

Constitution and By-Laws

of the
American Association of Advertising Agencies, Incorporated

First adopted June 4, 1917
Most recently amended February 21, 2007

ARTICLE I *Name*

The name of this Association shall be AMERICAN ASSOCIATION OF ADVERTISING AGENCIES, INC.

ARTICLE II *Objectives*

The objectives of the Association are:

SECTION 1. To promote and further the interests of advertising agencies and other marketing communications organizations by increasing their usefulness to advertisers, media and the public.

SECTION 2. To collect and disseminate information and ideas affecting advertising agencies and other marketing communications organizations among members of the Association and others interested.

SECTION 3. To cooperate with governmental, consumer and other bodies on matters affecting advertising and other marketing communications.

SECTION 4. To aid in the continued improvement in the efficiency and value of advertising and other marketing communications by fostering and stimulating scientific research and investigation.

SECTION 5. To advocate informative and constructive appeals in advertising and marketing communications and, in this connection, to maintain and safeguard honesty, fairness and good taste.

SECTION 6. To advise and maintain friendly relations with associations representing advertisers, media, suppliers and consumers, and with other associations and industries concerned with or related to advertising or marketing communications.

SECTION 7. To promote and foster the continued recognition of the social responsibilities of advertising and marketing communications and the organizations that create and/or place them; to further efforts to lower the costs of distribution; and to cooperate with organizations marshaling advertising and marketing forces on behalf of Government and patriotic activities.

SECTION 8. To promote friendly relations among all advertising agencies and other marketing communications organizations and to seek such cooperation as will promote the highest standards of service.

ARTICLE III *Scope and Limitations*

It shall be definitely understood that all information collected or distributed by the Association regarding costs, prices or charges, shall pertain only to past and closed transactions, and that no part of the machinery of this Association shall be permitted to be used to fix prices for members' services or to allot territory among members or to limit the amount of service rendered by members, and no information shall be distributed respecting prices which any member of the Association intends or expects to ask for its services or any part thereof.

ARTICLE IV *Application for, Continuance, Suspension and Annulment of Membership*

SECTION 1. Any advertising agency or other organization that creates and/or places advertising or marketing communications and desires membership in the Association shall be required to make application to the Board of Directors, who shall in turn refer the application to the Region covering the territory in which the applicant has its principal office. Such Region shall investigate the professional and moral reputation of applicant and shall report its findings on said applicant favorably or unfavorably to the Board of Directors. Applicants reported on favorably by a Region shall be voted upon by the full membership of the Board of Directors. The votes of absent members of the Board shall be taken by mail and such votes shall be regarded as confidential. Applicants reported on unfavorably by a Region shall be subject to review by the Board and to action according to its discretion. It shall require six negative votes of the Board to reject any applicant.

SECTION 2. In passing upon any application for membership in the Association, the competitive relationship of the applicant with any member of the Association shall not be taken into consideration either by the Region, by the Board of Directors or the members of the Association.

SECTION 3. Membership in the Association shall continue during the life of the Association, provided dues and assessments are regularly paid through the proper channels and members comply with the membership requirements of the Association.

SECTION 4. Any member may be suspended for a period of four months for non-payment of dues, at the end of which time membership shall thereupon cease, at the discretion of the Board.

SECTION 5. Membership may also be annulled for any of the following reasons:

- a. Because the member business is no longer eligible for membership under the Qualifications for Membership.
- b. Because the member or one or more of its principal owners has indulged in conduct prejudicial to the best interests of the advertising and marketing communications industry or of this Association.

A membership may be annulled only by the concurring vote of two-thirds of all the members of the Board of Directors who are qualified to vote. Such annulment shall not be declared until the member shall have been given full opportunity to be heard by the Board in accordance with the rules of procedure adopted by it. No Director representing the member or representing an organization which has complained against the member shall be qualified to vote.

SECTION 6. In case of annulment or resignation, no member shall be entitled to any refund or to any portion of the assets of the Association.

SECTION 7. Membership in the Association is not transferable except as follows:

- a. Where there has been a consolidation between members in good standing, in which case the membership automatically continues in the name of the consolidated organization.
- b. Where there has been a consolidation between a member or members in good standing and one or more non-members, in which case the membership may be continued in the name of the consolidated organization by concurring vote of two-thirds of the Board.
- c. Where a member splits into two or more separate entities, in which case a separate membership in the name of each organization which emerges may be continued, by concurring vote of two-thirds of the Board.
- d. Where there has been a substantial change in the ownership of a member, in which case the membership may be continued by concurring vote of two-thirds of the Board.
- e. A consolidation shall be considered to have been effected when majority of ownership of each and all of the affiliated offices to be included in a single membership has been vested in one corporation, association, partnership, individual, or group of individuals.

