campaign expenditures. Any un-  
5 used contributions shall be donated to the Association not  
6 later than 60 days after the election.

7           (f) LIMITATION ON AMOUNT OF CAMPAIGN CON-  
8 TRIBUTIONS.—No candidate for election as a delegate  
9 shall accept more than \$250 in campaign contributions  
10 from any one contributor in any election.

11          (g) PROHIBITION ON ACCEPTANCE OF CERTAIN CON-  
12 TRIBUTIONS.—A candidate for election as a delegate may  
13 not accept political action committee contributions or  
14 other campaign contributions the board of directors deter-  
15 mines to be unacceptable.

16          (h) DUTIES AND POWERS OF DELEGATES.—Each  
17 delegate shall have the following duties and powers:

18           (1) ANNUAL SURVEY.—To survey Association  
19 members in the delegate's election district at least 1  
20 time each year to ascertain members' concerns using  
21 written surveys provided by the Association up to 50  
22 percent of the survey questions in which may be pro-  
23 vided by the delegate.

24           (2) LIAISON.—To act as a liaison between the  
25 board of directors and the members in the delegate's

1 election district, including transmitting any com-  
2 ments, writings, and suggestions concerning the As-  
3 sociation from members in the delegate's election  
4 district to the board of directors and informing such  
5 members of the board's response to their statements.

6 (3) OFFICE PLANNING.—To develop plans for  
7 the organization of regional and local offices.

8 (4) VOTING ON CHANGES IN ARTICLES OF IN-  
9 CORPORATION, BYLAWS, AND MAJOR POLICIES.—To  
10 vote at the annual meeting of delegates and at spe-  
11 cial meetings of delegates called by the board of di-  
12 rectors on amendments to the bylaws or the articles  
13 of incorporation or on matters involving changes in  
14 major policies or operations of the Association.

15 (5) APPROVAL OF RULES.—To approve rules  
16 proposed by the board of directors for the nomina-  
17 tion and election of the directors.

18 (6) VOTING AT ANNUAL AND SPECIAL MEET-  
19 INGS.—To vote on other items submitted to dele-  
20 gates by the board of directors at annual and special  
21 meetings.

22 (7) OTHER DUTIES AND POWERS.—To carry  
23 out all other duties and exercise all other powers ac-  
24 cording to delegates under this Act.

25 (i) ANNUAL MEETINGS.—

1           (1) TIME AND PLACE.—An annual meeting of  
2 delegates shall be held in the month of July on a  
3 date and in a manner determined by the board of di-  
4 rectors at least 6 months in advance of the meeting.

5           (2) PROCEDURES.—

6           (A) VOTING.—All delegates shall be eligi-  
7 ble to attend, participate in, and vote in the an-  
8 nual meeting of delegates.

9           (B) QUORUM.—A majority of the delegates  
10 shall constitute a quorum.

11          (C) ONE PERSON; ONE VOTE.—Each dele-  
12 gate shall have 1 vote at such meetings.

13          (D) MAJORITY VOTE.—A majority vote of  
14 the delegates shall indicate approval by the del-  
15 egates of any items submitted for the consider-  
16 ation of the delegates.

17          (E) ABSENTEE VOTING.—The first elected  
18 board of directors shall establish procedures for  
19 absentee voting.

20          (3) AGENDA.—Items may be placed on the  
21 meeting's agenda by any of the following methods:

22           (A) By request of any director or delegate  
23 not less than 5 days and not more than 4  
24 months in advance of the date of such meeting.

25           (B) By petition which—

1 (i) contains the valid signatures of at  
2 least 5 percent of the members in any dele-  
3 gate's election district or at least 1 percent  
4 of the total membership; and

5 (ii) was filed with the board of direc-  
6 tors not less than 5 days and not more  
7 than 4 months in advance of the date of  
8 such meeting.

9 (4) FORM OF MEETING.—The form of the an-  
10 nual meeting of delegates shall be as provided in the  
11 laws of the District of Columbia regarding nonprofit  
12 corporations.

13 (5) OPEN MEETINGS.—

14 (A) MEETINGS OPEN TO PUBLIC.—The an-  
15 nual meeting of delegates shall be open to the  
16 public.

17 (B) MEMBERS OPPORTUNITY TO BE  
18 HEARD.—Members shall be given a reasonable  
19 opportunity at any annual meeting to present  
20 any comment, criticism, or suggestion con-  
21 cerning the Association, but members may not  
22 vote at such meetings.

