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4	IN THE CIRCUIT COURT	OF THE STATE OF OREGON
5	FOR THE COUNTY OF MULTNOMAH	
6	SCOTT FORRESTER AND MICHAEL) PAPADOPOULOS,)	
7	Plaintiffs,)	Case No. 0902-02464
8	v.)	DEFENDANT'S MOTION FOR SUMMARY JUDGMENT AND
9	THE KBOO FOUNDATION, ET AL.,	SUPPORTING MEMORANDUM OF LAW
10	Defendants.	
11	, ,	
12	DEFENDANT'S REQUEST FOR ORAL ARGUMENT	
13	Defendants request oral argument on this motion and estimate that 30 minutes are	
14	necessary for argument. Defendants request court reporting services.	
15	DEFENDANT'S MOTION FOR SUMMARY JUDGMENT	
16	Pursuant to ORCP 47, defendants move for summary judgment against plaintiffs Claims	
17	for Relief. As discussed below there are no genuine material issues of fact and, as a matter of	
18	law, plaintiffs are not entitled to the relief they are requesting from the court.	
19	PLAINTIFFS MEMORANDUM OF LAW IN SUPPORT OF THEIR MOTION FOR SUMMARY JUDGMENT	
20	Of THEIR MOTION I	OK SOMMAKT JODOMENT
21	I. BACKGROUND	
22	Plaintiffs are members of The KBOO F	Foundation. Plaintiff Forrester was a director of
23	KBOO for a few months as alleged in paragraph 8 of plaintiffs' Amended Complaint. Mr.	
24	Forrester sent an email to KBOO's station manager announcing his candidacy for re-election to	
25	the KBOO Board of Directors and made a request for KBOO's membership list on November	
26	30, 2008, ten months before the annual membership meeting at which the election was to be	

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held. Pratt Declaration, Exhibit 1. KBOO did not provide the membership list to Mr. Forrester in response to this request.

Mr. Papadopoulos made several written requests for KBOO's membership list, starting in October 2008. On December 12, 2008, he sent his final request. In each request, Mr. Papadopoulos stated that he intended to use the list to conduct his own fundraising campaign. The final request also included three other purposes. KBOO did not provide the membership list to Mr. Papadopoulos in response to this request.

Plaintiffs filed this lawsuit in February 2009. Their original Complaint included numerous claims that have been removed from their Amended Complaint. In late December, defendants' counsel consented to allow plaintiffs' counsel to amend the Amended Complaint. The text of plaintiffs' counsel's email request to amend, to which defendants' counsel consented, is:

I am writing as a follow-up to our recent phone conversation earlier this week in the above referenced matter to confirm that the Defendants have no objection, and will agree to stipulate to Plainitffs amending their First Amended Complaint in the above referenced action as follows:

- (1) On Plaintiffs' Second Claim For Relief, amending paragraph 17 to replace the reference to "August 5, 2009" with the correct date of November 30, 2008, and by deleting the two subsequent references to membership list requests by Plaintiff Forrester of September 2008 and August 26, 2009 on on lines 10-14 of that paragraph.
- (2) On Plaintiffs' Third Claim For Relief, amending paragraph 21 by deleting the reference to Plainitff' Papadopoulos's "demand of August 5, 2009" on line 9 of this paragraph.

These revisions have the effect of restricting plaintiffs' claims to KBOO's refusal to provide the membership list to plaintiffs pursuant to Mr. Forrester's request on November 30, 2008 and Mr. Papadopoulos' request on December 12, 2008. Defendants have not yet been served with a second amended Complaint with these revisions. These revisions were verified by counsel immediately prior to Mr. Forrester's deposition. Pratt Declaration, Exhibit 9. Plaintiffs' depositions proceeded on the basis that those amendments would be made and the claims would be so limited. The argument below is presented on that basis.

II. STANDARDS FOR SUMMARY JUDGMENT

On review of a summary judgment motion, a court must view the facts and all reasonable inferences that may be drawn from the facts in the light most favorable to the nonmoving party. Jones v. General Motors Corp., 325 Or. 404, 408, 939 P2d 608 (1997).

