

**1999 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-AB133)**

Received: **06/22/99**

Received By: **rmarchan**

Wanted: **Soon**

Identical to LRB:

For: **Senate Democratic Caucus 6-2257**

By/Representing: **Walter**

This file may be shown to any legislator: **NO**

Drafter: **rmarchan**

May Contact:

Alt. Drafters:

Subject: **Fin. Inst. - banking inst.**

Extra Copies:

**Pre Topic:**

SDC:.....Walter - #2763,

**Topic:**

Credit unions

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	rmarchan 06/22/99	chanaman 06/26/99	jfrantze 06/27/99	_____	lrb_docadmin 06/27/99		

FE Sent For:

<END>

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1/?	rmarchan	cm 1 1 6/26	Do 6/26	<table border="1"> <tr><td>9/6</td><td>30</td></tr> <tr><td>10/27</td><td></td></tr> </table>	9/6	30	10/27				
9/6	30										
10/27											

FE Sent For:

<END>

yes

**Agency: Financial Institutions**

caucus number 1503

duplicate flag:  
duplicate with:

Other reference numbers:	LFB Sum #:
bill number/amendment number:	
LRB draft #	LRB P-draft:

description: LRB b0651/1. Permit DFI to conduct safety and soundness examinations of an entity operating in the state pursuant to Section 7(a) of the Small Business Act.

**other notes**

drafting instructions: LRB b0651/1. See above.

more instructions:

caucus number 1728

duplicate flag:  
duplicate with:

Other reference numbers:	LFB Sum #:
bill number/amendment number:	
LRB draft #	LRB P-draft:

description: Authorize DFI to sepnd up to \$120,000 of annual program revenue funds for its Financial Education Program.

**other notes**

drafting instructions: See above.

more instructions:

SDC

caucus number 2763

duplicate flag:  
duplicate with:

Other reference numbers:	LFB Sum #:
bill number/amendment number:	
LRB draft # 3126/P2dn	LRB P-draft:

description: Insert the provisions of LRB 3126/P2dn including minor changes previously mentioned to the drafter, er: credit union membership, powers and investments, interstate operations of CU, powers of CU service organizations, and others (see attached for details)

**other notes**

drafting instructions: See attached.

more instructions:

caucus number 2768

duplicate flag:  
duplicate with:

Other reference numbers:	LFB Sum #:
bill number/amendment number: AB 131	
LRB draft #	LRB P-draft:

description: Adopt AB 131 relating to prohibiting ATM fees.

**other notes**

drafting instructions: Adopt AB 131. See above.

more instructions:

Agency: Financial Institutions

Number of Amendments: 4

CN 2763 +

**Credit Union Provision**

Insert the provisions of LRB-3126/P2dn, including minor changes previously mentioned to the drafter, relating to credit union membership, powers and investments, interstate operation of credit unions, powers of credit union service organizations, applicability of marketing and trade practices laws to credit unions, granting rule-making authority and providing penalties.

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-3126/P2dn  
RJM:kmgjf

June 2, 1999

695-5938  
- Cell -

1. Attached is a preliminary draft of a bill making changes to certain laws affecting credit unions. If you desire to insert this bill as an amendment to the joint committee on finance substitute amendment to the budget bill, please contact me as soon as possible after the joint committee on finance substitute amendment is introduced in the senate.

2. Please review the bill carefully to ensure that it is consistent with your intent. If you have any questions regarding the bill's effect or if you want me to prepare an analysis regarding the bill, please feel free to call.

3. With your permission, I have spoken with Jim Tenuta regarding the language of proposed s. 186.02 (2) (b) 2. Mr. Tenuta requested that the office of credit unions be allowed to limit the application of this field of membership provision after "determining the practicality of serving the specified area". I have tried to clarify the intent of this request in the language of proposed s. 186.02 (2) (b) 2. Please review this clarification to ensure that it accomplishes your intent.

4. The language initially submitted regarding Wisconsin offices of out-of-state credit unions indicated that the office of credit unions could require the home state of an out-of-state credit union to supply the office of credit unions with correspondence and reports regarding the out-of-state credit union. I assume your intent is to allow the office of credit unions to require the out-of-state credit union to supply copies of these correspondence and reports. The bill reflects this assumption. See proposed s. 186.45 (4). Please let me know if you desire any changes to this provision.

5. The language initially submitted repealed s. 186.113 (1m), stats., regarding limited services offices of credit unions. I was unsure how you intended to treat limited services offices that exist at the time that this bill becomes effective. Rather than repeal s. 186.113 (1m), stats., this bill removes the authority for a credit union to open a limited services office beginning on the effective date of this bill. Existing limited services offices continue to operate as allowed under current law. Please let me know if this treatment is not what you intended.

6. This bill contains numerous minor or technical changes, most of which, with your permission, I have previously discussed with either Brett Thompson or Mr. Tenuta. However, you may still want to have Mr. Thompson and Mr. Tenuta review the bill, as well.

Robert J. Marchant  
Legislative Attorney  
Phone: (608) 261-4454  
E-mail: Robert.Marchant@legis.state.wi.us



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-3126/P2

RJM/kmg-jf

~~Rob Marchant~~  
Rob Marchant

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Rob Marchant

264-6948

fax

Need to  
put in  
LRB#

1     **AN ACT to repeal** 186.01 (8), 186.02 (2) (a) 3. and 4., 186.235 (16) (b), 186.41 (1)  
2           (d), 186.41 (6) (b) and 186.41 (8); **to renumber** 186.11 (4) (b) 6. and 7., 186.235  
3           (16) (a) and 186.41 (6) (a); **to renumber and amend** 186.02 (2) (d), 186.41 (1)  
4           (a) and 186.41 (1) (c); **to amend** 93.01 (1m), 186.01 (2), 186.02 (2) (a) 1., 186.02  
5           (2) (b) 2., 186.02 (2) (b) 3., 186.02 (2) (c), 186.11 (4) (title) and (a), 186.11 (4) (b)  
6           (intro.) and 1., 186.11 (4) (c), 186.113 (1), 186.113 (1m) (a) (intro.), 186.113 (6)  
7           (b) and (c), 186.115 (1), 186.235 (7) (a) (intro.), 186.36, 186.41 (title), 186.41 (2)  
8           and (3), 186.41 (4) (intro.), (a) to (d) and (f) and 186.41 (5) (a), (b), (c) and (cr);  
9           and **to create** 186.02 (2) (d) 2., 186.08 (1m) (h), 186.11 (4) (b) 6m., 7m. and 8.,  
10          186.113 (24), 186.113 (25), 186.114, 186.235 (7) (c), 186.235 (7m), 186.45 and  
11          186.80 of the statutes; **relating to:** credit union membership, powers and  
12          investments, interstate operation of credit unions, powers of credit union

1 service organizations, applicability of marketing and trade practices laws to  
2 credit unions, granting rule-making authority and providing penalties.

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***Analysis by the Legislative Reference Bureau***

This is a preliminary draft. An analysis will be provided in a later version.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

3 SECTION 1. 93.01 (1m) of the statutes is amended to read:

4 93.01 (1m) "Business" includes any business, except that of banks, savings  
5 banks, credit unions, savings and loan associations and insurance companies.  
6 "Business" includes public utilities and telecommunications carriers to the extent  
7 that their activities, beyond registration, notice and reporting activities, are not  
8 regulated by the public service commission and includes public utility and  
9 telecommunications carrier methods of competition or trade and advertising  
10 practices that are exempt from regulation by the public service commission under s.  
11 196.195, 196.196, 196.202, 196.203, 196.219 or 196.499 or by other action of the  
12 commission.

13 SECTION 2. 186.01 (2) of the statutes is amended to read:

14 186.01 (2) "Credit union" means a cooperative, nonprofit corporation,  
15 incorporated under this chapter ~~to encourage thrift among its members, create a~~  
16 ~~source of credit at a fair and reasonable cost and provide an opportunity for its~~  
17 ~~members to improve their economic and social conditions, except as specifically~~  
18 provided under ss. 186.41 (1) and 186.45 (1).

19 SECTION 3. 186.01 (8) of the statutes is repealed.

20 SECTION 4. 186.02 (2) (a) 1. of the statutes is amended to read:

1           186.02 (2) (a) 1. ~~The conditions of residence or occupation which qualify persons~~  
2           determine eligibility for membership.

3           **SECTION 5.** 186.02 (2) (a) 3. and 4. of the statutes are repealed.

4           **SECTION 6.** 186.02 (2) (b) 2. of the statutes is amended to read:

5           186.02 (2) (b) 2. ~~Residents within a well-defined neighborhood, community or~~  
6           Individuals that reside or are employed in neighborhoods, communities, rural  
7           district districts or multicounty regions, unless the office of credit unions determines  
8           that it is impractical for a particular credit union to serve the area in which the  
9           individuals reside or are employed.

10          **SECTION 7.** 186.02 (2) (b) 3. of the statutes is amended to read:

11          186.02 (2) (b) 3. ~~Employes of related or vicinal industries or employes of~~  
12          industries that operate at least one facility within a neighborhood or urban,  
13          suburban or rural community the limits of which are not determined by any  
14          arbitrary physical standard. *This is different from Thompson draft - but OK/good*

15          **SECTION 8.** 186.02 (2) (c) of the statutes is amended to read:

16          186.02 (2) (c) ~~Members of the immediate family of all qualified persons are~~  
17          ~~eligible for membership. In this paragraph, "members of the immediate family"~~  
18          ~~include the wife, husband, parents, stepchildren and children of a member whether~~  
19          ~~living together in the same household or not and any other relatives of the member~~  
20          ~~or spouse of a member living together in the same household as the member.~~

21          **SECTION 9.** 186.02 (2) (d) of the statutes is renumbered 186.02 (2) (d) 1. and  
22          amended to read:

23          186.02 (2) (d) 1. ~~Organizations and associations~~ An organization or association  
24          of individuals, the majority of whom the directors, owners or members of which are



1 eligible for membership, may be admitted to membership in the same manner and  
2 under the same conditions as individuals.

3 **SECTION 10.** 186.02 (2) (d) 2. of the statutes is created to read:

4 186.02 (2) (d) 2. An organization or association that has a business location  
5 within any geographic limits of the credit union's field of membership or an  
6 organization or association that, in the ordinary course of business, provides services  
7 to credit unions, credit union organizations or persons who are eligible for  
8 membership in the credit union may be admitted to membership.

9 **SECTION 11.** 186.08 (1m) (h) of the statutes is created to read:

10 186.08 (1m) (h) Establishing a policy determining which individuals qualify  
11 as members of the immediate family of a qualified person for the purpose of  
12 determining eligibility for membership in the credit union under s. 186.02 (2) (c).

