

Minnesota Society of Certified Public Accountants
Bylaws as adopted by membership with February 2018 amendments

ARTICLE I
MEMBERSHIP

Section 1. CPA Members

a) Eligibility for Membership.

Subject to the requirement set forth in the last sentence of this section, any person who has passed the certified public accountants exam in the State of Minnesota or in any other state, territory, or possession of the United States or District of Columbia, and any person who holds equivalent credentials from another country, shall be eligible to be a member of the Society. If the applicant is currently licensed by any state, territory or possession of the United States or District of Columbia, that applicant must in good standing with the board of issuance. To maintain eligibility for membership, any person, if engaged in the practice of public accounting as a proprietor, partner, or shareholder or as an employee who has been licensed as a CPA for more than two years, must be practicing in a firm enrolled in a Society-approved practice monitoring program if the firm performs services within the scope of the American Institute of Certified Public Accountants(AICPA) practice monitoring standards and issues reports purporting to be in accordance with AICPA professional standards.

Section 2 Other Membership Categories

a) Honorary Members.

The board of directors, after receiving a recommendation from any committee or chapter of the Society or in a petition signed by at least 20 members, may by

a two-thirds vote of directors entitled to vote confer honorary membership on any person who because of his/her achievement or standing in the field of accounting is deemed entitled to receive such honor.

b) Life Members.

The board of directors by a two-thirds vote of all directors entitled to vote may elect a certified public accountant as a life member.

c) Student Members.

At the Board's discretion, applications for and admission to student membership may be proffered, in accord with the following criteria and procedures: any person enrolled in an educational program that if completed will result in qualification to take the CPA exam, shall be eligible to be a student member, unless eligible for another MNCPA membership category. A student membership shall expire, if not sooner terminated, five (5) years from the date of admission.

d) Associate Members.

The following persons shall be eligible for associate membership: 1) Non-CPA owner of a CPA firm or billable professional employed by the CPA firm; 2) Firm Administrators; 3) Non-CPA corporate finance professional; 4) Non-CPA in a full-time accounting educator role.

Section 3. Application for Membership and Notice to Members.

Application for membership shall be made on forms furnished by the Society.

The application form shall be filed at the Society's office. The president shall notify members of the application at least seven days before the meeting of the board of directors at which action upon such application will be taken. Any member who objects to the admission of any applicant shall notify the Society's office in writing of his/her objection before such meeting of the board of directors.

Section 4 Admission to Society

Candidates who meet the requirements for membership shall have their applications approved by staff and ratified by a two-thirds vote of the board of directors entitled to vote at their next meeting.

ARTICLE II DUES

Section 1. No Admission Fee. Applicants shall not be required to pay any admission fee.

Section 2. Dues fixed by board of directors. The annual dues shall be established by the board of directors, and may vary on the basis of such classifications as the board may establish.

Section 3. When Payable. Dues shall be payable annually in advance on April 1 of each year and shall be in arrears from that date or the date on which a statement is rendered for such dues, whichever occurs later.

Section 4. Exemption for Period of Military Service. No member shall be required to pay

dues for the period in which he/she is engaged in active service in the armed forces of the United States.

ARTICLE III RIGHTS OF MEMBERS

Section 1. Voting. Each member (except honorary members, student members, associate members, suspended members and members whose dues have been in arrears for sixty days or more) shall have one vote at all meetings of the Society. There shall be no cumulative voting. A majority vote of the members entitled to vote and present at a meeting shall carry any motion unless otherwise provided in the Articles of Incorporation or in these bylaws.

Section 2. Honorary Members. No honorary member shall be required to pay dues. Honorary members shall not be entitled to vote or hold any elective office. In all other respects, honorary members shall have the same rights and privileges and responsibilities as CPA members.

Section 3. Life Members. No life members shall be required to pay dues. Life members shall have the same rights and privileges and responsibilities as CPA members.

Section 4. Student Members. Student members shall be required to pay such dues, if any, as the board of directors may establish from time to time. Student members shall not be entitled to vote or hold any elective office, but shall otherwise have the same rights and privileges and responsibilities as CPA members.

Section 5. Associate Members. Associate members shall be required to pay such dues, if any, as the board of directors may establish from time to time. Associate members shall not be entitled to vote or hold any elective office, but shall otherwise have the same rights and privileges and responsibilities as CPA members.