The court should review the record to determine whether a genuine issue exists as to any material fact and whether the moving party is entitled to judgment as a matter of law. ORCP 47 C; *Jones*, 325 Or at 413-14.

ORCP 47C provides in pertinent part:

"... The court shall grant the motion if the pleadings, depositions, affidavits, declarations and admissions on file show that there is no genuine issue as to any material fact and that the moving party is entitled to prevail as a matter of law. No genuine issue as to a material fact exists if, based upon the record before the court viewed in a manner most favorable to the adverse party, no objectively reasonable juror could return a verdict for the adverse party on the matter that is the subject of the motion for summary judgment. The adverse party has the burden of producing evidence on any issue raised in the motion as to which the adverse party would have the burden of persuasion at trial. The adverse party may satisfy the burden of producing evidence with an affidavit or a declaration under section E of this rule. A summary judgment, interlocutory in character, may be rendered on the issue of liability alone although there is a genuine issue as to the amount of damages."

The Oregon Supreme Court, in *Jones, supra*, added:

The phrase "no objectively reasonable juror could return a verdict for the adverse party" also is new to ORCP 47 C, but, like the other phrases already discussed, the concept that that phrase embodies is a familiar one. In Seeborg v. General Motors Corporation, 284 Or. 695, 700-01, 588 P2d 1100 (1978), this court held that a court may allow a summary judgment motion, due to the absence of a genuine issue as to any material fact for trial, if the record fails to show the existence of a "triable issue," that is, sufficient evidence to entitle a party to a jury determination . . . "

325 Or at 413

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III. ARGUMENT

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A. Second Claim for Relief

Plaintiffs' Second Claim for Relief is very narrow. Plaintiffs allege that Mr. Forrester made a proper request for a copy of KBOO's membership list and that KBOO did not provide the list as required by law.

The legal issues involved in plaintiffs' Second Claim are also very narrow. The only questions involved are whether Mr. Forrester made a proper request to inspect and copy the membership list as required by ORS 65.774 and whether KBOO was legally required to allow Mr. Forrester to inspect and copy that list.

Mr. Forrester made his request by email on November 30, 2008. A copy of that email is attached to Scott O. Pratt's Declaration as Exhibit 1. KBOO did not provide the membership list to Mr. Forrester in response to this request.

A nonprofit corporation must give its members the opportunity to inspect and copy the corporation's membership list if the member makes a written demand and that demand complies with ORS 65.774(3). ORS 65.774(3)(a) required Mr. Forrester to state a proper purpose for which he was requesting the membership list. Mr. Forrester's stated purpose was to use the membership list to communicate with other members in his campaign for re-election to the KBOO Board of Directors. The election was not to be held for 10 months, as stated in Mr. Forrester's email (Pratt Declaration, Exhibit 1). Mr. Forrester's reliance on ORS 65.774 is not well-taken. Instead, Mr. Forrester's request for the membership list is governed by ORS 65.224 because his purpose was to communicate with KBOO's members concerning a membership meeting.

In a nonprofit corporation with members entitled to vote for directors, such as KBOO, the members elect the directors at the annual meeting of members. ORS 65.311(1). The requirements that apply to a member's access to the membership list prior to a membership meeting for purposes of communicating with other members concerning the meeting are

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specifically described in ORS 65.224(2). The list is not required to be available for inspection until 2 business days after notice of the meeting is given. The nonprofit organization does not have to deliver the list to the member. Rather, the list has to be made available for inspection at the corporation's principal office and the corporation must provide the member with the opportunity to copy the list at reasonable times at the member's expense.

In the present case, notice of the annual meeting at which directors would next be elected had not been given on November 30, 2008, when Mr. Forrester made his request for the list. Notice of that meeting would not be given for almost nine months. Davis Declaration, Paragraph 3. Mr. Forrester's only stated purpose was to communicate with other members about his re-election at the next annual membership meeting to be held in September 2009. His request was substantially premature.

