



**CARRINGTON & ASSOCIATES, LLC**

*Integrity.Passion.Results*

*Since 2006*

## **Senate Bill 783 – Credit Unions – Mergers and Consolidations – Alteration of Voting Requirement**

### **OPPOSE**

Carrington & Associates, LLC works with financial institutions, nonprofit organizations, and public sector partners throughout Maryland. We appreciate the intent behind SB 783 and understand that unusual circumstances can arise during the merger process. However, this legislation creates a permanent and blanket statutory exemption to address what appears to be a particular situation. That approach risks unintended consequences for future mergers and consolidations that the legislation cannot fully anticipate. We regret that we did not have an opportunity to schedule a meeting with the bill sponsors to discuss this legislation in more detail. We never intended to blindside the Sponsors of this thoughtful legislation.

The existing membership voting requirement is a fundamental element of the cooperative structure of credit unions. It provides transparency, accountability, and an important balance between institutional leadership and member interests. Removing that requirement on a general basis shifts decision-making authority in ways that may affect future negotiations and governance dynamics in circumstances very different from those that may have prompted this legislation.

A statutory change of this scope may unintentionally weaken the negotiating position of future boards and members in merger discussions. Circumstances such as leadership transitions, institutional challenges, or the unexpected death or departure of key individuals can alter the context of a merger in ways that cannot be fully contemplated in advance. The current framework preserves flexibility while maintaining appropriate safeguards.

If an extraordinary situation exists, it is more appropriate to address that circumstance through targeted regulatory action or a narrowly tailored solution rather than a broad and permanent change to State law.

For these reasons, Carrington & Associates, LLC respectfully requests an unfavorable report on Senate Bill 783.