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Superior Court of Washington for Thurston County

Save Columbia CU Committee, Cathryn Chudy, Kathryn Edgecomb, Lloyd Marbet, and Robert Tice, Plaintiffs,

Case No. 06-2-01688-0

Plaintiffs' Statement

vs.

Columbia Community Credit Union and State of Washington Department of Financial Institutions, Defendants.

Plaintiffs herewith file, pursuant to the specific direction of The Honorable Judge Paula Casey at a hearing on April 6, 2007, the attached a one-page statement of Plaintiffs' cause of action.

I certify that I have today served by e-mail and sent by USPS mail to Defendant Columbia Community Credit Union's counsel this pleading at their e-mail and postal addresses of record in this proceeding.

April 13, 2007



Douglas A. Schafer, WSBA 8652, Attorney for Plaintiffs.

1 The Board of Columbia Community Credit Union wrongfully expelled Plaintiffs as
2 members of the credit union. RCW 31.12.255(1)(d) and Columbia's bylaws (Complaint App.
3 Exh. 2, Art. II, §§ 2-6) permit expulsion only "for cause." Columbia's expulsion reasons
4 (Complaint App. Exh. 26-30) and process employed were insufficient, subterfuges, violative of
5 public policy, in bad faith, fundamentally unfair, and otherwise unlawful.

6 The cause of action for wrongful expulsion from a membership corporation and the
7 judicial remedies therefore are well recognized in the common law. 18A Am. Jur .2d
8 Corporations §§ 778-88 (2004); 12A Fletcher Cyclopedic of Corporations §§ 5696-5706.

9 In Galbraith v. Tapco Credit Union, 88 Wn. App. 939, 954-55, 946 P.2d 1242 (1997), the
10 court recognized a wrongful expulsion claim and found "cause" lacking where a primary reason
11 a credit union board gave for expelling a member was his assistance to other members who
12 asserted lawful claims against the credit union. The appellate court reversed the trial court's
13 dismissal of the member's wrongful expulsion claim.

14 The "for cause" requirement in RCW 31.12.255(1)(d) and Columbia's bylaws should be
15 interpreted consistent with state law governing "for cause" employment terminations. Case law
16 requires an employer's claim of "cause" to pass an "objective reasonable belief standard."
17 Baldwin v. Sisters of Providence, 112 Wn.2d 127, 139, 769 P.2d 298 (1989). And case law
18 recognizes a cause of action for wrongful discharge in violation of public policy exists where an
19 employee (whether terminable at will or only "for cause") is fired for exercising a legal right or
20 privilege. Smith v. Bates Technical College, 139 Wn.2d 793, 807, 991 P.2d 1135 (2000).

21 Courts sometimes apply public policy tests in voiding wrongful expulsions of members
22 of nonprofit corporations and societies. Zelenka v. Benevolent & Protective Order of Elks, 129
23 N.J. Super. 379, 324 A.2d 35 (member's public opposition to Elks Lodge's racist policy is not
24 grounds for expulsion), *cert. denied*, 66 N.J. 317 (1974); Malibou Lake Mountain Club, Ltd. v.
25 Robertson, 219 Cal.App.2d 181, 33 Cal.Rptr. 74 (1963) (member's good faith participation in
26 legal proceedings against nonprofit corporation is not grounds for expulsion).

27 Plaintiffs' expulsions impair their economic and property rights. Complaint ¶¶ 44-45.