Plaintiffs' counsel has argued that a member can request the membership list for the purpose of communicating with members about a meeting under ORS 65.774 as well as ORS 65.224. Such an interpretation of ORS 65.774 would violate a basic premise of statutory interpretation. Specific provisions control over general provisions. *Safeway Stores, Inc. v. State Board of Agriculture,* 198 Or. 43, 255 P.2d 564, 567 (1953); *State v. Wagner,* 305 Or. 115, 752 P.2d 1136 (1988).

ORS 65.224 is entitled, "Members' List for Meeting; Attorneys Fees." It provides specific guidance about members' access to the membership list, and no other corporate record, for purposes of communicating with other members about a membership meeting. Subparagraph 1 mandates that the corporation prepare a list of the names, addresses and membership dates. The corporation has a continuing duty to maintain a current list of members entitled to vote that are not on the main list. Under subparagraph 2, the list must be available for inspection by a member for one specific purpose, the purpose of communicating with other members about the meeting. The list must be available for inspection beginning no later than two days after notice of the meeting is given continuing through the date of the

meeting. Since notice must be given at least 30 but no more than 60 days prior to the meeting, ORS 65.214(3)(b), the membership list is available to the members for this specific purpose for a limited time prior to the meeting.

In contrast, ORS 65.774 sets general standards for a member's access to a variety of corporate records. Subparagraph 3 states that the written notice requesting the right to inspect and copy the records must include some general information, such a reasonably particular statement of the records demanded and the member's purpose. The purpose must be proper, the request must be made in good faith and the records must be directly connected to the stated purpose. The terms "proper purpose", "good faith", "reasonable particularity" and "directly connected" are not defined or described in any manner.

Unlike ORS 65.224, which requires the membership list to be available for inspection and copying during reasonable times at a specific place, the corporation is given five days to comply with a written demand made under the general provisions of ORS 65.774.

Presumably, this distinction is due to the fact that the corporation has an affirmative duty to keep the membership list available at all times for member meeting communications but will have to compile records requested under ORS 65.774.

Another distinction between ORS 65.224 and 65.774 is that the membership dates do not have to be provided under the general statute. ORS 65.771(3) only requires that members' names and addresses be maintained and that is the only membership information that is available in a request made under ORS 65.774(2).

ORS 65.774(4)(a) also shows that this statute is controlled by the specific provisions of ORS 65.224. ORS 65.774 does not affect a member's inspection rights under ORS 65.224. Member's rights and the corporation's obligations relating to membership list access for the purpose of communicating with other members about a membership meeting are governed by ORS 65.224, not ORS 65.774.

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There are good policy reasons to restrict access to the membership list for the purpose of communicating with other members about a membership meeting. Members may take action at a membership meeting. ORS 65.201(4)(b). Only members of record may vote at a membership meeting. ORS 65.211. The record date for members entitled to vote at a meeting is determined by the corporation's Bylaws. In this case, the Bylaws provide that the record date is the day before the first notice of the meeting is given. Pratt Declaration, Exhibit 2. The membership can change substantially in the months prior to the record date. Davis Declaration, Paragraph 4. A list of members ten months prior to the membership meeting will include many people who will not be members on the record date and therefore not entitled to vote at the membership meeting. That list will not include many people who will be members of record and therefore entitled to vote at the meeting. Therefore, communications about actions that may be taken at the membership meeting will not be properly directed to members of record entitled to vote at the meeting.

A nonprofit organization also has a significant interest in maintaining the privacy of its members and protecting them from unwanted communications. KBOO members are KBOO's primary source of revenue. Davis Declaration, Paragraph 5. Numerous unwanted communications from other members create the risk of alienating members, thereby causing them to terminate their memberships and depriving KBOO of funds. Davis Declaration, Paragraph 5. Therefore, ORS 65.224 restricts such communications to the one to two month period prior to the membership meeting, a period when members will be expecting to receive communications about the meeting.