13 **SECTION 12.** 186.11 (4) (title) and (a) of the statutes are amended to read:

14 186.11 (4) (title) INVESTMENT IN CREDIT UNION SERVICE CORPORATIONS  
15 ORGANIZATIONS. (a) A Unless the office of credit unions approves a higher percentage,  
16 a credit union may invest not more than 1.5% of its total assets in the capital shares  
17 or obligations of a credit union service corporation organization that is a corporation,  
18 limited partnership, limited liability company or other entity approved by the office  
19 of credit unions, and that is organized primarily to provide goods and services to  
20 credit unions, credit union organizations and credit union members.

21 **SECTION 13.** 186.11 (4) (b) (intro.) and 1. of the statutes are amended to read:

22 186.11 (4) (b) (intro.) A credit union service corporation organization under par.

23 (a) may provide goods and services including any of the following:

24 1. Credit union operations services, including service centers, credit and debit  
25 card services, automated teller and remote terminal services, electronic transaction

1 services, accounting systems, data processing, management training and support,  
2 payment item processing, record retention and storage, locator services, research,  
3 debt collection, credit analysis and loan servicing, coin and currency services and  
4 marketing and advertising services.

5 SECTION 14. 186.11 (4) (b) 6. and 7. of the statutes are renumbered 186.11 (4)  
6 (b) 9. and 10.

7 SECTION 15. 186.11 (4) (b) 6m., 7m. and 8. of the statutes are created to read:

8 186.11 (4) (b) 6m. Management, development, sale or lease of fixed assets and  
9 sale, lease or servicing of computer hardware or software.

10 7m. Securities brokerage services.

11 8. Travel agency services.

12 SECTION 16. 186.11 (4) (c) of the statutes is amended to read:

13 186.11 (4) (c) A credit union service corporation organization may be subject  
14 to audit examination by the office of credit unions.

15 SECTION 17. 186.113 (1) of the statutes is amended to read:

16 186.113 (1) BRANCH OFFICES. ~~If the need and necessity exist and with~~ With the  
17 approval of the office of credit unions, establish branch offices inside ~~this state or no~~  
18 ~~more than 25 miles or~~ outside of this state. Permanent records may be maintained  
19 at branch offices established under this subsection. In this subsection, the term  
20 "branch office" does not include a remote terminal, a limited services office or a  
21 service center.

22 SECTION 18. 186.113 (1m) (a) (intro.) of the statutes is amended to read:

23 186.113 (1m) (a) (intro.) Establish Before the effective date of this paragraph  
24 ... [revisor inserts date], establish limited services offices outside this state to serve  
25 any member of the credit union if all of the following requirements are met:

1           **SECTION 19.** 186.113 (6) (b) and (c) of the statutes are amended to read:

2           186.113 (6) (b) Act as trustees or custodians of member tax deferred retirement  
3           funds, individual retirement accounts, medical savings accounts or other employe  
4           benefit accounts or funds permitted by federal law to be deposited in a credit union.

5           (c) Act as a depository for member-deferred member qualified and  
6           nonqualified deferred compensation funds as permitted by federal law.

7           **SECTION 20.** 186.113 (24) of the statutes is created to read:

8           186.113 (24) **FUNERAL TRUSTS.** Accept deposits made by members for the  
9           purpose of funding burial agreements by trusts created pursuant to s. 445.125.

10          **SECTION 21.** 186.113 (25) of the statutes is created to read:

11          186.113 (25) **SELL OR PURCHASE ASSETS.** Discount or sell any of its assets and,  
12          with the prior approval of the office of credit unions, purchase assets of another  
13          lender or seller.

14          **SECTION 22.** 186.114 of the statutes is created to read:

15          **186.114. Federal and other powers. (1) EXERCISE OF FEDERAL CREDIT UNION**  
16          **POWERS BY WISCONSIN CREDIT UNION.** (a) *In general.* Subject to the limitations in this  
17          subsection, a credit union may exercise all powers that may be exercised, directly or  
18          indirectly through a credit union service organization, by a federally chartered credit  
19          union or by an affiliate of such an institution.

20          (b) *Required notification for exercise of a federal power.* A credit union shall give  
21          60 days' prior written notice to the office of credit unions of the credit union's  
22          intention to exercise a power under this subsection.

23          (c) *Exercise of federal powers through a credit union service organization.* The  
24          office of credit unions may require that certain powers exercisable by credit unions

1 under this subsection be exercised through a credit union service organization with  
2 appropriate safeguards to limit the risk exposure of the credit union.

3 (2) EXERCISE OF OTHER SERVICE AND INCIDENTAL ACTIVITY POWERS. (a) *Necessary*  
4 *or convenient powers.* Unless otherwise prohibited or limited by this chapter, a credit  
5 union may exercise all powers necessary or convenient to effect the purposes for  
6 which the credit union is organized or to further the businesses in which the credit  
7 union is lawfully engaged.

8 (b) *Reasonably related powers.* Subject to any applicable state or federal  
9 regulatory or licensing requirements, a credit union may engage, directly or  
10 indirectly through a credit union service organization, in activities reasonably  
11 related or incident to the purposes of the credit union. Activities reasonably related  
12 or incident to the purposes of the credit union are those activities that are part of the  
13 business of credit unions, or closely related to the business of credit unions, or  
14 convenient and useful to the business of credit unions, or reasonably related or  
15 incident to the operation of credit unions or are financial in nature.

16 (c) *Notice requirement.* A credit union shall give 60 days' prior written notice  
17 to the office of credit unions of the credit union's intention to engage in an activity  
18 under this subsection.

19 (d) *Standards for denial.* The office of credit unions may deny the authority  
20 of a credit union to engage in an activity under this subsection if the office of credit  
21 unions determines that the activity is not an activity reasonably related or incident  
22 to the purposes of the credit union, that the credit union is not well-capitalized or  
23 adequately capitalized, that the credit union is the subject of an enforcement action  
24 or that the credit union does not have satisfactory management expertise for the  
25 proposed activity.

1           (e) *Other activities approved by the office of credit unions.* A credit union may  
2 engage in any other activity that is approved by rule of the office of credit unions.

3           (f) *Activities provided through a subsidiary.* A credit union may engage in  
4 activities under this subsection, directly or indirectly through a credit union service  
5 organization, unless the office of credit unions determines that an activity must be  
6 conducted through a credit union service organization with appropriate safeguards  
7 to limit the risk exposure of the credit union.

8           (3) **RULE-MAKING AUTHORITY.** The office of credit unions may promulgate rules  
9 to administer this section. The rules may impose limitations or conditions on the  
10 exercise of powers under this section if the office of credit unions determines that the  
11 limits or conditions are necessary for the protection of depositors, members,  
12 investors or the public.

13           **SECTION 23.** 186.115 (1) of the statutes is amended to read:

14           186.115 (1) **SCOPE OF AUTHORITY.** Subject to any regulatory approval required  
15 by law and subject to sub. (2), a credit union, directly or through a subsidiary, may  
16 undertake any activity, exercise any power or offer any financially related product  
17 or service in this state that any other provider of financial products or services may  
18 undertake, exercise or provide or that the office of credit unions finds to be financially  
19 related. The authority granted under this subsection is in addition to any power or  
20 authority granted to a credit union under s. 186.114 (1) and (2) (a) and (b).

21           **SECTION 24.** 186.235 (7) (a) (intro.) of the statutes is amended to read:

22           186.235 (7) (a) (intro.) Employees of the office of credit unions and members of  
23 the review board shall keep secret all the facts and information obtained in the  
24 course of examinations, or contained in any report provided by a credit union other  
25 than a call report, except in any of the following situations:

1           **SECTION 25.** 186.235 (7) (c) of the statutes is created to read:

2           186.235 (7) (c) If any person mentioned in par. (a) discloses any information  
3           about the private account or transactions of a credit union or any fact obtained in the  
4           course of an examination of a credit union, except as provided in pars. (a) and (b), that  
5           person shall forfeit his or her office or position and may be fined not less than \$100  
6           nor more than \$1,000 or imprisoned for not less than 6 months nor more than 3 years  
7           or both.

8           **SECTION 26.** 186.235 (7m) of the statutes is created to read:

9           186.235 (7m) RETURN OF EXAMINATION REPORTS. Examination reports possessed  
10          by a credit union are confidential, remain the property of the office of credit unions  
11          and shall be returned to the office of credit unions immediately upon request.

12          **SECTION 27.** 186.235 (16) (a) of the statutes is renumbered 186.235 (16).

13          **SECTION 28.** 186.235 (16) (b) of the statutes is repealed.

14          **SECTION 29.** 186.36 of the statutes is amended to read:

15          **186.36 Sale of insurance in credit unions.** Any officer or employe of a credit  
16          union, when acting as an agent for the sale of insurance on behalf of the credit union,  
17          shall pay all commissions received from the sale of ~~credit life insurance or credit~~  
18          ~~accident and sickness insurance~~ to the credit union.

19          **SECTION 30.** 186.41 (title) of the statutes is amended to read:

20          **186.41 (title) Interstate acquisition acquisitions and merger mergers**  
21          **of credit unions.**

22          **SECTION 31.** 186.41 (1) (a) of the statutes is renumbered 186.41 (1) (bm) and  
23          amended to read:

24          186.41 (1) (bm) "~~In-state~~ Wisconsin credit union" means a credit union having  
25          its principal office located in this state.

1           **SECTION 32.** 186.41 (1) (c) of the statutes is renumbered 186.41 (1) (am) and  
2 amended to read:

3           186.41 (1) (am) "~~Regional Out-of-state~~ credit union" means a state or federal  
4 credit union ~~that has its, the~~ principal office of which is located in ~~one of the regional~~  
5 ~~states a state other than this state.~~

6           **SECTION 33.** 186.41 (1) (d) of the statutes is repealed.

7           **SECTION 34.** 186.41 (2) and (3) of the statutes are amended to read:

8           186.41 (2) ~~IN-STATE WISCONSIN~~ CREDIT UNION. (a) ~~An in-state~~ A Wisconsin credit  
9 union may do any of the following:

10           1. Acquire an interest in, or some or all of the assets and liabilities of, one or  
11 more ~~regional out-of-state~~ credit unions.

12           2. Merge with one or more ~~regional out-of-state~~ credit unions.

13           (b) ~~An in-state~~ A Wisconsin credit union proposing any action under par. (a)  
14 shall provide the office of credit unions a copy of any original application seeking  
15 approval by a federal agency or by an agency of the ~~regional~~ another state and of any  
16 supplemental material or amendments filed in connection with any application.

17           (3) ~~REGIONAL Out-of-state~~ CREDIT UNIONS. Except as provided in sub. (4), a  
18 ~~regional~~ an out-of-state credit union may do any of the following:

19           (a) Acquire an interest in, or some or all of the assets of, one or more ~~in-state~~  
20 Wisconsin credit unions.

21           (b) Merge with one or more ~~in-state~~ Wisconsin credit unions.