ARTICLE IV MEETINGS OF THE MEMBERSHIP

Section 1. Regular Meetings. The annual meeting of the Society shall be held at a time and place determined by the board of directors.

Section 2. Special Meetings. Special meetings of the Society may be called for any purpose at any time by the chair, by resolution of the board of directors, or by request therefore in writing delivered to the Society's office and signed by at least 10 percent of the members.

Section 3. Notice of Meeting. Notice of each meeting of the Society to members stating the time and place of meeting (and, in the case of a special meeting, the purpose) shall be given by the president to each member entitled to vote at the meeting not less than five nor more than thirty days before the meeting. Notice may be given in the newsletter, by e-mail, fax, US Mail or any other methods approved by the board. Any member may in writing either before, at, or after the meeting, waive notice thereof. Any member by his/her attendance at any meeting shall be deemed to have waived notice thereof unless it is solely for the purpose of asserting the illegality of the meeting.

Section 4. Quorum. All members present eligible to vote

constitute a quorum at Regular and Special meetings

Section 5. Directors May Authorize Non-members to Attend Meetings. Under such rules and regulations as prescribed by the board of directors, the privilege of attending meetings of the Society may be extended to any person.

Section 6. Members Entitled to Notice. The Board of Directors shall fix a date not more than 30 days before the date of a meeting or for the first day of receiving members' votes on an action without a meeting as the date for determination of the members entitled to notice of the meeting; whensoever the Board fails to set such a date; the date shall be the 25th day before the date of the meeting. After fixing a record date for the meeting, the president shall prepare a list of the names (in alphabetical order) and addresses of each member entitled to vote at the meeting. Beginning two business days after notice of the meeting is given, the list shall be available at the principal office of this corporation for inspection and copying on written demand by any member (or the agent or attorney of any member), at the member's expense, for the sole purpose of communication with other members concerning the meeting. The list shall be made available through the date of the meeting and at the meeting.

Section 7. Voting Without a Meeting. The election of directors by the members and any other matters the board of directors have authorized be brought before the membership for action without a members' meeting shall at all times be by methods determined by the board. Such actions shall have all the effects of a vote taken at a regular or special meeting. Notice of voting without

a meeting shall be sent to the members per the provisions of Section 3 of Article IV herein. A member's ballot or vote shall not be counted unless received by the Society's office within 45 days after the date of sending notice of voting. The entire vote may be taken on any single issue by ballots if so stated in the notice.

Section 8. Requirements for soliciting ballots

All solicitations for votes of members by written ballot must: (1) indicate the number of responses needed to meet quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and (3) specify the time by which a ballot must be received by the corporation in order to be counted.

ARTICLE V DIRECTORS

Section 1. Duties, Number and Election of Directors.

The affairs of the Society shall be governed by a board of directors consisting of fifteen elected members in good standing. In addition to the fifteen elected members, the immediate Past Chair of the Society shall serve as a voting ex-officio director for one year immediately following the conclusion of his/her term as Chair. The election of the directors shall be conducted by a method approved by the Board of Directors as provided in Section 2 of Article V hereof. Members may vote for the nominated group of directors or they may write in the name of one or more eligible members in place of the nominated candidates and vote for that person or persons. All write-in votes shall be tallied by term. The election ballots shall be distributed no later than February 1. Each director shall serve a

three-year term. The directors shall take office on the 1st day of April. A director may serve consecutive terms not to exceed six full years, except with respect to immediate Past Chairs who serve as voting ex-officio directors immediately following the conclusion of their terms as Chair whose consecutive terms on the board, including the term as ex-officio director, shall not exceed seven full years. At the discretion of the Nominating Committee, an individual may be nominated for a 1 or 2-year term if a three-year term would exceed the maximum 6-year term limit. The term of each director shall continue until his/her successor is elected and qualifies.

Section 2. Nominations.

(a) A nominating committee of the two immediate past chairs, the chair, chair-elect, and three other members not currently serving as directors shall nominate members to be elected directors. The committee shall be appointed by the chair with the approval of the board of directors. The chair of the Nominating Committee shall be the past chair who preceded the immediate past chair, the vice chair of the committee shall be the immediate past chair. Adequate prior notification of committee meetings involving nominations shall be given to all members of the Society.