23 (6) MINUTES.—Complete minutes of each an-  
24 nual meeting shall be kept and shall be distributed

1 to 1 Federal depository library in each election dis-  
2 trict.

3 (j) TERMS AND CONDITIONS OF OFFICE.—

4 (1) IN GENERAL.—The term of office for any  
5 delegate shall be 3 years.

6 (2) MAXIMUM NUMBER OF TERMS.—No dele-  
7 gate shall serve more than 2 terms.

8 (3) SERVICE WITHOUT PAY OTHER THAN REIM-  
9 BURSEMENT FOR EXPENSES.—Delegates of the As-  
10 sociation shall serve without compensation, except  
11 that delegates may be reimbursed for actual ex-  
12 penses incurred by them in the performance of their  
13 duties.

14 (k) VACANCY.—

15 (1) IN GENERAL.—If a vacancy occurs in any  
16 position of delegate, the board of directors shall ap-  
17 point, as the successor for the balance of the term,  
18 the person who—

19 (A) meets the requirements specified in  
20 this Act; and

21 (B) had the highest vote total in the most  
22 recent delegate election from the district in  
23 which such vacancy occurred of all candidates  
24 (who meet the requirements specified in this  
25 Act) other than the candidate whose failure to

1           continue to serve as delegate created the va-  
2           cancy.

3           (2) ALTERNATIVE METHOD OF APPOINT-  
4           MENT.—If any vacancy referred to in paragraph (1)  
5           cannot be filled in the manner described in such  
6           paragraph, the board of directors, by vote of not less  
7           than  $\frac{2}{3}$  of all directors, shall appoint within 60 days  
8           of the occurrence of the vacancy a successor from  
9           the same election district for the remainder of the  
10          current term. The person appointed by the board of  
11          directors shall meet the qualifications for delegate.

12          (1) RECALL.—Any delegate shall be removed from of-  
13          fice by the board of directors if not less than 40 percent  
14          of the members from the delegate's election district who  
15          voted in the last election have signed a petition for recall.

16          **SEC. 11. BOARD OF DIRECTORS.**

17          (a) MANAGEMENT OF ASSOCIATION.—The affairs of  
18          the Association shall be managed by a board of directors,  
19          which shall be elected by the delegates of the Association  
20          in accordance with the provisions of this Act. The board  
21          of directors shall consist of 17 members. Twelve directors  
22          shall constitute a quorum.

23          (b) ONE PERSON; ONE VOTE.—Each director shall  
24          have one vote on the board of directors.

1           (c) TERMS OF OFFICE.—The term of office for a di-  
2 rector shall be 3 years, except as provided otherwise in  
3 this Act, and no director shall serve more than 2 consecu-  
4 tive terms.

5           (d) POWERS AND DUTIES OF BOARD.—The board of  
6 directors, shall, in addition to its other responsibilities  
7 under this Act—

8                   (1) conduct meetings of the board of directors  
9                   at least once every 6 months, which shall be open to  
10                   the public, unless the board of directors by a major-  
11                   ity votes to adjourn into executive session;

12                   (2) conduct an annual delegate meeting;

13                   (3) limit matters discussed in executive session  
14                   only to personnel actions, potential or pending civil  
15                   or criminal proceedings involving the Association,  
16                   and material which would result in an unwarranted  
17                   invasion of personal privacy if discussed in open ses-  
18                   sions;

19                   (4) keep minutes, financial records, and other  
20                   records which shall reflect the acts and transactions  
21                   of the board of directors;

22                   (5) cause the financial books of the Association  
23                   to be audited by a qualified certified public account-  
24                   ant at least once each fiscal year;

1           (6) prepare quarterly statements and an annual  
2 report indicating the substantive activities and fi-  
3 nancial operations of the Association;

4           (7) approve the bylaws of the Association, con-  
5 sistent with the requirements of this Act;

6           (8) make available to the public and include on  
7 the Association's web page, documents prepared by  
8 or filed with the Association within the preceding 5  
9 years, including—

10                   (A) minutes of the board of directors meet-  
11 ing;

12                   (B) director's or executive director's finan-  
13 cial statements;

14                   (C) candidates' financial statements; and

15                   (D) candidates' personal statements; and

16           (9) conduct 4 mailings each year to the mem-  
17 bership of the Association, to inform the member-  
18 ship about the work of the Association and to con-  
19 duct the business of the Association.