22           **SECTION 35.** 186.41 (4) (intro.), (a) to (d) and (f) of the statutes are amended to  
23 read:

24           186.41 (4) LIMITATIONS. (intro.) ~~A regional~~ An out-of-state credit union may  
25 not take any action under sub. (3) until all of the following conditions have been met:

1 (a) The office of credit unions finds that the statutes of the regional state in  
2 which the regional out-of-state credit union has its principal office permit in-state  
3 Wisconsin credit unions to both acquire regional out-of-state credit union assets and  
4 merge with one or more regional out-of-state credit unions in the regional that state.

5 (b) The office of credit unions has not disapproved the acquisition of in-state  
6 Wisconsin credit union assets or the merger with the in-state Wisconsin credit union  
7 under sub. (5).

8 (c) The office of credit unions gives a class 3 notice, under ch. 985, in the official  
9 state newspaper, of the application to take an action under sub. (3) and of the  
10 opportunity for a hearing and, if at least 25 residents of this state petition for a  
11 hearing within 30 days of the final notice or if the office of credit unions on its own  
12 motion calls for a hearing within 30 days of the final notice, the office of credit unions  
13 holds a public hearing on the application, except that a hearing is not required if the  
14 office of credit unions finds that an emergency exists and that the proposed action  
15 under sub. (3) is necessary and appropriate to prevent the probable failure of an  
16 in-state a Wisconsin credit union that is closed or in danger of closing.

17 (d) The office of credit unions is provided a copy of any original application  
18 seeking approval by a federal agency of the acquisition of in-state Wisconsin credit  
19 union assets or of the merger with an in-state a Wisconsin credit union and of any  
20 supplemental material or amendments filed with the application.

21 (f) With regard to an acquisition of assets of an in-state a Wisconsin credit  
22 union that is chartered on or after May 9, 1986, the in-state Wisconsin credit union  
23 has been in existence for at least 5 years before the date of acquisition.

24 SECTION 36. 186.41 (5) (a), (b), (c) and (cr) of the statutes are amended to read:



1           186.41 (5) (a) Considering the financial and managerial resources and future  
2           prospects of the applicant and of the ~~in-state~~ Wisconsin credit union concerned, the  
3           action would be contrary to the best interests of the members of the ~~in-state~~  
4           Wisconsin credit union.

5           (b) The action would be detrimental to the safety and soundness of the  
6           applicant or of the ~~in-state~~ Wisconsin credit union concerned, or to a subsidiary or  
7           affiliate of the applicant or of the ~~in-state~~ Wisconsin credit union.

8           (c) Because the applicant, its executive officers or directors have not  
9           established a record of sound performance, efficient management, financial  
10          responsibility and integrity, the action would be contrary to the best interests of the  
11          creditors, members or other customers of the applicant or of the ~~in-state~~ Wisconsin  
12          credit union or contrary to the best interests of the public.

13          (cr) The applicant has failed to propose to provide adequate and appropriate  
14          services of the type contemplated by the community reinvestment act of 1977 in the  
15          community in which the ~~in-state~~ Wisconsin credit union which the applicant  
16          proposes to acquire or merge with is located.

17           **SECTION 37.** 186.41 (6) (a) of the statutes is renumbered 186.41 (6).

18           **SECTION 38.** 186.41 (6) (b) of the statutes is repealed.

19           **SECTION 39.** 186.41 (8) of the statutes is repealed.

20           **SECTION 40.** 186.45 of the statutes is created to read:

21           **186.45 Non-Wisconsin credit union, Wisconsin offices. (1) DEFINITIONS.**

22           In this section:

23           (a) "Non-Wisconsin credit union" means a credit union organized under the  
24           laws of and with its principal office located in a state other than this state.

25           (b) "Wisconsin credit union" has the meaning given in s. 186.41 (1) (bm).

1           (2) APPROVAL. A non-Wisconsin credit union may open an office and conduct  
2 business as a credit union in this state if the office of credit unions finds that  
3 Wisconsin credit unions are allowed to do business in the other state under  
4 conditions similar to those contained in this section and that all of the following apply  
5 to the non-Wisconsin credit union:

6           (a) It is a credit union organized under laws similar to the credit union laws of  
7 this state.

8           (b) It is financially solvent based upon national board ratings.

9           (c) It has member savings insured with federal share insurance.

10          (d) It is effectively examined and supervised by the credit union authorities of  
11 the state in which it is organized.

12          (e) It has received approval from the credit union authorities of the state in  
13 which it is organized.

14          (f) It has a need to place an office in this state to adequately serve its members  
15 in this state.

16          (3) REQUIREMENTS. A non-Wisconsin credit union shall agree to do all of the  
17 following:

18          (a) Grant loans at rates not in excess of the rates permitted for Wisconsin credit  
19 unions.

20          (b) Comply with this state's laws.

21          (c) Designate and maintain an agent for the service of process in this state.

22          (4) RECORDS. As a condition of a non-Wisconsin credit union doing business in  
23 this state under this section, the office of credit unions may require the  
24 non-Wisconsin credit union to provide copies of examination reports and other

1 related correspondence from the state in which the non-Wisconsin credit union has  
2 its principal office.

3 **SECTION 41.** 186.80 of the statutes is created to read:

4 **186.80 False statements.** A person who knowingly publishes false reports or  
5 makes false statements about a credit union may be fined not less than \$1,000 nor  
6 more than \$5,000 or imprisoned for not less than one year nor more than 15 years  
7 or both.

8

(END)

**PRIVILEGED AND CONFIDENTIAL**

~~Printed~~  
~~Revised~~ June 18, 1999

**1999 CREDIT UNION BILL**

**SECTION 1. § 93.01(1m) of the statutes is amended to read:**

(1m) "Business" includes any business, except that of banks, savings banks, credit unions, savings and loan associations and insurance companies. "Business" includes public utilities and telecommunications carriers to the extent that their activities, beyond registration, notice and reporting activities, are not regulated by the public service commission and includes public utility and telecommunications carrier methods of competition or trade and advertising practices that are exempt from regulation by the public service commission under s. 196.195, 196.196, 196.202, 196.203, 196.219 or 196.499 or by other action of the commission.

**SECTION 2. § 186.01(2) of the statutes is amended to read:**

(2) "Credit union" means a cooperative, nonprofit corporation, incorporated under this chapter, ~~to encourage thrift among its members, create a source of credit at a fair and reasonable cost and provide an opportunity for its members to improve their economic and social conditions.~~

**SECTION 3. § 186.01(8) is repealed.**

**SECTION 4. § 186.02(2)(a)1. of the statutes is amended to read:**

186.02(2)(a)1. The conditions of ~~residence or occupation~~ which qualify persons determine eligibility for membership.

**SECTION 5. § 186.02(2)(a) 3 and 4 of the statutes are repealed.**

**SECTION 6. § 186.02(2)(b) 2. of the statutes is amended to read:**

186.02(2)(b)2. ~~Residents.~~ Individuals residing or employed in within a well defined neighborhood, community or neighborhoods, communities, rural districts or multi-county regions.

**SECTION 7. § 186.02(2)(b)3 of the statutes is amended to read:**

186.02(2)(b)3. Employees of related or vicinal industries or industries that include employers which operate one or more facilities within a

**PRIVILEGED AND CONFIDENTIAL**

neighborhood or urban, suburban or rural community whose limits are not determined by any arbitrary physical standard.

**SECTION 8. § 186.02(2)(c) of the statutes is amended to read:**

**186.02(2)(c)** Members of the immediate family of all qualified persons are eligible for membership. ~~In this paragraph, "members of the immediate family" include the wife, husband, parents and children of a member whether living together in the same household as the member.~~

**SECTION 9. § 186.02(2)(d) of the statutes is amended to read:**

**186.02(2)(d)**

1. Organizations and associations of individuals, the majority of directors, owners or members of which whom are eligible for membership, may be admitted to membership in the same manner and under the same conditions as individuals.
2. An organization or association that has a business location within any geographic limits of the credit union's field of membership or an organization that, as one of its principal functions, provides services to credit unions, credit union organizations or persons who are eligible for membership in the credit union, also may be admitted to membership.

**SECTION 10. § 186.08(1m)(h) of the statutes is created to read:**

**186.08(1m)(h)** Identifying by board policy those "members of the immediate family" of a qualified person who will qualify for membership in the credit union.

**SECTION 11. § 186.11(4) of the statutes is amended to read:**

**(4) INVESTMENT IN CREDIT UNION SERVICE CORPORATIONS ORGANIZATIONS.**

- (a) A credit union may invest not more than 1.5% of its total assets, or a higher percentage authorized by the office of credit unions, in the capital shares or obligations of a credit union service ~~corporation~~ organizations formed as a corporation, limited partnership, limited liability company or such other form of entity as may be approved by the director from time to time, and which is organized primarily to provide

**PRIVILEGED AND CONFIDENTIAL**

goods and services to credit unions, credit union organizations and credit union members.

(b) A service ~~corporation~~organization under par. (a) may provide goods and services including any of the following:

1. Credit union operations services, including service centers, credit and debit card services, automated teller and remote terminal services, electronic transaction services, accounting systems, data processing, management training and support, payment item processing, record retention and storage, locator services, research, debt collection, credit analysis and loan servicing, coin and currency services and marketing and advertising services.
2. Family financial services including financial planning and counseling, retirement counseling, estate planning and income tax preparation.
3. Development and administration of individual retirement accounts, Keogh plans and other employee benefit plans.
4. Provision of trust services and other similar fiduciary capacities.
5. Acting as agent for the sale of insurance, including liability, casualty, automobile, life, health, accident, title and other insurance.
6. Management, development, sale or lease of fixed assets and sale, lease or servicing of computer hardware or software.
7. Securities brokerage services.
8. Travel agency services.
69. Personal property leasing and development of leasing plans.
710. Other services associated with the routine operation of credit unions and credit union organizations.

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- (c) A service corporation ~~organization~~ may be subject to audit examination by the office of credit unions.

**SECTION 12. § 186.113(1) of the statutes is amended to read:**

- (1) BRANCH OFFICES. ~~If the need and necessity exist and w~~ With the approval of the office of credit unions, establish branch offices inside ~~this state or no more than 25 miles outside of this state.~~ Permanent records may be maintained at branch offices established under this subsection. In this subsection, the term "branch office" does not include a remote terminal, ~~a limited services office or a service center.~~

**SECTION 13. § 186.113(1m) of the statutes is repealed.**

**SECTION 14. § 186.113(6) of the statutes is amended to read:**

- (6) TRUST SERVICES.
- (a) Contract with a trust organization authorized to do business in this state to provide trust services to the credit union's members.
- (b) Act as trustees or custodians of member tax deferred retirement funds, individual retirement accounts, medical savings accounts or other employee benefit accounts or funds permitted by federal law to be deposited in a credit union.
- (c) Act as a depository for member qualified and non-qualified deferred compensation funds as permitted by federal law.

**SECTION 15. § 186.113(24) of the statutes is created to read:**

- (24) FUNERAL TRUSTS. Accept deposits made by members for the purpose of funding burial agreements by trusts created pursuant to § 445.125.

