PORTUGUESE FRATERNAL SOCIETY OF AMERICA

(EFFECTIVE OCTOBER 19, 2019)
# PFSA Bylaws Table of Contents

## Article I - Name

Section 1 Name ................................................................. Page 1  

## Article II - Principal Office

Section 3 Principal Office .................................................. Page 1  

## Article III - Objectives

Section 4 Objectives ......................................................... Page 1  

## Article IV - Fraternal Benefit Society

Section 5 Fraternal Benefit Society ..................................... Page 1-2  

## Article V - Membership

Section 6 Application for Membership .................................. Page 2  
Section 7 Local Council Membership .................................... Page 2  
Section 8 Membership Classes ............................................ 2-3  
Section 9 Duties of Members ............................................... Page 3  

## Article VI - Board of Directors

Section 10 Board of Directors ............................................. Page 3  
Section 11 Composition ..................................................... Page 3  
Section 12 Chair ............................................................... Page 3  
Section 13 Regular Meetings .............................................. Page 3  
Section 14 Special Meetings ................................................ Page 4  
Section 15 Location .......................................................... Page 4  
Section 16 Quorum and Voting ........................................... Page 4  
Section 17 Electronic Communication ................................... Page 4  
Section 18 Action Without Meeting ...................................... Page 4  
Section 19 Committee Establishment .................................... Page 4  

## Article VII - Election and Appointment of Directors

Section 20 Director Requirements ........................................ 4-5  
Section 21 Election of Directors .......................................... Page 5  
Section 22 Director Vacancy ................................................ Page 5  
Section 23 Removal of Directors ......................................... 5-6  

## Article VIII - Officers

Section 24 Principal Officers ............................................. Page 6  
Section 25 Chief Executive Officer ...................................... Page 6  
Section 26 Removal of Officers .......................................... Page 6  
Section 27 Reasonable Compensation .................................. Page 6  

## Article IX - Official Bonds

Section 28 Official Bonds .................................................. Page 7  

## Article X - Indemnification

Section 29 Indemnification ................................................ Page 7  
Section 30 Directors and Officers Insurance ......................... Page 7  

## Article XI - Funds and Investments

Section 31 Funds and Investments ....................................... Page 7  

<table>
<thead>
<tr>
<th>ARTICLES</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>XII</td>
<td>Supreme Council</td>
<td>7</td>
</tr>
<tr>
<td>XIII</td>
<td>Councils</td>
<td>8</td>
</tr>
<tr>
<td>XIV</td>
<td>Official Publication</td>
<td>9</td>
</tr>
<tr>
<td>XV</td>
<td>Rules of Procedures</td>
<td>10</td>
</tr>
<tr>
<td>XVI</td>
<td>Benefit Certificates</td>
<td>10</td>
</tr>
<tr>
<td>XVII</td>
<td>Orphan Benefit</td>
<td>11</td>
</tr>
<tr>
<td>XVIII</td>
<td>Resolution of Disputes</td>
<td>11</td>
</tr>
<tr>
<td>XIX</td>
<td>Interpretation of Bylaws</td>
<td>12</td>
</tr>
<tr>
<td>XX</td>
<td>Waiver</td>
<td>12</td>
</tr>
<tr>
<td>XXI</td>
<td>Amendments</td>
<td>12</td>
</tr>
<tr>
<td>XXII</td>
<td>Disciplinary Procedures</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Discipline of Councils</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Discipline of Members</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Procedure for Discipline of Members</td>
<td>13-14</td>
</tr>
<tr>
<td></td>
<td>Discipline of Local Councils</td>
<td>15-16</td>
</tr>
</tbody>
</table>
BYLAWS
OF
PORTUGUESE FRATERNAL SOCIETY OF AMERICA

As Amended and Restated Effective January 1, 2010

Article I
Name

Section 1. The name of this Fraternal Benefit Society ("Society") is Portuguese Fraternal Society of America (PFSA).

Section 2. The Society honors and retains the names of each of the fraternal benefit societies merged to create the Society:

(a) Conselho Supremo da Irmandade do Divino Espírito Santo do Estado da Califórnia (Supreme Council of I.D.E.S.), including Associação Protectora União Madeirense do Estado da Califórnia (A.P.U.M.E.C.) that merged with Supreme Council of I.D.E.S. prior to the merger creating the Society;

(b) Conselho Supremo da Sociedade do Espírito Santo do Estado da Califórnia (Supreme Council of S.E.S.)

(c) Conselho Supremo da União Portuguesa do Estado da Califórnia (Supreme Council of U.P.E.C.); and

(d) Conselho Supremo da União Portuguesa Protectora do Estado da Califórnia (Supreme Council of U.P.P.E.C.)

Article II
Principal Office

Section 3. The principal office of the Society shall be located within the State of California at such location, as the Board of Directors shall determine.

Article III
Objectives

Section 4. The objectives of the Society are:

(a) To draw together families of Portuguese-American and other nationalities in the states of California, Nevada and elsewhere in the United States of America.

