

Minority Statement by Ralph Erdmann

The following Minority Statement, authored by Ralph Erdmann, was obtained from a public information request made to the Washington State Department of Financial Institutions (DFI). Mr. Erdmann's requested that his statement be placed on Columbia Credit Union's website, a request that was denied by the Majority Board of Columbia Credit Union. This Minority statement is made available to you courtesy of SaveCCU.

My name is Ralph Erdmann and I'm a Board Director writing the Minority Board statement on the efforts to expel Board Directors, Cathryn Chudy, Kathryn Edgecomb and Supervisory Committee member Lloyd Marbet. I voted against the Board motion to suspend these defendants from office. I also voted against the provisions to prohibit the candidacy of: 1) anyone who is a plaintiff in any legal action, 2) a member of an organization that is a plaintiff, 3) or attorney representing a plaintiff in any legal action against the credit union.

Like other members of this Board, I've known Cathryn, Kathryn, and Lloyd since the ill-fated credit union conversion attempt in 2003. I believe that there are misunderstandings between these directors and the majority board. There are also differences in emphasis, perspective and values. ***However, there is nothing in the actions of these defendants to warrant the current effort to remove from office and expel them from the credit union.***

Cathryn, Kathryn, and Lloyd have been very clear about the principles they support; namely, member rights. As such, they have advocated for transparency in credit union governance to insure integrity, accountability of leadership, and democratic values in credit union elections. In short they are strong advocates for members' right to information about the credit union, its functioning and its director candidates. They believe a strong democratic process within our credit union fosters safety, stability, and excellence.

Cathryn, Kathryn, and Lloyd understand that transparency doesn't extend to personal and competitive business information. *However, they* believe, as I do, that the governance of the credit union should not be hidden from the membership. They want to keep the membership well informed so that they are empowered to make good decisions about the leadership and direction of the credit union. They have worked tirelessly to this end.

By participating, either directly or indirectly in three lawsuits,

Cathryn, Kathryn, and Lloyd, have been unjustly accused of putting "their own interests ahead of the other 62,000 members of Columbia Credit Union." They have no interests "of their own," only those of the credit union and its membership.

Here's a synopsis of what the lawsuits are about and the issues they address:

Lawsuit #1

Term Limits Issue. That the Defendants exceeded the maximum term limit set forth in the Bylaws.

Breach of Fiduciary Duty Issue. That the Defendants have a responsibility to protect the financial interests of members, not just the credit union.

Access to Records Issue. That credit union members have a right to examine and copy credit union records for proper purposes.

Lawsuit #2, **Board member access to credit union meetings and information.** Access to information needed to fulfil a Board member's fiduciary duty.

Lawsuit #3

Process for expelling leadership. A Special Membership Meeting must be called to remove credit union leaders.

Propriety of Board weighing in on Special Membership issues. The credit union should not use its

resources to recommend to employees and membership how to vote on the meeting issues.

As I understand it, the Majority Board's position is that a lawsuit against the credit union is harmful to the credit union and its reputation simply because Columbia Credit Union is named as a defendant. I don't believe the issue is that clear cut. In my mind, you have to look at the merits of each lawsuit separately. What is its objective? Is it to provide member rights? Is it to clarify an issue? Is it being used as a check and balance to the Board's power? Even our founding fathers recognized the need for checks and balances.

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The legal efforts have likely resulted in confusion and concern within Columbia and within the community. It has likely contributed to the unfortunate polarization on the Board. However, it is very important to emphasize that all of the lawsuits seek only to clarify member rights, relationships between members and the board, or to seek access to information. **None of these lawsuits has ever sought monetary damages.**

Steve Straub in his article on the credit union website suggests that some of the individuals in question seek to enrich themselves through these lawsuits. However, to my knowledge, there is no objective evidence of this and I strongly, although respectfully, disagree with this opinion.

I believe it is in the best interest of the credit union for the two Board factions to enter into formal mediation without preconditions. Recently the majority opinion side offered a settlement. This first attempt failed. However, Cathryn, and Kathryn support formal mediation. (Lloyd Marbet is not involved

in this issue since he is member of the Supervisory Committee.) They sought mediation to resolve board differences and even voted on a motion for board mediation at the regular Board meeting in May of this year. They continue to be open to mediation and negotiation which, in my opinion, would be in the best interest of the credit union.

Please think carefully about the Special Meeting ballot questions and vote. If we expel these two Directors and one Supervisory Committee member, we will lose three strong advocates for member rights in this credit union. We will lose three individuals who care deeply about integrity and accountability in this credit union. We will lose an important check on the power of the majority, a check on the “tyranny of the majority.”

I urge you to attend the upcoming special meeting and to **vote NO** on all questions at the Special Meeting. Please retain Board Directors, Cathryn Chudy, Kathryn Edgecomb and Supervisory Committee member Lloyd Marbet.

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