SECTION 8. Where two or more consolidated members continue to operate in the same line of business as separate organizations they may, at their option, apply for and hold separate memberships in lieu of the consolidated membership.

ARTICLE V

Regions

There shall be an Eastern Region, a Central Region, a Southern Region and a Western Region. Regions may be combined, created or eliminated by the Board of Directors with the consent of a majority of the members of the Region or Regions occupying the territory involved.

ARTICLE VI

Voting and Representation

Each member in good standing of the Association shall be entitled to one vote only (in person or by proxy), at all regular and special meetings of the Association. Each member's voting representative shall be required to present proper credentials authorizing actions for the member; other duly accredited representatives of each member shall be admitted and shall have the privileges of the floor at all Association meetings.

ARTICLE VII

Initiation Fees

An initiation fee shall be required of all new members which shall be 10% of the annual dues applying to the class in which the new member is placed.

ARTICLE VIII

Annual Dues

SECTION 1. The Association's fiscal year shall begin on April 1ST and end on March 31ST.

SECTION 2. Each member shall pay dues according to a schedule approved by the Board of Directors based on the gross income of its business in the United States during the calendar year immediately preceding the Association's fiscal year. Each member, upon request of the Association, shall submit information sufficient to permit a determination of the member's dues class. It is understood that the member is in honor bound not to name a smaller classification than that into which its gross income actually falls.

SECTION 3. The Board of Directors or the Operations Committee may direct the return to the contributing members of any funds collected and unexpended during any fiscal years on the basis of the dues paid by such contributing members during such fiscal year.

SECTION 4. For any fiscal year the Board of Directors may adjust the minimum dues and the dues classes, and may modify the dues applicable to each class upward or downward by no more than 2-1/2 percent. No modification greater than 2-1/2 percent shall be effective without an affirmative vote of the membership in accordance with Article X, Sections 3 and 4. Notice of any adjustments or modifications shall be sent to all members not later than two weeks after having been voted by the Board of Directors.

ARTICLE IX

Management

The management policies and operations of the Association shall be vested in a Board of Directors composed of a Chair of the Board, Vice-Chair, President, Secretary-Treasurer, 12 Directors-at-Large, three Directors from the Eastern Region, three Directors from the Central Region, three Directors from the Southern Region and three Directors from the Western Region. The immediate past Chair of the Board shall continue as a Board member ex-officio during the year following his or her term as Chair.

ARTICLE X

Election

SECTION 1. The Chair of the Board, and the Secretary-Treasurer shall be elected at an annual meeting of the members of the Association to serve for two years. The Vice-Chair shall be elected at an annual meeting in years not having an election of a Chair, and shall serve for one year.

SECTION 2. The Directors-at-Large shall be elected to serve for a period of three years. Regional Directors, nominated by the respective Regions, shall be elected to serve for one year. The Directors-at-Large shall be divided into three classes, to consist of four in each class. One class shall be elected annually.

SECTION 3. All elections and resolutions, unless otherwise specifically provided for, shall require a majority vote of the members in attendance.

SECTION 4. Twenty percent of the members shall constitute a quorum at any annual or special meeting of the Association for the transaction of business.

ARTICLE XI

Powers and Duties of the Board of Directors

SECTION 1. The Board of Directors shall engage a President for such period as it deems advisable and authorize the employment of such staff as may be needed to carry on the operations of the Association. The President shall be a member ex-officio of the Board of Directors. The Board may designate such additional staff titles as it deems advisable, upon the recommendation of the President.

SECTION 2. The Board of Directors shall authorize the appointment of committees.

SECTION 3. The Board of Directors shall be responsible for the collection of all initiation fees, dues or other monies.

ARTICLE XII

Annual and Special Meetings of the Association

The annual meeting of the Association shall be held during the months of March, April or May at such time and place as may be fixed by the Board of Directors. Special meetings of the Association may be called at the discretion of the Board of Directors at a time and place to be fixed by the Board. Notices of special meetings shall state the purposes and objects of the meeting and shall be mailed to all members at least two weeks prior to the meeting. Such notice shall be sent to the last known address of the member as it appears on the books of the Association. No other business shall be transacted at such special meetings, other than that stated in the notice.

ARTICLE XIII

Meetings of the Board of Directors – Quorum

SECTION 1. The Board of Directors shall hold an organizational meeting following the annual election and at least two other regular meetings each year at such places and on such dates as the Board may determine, and in addition, special meetings of the Board may be held at the call of the Chair or the President or on written application to the Chair by three members of the Board.

SECTION 2. One-third of the members of the Board of Directors shall constitute a quorum.

