

December 10, 2011

To: C & P Regional Service Committee
From: C & P Regional Service Committee, Ad-hoc Committee to Restructure Region/Corporation
Re: Information from the attorney-draft letter dated 11/10/11

As many of you know the Region sent out a motion which was voted on by the groups of NA at the August 2011 Regional meeting. See motion below:

The motion stated:

MOTION: The Regional Service Committee be allowed to move forward with putting Option 3 (from the Ad hoc Subcommittee report of 2/19/11) in place. Option 3 is to restructure/rename the CPRC, Inc (the Board) & place the RSC & Convention Committee underneath or within one corporation.

INTENT: The RSC is currently not adhering to State & Federal tax laws. This motion would allow the Board & the RSC to act within Federal & State laws while still operating within the spiritual principles of the Regional Policy. This would free members from financial &/or tax liabilities that they could incur under our current system. To continue to operate within the spiritual principles of NA.

DISPOSITION: Passed 80/11/52 (Battlefield 3/2/9; Central Maryland 6/2/11; DC 3/2/6; East of the River 4/0/0; Montgomery 15/0/3; Norvana 15/3/1; Rock Creek 16/0/10; South Potomac 9/1/1; Tri-County 9/1/11; Dulles Corridor RCM was absent & Frederick did not take a vote)

In an effort to be totally transparent regarding the process of restructuring the C & P Region the ad-hoc committee wanted to pass on the first of many communications from the attorney. We are utilizing the attorney who represents the CPRC, Inc., Board of Directors because he has the expertise in non-profits and is familiar with our organization. The ad-hoc committee has no expertise in non-profits and wants to make sure we are following the right path.

Attached is a copy of the draft letter from the attorney. Feel free to start discussing this letter or better yet reading it at your Area Service, homegroups, etc.

Someone from the ad-hoc committee will be coming around to visit your area to generate discussion on this matter and provide clarity if needed.

At this present time the attached DRAFT document is ***not*** being distributed for a vote because it is just a draft letter with suggestions and we have not formally put any procedures in place. We will keep our members up to date as we continue moving forward with the process.

In loving service,
C & P RSC, Ad-hoc Committee to Restructure Region/Corporation

**Summary of Proposed Changes to the
Structure of the
Chesapeake and Potomac Regional Convention, Inc.**

The Chesapeake and Potomac Regional Convention, Inc. (the "CPRC") has expressed an interest in restructuring the organization. The principal object of the restructuring is to link more closely together the disparate units of the Chesapeake and Potomac Region of Narcotics Anonymous (the "Region") under the Corporation as a single umbrella organization.

Currently, the Region has an amorphous structure. The only entity with a formal legal existence is the CPRC. The CPRC is also the only entity within the Region that is recognized as tax exempt by the Internal Revenue Service or the State of Maryland. Despite a mission, according to its articles of incorporation, "[t]o provide the framework within which those individuals who declare themselves as members of the fellowship of Narcotics Anonymous may promote the Narcotics Anonymous Program" (Article Third (1)), the sole function of the CPRC according to its bylaws is to sponsor, plan, and manage the convention (2.02).

Other anomalies exist. While the CPRC was apparently created as a membership organization, it currently has no members. The CPRC bylaws cede to the Chesapeake and Potomac Regional Service Committee of Narcotics Anonymous (the "Service Committee") a commanding role in developing CPRC policy, but the Service Committee has no formal relationship to the CPRC. The cession of authority by the CPRC to an entity such as the Service Committee which has not been recognized as tax exempt by the Internal Revenue Service places in jeopardy the CPRC's own tax exemption. The Chesapeake-Potomac Convention Host Committee (the "Host Committee"), the body that oversees the day-to-day planning and operation of the Convention, is intended to operate, according to the Procedures Manual for the convention, as an agent of the CPRC while serving in the potentially conflicting capacity as a subcommittee of the Service Committee.

The proposed changes are intended to bring four salient benefits. First, a better delineation of authorities among the units should help to minimize duplication of efforts and improve each unit's accountability. Second, the central place occupied by the eleven areas in the governance of the Region would be reinforced through confirmation of the role of the areas in the elections of the members of the Board of Directors of the Corporation and the members of the Service Committee. Third, a closer integration of the operations of the Corporation, the Service Committee, the Host Committee, and the areas should help to extend to the latter units the

limited liability enjoyed by the Corporation. Fourth, placing the Service and Host Committees under the aegis of the CPRC should facilitate the funding by the CPRC of the operations of both entities.

The principal features of the restructuring proposal are set forth below:

1. Making the CPRC the umbrella organization for the Region.

The purposes of the CPRC as set forth in the bylaws should be expanded beyond the sponsorship, planning, and management of the annual convention (2.02) to encompass the management, or at least the coordination, of the activities and policies for the Region. It might also be appropriate that the CPRC be renamed to a name such as the "Chesapeake and Potomac Region of Narcotics Anonymous, Inc." so as to make it clear that it is the coordinating body for the Region.

