

June 10, 2025

## ***A Letter to the Members of AzSEA about the Proposed Revision of the Bylaws***

Dear Friends:

A year ago, the Arizona Society of Enrolled Agents was facing an existential decision whether to become a “more independent” Affiliate of the National Association of Enrolled Agents, or vote to relinquish our Affiliate status and possibly become a state “Chapter” of the National Association. We voted at our Annual Meeting in June, 2024, and the decision was unanimous to retain our own Affiliate status.

During the last few months of 2024, a small task force began a review of the existing Bylaws of the Arizona Society of Enrolled Agents, Inc, and found a number of items to revise. Some changes focused on removing references to the National Association of Enrolled Agents, especially with respect to the prior requirement that a person had to be a member of NAEA to be a member of the State Society. The Bylaws task force also reviewed and recommended a significant change in the “dissolution” clause, which will be discussed later in this letter.

At a Society Board meeting in January, the members of the Board were generally supportive of the proposed changes. There was interest in having the general membership vote on the proposed revision. I had some concern, based on a provision in both the current Bylaws and the proposed revision, Article 3.06 Interpretation, which states:

*“... These Bylaws are subject to the Arizona Nonprofit Corporation Act and must be interpreted so as to conform to the Act, as it is interpreted and amended from time to time.”*

In the 25 years that I have been active in the Arizona Society of Enrolled Agents, I cannot recall any instances where the Society has had the Bylaws reviewed by an attorney for legal substantive integrity and/or conformity with the Arizona Nonprofit Corporation Act.

Another issue of concern involved the organizational beginnings of our Arizona Society of Enrolled Agents, Inc. In my review of organizational documents on record with the Arizona Corporation Commission, I found a muddled situation. Since Bylaws should reflect and support the Articles of Incorporation, and since the Articles of Incorporation should also be in compliance with the Arizona Nonprofit Corporation Act, I sensed that legal guidance was needed here as well. An overview of the organizational beginnings of AzSEA is provided near the end of this letter.

At the January Board meeting, the Board authorized funds to seek legal guidance on these issues. In June, 2024, when AzSEA was approaching its vote on whether to retain its Arizona corporate status as a “more independent” Affiliate, we retained Attorney Brandon Kavanagh, at the firm of Mangum, Wall, Stoops & Warden, PLLC in Flagstaff. We returned to him for guidance on these Bylaws.

The following highlights identify provisions of the **current** Bylaws (2019/2023) that were changed:

- **Article 1.01:** The revised Bylaws correct the incorporation date to August 20, 1979, which was the date of incorporation of **Enrolled Agents Practicing in Arizona, Inc.**, as well as the date of approval by the Arizona Corporation Commission. On January 7, 1993, the Enrolled Agents Practicing in Arizona, Inc. filed a Change of Name, to **Arizona Society of Enrolled Agents, Inc.** (*See additional information at end of this letter*).
- **Article 1.03:** The revised Bylaws change the location of the principal office from “Phoenix, Arizona” to “Arizona”.
- **Article 1.04:** The “Purposes” remain pretty much unchanged, with the exception of the addition of the term “*relevant*” in paragraphs **d** and **e**, and in paragraph **g**, noting that regional organizations may be those within Arizona, or outside of the state.
- **Article 2.01:** The revised Bylaws note a more current version of the mission statement, and also adds the current vision statement.
- **Article 3.01:** The reference to NAEA as the “Association” in the current Bylaws is replaced by 3.01, “Society”, referring to AzSEA.

- **Article 3.06:** The proposed revision removes the last sentence in the current Bylaws, which states “...*They are also subject to the bylaws of NAEA.*”
- **Article 4.01:** The revised Bylaws adds a sentence stating that Membership is limited to those persons recognized by the Department of the Treasury, Internal Revenue Service, as Enrolled Agents in good standing. ***Significantly, the new Bylaws eliminate the prior requirement that Members must maintain membership in NAEA and the State society.***
- **Article 4.02:** The “Dual State Affiliate” provision is eliminated in the new bylaws, and does not appear in the new Bylaws.
- **Article 4.03:** References to “*NAEA Bylaws*” are eliminated.
- **Article 4.05:** The “***NAEA Rules***” Article in the current Bylaws is eliminated in its entirety.
- **Article 4.06:** References to “*NAEA guidelines*” in the current Bylaws are eliminated, and not reflected in the new Article 4.05 in the proposed revisions.
- **Article 4.13:** In the current Bylaws, this article deals with “*Status with Internal Revenue Service*”. This entire article in the current Bylaws is eliminated, since the new Article 4.01 requires that Membership in the Society be limited to Enrolled Agents *who are in good standing* with Internal Revenue Service.
- **Article 4.15:** Language in the current Bylaws, referring to *NAEA Bylaws* and/or *NAEA*, are eliminated, and does not appear in new Article 4.14 of the proposed revisions.
- **Article 4.16:** In the current Bylaws, this article relates to *Termination of Member or Associate status*. All references to *NAEA* in the current bylaws are absent in the new Bylaws in Article 4.15. In the current Bylaws, Article 4.16, paragraphs **e** and **f** relate to Membership termination in instances of deleterious conduct. In the proposed new Bylaws, the provisions of paragraph **e** are now reflected in a new Article 4.16, and the provisions of paragraph **f** are accounted for in new paragraph **e** in Article 4.15 of the revised Bylaws.
- **Article 4.17:** The Article continues in the proposed new Bylaws. Paragraph **a** addresses requests for reconsideration by an individual whose membership was terminated due to a finding of deleterious

conduct. There are some minor changes, and an attempt to make the process more standardized.