Mr. Forrester requested KBOO's membership list for the purpose of communicating with other KBOO members about the election at the membership meeting to be held ten months after his request. Access to the membership list for this purpose is governed by ORS 65.224. A member does not have the right to inspect and copy the list until two days after notice of the

meeting is given. Mr. Forrester's request was made long before that date. Therefore, KBOO acted properly in withholding the membership list.

B. Third Claim for Relief

Mr. Papadopoulos asserts that he was entitled to a copy of KBOO's membership list based on a request he made on December 12, 2008. Mr. Papadopoulos made this request by email to the KBOO Board of Directors. A copy of that email is attached to the Pratt Declaration as Exhibit 3. Mr. Papadopoulos stated four purposes in his email request. The first purpose is titled "Second Amended Request". Mr. Papadopoulos titled it as such because he had made two prior mail requests stating essentially that same purpose. The first mail request was dated November 12, 2008. Pratt Declaration, Exhibit 4. The second mail request was dated November 22, 2008 and was titled "Amended Request". Pratt Declaration, Exhibit 5. Mr. Papadopoulos also had an email exchange with KBOO staff in October 2008 making the same request for the same purpose but he apparently didn't consider that a formal request in compliance with ORS Chapter 65. Pratt Declaration, Exhibit 6.

In his earlier requests and the Second Amended Request contained in his December 12 email, Mr. Papadopoulos stated that his purpose was to conduct his own fundraising campaign using KBOO's membership list. Mr. Papadopoulos apparently concedes that the purpose stated in the earlier requests for the membership list were not for proper purposes. His amended Complaint does not include an allegation that KBOO violated its obligations by refusing to provide him with the list for the purpose of allowing him to conduct his own fundraising campaign.

Mr. Papadopoulos' Third Claim for Relief fails as a matter of law for two reasons. First, in each of his "Requests", Mr. Papadopoulos requested an electronic copy of the membership list. Neither state law nor KBOO's Bylaws require that KBOO provide an electronic copy of the list. ORS 65.771 describes the records that a nonprofit corporation must maintain and specifically states that a nonprofit corporation, "shall maintain its records in written form or in

another form capable of conversion into written form within a reasonable time." ORS 65.771(4). ORS 65.774 describes the standards under which a member can inspect and copy the records described in ORS 65.771. A member has a right to obtain only a written copy of the records because the member can only obtain the records described in ORS 65.771 and subparagraph 4 of that statute requires the corporation to maintain those records in written form or a form readily convertible to written form.

Further, a member does not have the right to compel the corporation to deliver records to the member. Rather, the member's right is to inspect and copy the records at a reasonable time and place specified by the nonprofit corporation. ORS 65.774. This supports the conclusion that a member can only obtain a written copy of the records, not an electronic copy. A right to inspect and copy necessarily implies that a member can see a written version of a record, not an electronic version. The right of the corporation to set a reasonable time and place also implies that it must provide a written version but not an electronic version. There is no need to set a time and place if the corporation has to provide an electronic version of the list.

There are good policy reasons to prohibit a member from obtaining an electronic version of records. If a member could inspect and copy an electronic version of the records, particularly the membership list, there is a substantial risk that a sophisticated computer user could obtain far more information than the name and address of members provided by ORS 65.771(3). By limiting the member to a written copy of the list, the member can verify and obtain the other members' names and addresses but cannot obtain other member information maintained by the corporation, such as telephone numbers, contribution dates and amounts, employment or any other information that a nonprofit corporation finds helpful to include in its membership database.

Another problem with Mr. Papadopoulos' December 12 demand is that he was asking KBOO to provide him with member information that KBOO is not required to provide. A

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nonprofit corporation is only required to maintain the names and addresses of members under ORS 65.771(3). Mr. Papadopoulos' various demands for the membership list indicated that he intended to send email solicitations to other members. Obviously, he was not asking to inspect and copy only the names and addresses of the members. He was asking for a list of the email addresses of the members. The applicable statutes do not require KBOO to provide this information. KBOO therefore properly denied Mr. Papadopoulos' demand for the membership list.

