

BYLAWS OF TRAVEL CONSUMER RESTITUTION CORPORATION

ARTICLE I. NAME AND PRINCIPAL OFFICE

Section 1. Name. The name of this corporation shall be Travel Consumer Restitution Corporation.

Section 2. Principal Office. The principal office of the corporation shall be at Los Angeles, California or at such other place as the Board of Directors may, from time to time, designate.

Section 3. Other Offices. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places where the corporation is qualified to conduct its activities.

ARTICLE II. PURPOSES

Section 1. Nonprofit Mutual Benefit Corporation. This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law of California, pursuant to the requirement set forth in Section 17550.39 of the Business and Professions Code. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the Nonprofit Mutual Benefit Corporation Law.

Section 2. Specific Purposes. The specific purpose of this corporation is set forth in Article 2.7 of Chapter I of Part 3 of Division 7 of the Business and Professions Code, beginning with Section 17550.35.

ARTICLE III. MEMBERSHIP

The corporation shall have no members.

ARTICLE IV. DIRECTORS

Section 1. Number; Term

- (A) Subject to the limitations of these Bylaws, the Articles of Incorporation, and the laws of California, the activities and affairs of this corporation shall be exercised by or under the direction of a Board of five voting directors and one ex officio, non-voting director, as set forth in Section 17550.41 of the Business and Professions Code.
- (B) establishing a restitution fund for the payment of claims, pursuant to Section 17550.43;
- (C) billing and collecting an annual assessment from each participant (as defined in Business & Professions Code Section 17550.36), pursuant to Section 17550.44, and reporting to the Attorney General as set forth in subdivision (g) of that Section;
- (D) notifying the Attorney General to suspend registration of sellers of travel who have not paid assessments, pursuant to Section 17550.45;

- (E) bringing actions at law or in equity to recover unpaid assessments, pursuant to Section 17550.45;
- (F) providing claim forms to persons aggrieved, pursuant to Section 17550.46;
- (G) deciding on claims filed, and on requests for reconsideration, pursuant to Section 17550.47;
- (H) filing records with the clerk of the superior court pursuant to Section 17550.47;
- (I) seeking recovery for restitution paid, pursuant to Sections 17550.48 and 17550.49;
- (J) informing the Attorney General of payments made from the restitution fund, pursuant to Section 17550.49;
- (K) conducting or participating in, or appointing an accountant or other person to conduct, examinations or investigations pursuant to Section 17550.53;
- (L) maintaining an action for recovery of examination costs and expenses, pursuant to Section 17550.53;
- (M) paying costs and expenses incurred by the Department of Justice as required by Section 17550.58;
- (N) changing the principal office of the corporation in California from one location to another and designating any place in California for the holding of any meeting or meetings of the Board of Directors, including annual meetings; and
- (O) adopting, making, and using a corporate seal.

Section 3. Nomination and Election

- (A) The initial Directors shall be selected as set forth in Section 17550.41 of the Business and Professions Code.
- (B) The Directors who are participants, as defined in Section 17550.36, and who are elected to office subsequent to the initial four participant Directors shall be elected pursuant to the requirements of Section 17550.41.
- (C) Nominations for participant directors shall be solicited prior to each election by providing notice of said election to participants in the manner deemed most effective by the Board, considering the cost of such notice. Such notice may include mailing postcards to participants advising them of the election and soliciting nominations.
- (D) Participants who apply for nomination for the office of Director shall submit an application to the corporation, the contents of which shall be determined by the Board, but which must include a statement of the applicant's qualifications. The Board shall determine whether or not each applicant meets the qualifications for nomination which shall be as follows:

- (i) The nominee is, and has been for at least three years previously, the owner or manager of a travel seller that is in good standing both as a registered seller of travel and a participant in the TCRC;
- (ii) Employment as a seller of travel is the nominee's primary, full-time occupation;
- (iii) The nominee does not have a dishonorable reputation in the industry and neither his/her employment nor any other position held would present or create a conflict of interest, or the appearance thereof; and
- (iv) The nominee's application demonstrates a basic understanding of the TCRC and its purpose and the duties and responsibilities of a member of the board of directors, and an agreement to follow the requirements of the law.

