



Turbulent Annual Meeting Expected at Nation's Second Largest Credit Union

SECU members will vote for board incumbents and new candidates over the central issue of risk-based lending.

By [Peter Strozniak](#) | September 27, 2024 at 03:00 PM

At the nation's second largest financial cooperative, the \$56.4 billion State Employees Credit Union (SECU), a turbulent annual meeting on Oct. 8 is expected. Thousands of members are backing four board candidates against four board incumbents over the central and ongoing dispute of risk-based lending versus a single low loan interest rate the credit union has offered to all members for more than eight decades.

The outcome of the vote will likely set the future direction of the Raleigh, N.C.-based SECU with its 8,192 employees who serve more than 2.8 million members from 275 branches and 1,100 ATMs in all of North Carolina's 100 counties.

[At SECU's annual meeting last year](#), members voted for three self-nominated members to the board, which ousted three incumbents over the board of directors' highly controversial decision to implement risk-based lending instead of maintaining the 87-year policy of providing a single low loan interest rate for all member loans based on collateral or loan term.

If the four challenger candidates are elected, it is expected that those board members who oppose risk-based lending on the 11-seat board will be given a majority vote.

"My grandfather was one of the founders of the credit union, with Passbook #7. In 1937, folks were really having a hard time, with many struggling to make it paycheck to paycheck," member-nominated

board candidate Susie Ford wrote. "These gentlemen got together and formed a not-for-profit cooperative, where everyone got the same rate – everyone got the best rate. We want to restore this principle for all members."

The other member-nominated board candidates are Julian Hawes, Kirby Parrish and Jean Blaine, the latter of whom is the wife of longtime and retired SECU President/CEO Jim Blaine, who has been and continues to be a vocal critic of SECU's decisions over the last three years through his blog "Just Asking!" SECU expanded its pricing practice last year to compete across market rates for all, not just some. [SECU President/CEO Leigh Brady](#) reported during last year's annual meeting that from July 1, 2021, to June 30, 2022, SECU members borrowed \$54.3 billion, but \$41.8 billion of that \$54 billion was borrowed somewhere else other than SECU. And 70% of those borrowers were high credit tier members.



Leigh Brady

Brady said the tier-based pricing has been working, pointing out at last year's annual meeting that the average origination volume per month has increased by a total of 35.1% when compared to February 2023, which was the month prior to the tier-based pricing going live. Additionally, loans have grown by 7% from \$31.9 billion in July 2023 to \$34.2 billion in July 2024, while deposits have increased by 3%, from \$44.8 billion to \$46.8 billion in the same time frame, according to SECU.

However, loans charged off have crept higher, from 0.38% to 0.63%, though SECU noted the losses have remained under 1% and the three-month delinquency rate has increased from 0.88% to 1.13%, but the credit union also noted the delinquencies remain manageable.

Nevertheless, [Mike Lord, who served as SECU's president/CEO](#) following the retirement of Jim Blaine, wrote in a prepared statement that since the tier-based pricing has been implemented, it has adversely impacted thousands of members who have had to pay up to 4.5% higher auto loans interest rates than their fellow members.

Lord and the member-nominated board candidates he is backing argued that the new rate-setting convention discriminates against and punishes Black and young borrowers, those with no credit histories and those with marks on their credit histories due to loss of a job, divorce, bankruptcy or major medical events of family members.

He also wrote that the challenger board candidates are also concerned by the delay in raising deposit interest rates, as \$5 billion in deposits left the institution last year.

"This was the largest decline in deposits in the 87-year history of the financial cooperative," Lord wrote.

But according to NCUA financial reports, SECU's total shares and deposits dropped by \$1,589,035,632, from \$46,101,904,302 in March 2023 to \$44,512,868,572 in December 2023.

Lord also said more than 50 retired members of SECU's senior management along with many other credit union members and employees are supporting the four challenger board candidates. The members who oppose the risk-based lending policy have organized to get members to vote via their website, secuforall.com, and on social media sites. Some members have also written "letters to the editor" to at least 11 different news outlets across North Carolina to get the word out about the vote, the annual meeting and their board candidates.

More than 8,000 members signed a petition to get the four challenger board candidates on the ballot. The online voting began on Sept. 3 and ends on Oct. 1. Members who have not cast an online ballot will be allowed to vote during the Oct. 10 annual meeting at the Koury Convention Center in Greensboro. SECU also is encouraging members to vote and has been promoting its incumbent candidates on social media. The incumbents who have been recommended by the credit union's nominating committee are Robert Brinson, Mark Fleming, Stelfanie Williams and McKinley Wooten Jr.

Michael Clements was one of three elected to SECU's board during last year's annual meeting when he spoke against tier-based lending. "We prided ourselves not being like other financial institutions," he said last year. "These changes will put many of our members at a clear disadvantage. Is our new mission statement people helping high-tier people or when we say members first are we talking about a specific group of members? I ask you, are we still doing the right thing?"

But since he has been on the board for nearly a year, it appears his position has evolved. In a short video SECU posted on social media platforms, Clements said he did not like the risk-based lending policy because he was concerned it would hurt members with very low credit scores, not because they did anything wrong, but because they were just starting their career. Clements was one of those members in 1982. "Now, once I got on the board though, I got a chance to look at the whole picture, and it did change some of my thinking because my concern was, as an organization, for us to take care of our members, and my priority is I'm going to work hard to take care of our members," he said. "But to take care of our members, we've gotta take care of the organization. We've gotta make sound decisions that take care of the organization, which will allow us to take care of the members." The other two members who were elected to the board with Clements were Barbara Perkins and Chuck Stone.

SECU also posted short videos of three of the incumbent board members, Robert Brinson, Stelfanie Williams and McKinley Wooten Jr., who spoke about their positive experiences being a credit union member. They also talked about how they work on the board to create and deliver products and services for every member at whatever stage in life they are in.

However, they did not express their views on risk-based lending.