The second reason that Mr. Papadopoulos' December 12 demand fails is because he did not request the membership list for a proper purpose. Mr. Papadopoulos' written demand starts by describing KBOO's response to his earlier written demands for the membership list, demands that stated only one purpose; Mr. Papadopoulos' intent to use the membership list to conduct his own fundraising campaign independent of any control by KBOO or coordination with KBOO's solicitation plans and strategies. His demand then contends that the station manager's previous refusals to provide him with the list for that purpose were illegal and that any director who supported that position was acting illegally. Mr. Papadopoulos reiterates his demand that he be provided an electronic copy of the list for the purpose of conducting his solo fundraising activities. Only after restating this purpose and his opinion that a denial of that purpose was illegal, an opinion that he apparently does not now hold, does Mr. Papadopoulos state the purposes that he now claims were improperly denied.

After his November 12 request to obtain membership information for his own fundraising purposes, KBOO provided a detailed explanation of the reasons for its refusal and suggested another method by which Mr. Papadopoulos could achieve his goal in concert with KBOO staff. Pratt Declaration, Exhibit 7. Mr. Papadopoulos refused to accept that explanation and reiterated the same request on November 22. KBOO's manager again refused to provide the list, referencing the prior explanation, Pratt Declaration, Exhibit 8.

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Again, Mr. Papadopoulos would not accept an explanation that was both reasonable and legal. Instead, Mr. Papadopoulos made his email demand on December 12. Given this history and Mr. Papadopoulos' statements in the December 12 demand that he continued to believe he had a right to use KBOO's membership list for his own fundraising purposes, KBOO had no assurances that Mr. Papadopoulos would not use the list for fundraising.

KBOO rejected Mr. Papadopoulos' December 12 because it concluded that he still intended to use the membership list for the improper purpose of fundraising. Davis Declaration, Paragraph 7. KBOO was entitled to reject this demand because the other purposes listed in the demand appeared to be nothing more than an attempt to state proper purposes so that Mr. Papadopoulos could obtain the membership list for an improper purpose.

The purposes stated in the three "Supplementary Requests" included in Mr. Papadopoulos' December 12 demand are also improper. Mr. Papadopoulos is asking that he be provided with KBOO resources so he can take action against the Board of Directors. He wants to take action against Board and staff because they are refusing his demand that he be provided with the list to use for an improper purpose. While the nonprofit statutes allow a certain number of members to take such actions, nothing in those statutes requires the corporation to provide a member with its resources to contact other members for those purposes.

For instance, ORS 65.174 allows 20 members to bring a derivative lawsuit. ORS 65.204 allows members constituting at least 5% of the voting power to call a special membership meeting. In neither case does the statute state that the nonprofit corporation must provide a member with membership information so that the member can recruit others for these purposes. These are not proper purposes to inspect and copy the membership list because these purposes are clearly to take action contrary to the desires of the corporation's governing body, its Board. (ORS 65.301 states that the Board exercises all corporate

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powers.) If a nonprofit Board is taking action that contravenes the desires of a significant number of its members, it will not be difficult to find the necessary number of members to join in these actions. A sole member should not have access to the membership list for the purpose of stirring up discontent among the members. There should be a high bar before members can take action contrary to the governing body and the governing body should not be compelled to make it easier for a single member to recruit others to take such action.

Mr. Papadopoulos' Third Claim for Relief should be dismissed because he did not make a proper demand for the membership list. He did not ask to be provided with a reasonable opportunity to inspect and copy a written version of the list. He asked for an electronic copy of the list to be delivered to him

C. First Claim for Relief

Plaintiffs' First Claim for Relief is titled a derivative action by Mr. Forrester as a director of KBOO. As stated in paragraph 8 of the Amended Complaint, Mr. Forrester is no longer a director and therefore doesn't have standing to bring a derivative action.

The derivative action claims that the improper actions by the KBOO Foundation and its Board are the same actions claimed to be improper in the Second and Third Claims for Relief. Plaintiffs ask for the same relief for their First Claim as for their Second and Third Claims. The First Claim for Relief fails for the same reasons that the other two claims fail as described above.