**SECTION 16. § 186.113(25) of the statutes is created to read:**

- (25) SELL OR PURCHASE ASSETS. Discount or sell any of its assets and with the prior approval of the office of credit unions, purchase assets of another lender or seller.

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**SECTION 17. § 186.115(1) of the statutes is amended to read:**

**186.115. ADDITIONAL CREDIT UNION AUTHORITY.**

- (1) **SCOPE OF AUTHORITY.** Subject to any regulatory approval required by law and subject to sub. (2), a credit union directly or through a subsidiary, may undertake any activity, exercise any power or offer any financially related product or service in this state that any other provider of financial products or services may undertake, exercise or provide or that the office of credit unions finds to be financially related. This section shall not apply to any power or authority granted a credit union pursuant to §§ 186. and 186. . ["Universal banking" references.]

**SECTION 18. § 186.235(7)(a) of the statutes is amended to read:**

**(7) DISCLOSURE OF INFORMATION.**

- (a) Employees of the office of credit unions and members of the review board shall keep secret all the facts and information obtained in the course of examinations or from reports other than call reports, except in any of the following situations:
1. If the public duty of the person requires that person to report upon or take special action regarding the affairs of any credit union.
  2. If the person is called as a witness in any criminal proceeding.

**SECTION 19. § 186.235(7)(c) and (d) of the statutes are created to read:**

- (c) If any employe of the office of credit unions or member of the review board discloses anything relative to the private account or transactions of a credit union or any facts or information obtained in the course of examinations, except as herein provided, that person shall be subject, upon conviction, to forfeiture of office or position and may be fined not less than \$100 nor more than \$1,000 or imprisoned for not less than six months nor more than three years or both.
- (d) Examination reports possessed by a credit union are confidential, remain the property of the office of credit unions and are returnable immediately on request of the office of credit unions.



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**SECTION 20. § 186.235(16)(b) is repealed.**

**SECTION 21. § 186.36 of the statutes is amended to read:**

**186.36 SALE OF INSURANCE IN CREDIT UNIONS.** Any officer or employe of a credit union, when acting as an agent for the sale of insurance on behalf of the credit union, shall pay all commissions received from the sale of ~~credit life insurance or credit accident and sickness insurance~~ insurance to the credit union.

**SECTION 22. § 186.41 of the statutes is amended to read:**

**186.41 INTERSTATE ACQUISITIONS AND MERGERS OF CREDIT UNIONS.**

**(1) DEFINITIONS.** In this section:

- (a) "~~Wisconsin~~ In-state credit union" means a credit union having its principal office located in this state.
- (c) "~~Non-Wisconsin~~ Regional credit union" means a state or federal credit union that has its principal office located in ~~one of the regional states~~ a state other than Wisconsin.
- (d) "~~Regional states~~" means the states of Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri and Ohio.

**(2) ~~IN-STATE WISCONSIN~~ CREDIT UNION.**

- (a) An ~~in-state~~ Wisconsin credit union may do any of the following:
  - 1. Acquire an interest in, or some or all of the assets and liabilities of, one or more regional non-Wisconsin credit unions.
  - 2. Merge with one or more regional non-Wisconsin credit unions.
- (b) An ~~in-state~~ Wisconsin credit union proposing any action under par. (a) shall provide the office of credit unions a

**PRIVILEGED AND CONFIDENTIAL**

copy of any original application seeking approval by a federal agency or by an agency of the regional ~~another~~ state and of any supplemental material or amendments filed in connection with any application.

(3) ~~REGIONAL-NON-WISCONSIN~~ CREDIT UNIONS. Except as provided in sub. (4), a regional ~~non-Wisconsin~~ credit union may do any of the following:

- (a) Acquire an interest in, or some or all of the assets of, one or more ~~in-state~~ Wisconsin credit unions.
- (b) Merge with one or more ~~in-state~~ Wisconsin credit unions.

(4) LIMITATIONS. A regional ~~non-Wisconsin~~ credit union may not take any action under sub. (3) until all of the following conditions have been met:

- (a) The office of credit unions finds that the statutes of the regional-state in which the regional ~~non-Wisconsin~~ credit union has its principal office permit ~~in-state~~ Wisconsin credit unions to both acquire regional ~~non-Wisconsin~~ credit union assets and merge with one or more regional ~~non-Wisconsin~~ credit unions in the regional-state.
- (b) The office of credit unions has not disapproved the acquisition of ~~in-state~~ Wisconsin credit union assets or the merger with the ~~in-state~~ Wisconsin credit union under sub (5).
- (c) The office of credit unions gives a class 3 notice, under ch. 985, in the official state newspaper, of the application to take an action under sub. (3) and of the opportunity for a hearing and, if at least 25 residents of this state petition for a hearing within 30 days of the final notice or if the office of credit unions on its own motion calls for a hearing within 30 days of the final notice, the office of credit unions holds a public hearing on the application, except that a hearing is not required if the office of credit unions finds that an emergency exists and that the proposed action under sub. (3) is necessary and appropriate to prevent the probable

**PRIVILEGED AND CONFIDENTIAL**

failure of ~~an~~-state Wisconsin credit union that is closed or in danger of closing.

- (d) The office of credit unions is provided a copy of any original application seeking approval by a federal agency of the acquisition of ~~in~~-state Wisconsin credit union assets or of the merger with an ~~in~~-state Wisconsin credit union and of any supplemental material or amendments filed with the application.
  - (e) The applicant has paid the office of credit unions a fee of \$1,000 together with the actual costs incurred by the office in holding any hearing on the application.
  - (f) With regard to an acquisition of assets of an ~~in~~-state Wisconsin credit union that is chartered on or after May 9, 1986, the ~~in~~-state Wisconsin credit union has been in existence for at least 5 years before the date of acquisition.
- (5) **STANDARDS FOR DISAPPROVAL.** The office of credit unions may disapprove of any action under sub. (3) if the office finds any of the following:
- (a) Considering the financial and managerial resources and future prospects of the applicant and of the ~~in~~-state Wisconsin credit union concerned, the action would be contrary to the best interests of the members of the ~~in~~-state Wisconsin credit union.
  - (b) The action would be detrimental to the safety and soundness of the applicant or of the ~~in~~-state Wisconsin credit union concerned, or to a subsidiary or affiliate of the applicant or of the ~~in~~-state Wisconsin credit union.
  - (c) Because the applicant, its executive officers or directors have not established a record of sound performance, efficient management, financial responsibility and integrity, the action would be contrary to the best interests of the creditors, members or other customers of the applicant or of the ~~in~~-state Wisconsin credit union or contrary to the best interests of the public.

**PRIVILEGED AND CONFIDENTIAL**

- (cg) The applicant has failed to provide adequate and appropriate services of the type contemplated by the community reinvestment act of 1977 to the communities in which the applicant is located.
  - (cr) The applicant has failed to propose to provide adequate and appropriate services of the type contemplated by the community reinvestment act of 1977 in the community in which the in-state Wisconsin credit union which the applicant proposed to acquire or merge with is located.
  - (ct) The applicant has failed to enter into an agreement prepared by the office of credit unions to comply with laws and rules of this state regulating consumer credit finance charges and other charges and related disclosure requirements, except to the extent preempted by federal law or regulation.
  - (d) Any of the conditions under sub. (4)(a), (c), (d), (e) or (f) has not been met.
  - (e) The applicant fails to meet any other standards established by rule of the office of credit unions.
- (5m) BRANCHING NOT LIMITED.** This section does not limit branching authority under s. 186.113(l) ~~and (lm)~~.
- (6) APPLICABILITY.**
- ~~(a) Subsections (1) to (5) do not apply prior to January 1, 1987, except that the office of credit unions may promulgate rules under sub. (5) (e) to be applicable no earlier than the date that subs. (1) to (5) apply.~~
  - ~~(b) Subsections (1) to (5) apply as of the date, not earlier than January 1, 1987, that 3 regional states, at least 2 of which shall be from among the states of Illinois, Indiana, Iowa, Michigan and Minnesota, permit in-state credit unions to both acquire regional credit union assets and merge with one or more regional credit unions in those regional states.~~

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- (7) **WHEN INVALIDATED.** If any part of subs. (1) to (5) is held to be unconstitutional, then all of subs. (1) to (5) shall be invalid.
- ~~(8) **DIVESTITURE.** Any credit union that has acquired assets of or merged with an in-state credit union under sub. (2) or (3) and that ceases to be an in-state credit union or regional credit union shall immediately notify the office of credit unions of the change in its status and shall, as soon as practical and, in any case, within 2 years after the event causing it to no longer be one of these entities, divest itself of control of any interest in the assets or operations of any in-state credit union. A credit union that fails to immediately notify the office of credit unions is liable for a forfeiture of \$500 for each day beginning with the day its status changes and ending with the day notification is received by the office of credit unions.~~

**SECTION 23. § 186.\_\_\_\_ of the statutes is created to read:**

**186.\_\_\_\_ Out of state credit union, branch offices.**

- (1) **APPROVAL.** A credit union organized and with its principal office in another state may open an office and conduct business as a credit union in this state with the approval of the office of credit unions provided credit unions formed under this chapter are allowed to do business in the other state under conditions similar to those set forth herein. To receive approval, the office of credit unions must find that all of the following apply to the out-of-state credit union:
- (a) It is a credit union organized under laws similar to the credit union laws of this state.
  - (b) It is financially solvent based upon national board ratings.
  - (c) It has member savings insured with federal share insurance.
  - (d) It is effectively examined and supervised by the credit union authorities of the state in which it is organized.
  - (e) It has received approval from the credit union authorities of the state in which it is organized.

**PRIVILEGED AND CONFIDENTIAL**

- (f) It has a need to place an office in this state to adequately serve its members in this state.
- (2) **REQUIREMENTS.** An out-of-state credit union shall agree to do all of the following:
- (a) Grant loans at rates not in excess of the rates permitted for credit unions organized in this state.
  - (b) Comply with this state's consumer protection provisions.
  - (c) Designate and maintain an agent for the service of process in this state.
- (3) **RECORDS.** As a condition for an out-of-state credit union to do business in Wisconsin, the office of credit unions may require the state in which the credit union has its principal office to provide copies of examination reports and other related correspondence.

**SECTION 24. § 186. \_\_ of the statutes is created to read**

**186. \_\_ FALSE STATEMENTS.** A person who knowingly publishes false reports or makes false statements about a credit union may be fined not less than \$1,000 nor more than \$5,000 or imprisoned for not less than one year nor more than 15 years or both.

**SECTION 25. § 186. \_\_ is created to read:**

**186. \_\_. FEDERAL CREDIT UNION POWERS**

- (1) **IN GENERAL.** Subject to the limitations in this section, credit unions may exercise all powers that may be exercised, directly or indirectly through a credit union service organization, by a federally chartered credit union or by an affiliate of such an institution.
- (2) **REQUIRED NOTIFICATION FOR EXERCISE OF A FEDERAL POWER.** A credit union shall give 60 days' prior written notice to the office of credit unions of the credit union's intention to exercise a power under this section.

