

TO: Richard Rosenberg
From: Rachel Houseman
Re: David Moorehead

16 pages follow. Will send other
pertinent information today

BY-LAWS OF
WORLD SERVICE OFFICE, INC.
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

ARTICLE 1. OFFICES

1.01 PRINCIPAL OFFICE

The principal office for the transaction of the activities and affairs of the corporation ("principal office") is located at 16155 Wyandotte Street, Van Nuys, California 91406. The Board of Directors ("Board") may change the principal office from one location to another. Any change of this location shall be noted by the secretary on these by-laws opposite this section, or this section may be amended to state the new location.

1.02 OTHER OFFICES

The Board may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to conduct its activities.

ARTICLE 2. OBJECTIVES AND PURPOSES

The general objectives of this corporation shall be to carry the message of recovery to addicts who still suffer from addiction and to provide support to the Fellowship of Narcotics Anonymous in their efforts to provide opportunity to recover from addiction.

A specific purpose of the corporation shall be to hold in a fiduciary capacity the rights to, by license agreement from Alcoholics Anonymous General Service Office, the use, control, publication and management of the Twelve Steps and Twelve Traditions as adapted by Narcotics Anonymous.

A specific purpose of the corporation shall be to provide administrative, organizational and logistical services to the World Service Conference of Narcotics Anonymous and the Fellowship of Narcotics Anonymous at large and in such other capacities as the Conference may desire or direct.

A specific purpose of the corporation shall be to hold in a fiduciary capacity the ownership rights to the control, use, printing, duplicating, sales, distribution, licensing for production, printing, duplicating, sales and use of all of the intellectual properties, logos, trademarks, copyrighted materials, emblems or other intellectual and physical properties of the World Service Conference of Narcotics Anonymous, the spiritual Fellowship of Narcotics Anonymous as a whole and such boards and committees of the World Service Conference as may be directed by the World Service Conference.

A specific purpose of the corporation shall be to control and manage the production, printing, manufacture or reproduction of the properties or the licensing for such production, printing, manufacture of the properties of the spiritual

2

Fellowship of Narcotics Anonymous and offer said properties for sale to the Fellowship and the general public.

A specific purpose of the corporation shall be to provide service to individual addicts seeking recovery from addiction or groups of individual addicts seeking recovery from addiction and to assist the general public in understanding addiction and the Narcotics Anonymous program for recovery from addiction. Such assistance may include direct and indirect communication with addicts, organizations, agencies, governments and the public at large.

A specific purpose of the corporation shall be to publish and distribute periodicals written or prepared by and for the Fellowship of Narcotics Anonymous as the corporation may be directed to by the World Service Conference.

A specific purpose of the corporation shall be to hold and manage in a fiduciary capacity the income produced by any of the activities described above in such manner that the other purposes outlined or assumed or as may be later assigned are satisfactorily accomplished when such is done within the spirit of the Twelve Steps and Twelve Traditions of Narcotics Anonymous.

ARTICLE 3. NONPARTISAN ACTIVITIES

This corporation has been formed under the California Nonprofit Public Benefit Corporation Law for the public purposes described above, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the corporation shall consist of the publication or dissemination of materials with the purpose of attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign on behalf of any candidate for public office or for or against any cause or measure being submitted to the people for a vote.

The corporation shall not, except in an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described above.

ARTICLE 4. DEDICATION OF ASSETS

The properties and assets of this nonprofit corporation are irrevocably dedicated to the promotion of social welfare. No part of the net earnings, properties, or assets of this corporation on dissolution or otherwise, shall inure to the benefit of any private person or individual, or any member or director of this corporation. On liquidation or dissolution, all properties and assets and obligations shall be distributed and paid over to an organization dedicated to the promotion of social welfare, provided that the organization continues to be dedicated to the exempt purposes as specified in Internal Revenue Code Section 501 (c) (3).

ARTICLE 5. MEMBERS

5.01 MEMBERS PROHIBITED. The Corporation shall not have any members.

5.02 EFFECT OF PROHIBITION. Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval by the board. All rights which would otherwise vest under the Non-profit Corporation Law in the members shall vest in the Board.