20           (e) ELECTION OF OFFICERS.—At the first regular  
21 meeting of the board of directors at which a majority of  
22 its members are present, subsequent to the installation of  
23 new directors following each annual election, the board  
24 shall elect by majority vote of directors present and voting,  
25 and from among the directors, a president, a vice presi-

1 dent, a secretary, and a treasurer. The board may also  
2 elect a comptroller and such other officers as it deems nec-  
3 essary.

4 (f) EXECUTIVE DIRECTOR OF ASSOCIATION.—

5 (1) IN GENERAL.—The board of directors shall  
6 hire and supervise an executive director for the As-  
7 sociation.

8 (2) DUTIES OF EXECUTIVE DIRECTOR.—The  
9 executive director shall implement the policies estab-  
10 lished by the board of directors, employ and dis-  
11 charge Association employees, and manage the of-  
12 fices, facilities, and employees of the Association.

13 (3) ELIGIBILITY STANDARDS.—Any applicant  
14 for the position of executive director, and each exec-  
15 utive director, shall satisfy the requirements for di-  
16 rector eligibility established by this Act.

17 (4) TERM LIMIT.—The executive director shall  
18 only be eligible to serve as an employee of the Asso-  
19 ciation for 6 consecutive years. After such 6-year  
20 term, the executive director shall be prohibited from  
21 serving as an agent, consultant, attorney, account-  
22 ant, or subcontractor for the Association, and shall  
23 be ineligible to receive any monetary compensation  
24 from the Association.

1           (g) NO COMPENSATION FOR ASSOCIATION DIREC-  
2 TORS.—A member of the board of directors of the Associa-  
3 tion may not receive any compensation for his or her serv-  
4 ices as a director, but shall be reimbursed for wages actu-  
5 ally lost in an amount not to exceed \$160 per day, and  
6 for necessary expenses including travel expenses incurred  
7 in the discharge of Association duties.

8           (h) BONDING REQUIREMENT FOR STAFF.—Any di-  
9 rector or staff of the Association eligible to receive, handle,  
10 or disburse funds on behalf of the Association shall be  
11 bonded. The cost of such bonds shall be paid for by the  
12 Association.

13           (i) ANNUAL FINANCIAL STATEMENTS OF DIREC-  
14 TORS.—Each director and the executive director of the As-  
15 sociation shall file annually with the board of directors a  
16 director's financial statement, which shall include the  
17 same information required by this Act for members seek-  
18 ing election as delegates or directors of the Association.

19           (j) ANNUAL MEETINGS.—

20               (1) IN GENERAL.—An annual meeting of mem-  
21 bers of the Association shall be held in the month  
22 of July, on a date and at a place within the United  
23 States to be determined by the board of directors at  
24 least 6 months in advance of the meeting.

1           (2) AGENDA.—Items may be placed on the an-  
2 nual meeting agenda—

3           (A) by request of any director, not less  
4 than 10 days and not more than 4 months in  
5 advance of the date of such meeting; and

6           (B) by petition containing the valid signa-  
7 tures of at least 500 members of the Associa-  
8 tion, which petition shall be filed with the board  
9 of directors not less than 10 days and not more  
10 than 4 months in advance of the date of such  
11 meeting.

12           (3) NOTICE OF AGENDA.—The executive direc-  
13 tor shall present proposed agenda items to the mem-  
14 bership through its regular mailings.

15           (4) PUBLIC MEETINGS.—The annual meeting of  
16 Association members shall be open to the public, ex-  
17 cept that seating preference shall be given to Asso-  
18 ciation members. Association members shall be given  
19 a reasonable opportunity at such meetings to present  
20 comments, criticisms, and suggestions concerning  
21 the Association.

22           (5) MINUTES.—Complete minutes of the annual  
23 meetings shall be kept and distributed to all deposi-  
24 tory libraries in the United States and placed on the  
25 Association’s webpage.

1           (k) VACANCY.—In the event that a board member po-  
2 sition becomes vacant, the board of directors shall install  
3 the person having the highest vote total in the last election  
4 who was not elected to the board. If this is impossible,  
5 the board of directors, by vote of not less than  $\frac{2}{3}$  of all  
6 directors, shall appoint a successor within 60 days for the  
7 remainder of the current term. The person appointed by  
8 the board of directors shall meet all qualifications for  
9 board members.

