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President, Secretary and Chair of Board of Trustees
Telugu Association of North Texas
P.O. Box 167781
Irving, TX 75016

October 5, 2012

Re: Telugu Association of North Texas

Dear Madam and Sirs:

I represent Ajay A. Reddy, a lifetime member of the Telugu Association of North Texas ("TANTEX"). At his request, I am writing to you as to whether certain recent actions and proposed future actions have been or will be in compliance with applicable state laws and the governing documents of TANTEX. At Mr. Reddy's request, I have reviewed following documentation of and relating to "TANTEX", to wit:

- Articles of Incorporation
- Constitution and Bylaws (2009 version)
- 2010 Amendments to Constitution and Bylaws
- 2011 Amendments to Constitution and Bylaws
- 2012 Emergency General Body Referendum #1 (9-28-12 Version)
- 2012 Emergency General Body Referendum #2 (9-28-12 Version)
- Draft Minutes of the Emergency General Body Meeting May 20, 2012
- E-mail: TANTEX – Emergency Meeting of the TANTEX General Body, dated April 21, 2012
- E-mail: TANTEX – Emergency Meeting of the TANTEX General Body**UPDATE, dated May 14, 2012
- E-mail: Invitation to TANTEX Annual General Body Meeting – Update #2, dated October 3, 2012

The purpose of my review was to determine whether the actions undertaken in connection with proposed amendments to the Constitution and Bylaws have been completed in compliance with the requirements of Texas Law and the Constitution and Bylaws of TANTEX. Specifically, Mr. Reddy has asked me to address:

- (1) What is the effect of the May 20, 2012, vote on Referendum #1 and Referendum #2?
- (2) Has proper notice been given that proposed amendments will be brought before the General Body at its October 14, 2012, meeting?

- (3) What type of balloting should be conducted for proposed amendments to TANTEX's Constitution and Bylaws?

Background

Based on my review of the above as well as our conversations, I understand that following a mail-in election conducted in December, 2011, allegations of voter fraud were presented to the Election Committee. Additionally, those members who were raising the voter fraud allegations collected signatures from approximately 25% of the members of TANTEX on a petition which sought an "Emergency General Body Meeting" to propose amendments to the Bylaws to require (a) that future elections use on-site voting, rather than mail in voting; and (b) the Officers be elected directly by the General Body, rather than by the Executive Committee.

On or about April 21, 2012, notice of an "Emergency General Meeting" was given via e-mail, setting the meeting for May 20, 2012. The body of the April 21, 2012, Notice stated:

"As we are all aware, there has been much discussion and speculation within TANTEX about various issues relating to election procedures and overall management of the organization. The BoT has reviewed the status of TANTEX in the last 6 months and based on various inputs from members and Governing Body decided to invoke its powers under Art XV (a) Sec-I of TANTEX Constitution & Bylaws.

Accordingly the BoT has decided to call for an emergency General Body meeting. This meeting will be held on May 20, 2012 at (venue and time: TBD).

This is an emergency meeting intended to deal with specific issues needing immediate attention. The focus of the meeting will be very narrow. Issues specified in advance on the agenda will only be addressed."

The draft Minutes of the May 20, 2012 meeting reflect that 403 life members were in attendance. There were three proposed amendments to the Bylaws and three "Referendum Questions" submitted to the members for voting. My review is limited to Referendum #1 and Referendum #2. The draft Minutes reflect that the vote on these was as follows:

	<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Referendum #1	186	31	181
Referendum #2	180	1	222

Subsequent to the May 20, 2012, meeting, one or more persons or committees prepared the September 28, 2012 "versions" of Referendum #1 and Referendum #2 which are currently on TANTEX's website. The annual meeting of the General Body meeting is scheduled for October 14, 2012. The agenda which has been published for that meeting includes Item 6 "Ratification of Processes on Recent Referendum Voting."

(1) What is the effect of the May 20, 2012, vote on Referendum #1 and Referendum #2?