(b) To promote Portuguese-American cultural, social, fraternal, educational, and charitable activities of its members, their families, and others.

(c) To issue life insurance, annuity certificates and other products for the protection and benefit of its members and their dependents.

Article IV
Fraternal Benefit Society

Section 5. The Society is a corporation formed, organized, incorporated under the Fraternal Benefit Society Laws of the State of California, and carried on for the sole
mutual benefit of its members and their beneficiaries and not for profit and having a Council/Lodge System, with a representative form of government. It shall have all the powers granted to it by law.

Article V
Membership

Section 6. Application for Membership. Individuals may become members if they meet the requirements for membership established by the Society, apply for membership upon a form in use by the Society, and are accepted into membership in accordance with the rules, procedures, and rituals of the Society.

Section 7. Local Council Membership. The local Council shall determine whether it will accept an applicant for membership into that Council.

Section 8. Membership Classes. There shall be the following categories of membership:

(a) Benefit Member. A Benefit Member is a person of age 16 or older who has been accepted for membership and who is an insured or annuitant, or a recipient of a settlement agreement benefit by reason of, any benefit certificate issued by the Society. Benefit Members in good standing possess all rights and privileges granted by the laws of the Society including:

(1) To participate in the activities of Councils and to vote at all meetings of the Councils of which they are members.

(2) Hold offices in the Councils, and to be elected as delegates to the Supreme Council.

(3) Vote in the corporate and insurance affairs of the Society according to the laws of the Society.

(b) Social Member. A Social Member is a person who is not a Benefit Member, has attained age 60 or is uninsurable and who has been accepted for membership, paid applicable membership dues, and met such other requirements for Social Membership established by the Society. Social Members in good standing possess all rights and privileges granted by the laws of the Society including:

(1) To participate in the activities of Councils and to vote at all meetings of the Councils of which they are members.

(2) Social Members shall not be eligible to vote in the corporate and insurance affairs of the Society.

(c) Youth Member. A Youth Member is a person under age 16 who has been accepted for membership and met such other requirements for Youth Membership established by the Society. Youth Members may participate in the activities of Councils and may hold any youth office. Youth Members may not vote at meetings of adult Councils and are not eligible to vote in the corporate and insurance affairs of the Society. The Society may insure the lives or disability of children younger than the minimum age for Benefit Membership but eligible for Youth Membership
upon application of an adult in accordance with procedures established by the Society. At age 16 the insured Youth Member shall become a Benefit Member. Ownership of a certificate shall be as provided in the certificate and shall not automatically transfer to a Youth Member upon becoming a Benefit Member.

(d) **Honorary Member.** An honorary member is a person of distinction upon whom the Board of Directors or Supreme Council confers such membership, and who is not a Benefit, Social or Youth member of the Society. Honorary members may participate in the activities of Councils but may not vote at meetings of Councils, hold offices or be elected as delegates to the Supreme Council, and are not eligible to vote in the corporate and insurance affairs of the Society.

**Section 9. Duties of Members.** The members of the Society are expected/encouraged to perform the duties imposed on them including, but not limited to, the following:

(a) Abiding by all present and future laws, rules, regulations, and rituals of the Society.

(b) Attending Council meetings.

(c) Assisting in the recruitment of candidates for membership.

(d) Abstaining from making any public comments injurious to the Society or its leadership or bringing shame or disrepute upon the Society.

(e) Paying all premiums, assessments and dues. Non-payment of premiums, dues and/or assessments may be grounds for suspension of membership in the Society.

**Article VI**

**Board of Directors**

**Section 10. Board of Directors.** The Board of Directors shall be the supreme governing body of the Society under the laws of the State of California. The Board of Directors shall have the authority to provide rules and regulations for the extension and development of the Society and shall have all other necessary and incidental powers to carry out the objectives of the Society and such other duties as prescribed by the laws of the Society.

**Section 11. Composition.** The Board of Directors shall be composed of no fewer than seven (7) and no more than nine (9) elected directors as determined by resolution of the Board of Directors. All directors shall be elected by the Benefit Members in the manner prescribed in the Bylaws.

**Section 12. Chair.** The Board of Directors shall elect a Chair from among its members for a term of one (1) year. The Chair shall preside at all meetings of the Board of Directors and perform such other duties as may be designated by the Board of Directors.

**Section 13. Regular Meetings.** The Board of Directors shall meet at least quarterly at such times as the Board of Directors shall determine.
Section 14. **Special Meetings.** Special meetings of the Board of Directors may be called by the Chair or on the written request of any three (3) Directors. Notice of a special meeting shall be transmitted to each Director, and shall be sufficient if transmitted at least seven (7) calendar days before the date of the meeting by mail, facsimile or electronic means; or such notice may be transmitted by telephone and shall be sufficient if thereby transmitted not less than forty-eight (48) hours before the time of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage prepaid. If sent by facsimile or electronic means, such notice shall be deemed to be delivered upon transmission. If transmitted by telephone, such notice shall be deemed to be delivered at the time of the telephone call.