(b) Voting members of the Society may directly nominate other members to be elected directors by submitting a petition, signed by no less than one hundred voting members in support of the nominee, to the nominations committee. The petition must be submitted at least 10 days prior to the meeting of the nominations committee. Following receipt of the petition, the committee shall cause the name of the

nominated person to be placed on the ballot. The nominations committee may either accept the candidate nominated by petition as its nominee or it may nominate another person, then the ballot shall state the source of the respective nomination.

Section 3. Regular Meetings.

Regular meetings of the board of directors shall be held at such time as a majority of the directors may from time to time appoint.

Section 4. Special Meetings.

The chair may call a meeting of the board of directors when he/she deems it necessary or advisable, and shall call a meeting of the board of directors at the request in writing of two or more directors.

Section 5. Notice of Meetings.

Notice of each meeting of directors stating the time and place of meeting (and, in the case of a special meeting, the purpose) shall be given to each director properly addressed according to the last available Society records and delivered in a manner approved by the board not less than five nor more than thirty days before the meeting. Any director may in writing, either before, at, or after the meeting, waive notice thereof. Any director by his/her attendance at any meeting shall be deemed to have waived notice thereof unless he/she attends solely for the purpose of asserting the illegality of the meeting.

Section 6. Place of Meeting.

The directors may hold meetings at the registered office of the corporation or at such other place as may be designated by the Chair.

Section 7. Quorum.

One half plus one of the then-seated members of the board of directors shall constitute a quorum for the transaction of business.

Section 8. Absences.

The absence of any director from three consecutive meetings of the directors shall constitute tender of his/her resignation from the office of director, which the board may accept at the meeting next following that at which such director was absent for the third consecutive time unless a reason satisfactory to the board for such absence or absences is given to the board before the meeting at which such resignation can be accepted.

Section 9. Board Action without a Meeting.

Any action that could be taken at a meeting of the board of directors may be taken without a meeting when authorized in writing signed by all of the directors.

Section 10. Audit of Society Records.

A certified public accounting firm shall annually audit the Society's financial statements and render a report thereon that shall be reviewed and approved in accordance with the Finance Committee Charter.

Section 11. Executive Committee.

The executive standing committee shall consist of the chair, the chair-elect, the vice chair, the secretary, the treasurer, and the president ex officio and without vote. The executive committee shall have business and management functions as delegated by the board.

ARTICLE VI INDEMNIFICATION

Section 1. Indemnification

To the full extent permitted by any applicable law, and subject to the procedural limitations noted in Attachment A, Section 3, following, this corporation shall indemnify each person made or threatened to be made a party to any threatened, pending or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by or in the right of this corporation, by reason of the former or present capacity of the person as: (a) a director, officer, partner, trustee, employee or agent of another organization or employee benefit plan, who while a director, officer or employee of this corporation, is or was serving the other corporation at the request of this corporation or whose duties as a director, officer or employee of this corporation involve or involved such service to the other corporation; against judgments, penalties, fines (including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan), settlements, and reasonable attorneys' fees and disbursements, incurred by the person in connection with the proceeding, in line with standards enumerated in Attachment A, Section 2, herein.

Indemnification provided in this section shall continue as to a person who has ceased to be a director, officer, employee or committee member, shall inure to the benefit of the executors and administrators of such person and shall apply whether or not the claim against such person arises out of matters occurring before the adoption of this section. Any indemnification realized other than under this section shall apply as a credit against any indemnification provided by this section.

(Section 2 and 3 of this article are incorporated by reference from the separate Attachment A to the bylaws.)

ARTICLE VII OFFICERS

Section 1. Officers

The officers of the Society shall be a chair, chair-elect, vice chair, a secretary, a treasurer and a president who need not be a member of the Society. Each officer shall be a member of the board of directors, except that the president shall be an ex officio member without vote. No person shall hold more than one office concurrently.

Section 2. Selection of Officers. At the first meeting after their election, members of the board of directors shall elect from their number the officers of the Society other than the president. All officers shall take office at the first board meeting following the first day of April. The nominating committee shall nominate one or more directors for each office. Each officer elected shall serve a term of one year and shall hold office until his/her successor is elected and qualifies. Upon completion of a one-year term of office, the chair-elect shall automatically succeed the chair. The president shall be selected by the board of directors.