ARTICLE 6. DIRECTORS

6.01 POWERS.

1. The business and affairs of the corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors.
2. Without prejudice to these general powers, and subject to the same limitations, the directors shall have the power to:
 - a. Select and remove all officers, agents, and employees of the corporation; prescribe any powers and duties for them that are consistent with law, with the articles of incorporation, and with these by-laws; and fix their compensation.
 - b. Change the principal executive office or the principal business office in the State of California from one location to another; cause the corporation to be qualified to do business in any other state, territory, dependency, or country and conduct business within or outside the State of California; and designate any place within or outside the State of California for the holding of any meeting or meetings, including annual meetings.
 - c. Adopt, make, and use a corporate seal.
 - d. Borrow money and incur indebtedness on behalf of the corporation and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

6.02 NUMBER AND QUALIFICATION OF DIRECTORS.

The authorized number of directors shall be twelve (12), which number may be changed only by amendment of these By-laws. The qualifications for directors are (a) present membership in good standing in the Fellowship of Narcotics Anonymous, and (b) recovery from any use of any mind or mood altering chemical, as commonly described as "using" by the Fellowship of Narcotics Anonymous. Effective June 1990, a minimum of six years clean time will be required for Board membership.

Effective June 1991, seven years clean time will be required for Board membership.

Effective June 1992, eight years clean time will be required for Board membership.

6.03 ELECTION/DESIGNATION OF DIRECTORS.

The following shall be directors of the corporation: There shall be twelve (12) Directors. Each of the nine (9) Directors who are to be elected pursuant to applicable sections set forth herein, shall serve for three (3) years from the date of his or her election to the Board of Directors. Those three (3) designated Directors whose seats are to be filled from appointments by the World Service Conference

4

shall each serve for only one (1) year from the date of the annual meeting of the WSO Board of Directors following their election by the WSC. Such said designated Director shall then be replaced by the World Service Conference at their next annual conference, although this provision shall in no way be construed as a limitation on the right of the World Service Conference to re-appoint the same Director for an additional term. Any Director elected or designated under the provisions of these By-Laws shall be eligible for re-election or appointment without limitation in the number of terms served, provided such Director continued to meet the qualifications required by Section 6.02 of these By-Laws.

6.04 ELECTION.

1. Nine (9) of the twelve (12) authorized Directors shall be elected by membership majority vote at the annual meeting herein described, or by mail in such manner as set forth in these By-Laws. In order to conform with the goals and interests of the World Service Conference and to form a closer working relationship with WSC, said nine (9) Directors shall be elected from a panel of nominations submitted to WSO by the WSC in the following manner:
 - a. At each annual World Service Conference, the Board of Directors of WSO shall submit to WSC the number of Director seats which have become or are about to become vacant by virtue of expiration of the term of office for those named Directors.
 - b. The WSC shall then cause to have submitted to the then existing Board of Directors of WSO, a panel of nominations for election to those seats.
 - c. The panel of nominations, as heretofore described, shall consist in number of at least one or more nominations for each such seat available that year.
 - d. The existing Board of Directors may submit to WSC their suggestions and requests for nominations which, if submitted, shall accompany the original notice to the WSC which indicates the number of seats to be filled for that year, however, it is specifically noted that WSC is in no way obligated to follow any such requests or in no way bound to any such suggestions made pursuant hereto in the compilation of the nomination panel described heretofore.

Any such Directors shall be eligible for election without limitation on the number of terms served, provided they continue to meet the qualifications required by Section 6.02 of these By-Laws.
2. Three (3) of the twelve (12) Directors seats shall be specifically reserved in continuum for appointments by the World Service Conference, to be filled by designation as follows:
 - a. The World Service Conference, at its annual meeting, shall cause to have appointed three (3) individuals who shall then sit in the three (3) designated Directors seats heretofore described and provided for, for a one (1) year term.

- b. The World Service Conference shall determine its own procedure for designating said three (3) individual Directors and said procedure shall not thereafter be altered except by proper motion and majority vote at the annual meeting of and by the World Service Conference.

Said directors shall continue to serve in the capacity of designated Directors until the next annual World Service Conference refills those three designated Directors seats or unless he is removed, refuses to serve or fails to serve in such capacity, in which case his seat may be filled by compliance with those other provisions specifically provided for the World Service Office for the appointment of a Director to fill any vacancy in one (1) or more of the three (3) designated Director one year terms. Nothing herein shall be construed as any limitation on WSC's qualifications as it sees fit to impose.