2. Improving the functioning of the CPRC Board.

The membership and operations of the Board of the CPRC should be clarified to identify not only the persons who are members of the Board but also when and how each person gets elected. Currently, the bylaws prescribe that the Board members who serve ex officio by virtue of being the President, Vice-President, Secretary, Treasurer, and Vice Treasurer (as well as Vice Secretary, if one is elected) are to be elected at the "first meeting of the Board held after each annual meeting" (4.01). Elsewhere, however, the bylaws indicate that the election of directors is to take place at the annual meeting (5.02). The bylaws prescribe an "election" for the President and Vice-President (4.01) but indicate that the Vice-President must succeed to the Presidency and the chair of the Host Committee must succeed to the Vice-Presidency (4.09). The bylaws direct that two members of the Board shall consist of persons selected by the Service Committee but do not set out when that selection is to take place (3.10). The Board has created two at-large positions, although the authority to do so is subject to some question in view of the absence from the bylaws of a provision authorizing the expansion of the board by vote of a majority of the full board. Finally, the bylaws make the current and "incoming" chairs of the Host Committee members of the Board of Directors, with the latter to be non-voting until the May Board meeting, but they do not make clear who selects the chair of the Host Committee or what becomes of the vote of the chair when the incoming chair acquires his or her vote. It should be possible for the new bylaws to eliminate any confusions and either to ratify current practices or to make any desired changes.

3. Identifying and giving authority to the areas as the members of the CPRC.

The articles appear to contemplate the existence of members (Third (b); Fifth), and the bylaws contain provisions governing the activities of members (5.10; 5.15). The bylaws recite however that the CPRC shall not have members (3.01), and the CPRC has operated without members. Given that the areas already effectively appoint a majority of the voting members of

the Board and that there is a desire to recognize the CPRC as the umbrella organization for the Region and the areas as the principal constituencies of the Region, it would make great sense to constitute the areas as the members of the CPRC. As part of this change, either the bylaws or the directors of the CPRC based upon authority given them in the bylaws, will need to prescribe the qualifications that must be met for areas to obtain and maintain their membership status and also to specify what authorities in addition to the election of directors (and Service Committee members, see below) the areas will have in the governance of the CPRC. These latter could but need not include roles in the amending of the articles and bylaws, the merger of the CPRC with other organizations, and in the dissolution of the CPRC.

4. Integrating the Service Committee into the CPRC.

Currently the Service Committee exists as an unincorporated association without recognition of tax exemption. This not only exposes the members of the Service Committee to some risk of personal liability for any liabilities of the Service Committee but also, in view of the control exercised by the Service Committee over the CPRC under the bylaws (2.02), places the tax exempt status of the CPRC in some jeopardy. Further, the influence of the Service Committee arguably runs afoul of the Maryland corporate law which requires that the board of directors of a Maryland corporation such as the CPRC have exclusive authority to manage the business and affairs of the corporation. Maryland Code, Corporations and Associations Article, Section 2-401(a). These concerns should be obviated for future activities of the CPRC and the Service Committee if the Service Committee became a committee of the CPRC and if the Service Committee at least nominally relinquished the strict control it now exercises over the CPRC. It should be possible to enable the Service Committee to function substantially in every way as it currently does, except that, instead of having what operates now as an absolute veto over the decisions of the CPRC, it would, if it determined that a proposal before the CPRC board was contrary to the spiritual traditions of the Twelve Traditions, be able to require some supermajority vote of the CPRC Board (perhaps 3/4 vote or even unanimity) in order for the proposal to be adopted. The Service Committee members would continue to be elected by the areas on the basis as at present of one Committee member per area.

5. Integrating the Host Committee into the CPRC.

According to the Convention Procedures Manual, the Host Committee is intended to operate as an "agent" of the CPRC while also serving as a subcommittee of the Service Committee. Since, as the Procedures Manual makes clear, the CPRC has the "sole authority to make all contracts, site commitments, and to establish all formal relationships with vendors and services providers" and to determine the budget for the Convention (Procedures Manual, at 1, 12), the effective control over the Host Committee's operations already resides with the CPRC and little if any change will be needed to Host Committee functioning in order to constitute the Host Committee as a committee of the CPRC. This shift should however have the salutary effect of conferring on the Host Committee the limited liability and exemption from tax enjoyed by the CPRC and formally recognizing the Host Committee's activities as functions of the Region.

*First draft presented to the C&P RSC Ad-hoc Committee
3 Letter provided on 11/10/2011 by the attorney representing CPRC
Presented to the Region for discussion on 12/10/2011*

6. Other bylaw changes

Several other bylaw changes are likely to be required to conform the bylaws to current practice or intentions. Simply as one example, the bylaws require that the Treasurer's signature appear on all CPRC checks while the Procedures Manual, presumably reflecting actual practice, permits a check to be signed by any two of five officials of whom the CPRC Treasurer is only one.

DRAFT