Section 3. Chair. The chair shall preside at all meetings of the Society and of the directors, and of the executive committee, shall enforce the bylaws of the Society, and shall perform all the duties usually pertaining to such office, and shall serve as a member of the executive committee.

Section 4. Chair-Elect and Vice Chair. In the absence or disability of the chair, the vice_chair shall have and exercise all

the powers and duties of the chair. If the office of chair is vacated by reason of death, resignation or removal, the vice chair shall automatically succeed the chair and complete the term. The chair-elect shall serve on the executive committee. The vice chair shall serve on the executive committee.

Section 5. Secretary. The secretary shall perform such services as may be assigned to him/her by the board of directors, and shall serve as a member of the executive committee.

Section 6. President. The president shall give notice of all meetings of the Society and of the board of directors and shall keep minutes of the proceedings of all such meetings. He/she shall notify the persons admitted to the Society of their admission. He/she shall keep a register of the names and addresses of members of the Society and shall designate those members qualified to vote at meetings of the Society. He/she shall receive all moneys payable to the Society and shall have charge of all of the funds and securities of the Society, he/she shall keep regular accounts thereof subject to inspection by the chair or any member of the board of directors, and shall report periodically to the board of directors the balance of money on hand, assets, and liabilities and any unexpended appropriation. He/she shall pay Society bills and shall make payments through checks signed in a manner designated by the board of directors. He/she shall serve as a full-time salaried officer, to administer the Society's office and staff, to coordinate the activities of the Society, and to perform such other services as may be assigned to him/her by the board of directors. The president shall have general active management of the

business of the corporation; see that orders and resolutions of the board are carried into effect; and sign and deliver in the name of the corporation deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of the corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by this corporation's organizational documents or by the board to another officer or agent of the corporation. He/she shall serve as an ex officio member of the Board of Directors, executive committee, and all standing committees without vote.

Section 7. Treasurer. The treasurer shall have such duties as may be assigned to him/her by the board of directors, and he/she shall serve as a member of the executive committee and shall be chair of the finance committee.

ARTICLE VIII RESIGNATION AND REMOVAL OF OFFICERS AND DIRECTORS AND FILLING VACANCIES

Section 1. Removal. Directors and officers shall be subject to removal from office by a vote of the majority of the members entitled to vote for the election of directors and officers taken at a meeting held after notice of the time and place and of the intention to propose such removal. Removal of a director who is also an officer shall leave a vacancy in such office as well as that of director. An officer removed from office shall remain a director unless removed as a director.

Section 2. Resignation. Any director or officer may resign at any time. Such resignation shall be made in writing and

shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the chair or secretary. Acceptance of a resignation shall not be necessary to make it effective.

Section 3. Filling of Vacancies. Vacancies caused by the removal, resignation or death of a director or any officer other than the chair shall be filled by a process whereby the chair recommends and the board of directors appoints any qualified person or persons to fill such vacancy or vacancies and hold such office or offices for the unexpired term for that fiscal year and until his/her or their successor or successors shall be duly elected and shall qualify. A vacancy in the position of immediate past chair shall not be filled. Partial year appointments in accordance with this section would not count towards the six full year terms discussed in Article V, Section 1.

ARTICLE IX CHAPTERS

Section 1. Formation of Local Chapter. One hundred or more members of the Society residing or maintaining offices in one locality may, upon approval of the board of directors, constitute a local chapter of the Society, and such local chapter shall be called and known as the (name) Chapter of the Minnesota Society of Certified Public Accountants.

Section 2. Effect of Reduction in Members. Whenever the membership of any local chapter shall become less than twenty and shall continue so for

three months, such local chapter shall cease to be a part of the Society and all its rights and privileges shall be forfeited.

Section 3. Effect of Failure to Maintain Membership in Society. If a member of any local chapter shall cease to be a member of the Society, he/she shall at once cease to be a member of the local chapter.

Section 4. Bylaws of Local Chapter. Chapter bylaws will conform to model bylaws provided by the Society.