Section 4. Resignation. Any Director may resign, effective immediately or at a later time specified by the Director, by a written notice to the President, the Secretary, or the Board of Directors.

Section 5. Removal. Any Director may be removed as set forth in this section or as provided by law. A Director who becomes unable to serve shall be removed by the Board pursuant to Section 17550.41, in accordance with such rules and procedures as the Board shall adopt. Any Director unable to attend a meeting of the Board shall state the reason for such absence, either orally in a meeting of the Board or in a letter addressed to the President or Secretary.

Section 6. Vacancies. Any vacancy on the Board of Directors for whatever reason may be filled by the Board by a majority of the remaining voting Directors, pursuant to the provisions of Section 7224 of the Corporations Code, or its successor.

Section 7. Fees and Compensation of Directors. Directors and members of committees shall serve without compensation for their services. The Board may adopt a rule providing for the payment of per diem expenses to directors for their participation in board meetings.

Section 8. Committees of Directors. The Board of Directors may, by resolution adopted by a majority of the number of Directors then in office, provided that a quorum is present, create one or more committees, each consisting of two or more Directors, to serve at the pleasure of the Board. Appointments to such committees shall be by a majority vote of the Directors then in office. One or more Directors may be designated as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, shall have all of the authority of the Board, except with respect to:

- (A) the amendment or repeal or adoption of Bylaws;
- (B) the amendment or repeal of any resolution of the Board which by its express term is not amendable or repeal-able;
- (C) the appointment of committees of the Board or any members of such committees;
- (D) setting assessment for operating or restitution fund; or

(E) making any determination or reconsideration of a claim.

ARTICLE V. MEETINGS

Section 1. Meeting Place and Procedures. Meetings of the Board of Directors shall be held at the principal office of the corporation or at any other place that is designated from time to time by the Board. Any meeting, regular or special, may be held without the physical presence of some or all Directors, by conference telephone or similar communications equipment, as long as all Directors participating in the meeting can hear one another.

Section 2. Annual Meeting. The Board of Directors shall hold a regular annual meeting in January, prior to the 15th day of the month, for the purposes of setting assessments and transacting any other business. Thirty-day advance written notice of this meeting shall be provided.

Section 3. Special Meetings; Notice. Regular or special notice of meetings of the Board of Directors shall be given to each Director by four (4) days' notice, provided by telephone or by delivery of written notice, by mail, in person or facsimile, at the Director's address shown on the records of the corporation. The notice need not specify the purpose of the meeting.

Section 4. Quorum. A majority of the authorized number of voting Directors is a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, except as a greater or lesser number required by law. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for the meeting.

Section 5. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice or a written consent to holding of the meeting or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporation records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed duly given to any Director who attends the meeting without protesting, before or at the commencement of the meeting, that the Director did not receive adequate notification.

Section 6. Adjournment; Notice. A majority of the Directors present, whether or not a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment shall be given before the time of the adjourned meeting to the Directors who were not present at the time of adjournment.

Section 7. Meetings and Actions of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, applicable law and the provisions of these Bylaws with such changes in the wording of these Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time of regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee; special meetings of committees may also be called by resolution of the Board of Directors; and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws. The TCRC Secretary, or other person authorized to receive claims, prior to copying, may remove claimants' personal information from claim forms and attachments. The TCRC Secretary,

or other person authorized to receive claims, may keep one non-redacted claim, with attachments. TCRC officers and directors are not relieved from existing obligations to protect consumers' privacy. In their fiduciary capacity, elected members of the Travel Consumer Restitution Corporation shall maintain all information disseminated during TCRC meetings, whether such information is written or spoken, in strict confidence. Information obtained during an elected TCRC director or officer's course of duty may be discussed between active officers, active directors, the Attorney General's Office and agents of TCRC. The fiduciary relationship is not terminated by completion of elected member's tenure on the TCRC.

