

**BYLAWS
OF THE
FLAG MANUFACTURERS ASSOCIATION OF AMERICA, INC.**

(a corporation formed under the New Jersey Nonprofit Corporation Act)

ARTICLE I

Name

The name of the association shall be the Flag Manufacturers Association of America, Inc. (hereafter, the "Association").

ARTICLE II

Principal Place of Business

The principal office of the Association shall be located in the United States at a location agreed upon by the board of directors.

ARTICLE III

Purposes and Objectives

SECTION 1: The Association is organized and shall be operated exclusively to promote and represent the common business interest of, and improve business conditions among, members of the United States manufactured flag industry, within the meaning of Section 501(c)(6) of the Internal Revenue Code of 1986, as amended from time to time (hereafter, the "Code"), by engaging in activities such as the following:

- A. Educating members of the general public about the United States manufactured flag industry and its significance to community, economic, and social development;
- B. Providing a proper, practical, and efficient means of maintaining contacts among members of the United States manufactured flag industry and local, state, and federal government; and

- C. Facilitating the exchange of information within the industry by sponsoring educational seminars, conferences, programs, and assist members in maintaining compliance to existing standards/laws on matters relating to the development and enhancement of the United States manufactured flag industry.

SECTION 2: The Association shall carry on such activities as are consonant with the purposes set forth in Section 1 above. No part of the net earnings of the Association shall inure to the benefit of any incorporator, Member, Director, or Officer of the Association, or of any other private individual, except that the Association is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above. In the event of dissolution of the Association, in accordance with the applicable laws of the State of New Jersey, all assets, after payment of all liabilities and other obligations, shall be delivered as a contribution to a non-profit organization, as selected by a two-thirds majority of the Manufacturer Members of the Association, which is engaged in activities substantially similar to that of the dissolving corporation, and no part of the assets shall inure to the benefit of any member of the Association.

SECTION 3: It is intended that the Association shall have the status of an organization that is exempt from federal income tax under the Code, as an organization described in Section 501(c)(6) of the Code. Notwithstanding anything to the contrary contained herein, these Bylaws shall be construed, and all authority of the Association shall be limited, accordingly.

ARTICLE IV

Membership

SECTION 1: Any legally established entity that conforms with the following business classifications may be admitted to membership in the Association:

- A. **Manufacturer (Voting).** Applicant shall be a business organized under the laws of the United States or any state, territory or insular possession thereof, which is engaged in the production and distribution of United States flags (Harmonized Tariff Schedule 6307.90.98.25) of U.S. origin in compliance with the applicable country of origin and marking requirements of the United States Customs Service (19 CFR Parts 102 and 134) and the Federal Trade Commission (16 CFR Part 303). Consistent with Customs regulation 102.21(e), this definition excludes businesses organized under the laws of the United States or any state, territory or insular possession thereof engaged in the production and distribution of United States flags where the fabric-making process takes place in a foreign country. Legal entity must directly employ a minimum of 25 employees on an average annual basis.
- B. **Related Industry (Non-Voting).** Applicant shall be a U.S. business entity with activities that relate to the manufacture and distribution of U.S. flags, but that does not qualify as a Manufacturer Member (as defined above), such as raw material suppliers, component and equipment suppliers, non-retail distributors, importers and service organizations; excluding, however, retailer merchants, flag dealers and retail organizations.
- C. **Affiliate Members (Non-Voting).** Affiliate Members may be conferred by a majority of voting members upon individuals who have an interest in supporting the U.S. flag industry and who would not routinely be eligible for membership (i.e.; individuals either currently serving or retired from the U.S. military, current or retired member of Congress, individuals representing organizations supporting the flag industry, etc). An Affiliate Member shall have all rights and privileges of membership, except the right to vote or hold office.

SECTION 2: Application for membership shall be submitted on the membership application form provided by the Association and accompanied by remittance covering membership dues for one year. An applicant shall be accepted for membership provided that it is approved by a majority vote of the Board of Directors present at a regular or special meeting, or a Membership Committee that may be established by the Board. In the event that an applicant is denied membership, such applicant shall have the right to appear before the Board of Directors (or the Membership Committee, if established) to explain why it believes it is qualified for membership in the Association. After such appearance, the Board will review the applicant's application and the applicant may be admitted to membership by a majority favorable vote of all of the Board of Directors.

SECTION 3: Each Manufacturer Member of the Association shall be entitled to one vote. Each Manufacturer Member shall designate an individual who shall exercise the voting power of his or her organization. The designation may be changed by the organization at any time upon thirty days notice to the President/Executive Director of the Association. The individual designated may appoint an alternate to attend and vote at any meeting, or submit a written proxy, provided that notice of such fact is given to the President/Executive Director of the Association.

SECTION 4: The resignation of a Member shall not be accepted unless notice in writing shall have been given to the President/Executive Director and all dues and obligations to the Association, including dues for the current fiscal year, shall have been paid in full.