Section 5. Dues of a Local Chapter. Each local chapter may be entitled to receive a portion of the dues paid by its members to the Society, such portion to be determined by the board of directors. Chapters shall provide a yearly budget and work plan by January 1 for the following fiscal year to the Society prior to disbursement of any dues from the Society to the Chapter. All chapter funds are subject to the accounting controls and policies of the Society.

Section 6. Reports to Directors. Chapters will provide a financial accounting to the Society within 30 days of the end of the Society's fiscal year. The board of directors may require such additional reports and accountings from the local chapter as the board may decide upon from time to time.

Section 7. Dissolution of a chapter The Society board of directors reserves the sole and exclusive right to dissolve a chapter for any reason, including but not limited to: failure to abide by MNCPA and/ or chapter bylaws; failure to select officers; failure to provide services of value to members.

**ARTICLE X
FISCAL YEAR**

The fiscal year of the Society shall be set by the Board of Directors.

**ARTICLE XI
COMMITTEES**

Section 1. In addition to the Executive Committee, the Society shall have the following standing committees:

- Professional Ethics Committee
- Finance Committee
- Nominating Committee
- Peer Review Committee

The Society shall have additional committees as authorized by the Board of Directors. Appointment of committee chairs and members shall be by a process approved by the board. The board of directors shall establish operating rules for committees and other member groups.

Section 2. Professional Ethics Committee.

The Professional Ethics Committee shall propose such rules of professional conduct or changes therein as it may deem advisable. The committee shall also consider such interpretations of the Code of Professional Ethics as are issued from time to time by the American Institute of Certified Public Accountants and report thereon to the board of directors. The committee shall receive and consider complaints against persons charged with violation of any rules of professional conduct in accordance with any existing agreement relating to ethics enforcement between the Society and the American Institute of Certified Public Accountants, and it shall report to the board of directors its disposition of complaints received. The

quorum for the Professional Ethics Committee shall be one-third of its members.

Section 3. Nominating Committee. (See Article V, Section 2.)

Section 4. Peer Review Committee. The committee shall administer for the Society the Peer Review Program of the American Institute of Certified Public Accountants. The committee shall also consider matters referred to it by the board of directors, and shall report to the board of directors upon any such matters as the committee may deem proper.

Section 5. Finance Committee. The committee shall supervise the audit, prepare the budget, review the monthly financial reports, report to the board of directors upon any matters as the committee may deem proper and shall carryout other functions as delegated by the board of directors.

**ARTICLE XII
ORDER OF BUSINESS AND
RULES OF ORDER**

Section 1. Order of Business. Except by consent of the members present at any meeting, Robert’s Rules of Order shall govern all meetings of the Society and the board of directors. Failure to raise an objection with respect to any procedure followed at any meeting shall be deemed consent unless an objection is voiced before adjournment of that meeting.

**ARTICLE XIII
RULES OF PROFESSIONAL
CONDUCT**

Section 1. All Members to Observe Existing Rules. Members of the Society shall abide by

the existing Code of Professional Conduct of the American Institute of Certified Public Accountants.

Section 2. Amendments.

All amendments to the existing Code of Professional Conduct which may be adopted by the American Institute of Certified Public Accountants shall become a part of the rules of this Society on the effective date of any such amendment unless the Board of Directors of the Minnesota Society of Certified Public Accountants vote by majority rule to reject such amendment to the Code of Professional Conduct.

Section 3. Board of Accountancy Rules

Each member shall also abide by the rules of the Minnesota State Board of Accountancy and the statutes under which they apply.

Section 4. Violation of Rules.

Any violation of the Code of Professional Conduct reported to the chair or secretary as provided in Section 2 of Article XIV hereof shall be referred to the Professional Ethics Committee as provided in said Section 2.

ARTICLE XIV TERMINATION OF MEMBERSHIP

Section 1. Resignation. A member may offer his/her resignation in writing at any time and his/her resignation shall be effective on the date it is received, except that the resignation of a member under investigation by the American Institute of Certified Public Accountants Ethics Division or the MNCPA Professional Ethics Committee may not resign until such investigation and/or corrective action has been closed.

Section 2. Termination for Failure to Pay Dues. If a member fails to pay

his/her annual dues or other obligations to the Society after notice thereof shall have been given him/her, he/she shall be subject to suspension or expulsion at the discretion of the board of directors.