TANTEX's Constitution and Bylaws are silent as to the use of referenda before the General Body. The Texas Business Organizations Code does not address it either. As a matter of law, the Board of Trustees cannot delegate its duties under Article XII of the Bylaws and the Executive Committee cannot delegate its duties under Article XIII of the Bylaws. However, this does not prohibit the Board of Trustees from submitting a question or issue to the General Body in order to get non-binding feedback it. The feedback would necessarily have to be received on a non-binding basis, because to treat it as anything else would constitute an improper delegation of duties. Under TANTEX's Constitution and Bylaws and Texas law, the voting on the referendum provided the Governing Body with the General Body's feedback on the issues presented and nothing else.

The value of the vote on the two questions presented is highly questionable, since it isn't even clear whether either referendum was approved. No Bylaw addresses the vote necessary to adopt a referendum, so it would be appropriate to look to other provisions in the Bylaws for guidance. Article V, Section 1.2, states that the "adoption of proposed changes in bylaws shall require the affirmative votes of a majority of the voting members present at a General Body meeting. This conflicts with Article VI, Section 1.3, which provides for final action on a proposed amendment to be taken by a simple majority vote of the members present and voting. Thus, under Article VI's "present and voting" standard, both referenda passed easily, because abstaining votes would be disregarded as "not present and voting." But, under the Article V, "majority of voting members present" standard, neither referendum received the 202 votes required for passage. The Governing Body, the Board of Trustees and the Executive Committee would be well advised to place little, if any, reliance on the referenda. Further, it would be wholly contrary to the Bylaws to treat the votes on Referendum #1 and Referendum #2 as approval of amendments to the Bylaws.

(2) Has proper notice been given that proposed amendments will be brought before the General Body at its October 14, 2012, meeting?

The e-mails that have announced the October 14, 2012, meeting do not indicate that proposed amendments to TANTEX's Constitution and Bylaws will be placed before the General Body for its consideration. The agenda only refers to "Ratification of Processes on Recent Referendum Voting," the meaning of which is vague and ambiguous. Article XVII, Section 5.1 of the TANTEX Constitution and Bylaws requires that members be notified of a General Body meeting at least 15 days in advance of the meeting. Article V, Section 1.2 requires proposed amendments to be communicated to voting members at least 15 days prior to the General Body meeting. By any logic, advising the membership that a "Ratification of Processes on Recent Referendum Voting" will be on the agenda is insufficient to qualify as notice of a proposed amendment.

A plain language of the agenda item suggests that the process followed will be discussed and perhaps that the General Body may be asked to "ratify" the process. Black's Law Dictionary defines "ratification" generally as the confirmation of a previous act done either by the party himself or by another as confirmation of a voidable act. The September 28, 2012, versions of "Referendum #1" and "Referendum #2" bear little resemblance to the referendum questions submitted. Clearly the drafters of the current versions of these documents have put

substantial time and effort into them. "Ratification" would, by definition be limited to confirmation of some prior act, and could not be used as a means to circumvent the Constitution and Bylaw requirement that amendments to the bylaws be approved by the General Body.

The Bylaws require proposed amendments to be submitted to the General Body as proposed amendments, not as "items to be ratified as to process." Notice requirements for doing so have not been followed. Article VI, Section 1.2 of the Bylaws state that proposed amendments will be noticed out at least 15 calendar days before a General Body meeting. This requirement has not been satisfied, and at this point, there is not sufficient time to do so. Accordingly, it would violate TANTEX's Constitution and Bylaws to conduct any vote on the proposed amendments at the October 14, 2012, meeting.

(3) What type of balloting should be conducted for proposed amendments to TANTEX's Constitution and Bylaws?

TANTEX's governing document is its "Constitution and Bylaws" as amended. The document is unclear as to the distinction between constitutional provisions and bylaw provisions. Article IV, Section 1.1 stipulates that voting on additions and amendments to the Constitution be conducted only by secret ballot. Since there are no other provisions, once proper notice has been given that proposed amendments will be placed before the General Body, voting should be done by secret ballot.

Mr. Reddy is prepared to seek legal relief if the October 14, 2012, General Body meeting is conducted in any manner inconsistent with conclusions set forth herein. Govern yourselves accordingly.

Very truly yours,

BLANSCET, HOOPER & HALE, LLP



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cc: Mr. Ajay A. Reddy

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