Section 15. **Location.** Meetings of the Board of Directors shall be held at the Home Office in California, unless the Chair or the Board of Directors designates an alternative location.

Section 16. **Quorum and Voting.** A majority of the Board of Directors shall constitute a quorum, but a smaller number may adjourn a meeting of the Board of Directors for lack of a quorum. The act of a majority of the members present at a meeting at which quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by the Articles of Incorporation, Bylaws or applicable law.

Section 17. **Electronic Communication.** The Board of Directors and any committee or sub-committee of the Board of Directors, or any other meeting of the Society at which written minutes are kept, may meet by telephone conference or other means of communication that allows all participants to simultaneously communicate with each other.

Section 18. **Action Without Meeting.** Any action required or permitted to be taken by the Board of Directors or any committee or sub-committee of the Board of Directors may be taken without a meeting by written consent of all of its members then in service. A written consent under this provision shall have the same force and effect as a vote taken at a meeting.

Section 19. **Committee Establishment.** The Board of Directors may appoint committees of the Board of Directors to have such authority as the Board of Directors may delegate. Each committee shall consist of three or more Board of Directors members. A majority of the members of each committee shall constitute a quorum for the transaction of all committee business.

**Article VII**

**Election and Appointment of Directors**

Section 20. **Director Requirements.**

(a) To be a Director of the Board of Directors, an individual must (1) be a Benefit Member of the Society; and (2) be capable of assuming the responsibilities as outlined herein and as established by the Society from time to time. These qualifications shall reflect the complexity and magnitude of the business and affairs of the Society.

(b) In no event, however, shall any individual be permitted to seek office or serve as a Director if they (1) are a current employee, full time membership
representative or broker of the Supreme Council of PFSA, (2) are a current corporate officer, field manager, sales agent, broker, or director of any other life insurance company or fraternal benefit society, or (3) are an immediate family member (parent, spouse, natural or adopted child, sibling) of any person in any of the prohibited categories enumerated above.

(c) No candidate may seek or be elected or appointed to a Director position unless they are able to complete the term of office to which they would be elected or appointed.

(d) No Director may serve more than two consecutive terms of office, unless there is an uncontested election in which there are no other candidates nominated to run for the expired term, then a Director completing two (2) consecutive terms of office shall be eligible to be elected by acclamation by the Board of Directors for a third term, otherwise a Director completing two consecutive terms of office shall not be eligible for any elected or appointed Director position until after the date that is two years following the expiration of his or her term.

Section 21. Election of Directors.

(a) Elected Directors shall serve in staggered four (4) year terms with Directors' terms expiring and standing for election each year.

(b) Any Beneficial Member, a Council or the Board of Directors may nominate Benefit Members as candidates for a Director position. All nominations must be submitted to the Executive Secretary of the Society utilizing the procedures and within the time specified by the Board of Directors.

(c) The Board of Directors shall review candidate information and may gather additional background information and shall determine whether each candidate submitted meets the qualifications to serve as a Director. The Board of Directors shall not include in the slate of candidates any person who does not meet these qualifications. The Board of Directors shall submit the slate of candidates and shall direct the Executive Secretary to prepare a ballot and give notice of the election, specifying the time and procedures for elections.

(d) A vote shall be taken on the candidates by direct written or electronic ballot to Benefit Members in good standing. The ballot shall specify the deadline for return of the ballot and no ballots received after such time shall be counted. Each Benefit Member shall have one vote for each Director position and Directors shall be elected by a plurality of the votes cast by the Benefit Members. Cumulative voting or voting by proxy is not permitted.

Section 22. Director Vacancy. In case of a vacancy in a Director position, such vacancy shall be filled by appointment by the Board of Directors. Such appointment shall be by a majority vote of the elected Directors and shall only be for the unexpired term of the Director. Such Director shall qualify as an elected Director.

Section 23. Removal of Directors. A Director may be removed from the Board of Directors "for cause" by a two-thirds affirmative vote of the elected members of the Board of Directors, excluding the Director whose status is at issue, at a meeting called for that purpose. "For cause," for purposes of this section, shall include:
(a) inability or failure to perform the duties and responsibilities of a Director;
(b) engaging in conduct unbecoming a Director;
(c) absence from two meetings of the Board of Directors during the course of a calendar year, without good cause;
(d) breaching a fiduciary duty owed to the Society, its members or beneficiaries;
(e) materially violating these Bylaws, the Articles of Incorporation, any code of ethics, conflict of interest policy or other policy adopted by the Society, or
(f) delinquency in payment of dues or ceasing to be a Benefit Member of the Society

A determination of cause shall be made in the reasonable discretion of the Board of Directors. The Director whose status is at issue shall not be entitled to vote in the matter.

Article VIII
Officers

Section 24. Principal Officers. The principal officers of the Society shall be the Chief Executive Officer, Executive Secretary, and Executive Treasurer/CFO. The Chief Executive Officer shall be appointed by the Board of Directors. The other principal officers of the Society shall be appointed by the Chief Executive Officer and approved by the Board of Directors.