**PRIVILEGED AND CONFIDENTIAL**

- (3) EXERCISE OF FEDERAL POWERS THROUGH A CREDIT UNION SERVICE ORGANIZATION.** The office of credit unions may require that certain powers exercisable by credit unions under this section be exercised through a credit union service organization with appropriate safeguards to limit the risk exposure of the credit union.
- (4) RULE-MAKING AUTHORITY.** The office of credit unions may promulgate rules to administer and carry out this section. The office may establish additional rules if the office determines that limits are necessary for the protection of depositors, members, investors or the public.

**SECTION 26. § 186. \_\_ is created to read:**

**§ 186. \_\_. OTHER SERVICE AND INCIDENTAL ACTIVITY POWERS.**

- (1) NECESSARY OR CONVENIENT POWERS.** Unless otherwise prohibited or limited by this chapter, a credit union may exercise all powers necessary or convenient to effect the purposes for which the credit union is organized or to further the businesses in which the credit union is lawfully engaged.
- (2) REASONABLY RELATED POWERS.** Subject to any applicable state or federal regulatory or licensing requirements, a credit union may engage, directly or indirectly through a credit union service organization, in activities reasonably related or incident to the purposes of the credit union. Activities reasonably related or incident to the purposes of the credit union are those activities that are part of the business of credit unions, or closely related to the business of credit unions, or convenient and useful to the business of credit unions, or reasonably related or incident to the operation of credit unions or are financial in nature.
- (3) NOTICE REQUIREMENT.** A credit union shall give 60 days' prior written notice to the office of credit unions of the credit union's intention to engage in an activity under this section.
- (4) STANDARDS FOR DENIAL.** The office of credit unions may deny the authority of a credit union to engage in an activity under this section if the office of credit unions determines that the activity is not an activity reasonably related or incident to the purposes of a credit union, that the credit union is not well-

**PRIVILEGED AND CONFIDENTIAL**

capitalized or adequately capitalized, that the credit union is the subject of an enforcement action or that the credit union does not have satisfactory management expertise for the proposed activity.

- (5) **OTHER ACTIVITIES APPROVED BY THE OFFICE OF CREDIT UNIONS.** A credit union may engage in any other activity that is approved by rule of the office of credit unions.
- (6) **ACTIVITIES PROVIDED THROUGH A SUBSIDIARY.** A credit union may engage in activities under this section, directly or indirectly through a credit union service organization, unless the office of credit unions determines that an activity must be conducted through a credit union service organization with appropriate safeguards to limit the risk exposure of the credit union.
- (7) **RULE-MAKING AUTHORITY.** The office of credit unions may promulgate rules to administer and carry out this section. The office may establish additional rules if the office determines that limits or requirements are necessary for the protection of depositors, members, investors or the public.

l&s:55939  
6/18/99





State Senator  
**Chuck Chvala**  
SENATE MAJORITY LEADER

FAX COVER SHEET

TO: Bob Marchant  
CRB

FROM: Sarah

RE: CRB-3126

PAGES: 2 (Including Cover)

DATE: 6/18

NOTES

Our office just met w/ the Credit Union League  
folks and Richard Thompson re: their bill.

They are in town & would like to go over w/  
you - these final drafting instructions.

Please call when you get this.

Thanks!

3198

# 1999 Credit Union Bill

Proposed Modifications to Preliminary Draft (LRB-3126/P2)  
June 17, 1999

## Section 10.

- 1. Change "provides services" to "provides goods and services".

COMMENT: This is to include a CUSO that may be organized to provide goods rather than services.

## Section 12.

- 1. Change "organized primarily to provide goods and services" to "organized to provide goods and services, in the ordinary course of business, ".

COMMENT: This is to make the language consistent with the phrase used in Section 10.

- 2. Change the singular "a credit union service organization" to plural "credit union service organizations".

COMMENT: It may also be necessary to change other words in the remainder of the sentence to plurals. The intent is to have the "1.5% of total assets" be an aggregate limit on investments in CUSOs.

## Section 25.

- 1. Change "any fact obtained" to "any information obtained".

COMMENT: We want to use the broadest term possible.

- 2. Change "shall forfeit" to "shall be subject to forfeiture of".

COMMENT: The Preliminary Draft dropped the "upon conviction" language, so that office of credit unions can act promptly in a matter and need not meet the high stand of proof required for a conviction. However, that change requires the office of credit unions to have discretion in calling for forfeiture of office or position, as there may be minor, inadvertent, or otherwise excused violations.

## Section 40.

- 1. Change § 186.45(2) in a way that makes clear that the office of credit unions has the discretion to deny the request of a non-Wisconsin credit union to open a branch in Wisconsin, even if the requirements of items (a) through (f) have been met.

COMMENT: The regulator desires to retain this discretion.

(g) If meets all other relevant standards or qualifications established by the office of c. u.'s

- 2. In subs. (4), change "may require the non-Wisconsin credit union" to "may require the state in which the non-Wisconsin credit union has its principal office".

COMMENT: Robert's point in item 4 of his Drafter's Note is well taken, but in many states, the reports are confidential and the property of the state regulator (as we are proposing in Section 26 of the Preliminary Draft). As a result, the copies of examination reports would have to be provided by the regulator, not the credit union.



State of Wisconsin  
1999 - 2000 LEGISLATURE

1  
LRBb08820  
RJM:.....

*SDU*

*cmf* *RMR*  
*DWTE*

SDC:.....Walter - #2763, Credit unions

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

At the locations indicated, amend the substitute amendment as follows:

1. Page 989, line 22: after that line insert:

2. Page 1179, line 19: after that line insert:

(END)

*✓*  
*INSERT*  
*1-2*

1

2

3

4

*✓*  
*INSERT*  
*1-3*

1 service organizations, applicability of marketing and trade practices laws to  
2 credit unions, granting rule-making authority and providing penalties.

*Analysis by the Legislative Reference Bureau*

This is a preliminary draft. An analysis will be provided in a later version.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

INSERT  
1-2

1926yu

3 "SECTION 93.01 (1m) of the statutes is amended to read:

4 93.01 (1m) "Business" includes any business, except that of banks, savings  
5 banks, credit unions, savings and loan associations and insurance companies.

6 "Business" includes public utilities and telecommunications carriers to the extent  
7 that their activities, beyond registration, notice and reporting activities, are not  
8 regulated by the public service commission and includes public utility and  
9 telecommunications carrier methods of competition or trade and advertising  
10 practices that are exempt from regulation by the public service commission under s.

11 196.195, 196.196, 196.202, 196.203, 196.219 or 196.499 or by other action of the  
12 commission."

2308me

INSERT 1-3

13 "SECTION 186.01 (2) of the statutes is amended to read:

14 186.01 (2) "Credit union" means a cooperative, nonprofit corporation,  
15 incorporated under this chapter ~~to encourage thrift among its members, create a~~  
16 ~~source of credit at a fair and reasonable cost and provide an opportunity for its~~  
17 ~~members to improve their economic and social conditions, except as specifically~~  
18 provided under ss. 186.41 (1) and 186.45 (1).

2308mf

19 SECTION 186.01 (8) of the statutes is repealed.

2308mh

20 SECTION 186.02 (2) (a) 1. of the statutes is amended to read:

1           186.02 (2) (a) 1. The conditions of ~~residence or occupation~~ which qualify persons  
2 determine eligibility for membership.           2308mj } (B)

3           SECTION ~~4~~ 186.02 (2) (a) 3. and 4. of the statutes are repealed.           2308mL } (B)

4           SECTION ~~4~~ 186.02 (2) (b) 2. of the statutes is amended to read:

5           186.02 (2) (b) 2. ~~Residents within a well-defined neighborhood, community or~~  
6 Individuals that reside or are employed in neighborhoods, communities, rural  
7 district districts or multicounty regions, unless the office of credit unions determines  
8 that it is impractical for a particular credit union to serve the area in which the  
9 individuals reside or are employed.           2308mn } (B)

10          SECTION ~~4~~ 186.02 (2) (b) 3. of the statutes is amended to read:

11          186.02 (2) (b) 3. ~~Employes of related or vicinal industries or employes of~~  
12 industries that operate at least one facility within a neighborhood or urban,  
13 suburban or rural community the limits of which are not determined by any  
14 arbitrary physical standard.           2308mp } (B)

15          SECTION ~~4~~ 186.02 (2) (c) of the statutes is amended to read:

16          186.02 (2) (c) Members of the immediate family of all qualified persons are  
17 eligible for membership. ~~In this paragraph, "members of the immediate family"~~  
18 ~~include the wife, husband, parents, stepchildren and children of a member whether~~  
19 ~~living together in the same household or not and any other relatives of the member~~  
20 ~~or spouse of a member living together in the same household as the member.~~           2308mr } (B)

21          SECTION ~~4~~ 186.02 (2) (d) of the statutes is renumbered 186.02 (2) (d) 1. and  
22 amended to read:

23          186.02 (2) (d) 1. ~~Organizations and associations~~ An organization or association  
24 of individuals, the majority of whom the directors, owners or members of which are

1 eligible for membership, may be admitted to membership in the same manner and  
2 under the same conditions as individuals. 2308mt (B)

3 SECTION 186.02 (2) (d) 2. of the statutes is created to read:

4 186.02 (2) (d) 2. An organization or association that has a business location  
5 within any geographic limits of the credit union's field of membership or an  
6 organization or association that, in the ordinary course of business, provides goods and  
7 to credit unions, credit union organizations or persons who are eligible for  
8 membership in the credit union may be admitted to membership. 2308mv (B)

9 SECTION 186.08 (1m) (h) of the statutes is created to read:

10 186.08 (1m) (h) Establishing a policy determining which individuals qualify  
11 as members of the immediate family of a qualified person for the purpose of  
12 determining eligibility for membership in the credit union under s. 186.02 (2) (c). (B)

13 SECTION 186.11 (4) (title) and (a) of the statutes are amended to read: 2308mx

14 186.11 (4) (title) INVESTMENT IN CREDIT UNION SERVICE CORPORATIONS  
15 ORGANIZATIONS. (a) A- Unless the office of credit unions approves a higher percentage,  
16 a credit union may invest not more than 1.5% of its total assets in the capital shares  
17 or obligations of a credit union service corporation organization that <sup>is</sup> a corporation, <sup>are</sup>  
18 limited partnership, <sup>companies</sup> limited liability company or other <sup>entities</sup> approved by the office  
19 of credit unions, and that <sup>are</sup> organized <sup>↓</sup> primarily to provide goods and services to  
20 credit unions, credit union organizations and credit union members. in the ordinary course of business

21 SECTION 186.11 (4) (b) (intro.) and 1. of the statutes are amended to read:

22 186.11 (4) (b) (intro.) A credit union service corporation organization under par.  
23 (a) may provide goods and services including any of the following:

24 1. Credit union operations services, including service centers, credit and debit  
25 card services, automated teller and remote terminal services, electronic transaction

1 services, accounting systems, data processing, management training and support,  
2 payment item processing, record retention and storage, locator services, research,  
3 debt collection, credit analysis and loan servicing, coin and currency services and  
4 marketing and advertising services. 2308pf <sup>(B)</sup>

5 SECTION ~~186.11~~ 186.11 (4) (b) 6. and 7. of the statutes are renumbered 186.11 (4)  
6 (b) 9. and 10. 2308ph <sup>(B)</sup>

7 SECTION ~~186.11~~ 186.11 (4) (b) 6m., 7m. and 8. of the statutes are created to read:  
8 186.11 (4) (b) 6m. Management, development, sale or lease of fixed assets and  
9 sale, lease or servicing of computer hardware or software.