Section 3. Peer Review Requirements.

The membership of any Society member required to be enrolled in a practice monitoring program shall be automatically terminated if the member fails to cooperate with or to satisfy the requirements of a Society approved practice-monitoring program.

Section 4. Failure to Meet Required Qualifications.

A member shall cease to be such at any time that he/she fails to meet all of the required qualifications for membership.

Section 5. Reinstatement.

(a) A member who shall resign while in good standing may be reinstated by the board of directors if he/she submits an application for reinstatement.

(b) No person shall be deemed to have resigned as a member in good standing, if at the time of his/her resignation he/she was in debt to the Society for dues or other obligations. A member submitting his/her resignation after the beginning of the fiscal year but before the expiration of the time limit for payment of dues or other obligations, may attain good standing by paying dues prorated according to the portion of the fiscal year which has elapsed prior to his/her resignation if he/she has paid in full his/her other obligations to the Society.

(c) The board of directors may reinstate a member whose membership shall have been forfeited for non-payment of dues or other obligations due from him/her to the Society. The board of

directors may require the applicant to pay to the Society with his/her application, the amount of dues and other obligations in arrears at the time his/her membership was forfeited.

(d) A member who has resigned or forfeited his/her membership may not file a new application for admission but may apply for reinstatement under paragraphs (a) and (c) of this Section.

ARTICLE XV

COMPLAINTS AGAINST MEMBERS

Section 1. Complaints against Members.

Any members, or other person who has any complaints about the conduct of or performance of professional services by any member may file with the Society, a written statement setting forth such complaint. Such statement shall be referred to the Professional Ethics Committee for investigation and action under any existing agreement between the Society and the American Institute of Certified Public Accountants.

Section 2. Enforcement Procedures.

(a) Whenever a member of the Society, whether or not he or she is a member of the American Institute of Certified Public Accountants, shall be charged with violating these bylaws or any Code of Professional Conduct promulgated hereunder the said charge shall be initiated in accordance with the terms of any then existing agreement between the Society and the American Institute of Certified Public Accountants relating to ethics enforcement.

(b) In further event that a hearing is required to dispose of such charge or

charges, the hearing shall be conducted under the terms of the aforesaid agreement, the then operative rules of the Joint Trial Board Division of the American Institute of Certified Public Accountants and the then operative joint ethics enforcement procedures in effect by virtue of the agreement between the Society and the American Institute of Certified Public Accountants.

(c) Any member may be expelled from membership in the Society, or a lesser sanction may be imposed, if such member (or any partner, co-shareholder, or employee of such member's firm) fails to cooperate with the Professional Ethics Committee in any investigation or action described in Sections 1 or 2, by either: (i) not making a substantive response to interrogatories or a request for documents from the Professional Ethics Committee within thirty days after notice of such interrogatories or document request is given to the member; or (ii) not complying with any educational and remedial or corrective action determined to be necessary by the Professional Ethics Committee within thirty days after notice of such directive to take continuing professional education or corrective action is given to the member. Notice to a member under this Section 2(c) shall be in writing and sent by registered or certified mail, postage prepaid, to the member at his or her last known address shown on the books at the Society.

Section 3. Joint Action with American Institute of Certified Public Accountants. The Board of Directors and the Professional Ethics Committee of the Society are hereby empowered to carry the provisions of Section 2 into effect by acting jointly and in cooperation with the appropriate bodies of the American

Institute of Certified Public Accountants under the agreements, rules and procedures set forth in Section 2 (a) and (b) in effect between the Society and the American Institute of Certified Public Accountants at the time of such action.

Section 4 Disciplinary Action without a Hearing due to Criminal Conviction. Membership in the Society shall be suspended or terminated without a hearing for disciplinary purposes, or a member may be subjected to other disciplinary actions, as provided in this Section 4, under such conditions and by such procedure as shall be prescribed by the Board of Directors.

(a) Membership in the Society shall be terminated without a hearing should there be filed with the secretary of the Society a judgment of conviction imposed upon any member for:

- 1) A crime punishable by imprisonment for more than one year;
- 2) The willful failure to file any income tax return which he or she, as an individual taxpayer, is required to file;
- 3) The filing of a false or fraudulent income tax return on his or her, or a client's behalf, or
- 4) The willful aiding in the preparation and presentation of a false and fraudulent income tax return of a client; and shall be terminated in like manner upon the similar filing of a final judgment of conviction.