SECTION 5: For cause, any Member may be suspended or its membership terminated. Sufficient cause for such suspension or termination shall be failure to pay dues and assessments, violation of these Bylaws or rule or practice properly adopted by the Association, or any other conduct prejudicial to the interests of the Association. Such suspension or termination shall be by two-thirds vote of the Board of Directors present at a regular or special meeting; provided, however, that a statement of the charges shall have been sent by registered mail to the last recorded address of the Member at least fifteen (15) days before final action is taken thereon. This statement shall be accompanied by a notice of the time and place of the meeting of the Board of Directors at which the charges shall be considered and the Member shall have the opportunity to appear in person or by its representative and present any defenses to such charges before action is taken thereon.

SECTION 6: The Board of Directors shall terminate the membership in the Association of a Member that ceases to meet the requirements for membership as stated in Section 1 of this Article. An Officer of the Association may, on his own initiative, and shall, at the request of any Member, investigate any change in the name, personnel or business of any Member and shall submit a report of his or her investigation to the Board of Directors. If such report recommends the termination of membership, the Member shall be offered an opportunity to personally appear before the Board of Directors. After such personal appearance, or failure to appear at the appointed time, the Board of Directors may, by a two-thirds vote of the members of the Board present at a regular or special meeting, terminate the membership of any such Member.

ARTICLE V

Finances and Dues

SECTION 1: The fiscal year of the Association shall begin on the first day of January of each year and end on the thirty-first day of December.

SECTION 2: Each Member shall pay dues and assessments in amounts determined annually by the Board of Directors, which shall be sent to the Association's principal office for deposit.

SECTION 3: A Member suspended from the Association for nonpayment of dues and/or assessments may, upon two-thirds vote of the Board of Directors present at a regular or special meeting, be reinstated to membership upon payment to the Association of the dues and/or assessment in arrears.

SECTION 4: The funds of the Association shall be deposited in a general account in the name of the Association subject to withdrawal in such a manner as may be determined by the Board of Directors. Accounting records and books of account shall be maintained at the Association's office. All Association records shall be available for review to any voting member upon 48 hours written notice to the Executive Director. All records covering the Association's general account shall be reviewed or audited by independent auditors annually after the expiration of the fiscal year, and a report of such review or audit shall be delivered to the Board of Directors within 150 days following the conclusion of the Association's fiscal year.

ARTICLE VI

Board of Directors

SECTION 1: The Board of Directors shall consist of no less than three (3) nor more than twenty-one (21) persons. The term of each elected member of the Board of Directors shall be one (1) year.

SECTION 2: Each Manufacturing Member shall be entitled to nominate one (1) individual employed by or an officer of the Member's business entity, for election to the Board of Directors. Nominations of individuals to be elected to the Board shall be made by each Manufacturing Member no later than fifteen (15) days prior to the date of each Association's annual meeting. The Board of Directors shall be elected from the nominated slate by a majority of the Manufacturing Members at such annual meeting. Each elected member of the Board of Directors shall assume such office immediately upon the determination of the results of the election.

SECTION 3: Upon initial admission to membership in the Association as a Manufacturing Member, such Member shall designate an individual to serve on the Board of Directors.

SECTION 4: At the first meeting of the Board of Directors following an annual election of Board members, the Board shall elect one (1) representative of a Related Industry Member to serve as a member of the Board of Directors until the next annual election.

SECTION 5: A member of the Board of Directors may designate another person actively engaged in the business concern of his or her Member to act as his or her alternate when unable to attend.

SECTION 6: The individuals elected as members of the Board of Directors are so elected as representatives of the business concern of the Manufacturer Member in whose name the membership stands. If a member of the Board of Directors no longer represents the qualified Manufacturer Member of record of this Association, then such Member may name another person actively engaged in the qualified Member's business to be its representative.

SECTION 7: A majority of the Board of Directors shall constitute a quorum for the transaction of business at any of its meetings. A majority of the Board members present shall be necessary to effect all motions, unless otherwise provided.

SECTION 8: The Board of Directors shall constitute the governing body of the Association. It shall be vested with full power and authority to carry out the purposes for which this Association is organized and put into effect all resolutions and decisions of the Association. In addition to the general powers over the affairs of the Association, the Board of Directors shall have the express power to exercise general supervision over the receipts and expenditures of the Association, fill any vacancies in any offices of the Association or in the Board of Directors, define the duties of Officers, fix the compensation of employees, agents and Officers of the Association, and do all other acts and things which it deems to be in the interest of the Association.

SECTION 9: Meetings of the Board of Directors shall be held as directed by the Chairman of the Board, or by motion of the Board of Directors, but there shall be not less than two (2) meetings in any fiscal year.

SECTION 10: Directors may participate in a meeting of the Board of Directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this sentence shall constitute presence in person at such meeting. Actions taken at such meetings shall be reduced to a writing circulated among the Directors as soon as reasonably practicable (not to exceed fifteen days) following the meeting, and are subject to rejection by a Director within a reasonable time (not to exceed thirty days) following receipt of the writing, specifying which action(s) the Director rejects. Upon rejection by a Director, the specified action(s) shall be reconsidered at a subsequent meeting of the Board of Directors.