Delete last sentence of subparagraph c. as shown below and insert the language shown in bold which follows:

- c. Said directors shall continue to serve in the capacity of designated directors until their replacement is selected and seated unless he is removed, refuses to serve or fails to serve in such capacity, in which case his seat may be filled by compliance with those other provisions. *Nothing herein shall be construed as limiting WSC's right to re-appoint any director to serve consecutive or additional terms, provided each such director shall continue to qualify under Section 6.02 hereof.*

Directors elected according to paragraph 6.04 (2) by the WSC may not be elected to serve consecutive terms. Directors serving their first term, having been elected accordingly to this section will automatically be nominated to the pool of Directors as described in paragraph 6.04 (1).

Intent: The rotation of one year Directors on the World Service Office Board of Directors will be advantageous generally speaking to the Fellowship. By automatically having these conference elected Directors nominated to the pool, it will permit these Directors to be elected for three year terms. At the same time it will facilitate the opportunity for other members to be elected to one year terms on the Board.

One of the intentions behind the original draft of the By-Laws to create one year terms elected by the Conference was to permit many people to serve one year terms as training for possible three year terms. In recent practice, however, the Conference has continued to re-elect the same members to consecutive one year terms. This has defeated the principle involved of using one year terms as a training and observation period.

3. No more than 49 percent of the person serving on the board may be interested persons. An interested person is (a) any person compensated by

6

the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the corporation.

6.05 TERM OF OFFICE. Each of the Nine (9) directors who are to be elected pursuant to applicable section 6.03(a) set forth herein shall serve for three (3) years from the date of his or her election to the board. Each of the three (3) directors who are to be elected pursuant to applicable section 6.03(b) set forth herein shall serve for one (1) year from the date of the annual meeting of the WSO Board of Directors.

6.06 VACANCIES.

1. A vacancy or vacancies on the board shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal for cause (as provided in Section 6.07 (a)) of any director; (ii) the declaration by resolution of the board of a vacancy of the office of a director who has been declared of unsound mind by an order of court or convicted of a felony subsequent to assumption of their term of office, or has been found by final order of judgment of any court to have breached a duty under sections 5230 and following of the California Nonprofit Corporation Law; or (iii) the increase of the authorized number of directors.
2. Except as provided below, any director may resign by giving written notice to the chairman of the board, or the secretary of the board, or the Executive Director. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the board may elect a successor to take office as of the date when the resignation becomes effective. Except on notice to the Attorney General of California, no director may resign if the corporation would be left without a duly elected director or directors.
3. Vacancies on the board shall be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director.
4. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

6.07 REMOVAL OF DIRECTORS.

1. The board may declare vacant the office of any incumbent director who has been:
 - a. Declared of unsound mind by a final order of a court; or

- b. Convicted of a felony subsequent to their assumption of office as a director; or
 - c. Found by a final order or judgment of any court to have breached statutory duties relating to a director's standard of conduct; or
 - d. Found, after investigation by the board, that he has been "using" any mind or mood altering chemical as commonly described by Narcotics Anonymous; or
 - e. Found by the Board to have failed to attend or participate in any other manner as provided for herein, two (2) or more consecutive meetings in any twelve (12) month period, or four (4) meetings in total, of the board; provided, however, that any of the three (3) designated Directors heretofore described as appointed by the WSC shall be removed pursuant to this section only in conjunction with the written consent of the Chairperson of the WSC.
2. No director shall be removed without cause.
 3. The vote necessary to remove any director on any of the foregoing causes shall be a majority of the other directors present at a duly held meeting at which a quorum is present or in the alternative such removal may be accomplished by the unanimous written consent of the other directors without a meeting.
 4. An action challenging the validity of any removal of a director must be commenced within six (6) months after the removal. After the six (6) month period, the removal is conclusively presumed valid, in the absence of fraud.

6.08 DIRECTORS' MEETINGS

1. Regular meetings of the board may be held at any place within or outside the State of California that has been designated from time to time by resolution of the Board. In the absence of such designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the Board shall be held at any place within or outside the State of California that has been designated in the notice of the meeting or, if not stated in the notice, or if there is no notice, at the principal executive office of the corporation. Notwithstanding the above provisions of this Section 6.07(a), a regular or special meeting of the Board may be held at any place consented to in writing by all the Board members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting.
2. The board shall hold an annual meeting at the principal place of business of the corporation within 60 days following the conclusion of the annual World Service Conference of Narcotics Anonymous, for the purpose of organization,

8

election of officers and transaction of other business. Notice of this meeting is not required.