10           (l) RECALL.—

11           (1) IN GENERAL.—Any director shall be re-  
12 moved from the board of directors by the board of  
13 directors if not fewer than 40 percent of the dele-  
14 gates or members of a director's election district who  
15 voted in the last election have signed a petition for  
16 recall.

17           (2) LIMITATIONS.—No petition to recall a di-  
18 rector under paragraph (1) may be filed within 6  
19 months of his or her election. An election pursuant  
20 to the filing of a recall petition shall be conducted  
21 in accordance with the provisions of this Act. A di-  
22 rector recalled may become a candidate in the elec-  
23 tion triggered by the filing of the recall petition. The  
24 director recalled shall continue to serve until the in-  
25 stallment in office of his or her successor, or until

1 his or her reelection. The election triggered by the  
2 filing of a recall petition shall be conducted via one  
3 of the Association's quarterly mailings.

4 **SEC. 12. ELECTION OF DIRECTORS.**

5 (a) ELECTION OF THE BOARD OF DIRECTORS.—

6 (1) REGULAR ELECTION PROCEDURES.—

7 (A) ONE DELEGATE; ONE VOTE.—Each  
8 delegate shall cast 1 vote for 1 candidate for  
9 the board of directors.

10 (B) TOP 17 CANDIDATES BECOME DIREC-  
11 TORS.—The 17 candidates receiving the largest  
12 number of votes shall become the directors.

13 (2) RUNOFF ELECTION.—

14 (A) IN GENERAL.—In the event of a tie in-  
15 volving the 17th position on the board of direc-  
16 tors, a runoff election shall be conducted.

17 (B) VOTING AND CANDIDATE ELIGI-  
18 BILITY.—Any delegate may vote for 1 candidate  
19 in the runoff election, and only those nominees  
20 involved in the tie that included the 17th posi-  
21 tion shall be eligible for the runoff election.

22 (3) APPLICABILITY TO ALL BOARD ELEC-  
23 TIONS.—The requirements of this section shall apply  
24 to the first election of directors conducted by the in-

1        interim board of directors pursuant to this Act, as well  
2        as to all subsequent elections.

3    **SEC. 13. QUALIFICATIONS.**

4        (a) CANDIDATE'S STATEMENT.—Any person seeking  
5        nomination as a candidate for election to the board of di-  
6        rectors of the Association shall file a candidate statement  
7        with the Association, not less than 60 days and not more  
8        than 120 days prior to the election. The contents of a can-  
9        didate statement may not contain false statements, and  
10       the Association may, by bylaw or interim board of direc-  
11       tors' procedure, impose a uniform limitation on the length  
12       of all candidate statements.

13       (b) FINANCIAL STATEMENT.—Any person seeking  
14       nomination as a candidate for election to the board of di-  
15       rectors shall file with the Association, not less than 60  
16       days and not more than 120 days prior to the election.  
17       Each candidate's financial statement shall include the fol-  
18       lowing information for the candidate and the immediate  
19       family of the candidate:

20            (1) PRECEDING 5 YEARS' BUSINESS AND FI-  
21        NANCIAL RELATIONSHIPS.—A detailed list of any  
22        business or financial relationships during the pre-  
23        ceding 5 years with any covered person or organiza-  
24        tion of covered persons, including any attorney, leg-  
25        islative agent, officer, or director relationship.

1           (2) CURRENT AND PRECEDING 5 YEARS' COR-  
2           PORATE POSITIONS.—A list of all corporate and or-  
3           ganizational directorships or other offices and all fi-  
4           duciary relationships currently held or held at any  
5           time during the preceding 5 years.

6           (3) INVESTMENTS OF \$1,000 OR MORE IN ANY  
7           FINANCIAL SERVICES CORPORATION.—A list of all fi-  
8           nancial services corporations in which the candidate  
9           holds securities worth \$1,000 or more at current  
10          market value and the dollar value of each such hold-  
11          ing.

12          (4) OTHER INFORMATION.—Such other infor-  
13          mation as the board of directors may require by  
14          bylaw.

15          (c) AFFIRMATION OF TRUTH OF STATEMENTS.—  
16          Each candidate for election as a delegate or director shall  
17          affirm in writing, that the information in such candidate's  
18          financial statement is true and complete and that the can-  
19          didate has complied with all the campaign contribution  
20          and campaign expenditure requirements of this Act and  
21          any such bylaws of the Association. Each candidate shall  
22          furnish the board of directors with such information re-  
23          garding campaign contributions and expenditures as the  
24          board may request.