10 7m. Securities brokerage services.

11 8. Travel agency services. 2308pj <sup>(B)</sup>

12 SECTION ~~186.11~~ 186.11 (4) (c) of the statutes is amended to read:

13 186.11 (4) (c) A credit union service corporation organization may be subject  
14 to audit examination by the office of credit unions. 2308pl <sup>(B)</sup>

15 SECTION ~~186.113~~ 186.113 (1) of the statutes is amended to read:

16 186.113 (1) BRANCH OFFICES. ~~If the need and necessity exist and with~~ With the  
17 approval of the office of credit unions, establish branch offices inside ~~this state or no~~  
18 ~~more than 25 miles or~~ outside of this state. Permanent records may be maintained  
19 at branch offices established under this subsection. In this subsection, the term  
20 "branch office" does not include a remote terminal, a limited services office or a  
21 service center. 2308pn <sup>(B)</sup>

22 SECTION ~~186.113~~ 186.113 (1m) (a) (intro.) of the statutes is amended to read:

23 186.113 (1m) (a) (intro.) ~~Establish~~ Before the effective date of this paragraph  
24 ... [revisor inserts date], establish limited services offices outside this state to serve  
25 any member of the credit union if all of the following requirements are met:

2308 pp

(B)

1 SECTION 186.113 (6) (b) and (c) of the statutes are amended to read:

2 186.113 (6) (b) Act as trustees or custodians of member tax deferred retirement  
3 funds, individual retirement accounts, medical savings accounts or other employe  
4 benefit accounts or funds permitted by federal law to be deposited in a credit union.

5 (c) Act as a depository for ~~member-deferred~~ member qualified and  
6 nonqualified deferred compensation funds as permitted by federal law.

2308 pr

(B)

7 SECTION 186.113 (24) of the statutes is created to read:

8 186.113 (24) FUNERAL TRUSTS. Accept deposits made by members for the  
9 purpose of funding burial agreements by trusts created pursuant to s. 445.125.

2308 pt

(B)

10 SECTION 186.113 (25) of the statutes is created to read:

11 186.113 (25) SELL OR PURCHASE ASSETS. Discount or sell any of its assets and,  
12 with the prior approval of the office of credit unions, purchase assets of another  
13 lender or seller.

2308 pv

(B)

14 SECTION 186.114 of the statutes is created to read:

15 186.114. Federal and other powers. (1) EXERCISE OF FEDERAL CREDIT UNION  
16 POWERS BY WISCONSIN CREDIT UNION. (a) *In general.* Subject to the limitations in this  
17 subsection, a credit union may exercise all powers that may be exercised, directly or  
18 indirectly through a credit union service organization, by a federally chartered credit  
19 union or by an affiliate of such an institution.

20 (b) *Required notification for exercise of a federal power.* A credit union shall give  
21 60 days' prior written notice to the office of credit unions of the credit union's  
22 intention to exercise a power under this subsection.

23 (c) *Exercise of federal powers through a credit union service organization.* The  
24 office of credit unions may require that certain powers exercisable by credit unions



1 under this subsection be exercised through a credit union service organization with  
2 appropriate safeguards to limit the risk exposure of the credit union.

3 (2) EXERCISE OF OTHER SERVICE AND INCIDENTAL ACTIVITY POWERS. (a) *Necessary*  
4 *or convenient powers.* Unless otherwise prohibited or limited by this chapter, a credit  
5 union may exercise all powers necessary or convenient to effect the purposes for  
6 which the credit union is organized or to further the businesses in which the credit  
7 union is lawfully engaged.

8 (b) *Reasonably related powers.* Subject to any applicable state or federal  
9 regulatory or licensing requirements, a credit union may engage, directly or  
10 indirectly through a credit union service organization, in activities reasonably  
11 related or incident to the purposes of the credit union. Activities reasonably related  
12 or incident to the purposes of the credit union are those activities that are part of the  
13 business of credit unions, or closely related to the business of credit unions, or  
14 convenient and useful to the business of credit unions, or reasonably related or  
15 incident to the operation of credit unions or are financial in nature.

16 (c) *Notice requirement.* A credit union shall give 60 days' prior written notice  
17 to the office of credit unions of the credit union's intention to engage in an activity  
18 under this subsection.

19 (d) *Standards for denial.* The office of credit unions may deny the authority  
20 of a credit union to engage in an activity under this subsection if the office of credit  
21 unions determines that the activity is not an activity reasonably related or incident  
22 to the purposes of the credit union, that the credit union is not well-capitalized or  
23 adequately capitalized, that the credit union is the subject of an enforcement action  
24 or that the credit union does not have satisfactory management expertise for the  
25 proposed activity.

1 (e) *Other activities approved by the office of credit unions.* A credit union may  
2 engage in any other activity that is approved by rule of the office of credit unions.

3 (f) *Activities provided through a subsidiary.* A credit union may engage in  
4 activities under this subsection, directly or indirectly through a credit union service  
5 organization, unless the office of credit unions determines that an activity must be  
6 conducted through a credit union service organization with appropriate safeguards  
7 to limit the risk exposure of the credit union.

8 (3) **RULE-MAKING AUTHORITY.** The office of credit unions may promulgate rules  
9 to administer this section. The rules may impose limitations or conditions on the  
10 exercise of powers under this section if the office of credit unions determines that the  
11 limits or conditions are necessary for the protection of depositors, members,  
12 investors or the public. 2308PX → B

13 SECTION ~~22~~ 186.115 (1) of the statutes is amended to read:

14 186.115 (1) **SCOPE OF AUTHORITY.** Subject to any regulatory approval required  
15 by law and subject to sub. (2), a credit union, directly or through a subsidiary, may  
16 undertake any activity, exercise any power or offer any financially related product  
17 or service in this state that any other provider of financial products or services may  
18 undertake, exercise or provide or that the office of credit unions finds to be financially  
19 related. The authority granted under this subsection is in addition to any power or  
20 authority granted to a credit union under s. 186.114 (1) and (2) (a) and (b).

21 23085c SECTION ~~22~~ 186.235 (7) (a) (intro.) of the statutes is amended to read:

22 186.235 (7) (a) (intro.) Employees of the office of credit unions and members of  
23 the review board shall keep secret all the facts and information obtained in the  
24 course of examinations, or contained in any report provided by a credit union other  
25 than a call report, except in any of the following situations:

2308sf

1 SECTION ~~22~~ 186.235 (7) (c) of the statutes is created to read:

2 186.235 (7) (c) If any person mentioned in par. (a) discloses any information  
3 about the private account or transactions of a credit union or any ~~data~~ information obtained in the  
4 course of an examination of a credit union, except as provided in pars. (a) and (b), that  
5 ~~person~~ <sup>may be required to</sup> forfeit his or her office or position and may be fined not less than \$100  
6 nor more than \$1,000 or imprisoned for not less than 6 months nor more than 3 years  
7 or both.

2308sh

(B)

8 SECTION ~~23~~ 186.235 (7m) of the statutes is created to read:

9 186.235 (7m) RETURN OF EXAMINATION REPORTS. Examination reports possessed  
10 by a credit union are confidential, remain the property of the office of credit unions  
11 and shall be returned to the office of credit unions immediately upon request.

12 SECTION ~~24~~ 186.235 (16) (a) of the statutes is renumbered 186.235 (16).

13 SECTION ~~25~~ 186.235 (16) (b) of the statutes is repealed.

14 SECTION ~~26~~ 186.36 of the statutes is amended to read:

15 **186.36 Sale of insurance in credit unions.** Any officer or employe of a credit  
16 union, when acting as an agent for the sale of insurance on behalf of the credit union,  
17 shall pay all commissions received from the sale of ~~credit life insurance or credit~~  
18 ~~accident and sickness~~ insurance to the credit union.

2308sp

(B)

19 SECTION ~~27~~ 186.41 (title) of the statutes is amended to read:

20 186.41 (title) **Interstate acquisition acquisitions and merger mergers**  
21 **of credit unions.**

2308sr

(B)

22 SECTION ~~28~~ 186.41 (1) (a) of the statutes is renumbered 186.41 (1) (bm) and  
23 amended to read:

24 186.41 (1) (bm) "In-state Wisconsin credit union" means a credit union having  
25 its principal office located in this state.

2308st

(B)

1 SECTION ~~22~~ 186.41 (1) (c) of the statutes is renumbered 186.41 (1) (am) and  
2 amended to read:

3 186.41 (1) (am) "~~Regional Out-of-state~~ credit union" means a state or federal  
4 credit union that has its, the principal office of which is located in one of the regional  
5 states a state other than this state.

2308sv

(B)

6 SECTION ~~23~~ 186.41 (1) (d) of the statutes is repealed.

2308sx

(B)

7 SECTION ~~24~~ 186.41 (2) and (3) of the statutes are amended to read:

8 186.41 (2) ~~IN-STATE~~ WISCONSIN CREDIT UNION. (a) ~~An in-state~~ A Wisconsin credit  
9 union may do any of the following:

10 1. Acquire an interest in, or some or all of the assets and liabilities of, one or  
11 more ~~regional out-of-state~~ credit unions.

12 2. Merge with one or more ~~regional out-of-state~~ credit unions.

13 (b) ~~An in-state~~ A Wisconsin credit union proposing any action under par. (a)  
14 shall provide the office of credit unions a copy of any original application seeking  
15 approval by a federal agency or by an agency of ~~the regional~~ another state and of any  
16 supplemental material or amendments filed in connection with any application.

17 (3) ~~REGIONAL~~ Out-of-state CREDIT UNIONS. Except as provided in sub. (4), a  
18 ~~regional~~ an out-of-state credit union may do any of the following:

19 (a) Acquire an interest in, or some or all of the assets of, one or more ~~in-state~~  
20 Wisconsin credit unions.

21 (b) Merge with one or more ~~in-state~~ Wisconsin credit unions.