Section 25. Chief Executive Officer. The Chief Executive Officer ("CEO") shall serve as the chief executive officer of the Society, shall have general supervision and direction of the day to day business and affairs of the Society, and shall perform all duties incident to the position and such other duties as may be prescribed by the Board of Directors from time to time. Subject to such rules and policies as may be prescribed by the Board of Directors, the CEO shall have authority to appoint and terminate such other officers, agents and employees and to delegate authority to them.

Section 26. Removal of Officers. The Board of Directors may remove the CEO with or without cause by a majority vote of all Directors at a meeting called for that purpose. Other officers may be removed with or without cause by the CEO.

Section 27. Reasonable Compensation. The Board of Directors shall determine reasonable compensation of the CEO. Reasonable compensation of all principal officers other than the CEO shall be recommended by the CEO and approved by the Board of Directors. In its determination of reasonable compensation, the Board of Directors or a committee delegated authority for officer compensation shall take into account, among others, the services rendered by the officer, the performance of the officer, the performance of the Society, market and industry standards, and compensation paid to officers of similarly situated organizations.
Article IX
Official Bonds

Section 28. Corporate surety bonds shall be secured and the premiums thereof paid by the Society for any officer, employee or agent of the Society designated by the Board of Directors, in an amount as determined by the Board of Directors.

Article X
Indemnification

Section 29. To the extent permitted by law, the Society does hereby agree to indemnify and hold harmless each Director, officer or employee serving the Society against liability for any claims or causes of action which may be made against any of the above stated individuals, of any kind or nature, for such acts or omissions which would arise in the performance of their duties. The Society shall agree to pay any damages on behalf of any of the above stated individuals for which they may be held liable. The Society shall agree to pay any and all expenses, which may be incurred by any of the above stated individuals, including, but not limited to payment of reasonable attorney fees for defense of any claims or cause of action made whatsoever.

Section 30. The Society shall maintain insurance on officers and Directors against liability for acts or omissions in the performance of their duties as determined by the Board of Directors.

Article XI
Funds and Investments

Section 31. There shall be established and maintained by dues and assessments collected from members and from all other income of the Society, a fund or funds for the payment of death and other benefits and for the accumulation of reserves on certificates as provided by law and/or the benefit certificates, and for the expense of management and extension of the Society. Additional payments or contributions shall be required of members by the action of the Board of Directors whenever it deems necessary or proper to effectuate the carrying on of the insurance business of the Society.

The Board of Directors shall have supervision over the operations of the funds of the Society, which shall be invested in accordance with the investment policies adopted by the Board of Directors and all applicable laws.

Article XII
Supreme Council

Section 32. Supreme Council. The Supreme Council shall be responsible for coordination and promotion of fraternal, social, cultural, charitable and membership activities of the Society.

Section 33. Delegates. The Supreme Council shall be comprised of delegates ("Delegates") elected by Councils according to the Supreme Council Rules of Procedures adopted by the Board of Directors. Any Benefit Member of the Society in good standing may be elected as a Delegate. To the extent not otherwise elected as Delegates, the Supreme Council Delegates shall also include the current Board of Directors, CEO (Chief Executive Officer), Executive Secretary, Executive
Treasurer and Supreme Council Officers, Past/Ex Supreme Presidents, Honorary Supreme Officers, Permanent Members of the Supreme Council, Ten Year Officers, Ex-Supreme Officers, Members of the PFSA Board of Directors who have served a total of eight (8) consecutive years as a Director since January 1, 2010, Spouses of Record of Past Supreme and Ex-Supreme Presidents, Past Supreme 20-30’s Adults Presidents, Past Supreme Youth Presidents and Past Supreme Junior Presidents of the PFSA and of the composing Societies and such other special or honorary Delegates as specified in the Supreme Council Rules of Procedures.

Section 34. Supreme Council Officers. The Supreme Council shall elect from its members a Supreme President, Supreme Vice President, Supreme Master of Ceremonies, Supreme Marshal and Supreme Guard. The Supreme Council officers shall have such duties and shall be elected according to procedures described in the Supreme Council Rules of Procedures.

Section 35. Supreme Council President. The Supreme Council President is the presiding officer of the Supreme Council and is not a corporate officer or member of the Board of Directors.

Section 36. Annual Convention. Regular Annual Conventions of the Supreme Council are to be held every year (commencing in 2016) on dates and at a location approved by the Board of Directors.

Section 37. Annual Corporate Meeting. The Board of Directors shall hold an Annual Corporate Meeting to present the Financial and Membership condition of the Society on a date, location and time to be determined by the Board of Directors. All PFSA members are entitled to attend on a voluntary basis with NO per diem or travel reimbursement paid to any member. Note: When the Annual Corporate Meeting is held in conjunction with the Convention the Automatic Delegates and Elected Delegates are required to attend the Annual Corporate Meeting.

