



## Another History-Making SECU Election

The State Employees' Credit Union is holding another hotly contested board election. If the challengers win, the country's second-largest credit union could revert to a vanishingly rare approach to lending. by [Carli Brosseau](#) September 29, 2024

For years, North Carolina's State Employees' Credit Union [bucked financial industry trends](#) by offering all of its members the same interest rate on loans, no matter what their credit score was. Leaders of SECU, the country's second-largest credit union, viewed the policy as part of honoring their commitment to public servants and longtime motto: "Do the right thing."

Then, two years ago, amid questions from regulators about the diversity of SECU's loan portfolio and concerns that members with the best credit scores were increasingly choosing other lenders, SECU's board of directors decided to adopt the far-more-common approach. Borrowers with stellar credit ratings would pay lower interest rates, while those with blemished records or no credit history would pay higher ones.

Board members and CEO Leigh Brady said the decision was necessary to protect the institution's future and emphasized that SECU would continue to differentiate itself from banks by loaning to people with low credit scores. They [phased in](#) the new policy beginning with auto loans in March 2023. But the change set off a rebellion. Unlike banks, which are owned by shareholders, credit unions are owned by their members. Each SECU member over the age of 16 has an equal say in selecting the governing board, made up of 11 people who serve staggered three-year terms. Last year, [all three incumbents on the ballot were ousted](#), replaced by candidates critical of the shift to risk-based lending. They also opposed the end of another hallmark SECU practice that allowed members denied a loan to plead their case to a committee composed of fellow members who reviewed the loan officer's decision and could recommend changes.

Since last year's victory by the challengers, the campaign to restore SECU to the old ways hasn't let up. Four more candidates, running together with the slogan [SECU For All](#), secured spots on this year's ballot by gathering hundreds of signatures. If they beat the four incumbents whose terms are up this year, the critics of risk-based lending will have a board majority.

SECU members can [vote online through Tuesday](#), and paper ballots were also sent to members' homes. Those who attend the credit union's [annual meeting](#) October 8 in Greensboro can choose to vote in person instead.

The incumbents are [Robert Brinson](#), retired chief information officer for the N.C. Department of Public Safety and a certified public accountant; [Mark Fleming](#), retired vice president of public affairs for Blue

Cross NC; [Stelfanie Williams](#), vice president for community affairs for Duke University and Duke University Health System; and [McKinley Wooten Jr.](#), an assistant secretary of the N.C. Department of Revenue.

All four [have the endorsement of](#) the SECU board's nominating committee, which is made up of five members of the governing board and three at-large members. [State Employees Association of North Carolina](#), an [influential lobbying group](#) representing roughly 46,000 state employees and retirees, backs them too, despite [asking SECU last year to revert](#) to the old lending policy.

The challenger slate includes [Jean Blaine](#), a former teacher and community activist married to longtime SECU CEO Jim Blaine; [Susie Ford](#), a former SECU loan officer and executive in Wilson, High Point, and Williamston; [Julian Hawes](#), a retired SECU senior vice president in Goldsboro; and [Kirby Parrish](#), a retired SECU senior vice president in Garner and Raleigh.



Jean and Jim Blaine stand for a portrait outside their home in Franklinton in 2023. (Julia Wall for *The Assembly*)

They have the backing of Jim Blaine, who served as CEO from 1979 to 2016 and now [publishes a blog](#) that is often critical of recent management decisions, and his successor, Mike Lord, who was CEO from 2016 to 2021. More than 50 other former SECU executives are listed on the campaign's website as supporters.

The credit union has 2.8 million members and assets topping \$50 billion, according to its most recent quarterly [call report](#). Blaine has raised questions on his blog about why deposits have been declining and why SECU's loan-loss ratio has been higher than the industry overall.

William Hunt, an analyst with [Callahan & Associates](#), told [Business North Carolina](#) that SECU's financial report reflects an industry-wide uptick in loan problems and that the loan-loss ratio compares favorably with its peer group, credit unions with assets over \$10 billion. (SECU had referred the publication's questions to Hunt.)

Still, current CEO Brady acknowledged in an August 28 [year-in-review memo](#) that the \$209 million in earnings were significantly lower than the previous fiscal year's \$587 million. She cast that change as advantageous to members. "I'm happy to report that the lower earnings resulted in more money in the pockets of our members in the form of higher deposit rates," she wrote.

Brady touted technological improvements and board decisions to stop charging several fees. She also noted that in April the board had tweaked the tier-based pricing structure affecting auto and consumer loans—five tiers were reduced to three to ensure "fair and competitive rates for all members, while also analyzing credit risk in the current economy."

Chip Filson, one of the founders of Callahan, says this election is "the most important election affecting credit unions in over 100 years." "No other credit union, of which I am aware, has had back-to-back member voting in contested board elections," he [wrote in his blog](#).

SECU has put significant resources into advertising this year's election. For the first time, it sent paper ballots to members' homes. Its website features [videos](#) about the nominating committee and the candidates it endorsed. It also sponsored Google links to its online voting site, with headlines promoting incumbent board members by name, as well as [Facebook ads](#) asking members to "Vote today to protect SECU's competitive savings and interest rates." Other ads ask for support for "proven candidates," "trusted candidates," and "the team working to ensure SECU members keep the great service that has been a bedrock of our credit union."

The challengers have run an [active campaign on social media](#), highlighting their "Back to Basics" agenda, which includes the aim to restore more decision-making authority to SECU's local branches. The candidates and their supporters have also produced several of their own [videos](#) and published letters to the editor in news outlets across the state. There will be no freewheeling question-and-answer session at this year's annual meeting. Unlike in past years, members must submit [questions in advance](#), and time will be limited to one hour. Despite the tighter rules, the Credit Union Times [wrote Friday](#) that it expects the meeting to be "turbulent."