



McKEAN & PARK

LAWYERS

Incorporated Rotary Clubs – the Problem and the Solution

Who Wants to Sue Rotary?

Someone who is:

- injured by a Rotarian acting as a Rotarian
- injured at a Rotary function
- injured by a Rotary project
- injured on Rotary occupied land
- ill from food/drink supplied at a Rotary function
- an employee of Rotary
- a child under Rotary's care
- a volunteer assisting Rotary
- any of the above at a function Rotary "adopts"

and the list is not exhaustive

Can a claim against Rotary cause expense?

Any claim against Rotary can cause expense even though:

- the claim is unsuccessful
- Rotary isn't primarily liable
- Rotary is insured
- the claim is made many years after the event; or
- the claim is dubious

How can Rotarians be protected?

To protect Rotarians from personal liability, because they are Rotarians, requires incorporation which provides a protective shield. It protects members from personal liability for Rotary debts unless they accept that liability. It does this by creating a separate legal "person" as distinct from the humans who are its members and who could be liable for its debts if it were unincorporated. Of course, incorporation isn't the only protection, a full insurance cover is also essential.

How can the Protective Shield be Weakened?

The protection of incorporation is eroded if the Club breaches the Act's requirement, ignores the Act's requirements, acts outside the scope of its authority or "misrepresents" itself to others by allowing conflicts to exist between its "published" and "actual" rules.

What Penalties May Follow?

Public Officers and Club Officers can incur financial penalties of up to \$6,000.00. Prior convictions are recorded and convictions can affect the right to hold corporate or other office. In addition, Rotary is exposed to adverse publicity.

What are the problems with present rules?

Because Rotary is unique its Constitution/Bylaws do not constitute acceptable Rules under state law. They are not a single document and do not comply with State laws. "Published" and "actual" Rules differ and there are frequent discrepancies. In addition, RI rightly insists upon having the sole right to amend Club Constitutions. Except for 2 minor exceptions Clubs have no right to alter their constitutions. They do not even have the right to ratify RI amendments to it.

What is the solution?

Key-holed legal surgery is needed to provide a single document complying with state law and resolving all existing discrepancies. It needs to be drafted to enable future RI amendments to be made directly by RI's Council on Legislation and with a system to facilitate RI amendments and remove future discrepancies.