

MARSHALL CHESS CLUB, INC.

BY-LAWS

The Marshall Chess Club, Inc. (the "Club") is a Type B New York State Not-for-Profit Corporation located at 23 West 10th Street, New York, New York 10011. Its purposes are the social organization and operation of a chess club, the teaching and promotion of chess, participation in the activities of community, city, state, national and international chess organizations, and the widest possible extension of the social and educational benefits of chess in our society.

Article I. Board of Governors

Section 1. The property and business affairs of the Club shall be managed and conducted by a Board of Governors which shall have all the powers permitted by law to Boards of Directors unless expressly limited by these by-laws. As used in these by-laws, "entire Board of Governors" means the total number of Governors that the Club would have if there were no vacancies. Effective June, 2005, the Board shall consist of 16 members as two vacant seats shall be eliminated. Effective June, 2007, the Board shall consist of 15 members except that if a vacancy shall occur between July, 2005 and June, 2007, such seat shall immediately be eliminated to reduce the composition of the Board to the aforementioned 15 members. The Board shall have the authority to adjust the term of office of such vacated seat to assure all seats are staggered pursuant to the requirements of Article I, Section 2.

Section 2. At each annual meeting of the Club membership, Governors shall be elected or re-elected by the Resident Members from among the Resident Members, to succeed those whose terms of office are expiring. Governors shall serve for a term of three years. The terms of the Governors shall be staggered so that six seats on the Board shall normally be filled at any annual meeting. Effective June, 2005, the membership shall elect six Governors with the five candidates receiving the greatest number of votes to serve full three year terms of office. The candidate receiving the sixth highest total vote shall serve a term of one year. Effective June, 2006, and for each year thereafter, the terms of the Governors shall be staggered so that five seats on the Board shall normally be filled at any annual meeting.

Section 3. No member shall be elected to the Board until he/she has been a Resident Member of the Club for at least the immediate past two years. Nominations for positions on the Board of Governors shall be made by the Nominating Committee of the Board of Governors. Nominations may also be made by a written petition signed by ten Resident Members and submitted by the date which is four weeks in advance of the first anniversary of the previous annual meeting.

Section 4. A Governor may resign at any time by giving written or oral notice to the Board of Governors, the President or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon receipt by an officer of the Board of Governors. The resignation shall be duly noted in the minutes of the Board, but acceptance of the resignation shall not be necessary to make it effective. Any Governor may be removed with cause by an affirmative vote of a majority of the entire Board of Governors. Vacancies, should any occur, may be filled by appointment by the Board of Governors for the period remaining until the next annual elections. Appointees who fill vacancies to the Board must meet the membership requirement specified in this Article. Appointments to vacancies may be made by the vote of a majority of the Governors then in office.

Section 5. Meetings of the Board of Governors shall be held on a date set by the Board, at the call of the President, or on the written request of at least four Governors. The Board of

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Governors shall meet from time to time, as required, with a minimum of four meetings a year. The minutes of the meetings of the Board of Governors shall specify the number of votes cast on each side of all matters voted on by the Board. The annual meeting of the Board of Governors shall promptly follow the annual meeting of the Club members.

Section 6. A quorum of the Board of Governors shall be fifty percent of those in office at the time but in no event less than one-third of the Entire Board. The vote of a majority of the Governors present at the time of the vote, if a quorum is present, shall be the act of the Board of Governors, unless the question or action is one upon which a different vote is required by express provision of statute, the Certificate of Incorporation or these by-laws. Each Governor shall have one vote. A majority of the Board of Governors present at a meeting, whether or not a quorum is present, may adjourn such meeting to another time and place. Notice of the time and place of such adjourned meeting shall be given to Governors who were not present at the time of such adjournment.

Section 7. Notice of the time and place and, to the extent required by law or these by-laws, the purpose of every meeting of the Board of Governors other than the annual meeting and regular meetings shall be given in a reasonably timely fashion to each member of the Board of Governors.

Section 8. The Board shall have the authority by a two-thirds vote of Governors currently in office to expel or suspend any member whose conduct, in the opinion of the Board, is improper and prejudicial to the Club and, therefore, detrimental to its best interests.

Section 9. No statement intended or designed for publication concerning the affairs of the Club, or action by it, shall represent the Club's position unless it be released by an officer or member with the approval of the President and/or the Board of Governors.

Section 10. No member of the Board of Governors may be a paid employee of the Club.

Section 11. No expenditure of \$2500 or more shall be made by any authorized officer or committee of the Club without prior notice to and approval by the Board of Governors. Notice of such expenditure shall be posted for the information of the Club's members.