3. Other regular meetings of the board may be held without notice at such time and place as the board may fix from time to time.

6.09 SPECIAL MEETINGS.

Special meetings of the board for any purpose may be called at any time by the Chairperson of the Board or the Vice-Chairperson, the Secretary, or any two Directors.

1. Notice of the time and place of special meeting shall be given to each director by one of the following methods: (1) by personal delivery or written notice; (2) by first-class mail, postage paid; (3) by telephone communication, either directly to the Director or to a person at the Director's Office who would reasonably be expected to communicate such notice promptly to the Director; or (4) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the corporation.
2. Notice sent by first class mail shall be deposited into a United States mail box at least ten days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the meeting.
3. The notice shall state the time and place for the meeting. However, it need not specify the purpose of the meeting, or the place of the meeting, if it is to be held at the principal executive office of the corporation.

6.10 QUORUM.

Fifty percent, plus one director of the currently designated directors shall constitute a quorum for the transaction of business. Every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be the act of the board, subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including, without limitation, those provisions relating to (a) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (b) approval of certain transactions between corporations having common directorships, (c) creation of and appointments to committees of the board, and (d) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

6.11 WAIVER OF NOTICE.

Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to him or her.

6.12 ADJOURNMENT.

A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours. If the original meeting is adjourned for more than 24 hours, notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the directors who were not present at the time of the adjournment.

6.13 ACTION WITHOUT A MEETING.

Any action that the Board is required or permitted to take may be taken without a meeting if all members of the Board consent in writing to the action; provided, however, that the consent of any director who has a material financial interest in a transaction to which the corporation is a party and who is an "interested director" as defined in Section 5233 of the California Corporations Code shall not be required for approval of that transaction. Such action by written consent shall have the same force and effect as any other validly approved action of the Board. All such consents shall be filed with the minutes of the proceedings of the Board.

6.14 COMPENSATION AND REIMBURSEMENT OF EXPENSES.

Directors shall serve without compensation, but may receive such reimbursement of expenses as the Board may determine by resolution to be just and reasonable as to the corporation at the time that the resolution is adopted.

6.15 COMMITTEES.

1. The board, by resolution adopted by a majority of the Directors then in office, may create one or more committees, each consisting of two or more directors and persons who are not directors, to serve at the pleasure of the board. Appointments to committees of the board shall be by majority vote of the directors then in office, or at the pleasure of the Board if the Board as a whole does not make the appointments. One or more directors may be appointed as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee, to the extent provided

10

in the board resolution, shall have all the authority of the board, except that no committee, regardless of board resolution, may:

- a. Fill vacancies on the Board or on any committee that has the authority of the board;
 - b. Fix compensation of the directors for serving on the board or on any committee;
 - c. Amend or repeal By-laws or adopt new By-laws;
 - d. Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
 - e. Create any other committees of the board or appoint the members of committees of the board;
 - f. Approve any contract or transaction to which the corporation is a party and in which one or more of its directors has a material financial interest, except as special approval is provided for in Section 5233 (d) (3) of the California Corporations Code.
2. Meetings and actions of committees of the Board shall be governed by, held, and taken in accordance with the provisions of these By-laws concerning meetings and other board actions, except that the time for regular meetings of such committees and the calling of special meetings of such committees may be determined either by board resolution or, if there is none, by decision of the Chairperson of the committee of the board. Minutes of each meeting of any committee of the board shall be kept and shall be filed with the corporate records. The board may adopt rules for the government of any committee, provided they are consistent with these By-laws.

ARTICLE 7. OFFICERS

7.01 OFFICERS OF THE CORPORATION.

The officers of the corporation shall be a chairperson, Vice Chairperson, a secretary, and a treasurer. The corporation may also have, at the board's discretion, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with Section 7.03 of these By-laws. Any number of offices may be held by the same person, except the chairperson and the secretary. Any person who qualifies under these By-laws to sit as a director of the corporation shall be qualified to be an officer.