Section 5. Other Disciplinary Action.

b) Membership in the Society shall be suspended without a hearing should a member's certificate as a certified public accountant, or license or permit to practice be suspended as a

disciplinary measure but such suspension of membership in the Society shall terminate upon reinstatement of the certificate, license, or permit to practice. Membership in the Society shall be terminated without hearing should such certificate, license, or permit to practice be revoked, withdrawn, surrendered, indefinitely suspended or canceled as a disciplinary measure or connection therewith. Board of Accountancy license revocations solely for failure to renew will not automatically result in MNCPA membership termination.

c) If a governmental agency or organization which has been approved by the AICPA Professional Ethics Executive Committee and the AICPA Board of Directors under Section 7.3 of the AICPA bylaws temporarily suspends, prohibits or restricts a member from practicing before it or another governmental agency, or from serving as a director, officer or trustee of any entity, the member's membership in the Society shall be suspended by the board of directors without a hearing; however, such suspension of membership shall terminate upon such agency's or organization's termination of the suspension, prohibition or restriction. If such approved governmental agency or organization bars or permanently or indefinitely suspends, prohibits or restricts a member from practicing before it or another governmental agency, or from serving as a director, officer or trustee of any entity, the member's membership in the Society shall be terminated by the board of directors without a hearing.

- d) A member who has been subjected to any sanction as a disciplinary measure other than or in addition to those sanctions addressed above, by an authority covered in section 4(b) or section 4(c), may also be subjected to discipline by the board of directors of the Society without a hearing pursuant to guidelines established by the AICPA Professional Ethics Executive Committee and approved by the AICPA.
- e) The board of directors of the Society shall consider a timely written petition by the Professional Ethics Committee or the member that the member should not be disciplined pursuant to this Section 4. If the board of directors grants a petition, a hearing shall be provided, if requested, within thirty (30) days to consider any grounds advanced by the ethics committee or the member that the provisions of Section 4 should not be applied. The board shall have the authority to sanction the member pursuant to the provisions of Section 4 or to take such other action as the board may deem appropriate based on the evidence presented at the hearing.

Section 5. Notice of Disciplinary Action. Notice of disciplinary matter action under Sections 2 (b), 3 and 4 of this Article shall be published by the Society. In the case of action taken under Sections 2(a), 2(b) and 3, the notice shall be in a form approved by the chair of the hearing panel which took action in the matter. In the case of action taken under Section 4, the notice shall be in a form approved by the chair of the Professional Ethics Committee. In the case of disciplinary matters under Sections 2(a), 2(b), 3 and 4, the notice

shall disclose the name of the member involved and the terms and conditions of any settlement agreement and the nature of the violation. No such publication shall be made until such decision, suspension or termination shall have become effective according to the then governing rules of the Joint Trial Board Division.

Section 6. Notice and Appearance before the State Board of Accountancy. If a member is expelled or suspended under the provisions of this Article the statement of the case and decision shall be forwarded to the State Board of Accountancy, and the secretary or other designated representative of the Society may appear before the State Board of Accountancy as a representative of the Society in any suspension or expulsion proceeding by the State Board of Accountancy with regard to the person expelled or suspended.

Section 7. Ethical complaints against associate members. Complaints against associate members shall be referred to the Professional Ethics Committee for investigation and recommendation to the board of directors.

Article XVI ANTITRUST COMPLIANCE

The board of directors shall adopt an antitrust policy that ensures compliance with applicable antitrust laws.

ARTICLE XVII AMENDMENT OF BYLAWS AND ARTICLES OF INCORPORATION

For changes that do not affect members' voting rights, obligations or privileges or changes that do not affect procedures related to a complaint against a member

or formation or termination of a chapter, the board of directors shall be entitled to enact an amendment by no less than a 2/3 vote of all of the board of directors then seated and entitled to vote, after proper notice of the substance of the proposed amendment has been provided to the entire Board of Directors. All such amendments enacted by the Board of Directors shall be noticed to the members within 60 days and shall be subject to the power of the members to repeal or revoke the amendment, with retroactive effect insofar as possible.