Article II. Officers and their Duties and Powers

Section 1. The officers shall be a President, one or more Vice-Presidents, a Secretary and a Treasurer, and such other officers as the Board of Governors may elect, to be elected by the Board of Governors. Each officer shall continue in office until the close of the annual meeting of the Board of Governors next following his or her election and until his or her successor shall have been duly elected and qualified or until his or her death, resignation or removal. Any officer may resign at any time by giving written notice to the President or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof and acceptance of the resignation shall not be necessary to make it effective. Any officer may be removed by the Board of Governors with or without cause. All officers must be members of the Board.

Section 2. The President shall preside at all meetings of the Club and the Board of Governors. The President shall be *ex-officio* a member of all Standing Committees. He/She shall perform the duties usually pertaining to the office of president. In his/her absence or disability the duties and powers of President shall be exercised by the Vice-Presidents in order of election.

Section 3. The Secretary shall keep minutes of the proceedings of meetings of the Club and of the Board of Governors, and shall in general perform the duties usually appertaining to the office of secretary. The Secretary shall have the custody of the seal and of the records other than those pertaining to the office of Treasurer.

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Section 4. The Treasurer shall, under the direction of the Board of Governors, deposit and disburse the funds of the Club, using such bank or trust company as may be designated by the Board of Governors. Except as provided by the Board of Governors, checks shall be signed by the Treasurer and countersigned by the President or a Vice-President. The Treasurer shall cause the accounts of the Club to be properly kept and open to the inspection of any member of the Board of Governors.

Section 5. At each annual meeting of the Board, the Treasurer shall present a financial report including the receipts and disbursements of the past year. The Treasurer shall provide each member of the Board of Governors with a summary of the accountant's annual report within fifteen days of receipt of same.

Article III. Committees

Section 1. The Standing Committees shall be an Executive Committee, a Finance Committee, a House Committee, a Membership Committee, and a Tournament Committee, each to consist of three or more members. Except as provided therein, the Chairperson and members of each Standing Committee shall be appointed by the President subject to the approval of the Board of Governors. The powers and duties of the Standing Committees shall be those indicated by their names and shall, as such, be prescribed by the Board of Governors. All Standing Committees shall be subject to the Board of Governors and all other Committees shall be subject to the Executive Committee. Committee members must be members of the Club but need not be members of the Board.

Section 2. The Executive Committee shall be chaired by the President and shall consist of the officers of the Board. It shall advise the President of the general coordination of the affairs of the Club and its Committees, and on such other matters as the President or the Board of Governors may request. It shall recommend a proposed budget and Resident Member dues rate to the Board of Governors annually.

Section 3. The Finance Committee shall monitor the financial affairs and records of the Club. It shall present a proposed budget and members' dues rates to the Executive Committee for approval annually, and it shall make other recommendations to the President and the Board of Governors as requested.

Section 4. The House Committee shall exercise a general superintendence over the conduct of the rooms of the Club and its interior decorations and furnishings, and shall have authority to enforce the preservation of order and obedience to the rules of the Club. It shall administer the Development Fund and suggest priorities for expenditures there from.

Section 5. The Membership Committee shall maintain a roster of members and shall implement programs to retain and expand the membership of the Club, except as provided in these by-laws.

Section 6. The Tournament Committee shall have charge of all matters relating to the playing of chess tournaments and inter-club matches by the members. It shall fix the prizes and dates.

Section 7. The Board of Governors may from time to time create such other committees as the business of the Club may require, and delegate such authority to such committees as the Board of Governors may deem appropriate as allowed by applicable law. Such other committees will include a Nominating Committee, which shall consider and propose nominees for positions as Governors of the Club, including sitting Governors for possible reelection.

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Section 8. Each member of a committee shall be appointed by the Board of Governors for a term as specified by the Board or, failing to specify a term, until the conclusion of the next annual meeting of the Board and until the election and qualification of his or her successor. If there shall be a vacancy in any committee, such vacancy may be filled for the unexpired term by the Board of Governors. Except as otherwise provided by these by-laws or by the Board of Governors, each committee shall determine its own rules of procedure. Each committee shall keep records of its proceedings and report the same from time to time to the Secretary, who shall provide copies to the Board of Governors.

Article IV. Membership

All applications for membership, regardless of whether an advance payment of dues has been received, shall be accepted subject to review by the Board of Governors. Except as provided by law, The Board of Governors may decline to accept any proposed membership that it deems to be detrimental to the best interests of the Club. Each member must agree to abide by the Club's by-laws and rules as conditions of membership.

Article V. Classes of Membership and Dues

Section 1. The members of the Club shall include Resident Members and such other categories of members designated by the Board of Governors. Resident Members must be at least 18 years of age and live or work full time in one of the five boroughs of New York City or in one of the following counties: New York State—Nassau, Suffolk, Westchester, Rockland; New Jersey—Bergen, Essex, Hudson, Middlesex, Morris, Passaic, Somerset, Union. Connecticut: Fairfield. Resident Members shall pay the highest rate of dues charged to any category of Club members.