A derivative action is not appropriate in this case even if the underlying claims were valid. A "derivative action" or "derivative suit" is "a suit by a beneficiary of a fiduciary to enforce a right belonging to the fiduciary; esp., a suit asserted by a shareholder on the corporation's behalf against a third party (usu. a corporate officer) because of the corporation's failure to take some action against the third party." Black's Law Dictionary, 7th Ed. (1999). "A derivative action is a suit by a shareholder to enforce a corporate cause of action. The corporation is a necessary party to the suit. And the relief which is granted is a

judgment against a third person in favor of the corporation." *Price v. Gurney*, 324 U.S. 100, 105, 65 S.Ct. 513 (1945).

Plaintiffs have not filed a derivative suit. Plaintiffs do not allege that the corporation has a claim against third parties that the Board has improperly failed to pursue. Rather, plaintiffs have alleged that their statutory rights have been violated by the corporation. The prayer for relief illustrates this problem. Plaintiffs seek declaratory and injunctive relief only against KBOO, and not against any individual defendant. The relief sought is not on behalf of the KBOO Foundation itself but on behalf of the plaintiffs. KBOO is not harmed by its refusal to provide plaintiffs with the membership list. Only the individual plaintiffs can claim such harm.

Whether an individual may pursue a derivative claim due to a third party's breach of a duty owed to a corporation depends on whether the damages suffered by the individual are distinct from, rather than derivative of, the damages claimed by the corporation. *Hampton Tree Farms, Inc. v. Jewett*, 125 Or. App. 178, 193 (1994). Plaintiffs have not alleged that they have suffered injury derivative of an injury suffered by the corporation. In fact, they have not alleged that the corporation has suffered any injury. Plaintiffs have alleged that they have suffered injury due to statutory breaches by the corporation. This is a direct action against the corporation. It is not a derivative action of the corporation against third parties.

The individual defendants should be dismissed from this case. Plaintiffs have not alleged that they have a claim directly against the individual defendants. They have not alleged that the corporation has a claim against the individual defendants. Plaintiffs have not asked for any relief against the individual defendants. The individual defendants are therefore improper parties to this action.

IV. CONCLUSION.

This court should grant summary judgment because there is no genuine issue as to any material fact and the plaintiffs are entitled to judgment on defendants' counterclaims as a matter of law. There is no legal basis for a derivative action and there is no legal basis for an action against the individual defendants. The individual defendants and the First Claim for Relief should be dismissed for these reasons.

Mr. Forrester's Second Claim for Relief also fails as a matter of law. He requested the membership list for the purpose of communicating with other members about the annual membership meeting to be held ten months after his request. ORS 65.224 governs requests for the membership list made for this purpose. The membership list does not have to be available for this purpose until two days following the date that notice of the membership meeting is given. Mr. Forrester's request was made long before the date on which KBOO was required to make the membership list available for inspection and copying for this purpose.

Mr. Papadopoulos' Third Claim for Relief did not state a proper purpose. He continued to request the list for the improper purpose of conducting his own fundraising campaign. He had repeatedly requested the membership list for this purpose and he had continually asserted that KBOO was not entitled to reject his request based made for this purpose. KBOO's station manager rightfully concluded that Mr. Papadopoulos would use the list for this purpose.

The other three purposes stated in Mr. Papadopoulos' December 12 demand are improper in their own right because they are made for the purpose of contacting other KBOO members so as to express his discontent to them and attempt to stir up a similar discontent among the members. Such an action creates a substantial risk that the corporation will lose members and revenue and its ability to carry out its public benefit purposes will be seriously impaired. In this case, there is the additional factor that the other three purposes stated by Mr. Papadopoulos appeared to be little more than cover for the improper purpose of fundraising.

1	There are no genuine issues of material fact regarding any of the three Claims for Relief
2	alleged by plaintiffs. Therefore, Summary Judgment dismissing those claims with prejudice is
3	appropriate and should be granted.
4	Dated February 18, 2010.
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7	By Seeth O. Prott
8	Scott O. Pratt Attorney for Defendants
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