Section 38. Past Presidents and Spouses Association. The Past President's and Spouses Association shall be comprised of Past Presidents, Spouses of record during the term of the Past Presidents, Supreme 20-30’s Adults Past Presidents and Spouses of record during the term of the Supreme 20-30’s Adults Past Presidents, Past Supreme Youth Presidents and Spouses of record during the term of the Youth Presidents and Past Supreme Junior Presidents and Spouses of record during the term of the Past Supreme Junior Presidents of the Society and of A.P.U.M.E.C., I.D.E.S., S.E.S., U.P.E.C and U.P.P.E.C. The purpose of the Past President’s and Spouses Association shall be to encourage and implement the social and fraternal activities of the Society through counseling, recommendations and fraternal action.

Article XIII
Councils

Section 39. Charter. Newly formed Councils may be chartered by the Board of Directors upon petition of at least twenty (20) Benefit Members. The petition shall be in the form prescribed by the Board of Directors and shall indicate acceptance of the Articles of Incorporation and Bylaws of the Society.

Section 40. Rules. Councils are largely self-governing organizations but shall comply with the Articles of Incorporation and Bylaws of the Society, the Rules of Procedures
for Councils, and all other requirements adopted by the Board of Directors or the Supreme Council.

Section 41. Charter Withdrawal. The Board of Directors may withdraw the charter of any Council in the event the Board of Directors determines that withdrawal is in the best interest of the Society. The Board of Directors shall provide for the disposition of property of Councils that have been suspended or dissolved in a manner consistent with the purposes of Councils.

Section 42. Fraternal Councils.

(a) There shall be only one (1) fraternal council per city or town. The Board of Directors shall have the exclusive authority to implement measures to consolidate any multiple fraternal councils within the same city or town.

(b) In the event of a liquidation, dissolution or consolidation of the insurance business of the Society with an entity other than another fraternal benefit society, wherein the Councils will no longer be a part of the Society or a successor fraternal benefit society, all real property and other assets of the Councils shall be held in trust, for donation as soon as reasonably practicable to an organization qualifying under section 501 (c) of the Internal Revenue Code whose mission is consistent with the Society's. The donee shall be selected by the Council holding such property or assets, or in the absence of such selection, by the Board of Directors. Such donee may be a new charity created or to be created by initiative of the Council provided that no property or assets may be transferred prior to the confirmation of tax-exempt status of such organization. The Society shall not amend, delete or adopt any Bylaw, inconsistent with Section 43 (b).

Section 43. Council Meetings. Regular meetings of the Councils shall be held monthly, in accordance with the California Fraternal Code. Meetings shall be conducted in English and the minutes shall be written in English.

Article XIV
Official Publication

Section 44. The Society shall have an official publication. The name of the official publication shall be as approved by the Board of Directors. Any notice, report or statement required by law, including notice of election, may be published in the official publication. A copy of the official publication shall be sent to Society members as shown on the records of the Society, except that if Society records show that two or more members have the same mailing address, an official publication mailed to one of them is deemed mailed to all of them at the same address unless a separate copy is requested. The official publication shall be published twice a year in such form and at such periods as the Board of Directors may determine.

Section 45. All amendments to the Articles of Incorporation or Bylaws of the Society or a synopsis thereof shall be published in the official publication or mailed directly to members within the time required by the laws of the State of California. Any other required or permitted notices may be distributed through publication in the official publication.
Article XV
Rules of Procedures

Section 46. If the Articles of Incorporation or Bylaws of the Society are silent as to any procedural aspect of any action or meeting hereunder, the procedures of the latest edition of Roberts Rules of Order shall control such procedure.

Article XVI
Benefit Certificates

Section 47. The certificate of membership and insurance or annuity, together with any riders or endorsements attached to it, the application, the declaration of insurability (if any) signed by the applicant, the Articles of Incorporation and Bylaws of the Society and all amendments to them, constitute the entire contract when it is issued. Any subsequent changes, additions or amendments to the Articles of Incorporation or Bylaws shall be binding upon the applicant member, certificate owner, beneficiaries and other persons affected, and shall govern and control in all respects, except that no changes shall destroy or diminish insurance and/or annuity benefits promised in the certificate when it was issued.

Section 48. Any person upon whose life certificate is issued prior to attaining the age of majority shall be bound by the terms of the application and certificate and by all the laws and rules of the Society to the same extent as though the age of majority had been attained at the time of application.

Section 49. Benefit certificates may be made payable to such person or persons, entity or interest as may be permitted under the rules and regulations of the Society and applicable state laws.

Section 50. In the event a named beneficiary predeceases the insured or is otherwise not legally entitled to receive the certificate proceeds, the certificate proceeds shall be paid per stirpes to the family members of the insured in the following succession, as applicable, (i) the surviving spouse; (ii) children; (iii) grandchildren; (iv) parents; (v) brothers and sisters; (vi) grandparents; (vii) other relatives in accordance to the laws of descent and distribution of California. In the event it is determined that the deceased insured has no living relatives, after a reasonable search, the certificate proceeds shall be paid to the estate of the insured. Benefits unclaimed after three years shall be transferred to the Scholarship Foundation of the Society as allowed by the California Code of Civil Procedure Section 1528.

