

Chapter Officer Liability

How to **Avoid** it

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What is the League Chapter Program?

- Bylaws and Policies require the League to assist in organizing chapters when requested by credit unions

Bylaws



- Chapters are **not legal entities**
- Chapters **file tax returns**

Who is Responsible for Chapter Liability?



- Chapters are **not part of the League** so the League is not responsible for liability
- Presently the League provides insurance coverage
- League must be aware of chapter activities to maintain the insurance coverage

How Does League Manage Chapter Liability?

- Chapter Liaison Program
- Dedicated staff person
- Director attendance at chapter functions



What Can Chapter Leaders Do to Manage Liability?

- Be sure the League has all governing documents
- Report suspicious activity to the League
- Notify the League of all chapter functions
- Have material contracts legally reviewed
- Be careful when chapter activities involve alcohol, gambling, raffles or auctions
- Timely file tax return



What are Contract Liability Issues?



- Attorneys not concerned with business terms- these are responsibility of person planning event
- Attorneys look at indemnification, representations & warranties

Three Types of Indemnity

- Responsible for all damages- **Never Accept**
- Responsible for all damages except those of other party- **See Most Often**
- Responsible for damages resulting only from your own negligence- **Best Option**

What Should You Do if Problem Occurs at Function?

- Determine all facts such as what happened, where, when, witness names, contact names at location



- If injury- determine name of injured party, name of hospital or doctor where taken, contact information for injured party or family
- Provide information to the League ASAP so it can notify insurance carrier and file claim

What Tax Returns Must Chapters File?

- Gross revenues over \$50,000- Form 990
- If gross revenues **less than \$50,000- Form 990** (e-Postcard) must be filed electronically
- Due 15th day of 5th month after year end
- Must have **Employer Identification Number**



Retain Proper Records

- Maintain a file(s) with bylaws, taxpayer ID number, bank account numbers, bank statements and other important



- Be sure to **PASS this file** to your successor officers
- Provide Form W-9 to all sponsors- requires EIN number- Check your entity as “other” since your chapter is not incorporated.

Can Chapter Leaders Avoid Liability?

- If you **manage chapter liability** by having material contracts legally reviewed, keep the League advised of functions and suspicious activities, maintain and pass on proper records and **timely file tax returns** you should **avoid personal and chapter liability**