Section 2. Only a Resident Member shall enjoy all the privileges of Club membership, including, notably, the right to vote and become a candidate for the Club's Board of Governors.

Section 3. The Board of Governors shall determine from time to time the dues for all membership categories. Dues shall be payable annually, or according to alternative payment schedule options, at appropriate fee premiums, specified by the Board of Governors. In all cases, dues are payable in advance.

Section 4. Members failing to pay dues for thirty days after the payment is due shall be so notified and, unless otherwise excused by the Board of Governors, they shall immediately thereon lose all Club privileges until their arrearage is repaid. Excuses for non-payment such as absence, illness, etc., shall be presented to and passed upon by the Board. Any member who is more than ninety days in arrears shall be deemed to have resigned from the Club. Nonetheless, said individual may, at any time thereafter, petition the Board for reinstatement. The Board shall give due consideration to such request and may, on such terms and conditions as it considers just and proper, offer reinstatement.

Section 5. The Executive Committee shall be empowered to make arrangements for Club membership in any class of membership at reduced rates, on an annual basis, in return for a program of services rendered to the Club. The President shall report to the Board on any such arrangement at the earliest following Board meeting.

Article VI. Membership Meetings

Section 1. The annual meeting of the members of the Club shall be held in June, on a date specified by the Board of Governors. At this meeting, the election of Governors shall take

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place by secret ballot. Voting by proxy shall not be permitted at the meetings. Twenty percent of the Resident Members qualified to vote shall constitute a quorum at a duly called meeting of the Club.

Section 2. Special meetings of the Resident Members of the Club to consider one or more specified matters may be held at the call of the President or Secretary or the Board of Governors and shall be called upon request of the Resident Members as allowed pursuant to Section 603 of the New York Not-for-Profit Club Law (or any successor provision). No business may be transacted at a special meeting unless set forth in the notice of such meeting.

Section 3. Notice of the annual and any special meeting setting forth the place, date and hour of the meeting, the purpose or purposes of the meeting if a special meeting and, unless it is an annual meeting, indicating at whose direction it is being called shall be sent to all persons who are Resident Members at the record date for such meeting as fixed by the Board of Governors (or, if no such record date has been fixed, as of the business day immediately prior to the mailing of such notices). Such notice shall be sent by the Secretary using first class, priority or express mail (or comparable services) provided by the U.S. Post Office at least 10 days and not more than 50 days before the time appointed for the meeting, except as stated otherwise in these by-laws or required otherwise by statute, to the last recorded address of the members; duplicate notices may also be sent by telecopy, email or telephone as a courtesy but such duplicate notices shall not satisfy the requirements of this provision of these by-laws.

Section 4. At the annual meeting of members, the Board of Governors shall submit to the members a report satisfying the requirements of Not-for-Profit Club Law §519, or any successor provision (which shall be filed with the records of the Club and either a copy or an abstract thereof shall be entered in the minutes of such meeting), and such further information and statements as may be desirable.

Section 5. Unless otherwise provided in these by-laws or as required by applicable law, all matters to be voted on at any membership meeting other than election of Governors shall be decided by the vote of the majority of the voting members present at such meeting. Elections of Governors shall be by pluralities of votes cast: that is, those candidates, equal in number to the number of vacancies to be filled, receiving the highest numbers of votes, shall be considered elected.

Article VII. The Development Fund

Section 1. All bequests and donations so designated shall pass into the Development Fund, which shall be used to fund appropriate repairs or improvements to the Club's premises and equipment.

Section 2. The House Committee shall manage the Development Fund and shall suggest priorities for its use subject to the approval of the Board of Governors. The approval of the Board of Governors shall be required for expenditures of amounts up to ten thousand dollars and a two-thirds vote of members present required for those amounts over ten thousand dollars.

Article VIII. Amendment of By-Laws

These by-laws may be amended by the Board of Governors by a two-thirds vote of Governors currently in office, provided notice of such amendment shall be incorporated in the notice of the meeting at which such vote is to be taken.

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Article IX. Interpretation of By-Laws

The Board of Governors, by a two-thirds vote of those present, shall have final authority with regard to the resolution of issues and questions regarding the interpretation of these by-laws.

Article X. Indemnification

The Club shall indemnify each Governor and officer (or, if deceased, his or her personal representatives), and the Club may advance his or her expenses, in the manner and to the full extent authorized or permitted under the Not for Profit Corporation Law of the State of New York, and, except as restricted by law, the Club may provide additional indemnification pursuant to agreement, action of the Board of Governors, provision of these by-laws or otherwise.