1 (d) INELIGIBILITY OF INTERIM DIRECTORS AND  
2 STAFF DURING FIRST ELECTION.—No interim director  
3 shall be eligible for election as a delegate or director dur-  
4 ing the first election. The executive director and other As-  
5 sociation staff persons, including interim staff persons,  
6 shall not be eligible for election as a delegate or director  
7 while serving as executive director or staff person, or for  
8 1 year after such service is terminated.

9 (e) INELIGIBILITY OF DELEGATES AND DIRECTORS  
10 TO HOLD OTHER PUBLIC OFFICE.—No delegate or direc-  
11 tor shall hold any elective Federal, State, or local office  
12 or be a candidate for such office, or be appointed to hold  
13 such office, unless such appointee receives no compensa-  
14 tion other than reimbursement of expenses.

15 (f) INELIGIBILITY OF OFFICERS, DIRECTORS, EM-  
16 PLOYEES, AND SHAREHOLDERS OF COVERED PERSONS.—  
17 Any director, officer, or employee of a covered person, any  
18 person who owns common stock or other securities of cov-  
19 ered persons in an aggregate amount in excess of \$10,000,  
20 any agent, consultant, attorney, or accountant for a cov-  
21 ered person, and any member of the immediate family of  
22 any such person shall be ineligible to be a delegate or a  
23 director.

24 (g) INELIGIBILITY OF OFFICERS AND EMPLOYEES OF  
25 FEDERAL OR STATE DEPOSITORY INSTITUTION REGU-

1 LATORY AGENCIES.—No officer or employee of any State  
 2 or Federal agency that regulates depository institutions or  
 3 any member of the immediate family of any such officer  
 4 or employee shall be eligible to be a delegate or a director.

5 (h) INELIGIBILITY OF OFFICERS AND EMPLOYEES  
 6 OF AGENCIES.—No officer or employee of any Federal,  
 7 State, or local agency that regulates any covered person  
 8 shall be eligible to be a director of the Association.

9 **SEC. 14. BALLOT ISSUES.**

10 (a) PROCEDURE FOR OBTAINING MEMBERSHIP VOTE  
 11 ON ISSUES.—Issues may be placed on a ballot for vote  
 12 by the general membership if—

13 (1) a majority of the board of directors votes to  
 14 place an issue before the membership for vote;

15 (2) a petition is received by the board of direc-  
 16 tors which—

17 (A) contains the valid signatures of at  
 18 least 1,000 members in any district or at least  
 19 1 percent of the total membership; and

20 (B) requests that an issue be placed on a  
 21 ballot is received by the board of directors; or

22 (3) a majority of the delegates vote to place an  
 23 issue before the membership for a vote.

24 (b) PROCEDURES FOR CONDUCTING VOTE ON  
 25 ISSUES.—

1           (1) TIME FOR ELECTION.—Upon certification  
2 of a vote of the directors or delegates which meets  
3 the requirements of paragraph (1) or (3) of sub-  
4 section (a) or the receipt of a petition which meets  
5 the requirement of subsection (a)(2), the board of  
6 directors shall place the issue on a special ballot and  
7 schedule a date for a vote on the issue to be held  
8 within 2 months after receipt of the certification or  
9 petition.

10           (2) MAIL BALLOT.—The board of directors  
11 shall send or have sent by mail to each member, not  
12 later than 30 days after receipt of a petition or cer-  
13 tification pursuant to this section, an official ballot  
14 containing the issue for membership vote.

15           (3) VOTE CAST BY RETURN MAIL.—Each mem-  
16 ber may cast a vote regarding the ballot issue by re-  
17 turning the ballot, properly marked, to the head of-  
18 fice of the Association by the date and time fixed for  
19 the balloting pursuant to this subsection.

20           (4) SECRET BALLOT.—Voting shall be by secret  
21 ballot.

22           (5) VOTE TALLY.—The board of directors shall  
23 tally votes with all reasonable speed and inform the  
24 membership and delegates promptly of the outcome  
25 of the vote.

1 **SEC. 15. ACCESS TO MEMBER MAILINGS.**

2 No person may use any list of members of the Asso-  
3 ciation, or any part of such list, for purposes other than  
4 the conduct of the business of the Association, as pre-  
5 scribed in this Act. The board of directors shall, however,  
6 develop criteria for providing Association member access  
7 through Association mailings to the Association's member-  
8 ship for Association purposes only. No person shall dis-  
9 close any such list or part thereof to another person, un-  
10 less there is substantial reason to believe that such list  
11 or part thereof is intended to be used for the lawful pur-  
12 poses described in this Act.