7.02 ELECTION OF OFFICER.

The officers of the corporation, except those appointed under Section 7.03 of these By-laws, shall be chosen annually by the Board and shall serve at the pleasure of the Board. Officers of the Corporation shall serve without compensation.

7.03 OTHER OFFICERS.

The board may appoint and may authorize the chairperson of the board, to appoint any other officers that the corporation may require. Each officer so appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in the By-laws or determined by the Board.

7.04 REMOVAL OF OFFICER.

Any officer may be removed with or without cause by the Board and also, if the officer was not chosen by the board, by any officer on whom the board may confer that power of removal.

7.05 RESIGNATION OF OFFICERS.

Any officer may resign at any time by giving written notice to the Corporation. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective.

7.06 VACANCIES IN OFFICE.

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these By-laws for regular appointments to that office, provided, however, that vacancies need not be filled on an annual basis.

7.07 RESPONSIBILITIES OF OFFICERS.

1. **CHAIRPERSON:** Subject to such supervisory powers as the Board may give, if any, and subject to the control of the board, the Chairperson shall be the general manager of the corporation and shall supervise, direct, and control the corporation's activities, affairs, and officers. The chairperson of the board shall preside at all board meetings. The Chairperson shall have such other powers and duties as the board or the By-laws may prescribe.
2. **VICE-CHAIRPERSON:** If the Chairperson is absent or disabled, the Vice-Chairperson shall perform all duties of the Chairperson. When so acting, the Vice-Chairperson shall have all powers of and be subject to all restrictions on the Chairperson. The Vice-Chairperson shall have such other powers and perform such other duties as the Board or the By-laws may prescribe.
3. **SECRETARY:**
 - a. **Book of Minutes.** The secretary shall keep or cause to be kept, at the corporations' principal office or such other place as the board may direct a book of minutes of all meetings, proceedings and action of the Board and of committees of the Board. The minutes of meetings shall include the time and place that the meeting was held, whether the meeting was annual, regular, or special, and, if special, how authorized, the notice

12

given, and the names of those present at board and committee meetings. The secretary shall keep or cause to be kept, at the principal office in California, a copy of the articles of incorporation and by-laws, as amended to date.

- b. **Notices, Seal, and Other Duties.** The secretary shall give, or cause to be given, notice of all meetings of the board and of committees of the board required by these by-laws to be given. The secretary shall keep the corporate seal in safe custody and shall have such other powers and perform such other duties as the board or the by-laws may prescribe.

4. **TREASURER:**

- a. **Books of Account.** The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions. The treasurer shall send or cause to be given to the directors such financial statements and reports as are required to be given by laws, by these by-laws, or by the board. The books of account shall be open to inspection by any director at all reasonable times.
- b. **Deposit and Disbursement of Money and Valuables.** The treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the board may designate, shall disburse the corporation's funds as the board may order, shall render to the chairperson of the board, and the board, when requested an account of all transactions as treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as the board or the by-laws may prescribe.
- c. **Bond.** If required by the board, the treasurer shall give the corporation a bond in the amount and with the surety or sureties specified by the board for faithful performance of the duties of the office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the treasurer on his or her death, resignation, retirement, or removal from office.

- 5. **EXECUTIVE DIRECTOR:** The Executive Director shall be selected by the Board of Directors and serve as the Director in charge of daily operation of the Corporation. The Executive Director shall serve under contract to the Board of Directors and in that contract the duties, responsibilities and authorities shall be specified. The Executive Director may be assigned authority to perform responsibilities provided for in these by-laws to be performed by others. The Executive Director shall be considered an officer of the corporation but shall have no vote in the proceedings of the Board.

ARTICLE 8. INDEMNIFICATION

8.01 RIGHT OF INDEMNITY.

To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Section 523 (a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in Section 5238 (a) of the California Code.

8.02 APPROVAL OF INDEMNITY.

On written request to the board by any person seeking indemnification under Section 5638 (b) or Section 5238 (c) of the California Corporation Code, the board shall promptly determine under Section 5238 (e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238 (b) or Section 5238 (c) has been met and, if so, the board shall authorize indemnification. If the board cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to that proceeding, application for indemnification shall be made by the corporation to the Court as authorized in Section 5238 (e) (3) of the California Corporations Code.