No beneficiary change shall take effect unless received by the Society at its principal office during the lifetime of the insured. When it is received, any change shall take effect as of the date the request for beneficiary change was signed, as long as the request for change was mailed or actually delivered to the Society while the insured was alive. Such beneficiary change shall be null and void where the Society has made a good faith payment of the proceeds or has taken other action before receiving the change.

Section 51. If the reserves as to all or any class of certificates become impaired, the Board of Directors may require that there shall be paid by the owner to the Society the amount of the owner's equitable proportion of such deficiency as ascertained by the Board of Directors. If such payment is not made, either (1) it shall stand as indebtedness against the certificate and draw interest not to exceed the rate
specified for certificate loans, or if none is specified, six percent (6%) per annum compounded annually; or (2) in lieu of or in combination with, the owner may accept a proportionate reduction in benefits under the certificate.

Article XVII
Orphan Benefit

Section 52. Any Benefit or Youth Member under age twenty-one (21) who is orphaned by both parents shall be entitled to receive the sum of $250 per month until attaining the age of twenty-one (21), at which time the orphan benefit shall terminate.

Article XVIII
Resolution of Disputes

Section 53. The purpose of this Article is to provide a method for fair resolution of disputes consistent with the fraternal nature of the Society without the delay and expense of formal legal proceedings. This section applies to all past, current and future benefit certificates, members, benefit certificate owners, beneficiaries or payor’s, and the Society. It applies to all claims, actions, disputes and grievances of any kind or nature whatsoever. To the extent permitted by applicable law, this section applies to all claims, actions, disputes and grievances brought by the Society against members, insureds, certificate owners or beneficiaries. This section does not apply to any claims or disputes relating to interpleader actions to determine proper owner, beneficiary, or payee.

Section 54. No lawsuits or any other actions may be brought for any claims or disputes covered by this section. The following are the steps and procedures for presenting and resolving disputes:

(a) **Step 1. Appeal.** Appeal of the dispute to a designated reviewer within the Society as appropriate to the dispute.

(b) **Step 2. Mediation.** If Step 1 does not result in a mutually satisfactory resolution, either party has the right to have the matter mediated in accordance with the applicable mediation rules of the American Arbitration Association (or the rules of another neutral organization as agreed upon by the parties).

(c) **Step 3. Arbitration.** If Step 2 does not result in a mutually satisfactory resolution, arbitration administered by and in accordance with the applicable arbitration rules of the American Arbitration Association (or another neutral organization mutually agreed upon). The arbitrator may award any and all damages or other relief allowed for the claim in dispute by applicable federal or state law, including attorneys’ fees and expenses if such attorneys’ fees and expenses may be awarded for claims arising under applicable law. Unless (and to the extent) prohibited by the applicable law with respect to the issue in dispute, the decision of the arbitrator shall be final and binding, subject only to the right to appeal such decision as provided in the arbitration rules and applicable law.

Section 55. The procedures of this section are designed to afford individual members, benefit certificate owners, beneficiaries, payor’s and the Society a prompt, fair, and efficient means of resolving their individual disputes. Accordingly, no
disputes may be brought forward in a representative capacity or on behalf of any “class” of persons, and the disputes of multiple members, benefit certificate owners, beneficiaries or payor’s (other than immediate family) may not be joined together for purposes of these procedures without the express written consent of (I) all members, benefit certificate owners, beneficiaries and payor’s affected thereby, and (ii) the CEO of the Society.

Section 56. The Society has established rules for handling all matters submitted under each step in the procedures outlined in this section. Those rules are incorporated by this reference and may be modified from time to time by the Board of Directors.

Article XIX
Interpretation of Bylaws

Section 57. If any section of these Bylaws should not be explicit, or in case of uncertainty or dispute as to its intent or meaning, the Board of Directors shall have the power to decide upon such situation; and its decision shall remain in force until such decision or section is duly amended.

Article XX
Waiver

Section 58. No subordinate body, nor any officers or members, shall have the power or authority to waive any of the provisions of the laws of the Society. Such provisions shall be binding on the Society and every member and beneficiary of a member.

Article XXI
Amendments

Section 59. These Bylaws may be repealed or amended in whole or in part by a two-thirds majority vote of the members of the Board of Directors.

Section 60. Amendments to these Bylaws shall take effect upon their adoption unless another time is specified and upon approval by the California Department of Insurance.