- **Article 5.01:** The current version of this article is changed to eliminate references to NAEA and NAEA Bylaws.
- **Article 6.01:** The current Bylaws sets the number of at-large directors at a minimum of six and a maximum of nine. The proposed revised Bylaws reduces the minimum to three at-large directors.
- **Article 6.02(b):** The last sentence in the current Bylaws in this article is eliminated.
- **Article 6.03(b):** The current Bylaws are changed by adding a provision to leave the office of Vice-President vacant in the event that a Vice-President is not elected at the Annual Meeting, but also to allow the Board to elect a Director to serve, on an ad-hoc basis, as Vice-President when such need arises.
- **Article 6.06:** This article relates to Society Records, and the requirement of an Officer, Director and/or committee member to relinquish such records at the time they leave their position. The current Bylaws refer to such records as “Turnover Books”. The proposed revision eliminates the reference to “Turnover Books” and instead calls them “Society Records”. In the revised Bylaws, this section is now listed as Article 6.07.
- **Articles 7.01, 7.02 and 7.03:** These articles relate to Membership Meetings. The first three provisions listed here have only minor changes.
- **Article 7.04:** In the current Bylaws, this Article refers to Quorum requirements. The proposed revisions do not change 7.04(a) Annual Meeting. For 7.04(b), Special Meetings, the 20% of Membership threshold is retained, but the “Attendance” provisions are now separately stated in new Bylaw 7.04(c), Attendance, which affects both Annual and Special Meetings.
- **Article 7.05:** The Voting requirements, which are described in the current Bylaws, are significantly clarified and streamlined in the Bylaw 7.05 (a).
- **Article 8.01:** Reduces the number of Board members needed to call a meeting of the Board from seven to five.

- **Article 8.02:** President can determine time and place for Board meetings, subject to majority vote of the Board.
- **Article 13.01: Dissolution**  
A more significant change involves the “Dissolution” clause in Article XIII. In the current Bylaws (as of June, 2023), in the event of dissolution, “...*Any funds remaining after payment of all debts and obligations shall be distributed to one or more regularly organized and qualified charitable, educational, scientific or philanthropic organizations exempt from taxation under Section 501 of the Internal Revenue Code.*”

The proposed revision changes the language slightly, to “*one or more regularly organized and qualified charitable organizations exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.*”, **but also adds** “*Alternatively, the Board may choose to distribute part or all of the funds remaining to an organization exempt under **501(c)(6)** of the Internal Revenue Code, whose purpose or mission is similar to the Society.*” In the new Bylaws as in the old, the AzSEA Board of Directors has the power to designate which organizations would receive Society funds following dissolution. The addition of 501(c)(6) affords much greater flexibility in the event of a voluntary termination of the AZSEA organization. The Board at that time could decide to disburse part or all of remaining funds to groups such as AFIT, AAATP, NATP, AZ Society of CPAs, Tax Section of the Arizona Bar or NAEA. Allowing the AzSEA Board to consider donating a portion of the funds to NAEA could provide a strong negotiating point with the goal of establishing an Arizona Chapter with NAEA, while still having access to some of the donated funds. Good work for EAs could continue.

In requesting Attorney Kavanagh to review our proposed Bylaw changes, I had also asked him to address a number of related issues:

- To identify the correct initial organization from which the current Arizona Society of Enrolled Agents, Inc is based. *The corporate entity from which AzSEA originates was **Enrolled Agents Practicing in Arizona, Inc**, which was incorporated in August, 1979.*
- To assess the impact of the earlier incorporation, in October, 1978, of the **Arizona Society of Enrolled Agents, Inc.**, and the subsequent revocation in January, 1981, of its corporate status by the Arizona Corporation Commission, due to failure to file its Annual Report.
- To assess the impact of a name change in 1993 by the Enrolled Agents Practicing in Arizona, Inc., to Arizona Society of Enrolled Agents, Inc. *Mr. Kavanagh said that since the corporate charter of the original Arizona Society of Enrolled Agents, Inc was revoked in 1981, anyone could claim its name.*
- To confirm that the Articles of Incorporation filed by the Enrolled Agents Practicing in Arizona, Inc. in 1979 are in fact the legal organizing documents for our current Arizona Society of Enrolled Agents, Inc. *These Articles of Incorporation appear to be the initial organizing documents for our current State Society.*
- To confirm whether the proposed Bylaws of the Arizona Society of Enrolled Agents, Inc. conform to the provisions of the Arizona Nonprofit Corporation Act. *Attorney Kavanagh's assistant informed me that the Bylaws do conform to the Arizona law.*
- To determine whether a proposed change in our Bylaws regarding our "Dissolution" clause is appropriate. *Appears to be proper.*
- To determine whether the proposed change in our Bylaws dissolution clause will require amendment of the Articles of Incorporation. *This issue will be addressed in the near future.*

***While certain legal issues may still require some attention, I believe the proposed Bylaws revisions are ready for consideration by our Members.***

Jack Wood

AzSEA Bylaws Task Force Chair