8.03 ADVANCEMENT OF EXPENSES.

To the fullest extent permitted by law and except as otherwise determined by the board in a specific instance, expenses incurred by a person seeking indemnification under Sections 8.01 and 8.02 of these by-laws in defending any proceeding covered by those Sections shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the corporation for those expenses.

8.04 INSURANCE.

The corporation shall have the right to purchase and maintain insurance to the fullest extent permitted by law on behalf of its officers, directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's, director's, employee's or agent's status as such.

ARTICLE 9. RECORDS AND REPORTS

9.01 MAINTENANCE OF CORPORATE RECORDS. The corporation shall keep:

1. Adequate and correct books and records of account; and
2. Minutes in written form of the proceeding of its board and committees of the board.

All such records shall be kept at the corporation's principal executive office, in the State of California.

9.02 MAINTENANCE AND INSPECTION OF ARTICLES AND BY-LAWS.

The corporation shall keep at its principal executive office the original or a copy of the articles and by-laws as amended to date, which shall be open to inspection by the officers and directors at all reasonable times during office hours.

9.03 INSPECTION BY DIRECTORS.

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. This inspection by a director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

9.04 ANNUAL REPORT.

The board shall cause an annual report to be sent to the directors within 120 days after the end of the corporation's fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

1. The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year.
2. The principal changes in assets and liabilities, including trust funds.
3. The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes.
4. The expenses or disbursement of the corporation for both general and restricted purposes.
5. Any information required by Section 9.05 of these by-laws.

The annual report shall be accompanied by any report on it of independent accountants or, if there is no such report, by the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

This requirement of an annual report shall not apply if the corporation receives less than \$25,000 in gross receipts during the fiscal year, provided however, that the information specified above for inclusion in an annual report must be furnished annually to all directors who request it in writing.

9.05 ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS.

No later than 120 days after the close of the corporation's fiscal year, the corporation shall prepare and mail or deliver to each director a statement of the amount and circumstances of any transaction or indemnification of the following kind:

1. Any transaction(s) in which the corporation, its parent or its subsidiary was a party, and in which any director or officer of the corporation, its parent or subsidiary had a direct or indirect financial interest.
2. Any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the corporation pursuant to Article 8 hereof.

ARTICLE 10. PROHIBITION AGAINST SHARING PROFITS OR ASSETS

No director, officer, employee or other person connected with the corporation, or any other private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation, provided that this provision shall not prevent payment to any such person of reasonable compensation for services rendered to or for the corporation affecting of its purposes as shall be fixed by resolution of the board.

ARTICLE 11. AFFILIATION WITH OTHER ORGANIZATIONS

11.01 This corporation is a service entity which serves a function within the totality of an organization known as Narcotics Anonymous Society. In so doing, it endorses the aims, goals and purposes of that organization, and in fact, by special endorsement per Section 11.02 hereinafter, it operates under the guidelines of the "Twelve Traditions" as espoused by the Narcotics Anonymous Society.

11.02 All directors and officers of this corporation shall be, and are, subject to, and will abide by, the principles of the "TWELVE TRADITIONS" of Narcotics Anonymous Society as set forth in the book identified and entitled as "Narcotics Anonymous" and shall further abide by motions adopted at each World Service Conference (WSC) meeting and implement decisions reached by the WSC as they pertain to operation of this corporation. It is herein specifically acknowledged that this corporation acts as a fiduciary in its dealings with WSC and the Fellowship of Narcotics Anonymous. Furthermore, this corporation shall be subject to the decisions and actions of the board of directors of the World Service Office, Inc.

ARTICLE 12. CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these by-laws. Without limiting the generality of the above the masculine gender includes the feminine and neuter, the singular number

16

includes the plural, the plural number includes the singular, and the term "person" includes both the corporation and a natural person.

ARTICLE 13. AMENDMENTS

The board may adopt, amend or repeal by-laws at any regular or special meeting.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the duly elected and acting Secretary of WORLD SERVICE OFFICE, INC., a California nonprofit corporation, and the above by-laws, consisting of 15 pages, are the by-laws of this corporation as adopted at a meeting of the board of directors held on June 20, 1987, and that they have not been amended or modified since that date.

Dated: September 9, 1987

Robert Richart, Secretary

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