Section 8. Actions without a meeting. Any member of the board of directors may request a vote on a specific resolution by e-mail sent to the e-mail address on file with the corporation for each director. The directors have seven days to vote on the resolution. Any director may request a telephone conference to discuss the resolution. In the case where such a telephone conference is requested: (1) The telephone conference shall be set by the president or secretary within seven days of the request for the conference; (2) The president or secretary shall use reasonable efforts to elicit the participation of board members; (3) The seven-day voting period is suspended and tolled until the completion of the telephone conference; (4) The resolution may be adopted by the assent of a majority of the directors then serving during the telephone conference or via email within seven days. *(Amended 06/07/2012)*

ARTICLE VI. OFFICERS

Section 1. Positions. The Officers of this corporation shall be a President, a Vice-President, a Secretary and a Treasurer. The corporation may also have, at the discretion of the Board of Directors, additional Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of this Article. Officers shall be Directors. One person may hold two or more offices except that the offices of President and Secretary may not be held by the same person.

Section 2. Election. The Officers of this corporation shall be elected by vote of the Board of Directors at a meeting held annually after the election of Directors, at such time and place as the Board designates. Officers shall take office on May 1, and shall serve for one (1) year or until their successors have been elected and installed.

Section 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause, including a vacancy in the office of President, shall be filled in the manner prescribed in the Bylaws for regular elections to such office. The Officer who is elected to fill said vacancy shall be elected to serve the remaining term of the Officer to be replaced by reason of such vacancy.

Section 4. Subordinate Officers. The Board of Directors may appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 5. Removal. Any Officer may be removed, either with or without cause, by a majority of the Directors at the time in office, at any regular or special meeting of the Board.

Section 6. Resignation. Any Officer may resign effective immediately or at a later time specified by the Officer, by a written notice to the President, the Secretary, or the Board of Directors. If the resignation is effective at a future time, a successor may be selected in advance to fill the vacancy when the resignation becomes effective. Unless otherwise specified in the resignation, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Duties. The Officers shall perform the duties prescribed by the Bylaws and by the parliamentary authority adopted by the corporation in Article XI of these Bylaws.

- (A) President. Subject to the supervisory powers of the Board of Directors and applicable law, the President shall be the general manager and chief executive officer of the corporation and shall have authority to direct and control the business and officers of the corporation. With the Board's approval, the President shall have authority to enter into any contract or execute any instrument in the name of or on behalf of the corporation. The President shall preside at all meetings of the Board of Directors and shall be an ex officio nonvoting member of all committees. The President shall have the general powers and duties of management usually vested in the office of President of a corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.
- (B) Vice President. In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or these Bylaws.
- (C) Secretary. The Secretary shall keep, or cause to be kept, a book of Minutes at the principal office or such other place as the Board of Directors may order of all meetings of the Directors, specifying the time and place of holding, the names of those present in person or by telephone at such meeting and the proceedings thereof.
- (D) Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses, including the operations account. The books of account shall at all times be open to inspection by any Director.
- (E) The Treasurer shall deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the operations account of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

ARTICLE VII. BUDGETS, ASSESSMENTS, RECORDS AND REPORTS

Section 1. Estimated Annual Operational Budget. The corporation shall prepare, prior to its fiscal year end, an estimated annual operational budget projecting the costs of operations and administration pursuant to Section 17550.43.

Section 2. Determination of Assessments. The corporation shall determine the annual assessment for the operations fund and the restitution fund no later than January 15 of each year for the next fiscal year, pursuant to Section 17550.44, and shall make emergency assessments as necessary in accordance with Section 17550.44 of the Business and Professions Code.

Section 3. Annual Report.