SECTION 11: The Directors shall not receive compensation from the Association for performance of their duties as members of the Board of Directors. To the extent determined by the Board of Directors, a Director may receive reimbursement for reasonable expenses incurred in service to the Association.

ARTICLE VII

Committees

SECTION 1: The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two (2) or more of the Directors of the Association. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Association.

SECTION 2: Each Committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

ARTICLE VIII

Officers

SECTION 1: Such officers as deemed appropriate by the Board of Directors shall be elected by majority vote of the Board of Directors at a meeting of the Board immediately following the annual meeting of the Association, and shall hold office for a period of two (2) years, or until successors have been elected or appointed. Officers elected at the initial meeting of the Board shall hold office until the first annual meeting of the Association is held.

SECTION 2: The officers of the Association shall consist of the following:

- A. The Chairman of the Board shall be a Director selected by the Board of Directors by a vote among themselves. The Chairman shall preside at all meetings of the Board of Directors and participate as a Director as set forth in Article VI hereof.
- B. The Vice Chairman shall be an officer of the Association, subject to control by the Board of Directors. He or she shall have all powers and duties as generally are incident to the position of Vice Chairman or as may be assigned to him or her by the Chairman or the Board of Directors. The Vice Chairman shall be a Director selected by the Board of Directors by a vote among themselves. The Vice Chairman shall assume the duties of the Chairman in the event that a vacancy occurs in the office of the Chairman.

- C. The Treasurer shall have oversight of all funds and securities of the Association, shall endorse the same for deposit or collection when necessary, and deposit the same to the credit of the Association in such banks or depositories as the Board of Directors may from time-to-time authorize. He or she may endorse all commercial documents requiring endorsements for or on behalf of the Association and may sign all receipts and vouchers for payments made to the Association. The Treasurer shall be a Director selected by the Board of Directors by a vote among themselves. The Treasurer shall have all such further powers and duties as generally are incident to the position of Treasurer or as may be assigned to him or her by the Chairman or the Board of Directors.
- D. The Secretary shall record all proceedings of meetings of the Directors in a book kept for that purpose and shall file in such book all written consents of Directors to any action taken without a meeting. The Secretary shall attend to the giving and serving of all notices of the Association. The Secretary shall have custody of the seal of the Association (if any) and shall attest the same and the signatures of other Officers of the Association whenever required. The Secretary shall have charge of such books and papers as the Board of Directors may direct. The Secretary need not be a member of the Board of Directors or an employee of a Member of the Association. He or she shall have all such further powers and duties as generally are incident to the position of Secretary or as may be assigned to him or her by the Chairman or the Board of Directors. The Board can elect to designate the President/Executive Director to assist with the duties of the Secretary.

- E. A President/Executive Director may be hired by the Board of Directors to administer the affairs and activities of the Association and fulfill the duties of chief operating officer of the Association. The Board shall fix his or her compensation and tenure of office and prescribe, and may from time to time alter, his or her powers and duties. The President/Executive Director need not be a member of the Board of Directors or an employee of a Member of the Association.

SECTION 3: The duties and responsibilities of the Officers may be further defined by resolution of the Board of Directors.

ARTICLE IX

Meetings of Members

SECTION 1: One annual meeting of the Members shall be held at a time and place to be determined by the Board of Directors. Notice of the annual meetings shall be mailed to each Member setting forth the time and place of such meetings at least two weeks in advance thereof. Meetings may be held within or without the State of New Jersey, at the discretion of the Board of Directors.

SECTION 2: Other meetings of the Association may be called by the Chairman of the Board, or upon written request by one-third of the Manufacturer voting Members, provided that notice of all meetings shall be mailed to each Member setting forth the time and place of such meetings at least two weeks in advance thereof.

SECTION 3: A quorum at all meetings of the Association shall be fifty percent (50%) of the Manufacturing Members. If no quorum is present, the presiding officer may adjourn the meeting from time to time until a quorum is present.

ARTICLE X

Bylaws

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds of the Board of Directors present at any regular or special meeting of the said Board, provided that written notice of the proposed alteration, amendment or repeal shall be sent to each member of the Board at least ten days in advance of the date of said meeting to permit such member to attend. These Bylaws may also be altered, amended or repealed by seventy-five percent (75%) of the votes of the Manufacturer Members of the Association provided that written notice of the proposed alteration, amendment or repeal shall be sent to each Manufacturer Member of the Association at least ten days in advance of the date of said meeting to permit said Member to attend.

ARTICLE XI

Indemnification

No member of the Board of Directors or Officer of the Association shall be personally liable to the Association or its Members for damages for breach of any duty owed to the Association or its Members, provided, however, that this Article shall not relieve a member of the Board of Directors or Officer of the Association from liability based upon an act or omission: (i) in breach of such person's duty of loyalty to the Association or its Members; (ii) not in good faith or involving a knowing violation of law; or (iii) resulting in receipt by such person of improper personal benefit.

The Association shall indemnify a member of the Board of Directors or officers in accordance with NJSA15A:3-4.

Adopted on: May 13, 2003