Article XXII
Disciplinary Procedures

Section 61. Discipline of Councils

The Society shall have the power to suspend any local Council of the Society, or to revoke its Charter, for any of the following reasons:

(a) Violation of the Society Bylaws
(b) Violation of the Society Rules of Procedure
(c) Willful insubordination toward or contempt of the Board of Directors, or Executive Officers of the Society
(d) Failure to pay any sum due the Society
(e) Failure to hold regular meetings as prescribed by law
(f) Failure to merge with any other local Council when directed to do so by the Board of Directors.
(g) Failure to cooperate with and provide all necessary documentation, books and records to the Society when requested for the purpose of auditing the local Council’s books and records, or for any other purposes
(h) Failure to meet with the Board of Directors, Executive Officers or other authorized representatives of the Society when requested to do so in writing
(i) Violating federal, state or local law

Section 62. Discipline of Members

The Society shall have the power to fine, suspend or expel any member from the Society for any of the following reasons:

(a) Violation of the Society Bylaws
(b) Violation of the Society Rules of Procedure
(c) Willful insubordination toward or contempt of the Board of Directors, or Executive Officers of the Society.
(d) Failure to pay any sum due the Society
(e) If the member is an officer of a local Council, for failure to cooperate with and provide all necessary documentation, books and records to the Society when requested for the purpose of auditing his/her local Council’s books and records, or for any other purposes
(f) If the member is an officer of a local Council, for failure to meet with the Board of Directors, Executive Officers or other authorized representatives of the Society when requested to do so in writing
(g) Taking actions that discredit or defraud the Society
(h) Defamation of character, slander, assault or battery of a member, Executive Officer, or employee of the Society
(i) Inappropriate language or gestures during any meetings of the Society and/or local Councils, or toward any members, Executive Officers or employees of the Society
(j) Pressuring or forcing a member to vote in a specified manner
(k) Acts or conduct which is disorderly, injurious or hostile to the interests or objectives of the Society
(l) Conduct which disturbs the order, peace or harmony of the Society

Section 63. Procedure for Discipline of Members

Discipline of any member, or groups of members, shall be initiated when any member of the Board of Directors, or any Executive Officer of the Society receives a written complaint against any member of the Society that has been signed by three (3) benefit members in good standing.

(a) Upon receipt of a written complaint about a member, the Chairman of the Board of Directors shall appoint an Investigative Committee consisting of 3 Board of Directors Members. No member of the Board of Directors who is a member of the same local Council as the accused member shall be appointed to the Investigative Committee. Upon the appointment of the Investigative Committee, the Executive Secretary shall notify the member involved of the complaint and the specifics of the complaint. The Investigative Committee shall investigate the complaint within thirty (30) days of receiving a copy of the written complaint. The Investigative Committee members shall then make a report to the Board of Directors at their next regular meeting, recommending whether the complaint and disciplinary action
should be pursued any further. If the Board of Directors, after receiving the report of the Investigative Committee, decides to pursue the matter further, then it shall select a time and date for the Hearing on the complaint, which hearing shall be held not less than twenty (20) nor more than sixty (60) days thereafter. The hearing shall be held at the Home Office of the Society. The Executive Secretary shall then send the accused member written notice of the time, date and location of the Hearing, and the conduct or actions, which are the subject of the complaint. The Executive Secretary shall also include with said notice a copy of the Article XXII. If the Board of Directors decides not to pursue disciplinary action against the accused local Council, the accused member, the accused member and the members making the complaint shall be notified of such decision within five (5) days of the Board's decision.

(b) The Chairman of the Board of Directors shall preside over the Hearing and shall read the charges against the accused member. The accused member is entitled to be represented by legal counsel if he or she so chooses, at his or her expense. Each side (the members making the complaint and the accused member) shall have the right to produce witnesses on its own behalf and to present documentary evidence, and each side shall be entitled to cross-examine witnesses of the other side. Members of the Board shall also be entitled to examine witnesses. The accused member shall not be required to testify, but if he or she elects to testify, he or she will be subject to cross-examination. All testimony shall be under oath. Upon the completion of all evidence, the complaining witness (es) and the accused member shall be entitled to make a closing argument. When presenting documentary evidence, the member proposing the document(s) will be required to produce enough copies of the documents for each member of the Board of Directors and the member(s) who lodged the complaint originally.

(c) Following receipt of oral testimony and documentary evidence, the Board shall deliberate in Executive Session. In the event a majority of the Board finds that the accused member conducted himself or herself as charged in the complaint, then the Board shall vote as to whether to impose a fine, a suspension or an expulsion. The Board of Directors decision shall be announced within three (3) days of the commencement of deliberations. In the event that the accused member is not present at the announcement of the Board of Directors decision, the Executive Secretary shall inform the accused member, and the members making the complaint, of the decision in writing as soon as possible, and no later than five (5) days after the Board of Directors has announced its decision.

(d) The decision of the Board of Directors may include a monetary penalty, a suspension for a set period of time with conditions (including the payment of a monetary penalty), or an expulsion of the member for life. The monetary penalty imposed shall not exceed Five Hundred Dollars ($500.00) for a first offense, but could be an amount up to One Thousand Dollars ($1,000.00) if the member has been previously disciplined by the Board of Directors. The decision of the Board of Director’s shall be final.