2308vc

(B)

22 SECTION ~~25~~ 186.41 (4) (intro.), (a) to (d) and (f) of the statutes are amended to  
23 read:

24 186.41 (4) LIMITATIONS. (intro.) ~~A regional~~ An out-of-state credit union may  
25 not take any action under sub. (3) until all of the following conditions have been met:

1 (a) The office of credit unions finds that the statutes of the ~~regional~~ state in  
2 which the ~~regional out-of-state~~ credit union has its principal office permit ~~in-state~~  
3 Wisconsin credit unions to both acquire ~~regional out-of-state~~ credit union assets and  
4 merge with one or more ~~regional out-of-state~~ credit unions in ~~the regional~~ that state.

5 (b) The office of credit unions has not disapproved the acquisition of ~~in-state~~  
6 Wisconsin credit union assets or the merger with the ~~in-state~~ Wisconsin credit union  
7 under sub. (5).

8 (c) The office of credit unions gives a class 3 notice, under ch. 985, in the official  
9 state newspaper, of the application to take an action under sub. (3) and of the  
10 opportunity for a hearing and, if at least 25 residents of this state petition for a  
11 hearing within 30 days of the final notice or if the office of credit unions on its own  
12 motion calls for a hearing within 30 days of the final notice, the office of credit unions  
13 holds a public hearing on the application, except that a hearing is not required if the  
14 office of credit unions finds that an emergency exists and that the proposed action  
15 under sub. (3) is necessary and appropriate to prevent the probable failure of an  
16 ~~in-state~~ a Wisconsin credit union that is closed or in danger of closing.

17 (d) The office of credit unions is provided a copy of any original application  
18 seeking approval by a federal agency of the acquisition of ~~in-state~~ Wisconsin credit  
19 union assets or of the merger with an ~~in-state~~ a Wisconsin credit union and of any  
20 supplemental material or amendments filed with the application.

21 (f) With regard to an acquisition of assets of an ~~in-state~~ a Wisconsin credit  
22 union that is chartered on or after May 9, 1986, the ~~in-state~~ Wisconsin credit union  
23 has been in existence for at least 5 years before the date of acquisition.

24

SECTION ~~35~~ 186.41 (5) (a), (b), (c) and (cr) of the statutes are amended to read:

2308vf

← (B)

1           186.41 (5) (a) Considering the financial and managerial resources and future  
 2 prospects of the applicant and of the in-state Wisconsin credit union concerned, the  
 3 action would be contrary to the best interests of the members of the in-state  
 4 Wisconsin credit union.

5           (b) The action would be detrimental to the safety and soundness of the  
 6 applicant or of the in-state Wisconsin credit union concerned, or to a subsidiary or  
 7 affiliate of the applicant or of the in-state Wisconsin credit union.

8           (c) Because the applicant, its executive officers or directors have not  
 9 established a record of sound performance, efficient management, financial  
 10 responsibility and integrity, the action would be contrary to the best interests of the  
 11 creditors, members or other customers of the applicant or of the in-state Wisconsin  
 12 credit union or contrary to the best interests of the public.

13           (cr) The applicant has failed to propose to provide adequate and appropriate  
 14 services of the type contemplated by the community reinvestment act of 1977 in the  
 15 community in which the in-state Wisconsin credit union which the applicant  
 16 proposes to acquire or merge with is located. 2308vh <sup>ⓐ</sup>

17 <sup>ⓑ</sup> SECTION ~~36~~ 186.41 (6) (a) of the statutes is renumbered 186.41 (6).

18 2308vj SECTION ~~36~~ 186.41 (6) (b) of the statutes is repealed.

19 2308vl SECTION ~~36~~ 186.41 (8) of the statutes is repealed.

20 2308vn SECTION ~~46~~ 186.45 of the statutes is created to read:

21           **186.45 Non-Wisconsin credit union, Wisconsin offices. (1) DEFINITIONS.**

22           In this section:

23           (a) "Non-Wisconsin credit union" means a credit union organized under the  
 24 laws of and with its principal office located in a state other than this state.

25           (b) "Wisconsin credit union" has the meaning given in s. 186.41 (1) (bm).

1           (2) APPROVAL. A non-Wisconsin credit union may open an office and conduct  
2 business as a credit union in this state if the office of credit unions finds that  
3 Wisconsin credit unions are allowed to do business in the other state under  
4 conditions similar to those contained in this section and that all of the following apply  
5 to the non-Wisconsin credit union:

6           (a) It is a credit union organized under laws similar to the credit union laws of  
7 this state.

8           (b) It is financially solvent based upon national board ratings.

9           (c) It has member savings insured with federal share insurance.

10          (d) It is effectively examined and supervised by the credit union authorities of  
11 the state in which it is organized.

12          (e) It has received approval from the credit union authorities of the state in  
13 which it is organized.

14          (f) It has a need to place an office in this state to adequately serve its members  
15 in this state.

\* (15) → (g) It meets all other relevant standards or qualifications established by the office of credit unions.

16          (3) REQUIREMENTS. A non-Wisconsin credit union shall agree to do all of the  
17 following:

18          (a) Grant loans at rates not in excess of the rates permitted for Wisconsin credit  
19 unions.

20          (b) Comply with this state's laws.

21          (c) Designate and maintain an agent for the service of process in this state.

22          (4) RECORDS. As a condition of a non-Wisconsin credit union doing business in  
23 this state under this section, the office of credit unions may require ~~the~~

24 ~~non-Wisconsin credit union to provide~~ copies of examination reports and ~~other~~

1 related correspondence ~~from the state in which~~ <sup>regarding</sup> the non-Wisconsin credit union ~~and~~  
 2 ~~its principal office.~~ 2308vp <sup>(B)</sup>

3 SECTION 186.80 of the statutes is created to read:

4 **186.80 False statements.** A person who knowingly publishes false reports or  
 5 makes false statements about a credit union may be fined not less than \$1,000 nor  
 6 more than \$5,000 or imprisoned for not less than one year nor more than 15 years  
 7 or both.

~~END~~

(END OF INSERT)



**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBb0882/1dn

RJM:.....

*CMH*

Attached is the amendment you requested regarding changes to ch. 186 and to ch. 93 as it applies to credit unions. Please let me know if you desire any changes. Thanks.

---

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBb0882/1dn  
RJM:cmh:jf

June 26, 1999

Attached is the amendment you requested regarding changes to ch. 186 and to ch. 93 as it applies to credit unions. Please let me know if you desire any changes. Thanks.

Robert J. Marchant  
Legislative Attorney  
Phone: (608) 261-4454  
E-mail: Robert.Marchant@legis.state.wi.us



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb0882/1  
RJM:cmh:jf

SDC:.....Walter - #2763, Credit unions

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

**CAUCUS AMENDMENT**

**TO ASSEMBLY SUBSTITUTE AMENDMENT 1,**

**TO 1999 ASSEMBLY BILL 133**

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 989, line 22: after that line insert:

3 **“SECTION 1926yu.** 93.01 (1m) of the statutes is amended to read:

4 93.01 (1m) “Business” includes any business, except that of banks, savings  
5 banks, credit unions, savings and loan associations and insurance companies.  
6 “Business” includes public utilities and telecommunications carriers to the extent  
7 that their activities, beyond registration, notice and reporting activities, are not  
8 regulated by the public service commission and includes public utility and  
9 telecommunications carrier methods of competition or trade and advertising  
10 practices that are exempt from regulation by the public service commission under s.

1 196.195, 196.196, 196.202, 196.203, 196.219 or 196.499 or by other action of the  
2 commission.”.

3 **2.** Page 1179, line 19: after that line insert:

4 **“SECTION 2308mc.** 186.01 (2) of the statutes is amended to read:

5 186.01 (2) “Credit union” means a cooperative, nonprofit corporation,  
6 incorporated under this chapter ~~to encourage thrift among its members, create a~~  
7 ~~source of credit at a fair and reasonable cost and provide an opportunity for its~~  
8 ~~members to improve their economic and social conditions, except as specifically~~  
9 provided under ss. 186.41 (1) and 186.45 (1).

10 **SECTION 2308mf.** 186.01 (8) of the statutes is repealed.

11 **SECTION 2308mh.** 186.02 (2) (a) 1. of the statutes is amended to read:

12 186.02 (2) (a) 1. The conditions of ~~residence or occupation~~ which ~~qualify persons~~  
13 determine eligibility for membership.

14 **SECTION 2308mj.** 186.02 (2) (a) 3. and 4. of the statutes are repealed.

15 **SECTION 2308mL.** 186.02 (2) (b) 2. of the statutes is amended to read:

16 186.02 (2) (b) 2. ~~Residents within a well-defined neighborhood, community or~~  
17 Individuals that reside or are employed in neighborhoods, communities, rural  
18 district districts or multicounty regions, unless the office of credit unions determines  
19 that it is impractical for a particular credit union to serve the area in which the  
20 individuals reside or are employed.

21 **SECTION 2308mn.** 186.02 (2) (b) 3. of the statutes is amended to read:

22 186.02 (2) (b) 3. Employees of ~~related or vicinal~~ industries or employes of  
23 industries that operate at least one facility within a neighborhood or urban,

1 suburban or rural community the limits of which are not determined by any  
2 arbitrary physical standard.

3 **SECTION 2308mp.** 186.02 (2) (c) of the statutes is amended to read:

4 186.02 (2) (c) Members of the immediate family of all qualified persons are  
5 eligible for membership. ~~In this paragraph, "members of the immediate family"~~  
6 ~~include the wife, husband, parents, stepchildren and children of a member whether~~  
7 ~~living together in the same household or not and any other relatives of the member~~  
8 ~~or spouse of a member living together in the same household as the member.~~

9 **SECTION 2308mr.** 186.02 (2) (d) of the statutes is renumbered 186.02 (2) (d) 1.  
10 and amended to read:

11 186.02 (2) (d) 1. ~~Organizations and associations~~ An organization or association  
12 of individuals, the majority of whom the directors, owners or members of which are  
13 eligible for membership, may be admitted to membership in the same manner and  
14 under the same conditions as individuals.

15 **SECTION 2308mt.** 186.02 (2) (d) 2. of the statutes is created to read:

16 186.02 (2) (d) 2. An organization or association that has a business location  
17 within any geographic limits of the credit union's field of membership or an  
18 organization or association that, in the ordinary course of business, provides goods  
19 and services to credit unions, credit union organizations or persons who are eligible  
20 for membership in the credit union may be admitted to membership.

21 **SECTION 2308mv.** 186.08 (1m) (h) of the statutes is created to read:

22 186.08 (1m) (h) Establishing a policy determining which individuals qualify  
23 as members of the immediate family of a qualified person for the purpose of  
24 determining eligibility for membership in the credit union under s. 186.02 (2) (c).

25 **SECTION 2308mx.** 186.11 (4) (title) and (a) of the statutes are amended to read:

1           186.11 (4) (title) INVESTMENT IN CREDIT UNION SERVICE CORPORATIONS  
2 ORGANIZATIONS. (a) ~~A Unless the office of credit unions approves a higher percentage,~~  
3 a credit union may invest not more than 1.5% of its total assets in the capital shares  
4 or obligations of a credit union service corporation organizations that are  
5 corporations, limited partnerships, limited liability companies or other entities  
6 approved by the office of credit unions, and that are organized primarily to provide  
7 goods and services, in the ordinary course of business, to credit unions, credit union  
8 organizations and credit union members.