- (A) Not later than 120 days after the close of the fiscal year, the corporation shall prepare or cause to be prepared an annual financial report containing (i) a balance sheet as of the end of the fiscal year, (ii) an income statement for the fiscal year, (iii) a statement of changes in financial position for the fiscal year, and (iv) the information required by subsection (B) below. The report shall be accompanied by (i) any report on it by an independent accountant, or if there is no such report, (ii) the certificate of an authorized officer of the corporation that the statement was prepared without audit from books and records of the corporation.
- (B) Within 120 days after the close of the fiscal year, the corporation shall prepare a statement of any transaction with the corporation in which any Director or Officer had a direct or indirect material financial interest. Any transaction or transactions aggregating more than \$40,000 during the fiscal year, in which the same person had a direct or indirect material financial interest, shall be reported, together with (i) the name of the person interested in the transaction, (ii) the person's relationship to the corporation, (iii) the nature of the person's interest in the transaction, and (iv) where practicable, the amount of the interest (unless the transaction was with a partnership of which the person is a partner, in which case the partnership interest shall be stated). The statement shall also be briefly describe the amount and circumstances of any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director of the corporation in connection with defense of any threatened or pending legal proceeding against that Officer or Director.

Section 4. Inspection by Directors. Every Director has the absolute right at any reasonable time to inspect all books, records and documents of any kind and the physical properties of the corporation.

Section 5. Maintenance and Inspection of Record of Participants. The corporation shall keep at its principal office, or at such other place as may be designated by the Board, a record of the participants containing their names and addresses, and make available to the Attorney General or his or her designee upon request.

Section 6. Maintenance and Inspection of Articles and Bylaws. A copy of the corporation's Articles of Incorporation and Bylaws, as amended to date, shall be maintained at the principal office of the corporation or at such other place as may be designated by the Board and shall be open to inspection by any participant at all reasonable times during office hours.

Section 7. Maintenance and Inspection of Other Corporation Records. The corporation's books and records of account and minutes of the proceedings of its Board of Directors, and committees of the board shall be kept at the principal office of the corporation or at such other place as may be designated by the Board. The minutes shall be kept in written form and the books and records of accounts shall be kept either in written form or in any other form capable of being converted into written form. The minutes shall be open to inspection upon the written demand of any participant at any reasonable time during office hours, for a purpose reasonably related to the participant's interest as a participant.

Section 8. Who May Inspect. Any right of inspection by a Director or participant stated in these Bylaws includes the right to copy and to make extracts of the records inspected and to inspect in person or by agent or attorney. Any record requested for inspection shall be made available in written form, on reasonable notice if not maintained in written form.

ARTICLE VIII. FISCAL YEAR

The fiscal year shall commence on the first day of July and shall end on the thirtieth day of June each year.

ARTICLE IX. INDEMNIFICATION

Section 1. Right of Indemnity. To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that Section. "Expenses," as used in this Bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

Section 2. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met, and if so, the Board shall authorize indemnification.

Section 3. Advancement of Expenses. To the fullest extent permitted bylaw and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 1 or 2 of this Article in defending any proceeding covered by those Sections shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the corporation for those expenses.

ARTICLE X. INSURANCE

The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the corporation in all cases to which they are applicable and in which they are not inconsistent with these Bylaws, any special rules the corporation may adopt, and any statutes applicable to this corporation.

ARTICLE XI. PARLIAMENTARY AUTHORITY

The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the corporation in all cases to which they are applicable and in which they are not inconsistent with these Bylaws, any special rules the corporation may adopt, and any statutes applicable to this corporation.

ARTICLE XII. AMENDMENT OF BYLAWS

Section 1. Procedure. These Bylaws may be amended at any meeting of the Board of Directors by a majority vote; provided that a general statement of the purpose of the amendment has been submitted to the Board in writing either at the previous meeting of the Board of Directors or by mail at least thirty (30) days prior to the meeting at which the amendment is to be considered.

Section 2. Approval. Any amendments to these Bylaws shall be provided to the office of the Attorney General for approval pursuant to Section 17550.54 of the Business and Professions Code.

ARTICLE XIII. DISSOLUTION

Dissolution shall be pursuant to the provisions of the Nonprofit Mutual Benefit Corporation Law and Sections 17550.52 and 17550.57 of the Business and Professions Code. The assets held by this corporation on dissolution shall be distributed pursuant to the provisions of Section 17550.57.

(Amended 06/07/2012)

[AG office consent to amend TCRC bylaws dated 07052012.pdf](#)