For all other changes, either the board of directors shall propose an amendment, by resolution setting forth the proposed amendment and directing that it be submitted for adoption by the members, -or a petition setting forth a proposed amendment signed by at least

100 members shall constitute a proposal that the board of directors are then required to submit to the members for adoption. The amendments so proposed may be adopted by a majority

vote of the members voting, or as provided in Section 7 of Article IV hereof. Notice setting forth such proposed amendment(s) shall be given to each member entitled to vote. Any number of amendments or an entire revision of these bylaws or restatement of the Articles of Incorporation may be submitted and voted upon at one time. The amendments shall not be effective until the president has notified the members of their adoption and, for amendments to the Articles of Incorporation, their filing with the Secretary of State.

Attachment A

Section 2. Standards. Indemnification is mandatory, if, with respect to the acts or omissions of the person complained of in the proceeding, the person:

2.1 has not been indemnified by another organization or employee benefit plan for the same liability described in the preceding paragraph with respect to the same acts or omissions;

2.2 acted in good faith;

2.3 received no improper person benefit and section 317A.255 of *Minnesota Statutes*, as now enacted or hereinafter amended, regarding conflicts of interest, has been satisfied;

2.4 in the case of a criminal proceeding, did not have reasonable cause to believe the conduct was unlawful; and

2.5 in the case of acts or omissions occurring by a director, officer, employee, or member of a committee of this corporation acting in such official capacity, reasonably believed that the conduct was in the best interests of this corporation, or in the case of acts or omissions occurring by a director, officer, employee, or member of a committee of this corporation who is or was serving another organization at the request of this corporation, or whose duties as a director, officer, employee or member of a committee of this corporation involve or involved such service to another organization, reasonably believed that the conduct was not opposed to the best interests of this corporation.

Section 3. Indemnification: Eligibility, advances, and ancillary recovery. Any indemnification realized other than under this Article shall apply as a credit against the indemnification provided herein.

3.1 Determination of eligibility for indemnification payments or advances shall be made in accord with section 317A.521, subd. 6 of *Minnesota Statutes*, as now enacted or hereinafter amended. In essence, same provides that whether a person is entitled to payment or reimbursement of expenses in advance of the final disposition of the relevant proceeding shall be made:

3.1.1 by the board by a majority of a quorum; directors who are at the time parties to the proceeding are not counted for determining a majority or the presence of a quorum;

3.1.2 if a quorum under 3.1.1 cannot be obtained, by a majority of a committee of the board, consisting solely of two or more directors not at the time parties to the proceeding, duly designated to act in the matter by a majority of the full board including directors who are parties;

3.1.3 if a determination is not made under 3.1.1 or 3.1.2, by special legal counsel, selected either by a majority of the board or a committee by vote constituted under 3.1.1 or 3.1.2 respectively, or, if the requisite quorum of the full board cannot be obtained and the committee cannot be established, by a majority of the full board including directors who are parties;

3.1.4 if a determination is not made under 7.1-7.3 preceding, by the members with voting rights, other than members who are parties to the proceeding; or

3.1.5 if an adverse determination is made under 7.1.1-7.1.4 preceding or 7.2 following, or if no determination is made within 60 days after the termination of a proceeding or after a request for advance of expenses, by a court in this state, which may be the court in which the proceeding involving the person's liability took place, upon application of the person and notice the court requires.

3.2 With respect to a person who is not, and was not at the time of the acts or omissions complained of in the proceedings, a director, officer, or person having, directly or indirectly, the power to direct or cause the direction of the management or policies of the corporation, the determination whether indemnification of this person is required because the criteria in Section 1 of this Article has been satisfied and whether this person is entitled to payment or reimbursement of expenses in advance of the final disposition of a proceeding under section 317A.521, subd. 3 of *Minnesota Statutes* may be made by an annually appointed committee of the board, having at least one member who is a director (said committee shall report at least annually to the board concerning its actions.)

3.3 Optional limit on advances, requiring insurance indemnification before same are paid: Advances of expenses incurred which are payable under Section 1 of this Article shall not be made prior to a final disposition of a proceeding unless same are paid from insurance policies held by the corporation.