(e) Expulsion for life shall ban the member from participation in Society and/or local Council official functions. The expelled member shall return any regalia’s, or any other property in his or her possession that belongs to the Society or local Council.
(f) A suspended or expelled member may continue his or her insurance or annuity in force by payment of premiums less membership dues.

(g) Should any disciplinary proceedings under this Article XXII be brought against any member of the Board of Directors, then that individual shall not participate in the disciplinary proceedings as a member of the Investigative Committee, or if a member of the Board of Directors, in the deliberations of the Board.

Section 64. Discipline of Local Council

Discipline of a local Council shall be initiated by the Board of Directors on its own initiative, or when it receives a complaint in writing against the local Council from three (3) members of the local Council.

(a) Upon receipt of a written complaint about the activities of a local Council, and/or its officers’ conduct, signed by three (3) members of that Council, or upon the decision by the Board of Directors to investigate the conduct of a local Council for possible disciplinary action, the Chairman of the Board of Directors shall appoint an Investigative Committee consisting of 3 Board of Directors Members. No member of the Board of Directors who is a member of the same local Council as the accused Council shall be appointed to the Investigative Committee. Upon the appointment of the Investigative Committee, the Executive Secretary shall notify the local Council involved of the complaint and the specifics of the complaint. The Investigative Committee shall investigate the complaint within thirty (30) days of receiving a copy of the written complaint. The Investigative Committee members shall then make a report to the Board of Directors at their next regular meeting, recommending whether the complaint and disciplinary action should be pursued any further. If the Board of Directors, after receiving the report of the Investigative Committee, decides to pursue the matter further, then it shall select a time and date for the Hearing on the complaint, which hearing shall be held not less than twenty (20) nor more than sixty (60) days thereafter. The hearing shall be held at the Home Office of the Society. The Executive Secretary shall then send the accused local Council written notice of the time, date and location of the Hearing, and the conduct or actions which are the subject of the complaint. In order to insure that all members of the local Council are aware of the pending disciplinary proceeding against their local Council and the possibility of their Council being suspended or having its charter revoked, the Executive Secretary shall also send said written notice of Hearing to each member of the accused local Council. The Executive Secretary shall also include with said notice a copy of this Article XXII. If the Board of Directors decides not to pursue disciplinary action against the accused local Council, the accused local Council, and all of its members, and the members making the complaint shall be notified of such decision within five (5) days of the Board of Directors decision.

(b) The Chairman of the Board of Directors shall preside over the Hearing and shall read the charges against the accused local Council. The local Council is entitled to be represented by legal counsel if it so chooses, at its expense. Each side (the members making the complaint and the accused local Council) shall have the right to produce witnesses on its own behalf and to present documentary evidence, and each side shall be entitled to cross-examine witnesses of the other side. If the complainant is the Board of Directors, the Chief Executive Officer shall present the case against the accused local Council at the Hearing. Members of the Board of Directors shall also be entitled to...
examine witnesses. All testimony shall be under oath. Upon the completion of all evidence, the complaining witness (es) and the accused local Council shall be entitled to make a closing argument. When presenting documentary evidence, the person or local Council representative proposing the document(s) will be required to produce enough copies of the documents for each member of the Board of Directors and the member(s) who lodged the complaint originally.

(c) Following receipt of oral testimony and documentary evidence, the Board of Directors shall deliberate in Executive Session. In the event a majority of the Board finds that the accused local Council conducted itself as charged in the complaint, then the Board of Directors shall vote as to whether the local Council should be suspended or have its charter revoked permanently. The Board of Directors decision shall be announced within three (3) days of the commencement of deliberations. The Executive Secretary shall inform the accused local Council and all of its members, of the Board of Directors decision in writing as soon as possible, and no later than five (5) days after the Board has announced its decision.

(d) The decision of the Board of Directors shall be final.

(e) If the charter of the accused local Council shall be revoked, the local Council shall be ordered to turn over its charter, together with all of its property (real and personal to the Chief Executive Officer of the Society, and if the local Council refuses to comply with the order to turn over its property within thirty (30) days of receipt of the turnover order, the Chief Executive Officer or any person designated by the Chairman of the Board of Directors, shall take possession of the local Council's property and turn over the property to the Chief Executive Officer.

(f) Members of a local Council whose charter has been revoked pursuant to this Article XXII shall, within thirty (30) days, notify the Executive Secretary of the Society in writing of the name of the local Council to which they desire to transfer. If a member fails to designate such local Council within the above time frame, then the member will be assigned to the local Council nearest his or her place of residence. A refusal or failure be the member to transfer to the local Council assigned to them due to their failure to so designate a local Council within the thirty (30) day period mentioned above will be grounds for the member's suspension from the Society until such time as he or she transfers to the designated local Council. If the member does not transfer designated local Council by the deadline set forth in his or her suspension, then that member will be expelled from the Society for life.

(g) A member suspended or expelled pursuant to Section 63(f) above may continue his or her insurance or annuity in force by payment of premiums less membership dues.