SECTION 3. Notice of each regular or special meeting of the Board shall be sent to all members of the Board of Directors at least seven days prior to the date of the meeting.

ARTICLE XIV

Operations Committee

SECTION 1. The Board of Directors shall appoint at its first meeting, an Operations Committee composed of the officers of the Association and 8 Directors-at-Large. At the call of the President, the Operations Committee shall meet when necessary during months when the Board of Directors does not meet, having all the powers of the Board when the Board is not in session, and it shall have such additional duties and powers as may be delegated to it by the Board of Directors.

SECTION 2. Notice of each meeting of the Operations Committee shall be sent to the members thereof at least three days prior to the time fixed for such meeting.

SECTION 3. Four members of the Operations Committee shall constitute a quorum, provided at least one of those present is a Director-at-Large of the Association.

ARTICLE XV

Advisory Council

SECTION 1. There shall be an Advisory Council to act as a nominating committee for all officers, Directors-At-Large and the Operations Committee. The Advisory Council shall consist of the former Chairs of the Board of the Association who are connected with member organizations, the current Chair of the Board ex-officio, and the Directors-At-Large serving in the second year of a term on the Board of Directors. Commencing with the Chair of the Board whose term expires in 2000, no former Chair of the Board shall serve on the Advisory Council for a period longer than five years.

SECTION 2. Whenever more than one member of the Advisory Council is still connected with the same Association member, the organization shall be asked to designate for each meeting of the Advisory Council the one who should attend.

SECTION 3. One third of the members who are eligible to attend any one meeting shall constitute a quorum for the transaction of business, provided that at least three members present are from the ranks of Directors-At-Large or Council members who have served on the Council for no more than five years.

SECTION 4. The individual in attendance who served most recently as Chair of the Board of Directors shall act as Chair of the Advisory Council.

SECTION 5. The recommendations of the Advisory Council shall be advisory and not conclusive on the members of the Association or the Board of Directors or the Operations Committee.

SECTION 6. The meetings of the Advisory Council shall be held on call of its Chair or at the call of two Council members. Five days' written notice of meetings of the Advisory Council shall be given to Council members.

ARTICLE XVI

Duties of Officers

SECTION 1. The duties of the Chair of the Board shall be to preside at the annual and special meetings of the Association, the Board of Directors and the Operations Committee. The Chair shall be ex-officio a member of the Advisory Council.

SECTION 2. The Vice-Chair shall perform the duties of the Chair in the absence of the Chair and such other duties as may be delegated to him or her by the Board of Directors.

SECTION 3. The Secretary-Treasurer shall perform the duties generally incident to the office of Secretary-Treasurer and shall give a bond to be paid by the Association, in an amount to be determined by the Board of Directors, for the faithful performance of his or her duties.

SECTION 4. The President shall be the chief executive officer of the Association and responsible to the Board of Directors and the Operations Committee in the absence of the Board. He or she shall be ex-officio a member of all committees.

ARTICLE XVII

Property

The property of the Association shall be in the custody and at the disposal of the Board of Directors. The funds shall be placed in such banks or other financial institutions as the Board of Directors may elect, subject to checks to be signed as the Board of Directors may direct.

ARTICLE XVIII

Conduct of Meetings

The meetings shall be conducted under the rules of procedure contained in Robert's Rules of Order Revised.

ARTICLE XIX

Vacancies

SECTION 1. Vacancies in the Board of Directors shall be filled by the Board at its next regular meeting or by ballot taken by mail between regular meetings. If such vacancy is in Regional representation, it shall be filled by a member from the same Region. A two-thirds vote shall be required for an election.

SECTION 2. Any vacancy in the office of Chair, Vice-Chair, and Secretary-Treasurer or Operations Committee shall be filled by a two-thirds vote of the Board of Directors after receiving the recommendations of the Advisory Committee.

SECTION 3. A member of the Board of Directors elected to fill a vacancy shall hold office until the next annual meeting of the Association and until a successor is elected.

ARTICLE XX

Indemnification of Directors, Officers and Employees

Any person made a party to any action, suit or proceeding by reason of the fact that he or she, his or her testator or intestate, is or was a Director, Officer or employee of the Association shall be indemnified by the Association against judgments, including attorneys' fees, actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such person acted in good faith for a purpose which he or she reasonably believed to be in the best interests of the Association and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his or her conduct was unlawful. Such rights of indemnification shall not be deemed exclusive of any other rights to which such Director, Officer or employee may be entitled apart from this Article.

ARTICLE XXI

Amendments

The Constitution and By-laws of this Association may be amended by a two-thirds vote of the members present at any regular or special meeting provided notice of such amendment shall have been sent to all members by the Secretary-Treasurer, at the direction of the Board of Directors, at least two weeks prior to such meeting.