13 **SEC. 16. PROHIBITED ACTS.**

14 (a) COVERED PERSONS.—No covered person or offi-  
15 cer, employee, or agent of any covered person may inter-  
16 fere or threaten to interfere with or cause any interference  
17 with the provision of financial services of, or penalize or  
18 threaten to penalize or cause to be penalized, any person  
19 who contributes to the Association or participates in any  
20 of its activities, in retribution for such contribution or par-  
21 ticipation.

22 (b) GENERAL PROHIBITION.—No person may act  
23 with intent to prevent, interfere with, or hinder the activi-  
24 ties permitted under this Act.

1 **SEC. 17. PENALTIES.**

2 A violation of any provision of this Act by a covered  
3 person or officer, employee, or agent thereof or of the As-  
4 sociation shall be subject to a civil penalty of not more  
5 than \$10,000 for each violation, to be levied by the Fed-  
6 eral Trade Commission.

7 **SEC. 18. ADMINISTRATIVE ENFORCEMENT.**

8 Compliance with the provisions of this Act shall be  
9 enforced by the Federal Trade Commission in the same  
10 manner and with the same power and authority as the  
11 Federal Trade Commission has under the Federal Trade  
12 Commission Act (15 U.S.C. 41 et seq.).

13 **SEC. 19. DISSOLUTION OF THE ASSOCIATION.**

14 If, after the end of the 3-year period beginning on  
15 the date on which the Association is incorporated, the As-  
16 sociation's membership remains below 25,000 members  
17 during any 1-year period, the board of directors of the  
18 Association shall dissolve the Association. Upon the termi-  
19 nation, dissolution, or winding up of the Association in  
20 any manner or for any reason, voluntary or involuntary,  
21 its assets, if any, remaining after the payment or provision  
22 for payment of all liabilities of the Association shall be  
23 distributed to, and only to, 1 or more charitable organiza-  
24 tions. No part of the income or assets of the Association  
25 shall inure to any of its members, directors, or officers,  
26 or be distributed to any such person during the life of the

1 Association or upon its dissolution, except in payment of  
2 a legal obligation owed to such person. At the time of dis-  
3 solution, any unexpended funds appropriated by Congress  
4 for the establishment of the Association shall be returned  
5 to the United States Treasury.

6 **SEC. 20. REPORTS.**

7 (a) REPORT TO THE PRESIDENT AND CONGRESS.—

8 (1) IN GENERAL.—The Association shall pre-  
9 pare and submit to the President and the appro-  
10 priate committees of Congress, at the beginning of  
11 each regular session of Congress, a report on the As-  
12 sociation’s activities for the preceding fiscal year.

13 (2) REPORT CONTENT.—The reports required  
14 by this subsection shall include—

15 (A) an appraisal of the performance of  
16 Federal financial regulatory agencies, including  
17 reports on the compliance of Federal financial  
18 regulatory agencies with their legal missions  
19 and mandates;

20 (B) the extent to which regulatory agencies  
21 should disseminate specified information to the  
22 research and consumer communities and con-  
23 sumer information to the public;

1 (C) an appraisal of significant actions of  
2 State and local governments relating to the pro-  
3 tection of financial consumers;

4 (D) recommendations for financial con-  
5 sumer protection legislation; and

6 (E) an overview of covered persons' compli-  
7 ance with the law.

8 **SEC. 21. RELATIONSHIP TO EXISTING LAW.**

9 Nothing in this Act shall be construed to limit the  
10 right of any individual or group of individuals to initiate,  
11 intervene in, or otherwise participate in any proceeding be-  
12 fore a regulatory agency or court, nor to relieve any regu-  
13 latory agency, court, or other public body of any obliga-  
14 tion, or affect its discretion to permit intervention or par-  
15 ticipation by a consumer or group or class of consumers  
16 or citizens in any proceeding or activity.

17 **SEC. 22. CONSTRUCTION.**

18 The provisions of this Act shall be construed in such  
19 a manner as best to enable the Association to effectively  
20 represent and protect the interests of financial services  
21 consumers.

22 **SEC. 23. SEVERABILITY.**

23 If any provision of this Act shall be declared invalid,  
24 the other provisions of this Act shall remain in effect.

○