9           **SECTION 2308pc.** 186.11 (4) (b) (intro.) and 1. of the statutes are amended to  
10 read:

11           186.11 (4) (b) (intro.) ~~A credit union service corporation organization~~ under par.  
12 (a) may provide goods and services including any of the following:

13           1. Credit union operations services, including service centers, credit and debit  
14 card services, automated teller and remote terminal services, electronic transaction  
15 services, accounting systems, data processing, management training and support,  
16 payment item processing, record retention and storage, locator services, research,  
17 debt collection, credit analysis and loan servicing, coin and currency services and  
18 marketing and advertising services.

19           **SECTION 2308pf.** 186.11 (4) (b) 6. and 7. of the statutes are renumbered 186.11  
20 (4) (b) 9. and 10.

21           **SECTION 2308ph.** 186.11 (4) (b) 6m., 7m. and 8. of the statutes are created to  
22 read:

23           186.11 (4) (b) 6m. Management, development, sale or lease of fixed assets and  
24 sale, lease or servicing of computer hardware or software.

25           7m. Securities brokerage services.

1 8. Travel agency services.

2 **SECTION 2308pj.** 186.11 (4) (c) of the statutes is amended to read:

3 186.11 (4) (c) A credit union service corporation organization may be subject  
4 to ~~audit~~ examination by the office of credit unions.

5 **SECTION 2308pL.** 186.113 (1) of the statutes is amended to read:

6 186.113 (1) BRANCH OFFICES. ~~If the need and necessity exist and with~~ With the  
7 approval of the office of credit unions, establish branch offices inside ~~this state or no~~  
8 ~~more than 25 miles or~~ outside of this state. Permanent records may be maintained  
9 at branch offices established under this subsection. In this subsection, the term  
10 "branch office" does not include a remote terminal, a limited services office or a  
11 service center.

12 **SECTION 2308pn.** 186.113 (1m) (a) (intro.) of the statutes is amended to read:

13 186.113 (1m) (a) (intro.) ~~Establish~~ Before the effective date of this paragraph  
14 ... [revisor inserts date], establish limited services offices outside this state to serve  
15 any member of the credit union if all of the following requirements are met:

16 **SECTION 2308pp.** 186.113 (6) (b) and (c) of the statutes are amended to read:

17 186.113 (6) (b) Act as trustees or custodians of member tax deferred retirement  
18 funds, individual retirement accounts, medical savings accounts or other employe  
19 benefit accounts or funds permitted by federal law to be deposited in a credit union.

20 (c) Act as a depository for ~~member-deferred~~ member qualified and  
21 nonqualified deferred compensation funds as permitted by federal law.

22 **SECTION 2308pr.** 186.113 (24) of the statutes is created to read:

23 186.113 (24) FUNERAL TRUSTS. Accept deposits made by members for the  
24 purpose of funding burial agreements by trusts created pursuant to s. 445.125.

25 **SECTION 2308pt.** 186.113 (25) of the statutes is created to read:

1           186.113 (25) SELL OR PURCHASE ASSETS. Discount or sell any of its assets and,  
2 with the prior approval of the office of credit unions, purchase assets of another  
3 lender or seller.

4           **SECTION 2308pv.** 186.114 of the statutes is created to read:

5           **186.114. Federal and other powers. (1) EXERCISE OF FEDERAL CREDIT UNION**  
6 **POWERS BY WISCONSIN CREDIT UNION. (a) *In general.*** Subject to the limitations in this  
7 subsection, a credit union may exercise all powers that may be exercised, directly or  
8 indirectly through a credit union service organization, by a federally chartered credit  
9 union or by an affiliate of such an institution.

10           (b) *Required notification for exercise of a federal power.* A credit union shall give  
11 60 days' prior written notice to the office of credit unions of the credit union's  
12 intention to exercise a power under this subsection.

13           (c) *Exercise of federal powers through a credit union service organization.* The  
14 office of credit unions may require that certain powers exercisable by credit unions  
15 under this subsection be exercised through a credit union service organization with  
16 appropriate safeguards to limit the risk exposure of the credit union.

17           **(2) EXERCISE OF OTHER SERVICE AND INCIDENTAL ACTIVITY POWERS. (a) *Necessary***  
18 ***or convenient powers.*** Unless otherwise prohibited or limited by this chapter, a credit  
19 union may exercise all powers necessary or convenient to effect the purposes for  
20 which the credit union is organized or to further the businesses in which the credit  
21 union is lawfully engaged.

22           (b) *Reasonably related powers.* Subject to any applicable state or federal  
23 regulatory or licensing requirements, a credit union may engage, directly or  
24 indirectly through a credit union service organization, in activities reasonably  
25 related or incident to the purposes of the credit union. Activities reasonably related



1 or incident to the purposes of the credit union are those activities that are part of the  
2 business of credit unions, or closely related to the business of credit unions, or  
3 convenient and useful to the business of credit unions, or reasonably related or  
4 incident to the operation of credit unions or are financial in nature.

5 (c) *Notice requirement.* A credit union shall give 60 days' prior written notice  
6 to the office of credit unions of the credit union's intention to engage in an activity  
7 under this subsection.

8 (d) *Standards for denial.* The office of credit unions may deny the authority  
9 of a credit union to engage in an activity under this subsection if the office of credit  
10 unions determines that the activity is not an activity reasonably related or incident  
11 to the purposes of the credit union, that the credit union is not well-capitalized or  
12 adequately capitalized, that the credit union is the subject of an enforcement action  
13 or that the credit union does not have satisfactory management expertise for the  
14 proposed activity.

15 (e) *Other activities approved by the office of credit unions.* A credit union may  
16 engage in any other activity that is approved by rule of the office of credit unions.

17 (f) *Activities provided through a subsidiary.* A credit union may engage in  
18 activities under this subsection, directly or indirectly through a credit union service  
19 organization, unless the office of credit unions determines that an activity must be  
20 conducted through a credit union service organization with appropriate safeguards  
21 to limit the risk exposure of the credit union.

22 (3) **RULE-MAKING AUTHORITY.** The office of credit unions may promulgate rules  
23 to administer this section. The rules may impose limitations or conditions on the  
24 exercise of powers under this section if the office of credit unions determines that the

1 limits or conditions are necessary for the protection of depositors, members,  
2 investors or the public.

3 **SECTION 2308px.** 186.115 (1) of the statutes is amended to read:

4 186.115 (1) SCOPE OF AUTHORITY. Subject to any regulatory approval required  
5 by law and subject to sub. (2), a credit union, directly or through a subsidiary, may  
6 undertake any activity, exercise any power or offer any financially related product  
7 or service in this state that any other provider of financial products or services may  
8 undertake, exercise or provide or that the office of credit unions finds to be financially  
9 related. The authority granted under this subsection is in addition to any power or  
10 authority granted to a credit union under s. 186.114 (1) and (2) (a) and (b).

11 **SECTION 2308sc.** 186.235 (7) (a) (intro.) of the statutes is amended to read:

12 186.235 (7) (a) (intro.) Employes of the office of credit unions and members of  
13 the review board shall keep secret all the facts and information obtained in the  
14 course of examinations, or contained in any report provided by a credit union other  
15 than a call report, except in any of the following situations:

16 **SECTION 2308sf.** 186.235 (7) (c) of the statutes is created to read:

17 186.235 (7) (c) If any person mentioned in par. (a) discloses any information  
18 about the private account or transactions of a credit union or any information  
19 obtained in the course of an examination of a credit union, except as provided in pars.  
20 (a) and (b), that person may be required to forfeit his or her office or position and may  
21 be fined not less than \$100 nor more than \$1,000 or imprisoned for not less than 6  
22 months nor more than 3 years or both.

23 **SECTION 2308sh.** 186.235 (7m) of the statutes is created to read:

1           186.235 (7m) RETURN OF EXAMINATION REPORTS. Examination reports possessed  
2 by a credit union are confidential, remain the property of the office of credit unions  
3 and shall be returned to the office of credit unions immediately upon request.

4           **SECTION 2308sj.** 186.235 (16) (a) of the statutes is renumbered 186.235 (16).

5           **SECTION 2308sL.** 186.235 (16) (b) of the statutes is repealed.

6           **SECTION 2308sn.** 186.36 of the statutes is amended to read:

7           **186.36 Sale of insurance in credit unions.** Any officer or employe of a credit  
8 union, when acting as an agent for the sale of insurance on behalf of the credit union,  
9 shall pay all commissions received from the sale of ~~credit life insurance or credit~~  
10 ~~accident and sickness insurance~~ to the credit union.

11           **SECTION 2308sp.** 186.41 (title) of the statutes is amended to read:

12           **186.41 (title) Interstate ~~acquisition~~ acquisitions and merger mergers**  
13 **of credit unions.**

14           **SECTION 2308sr.** 186.41 (1) (a) of the statutes is renumbered 186.41 (1) (bm)  
15 and amended to read:

16           186.41 (1) (bm) “~~In-state~~ Wisconsin credit union” means a credit union having  
17 its principal office located in this state.

18           **SECTION 2308st.** 186.41 (1) (c) of the statutes is renumbered 186.41 (1) (am)  
19 and amended to read:

20           186.41 (1) (am) “~~Regional Out-of-state~~ credit union” means a state or federal  
21 credit union ~~that has its~~ the principal office of which is located in ~~one of the regional~~  
22 ~~states~~ a state other than this state.

23           **SECTION 2308sv.** 186.41 (1) (d) of the statutes is repealed.

24           **SECTION 2308sx.** 186.41 (2) and (3) of the statutes are amended to read:

1           186.41 (2) ~~IN-STATE~~ WISCONSIN CREDIT UNION. (a) ~~An in-state~~ A Wisconsin credit  
2 union may do any of the following:

3           1. Acquire an interest in, or some or all of the assets and liabilities of, one or  
4 more ~~regional out-of-state~~ credit unions.

5           2. Merge with one or more ~~regional out-of-state~~ credit unions.

6           (b) ~~An in-state~~ A Wisconsin credit union proposing any action under par. (a)  
7 shall provide the office of credit unions a copy of any original application seeking  
8 approval by a federal agency or by an agency of ~~the regional~~ another state and of any  
9 supplemental material or amendments filed in connection with any application.

10          (3) ~~REGIONAL Out-of-state~~ CREDIT UNIONS. Except as provided in sub. (4), a  
11 ~~regional~~ an out-of-state credit union may do any of the following:

12          (a) Acquire an interest in, or some or all of the assets of, one or more ~~in-state~~  
13 Wisconsin credit unions.

14          (b) Merge with one or more ~~in-state~~ Wisconsin credit unions.

15          **SECTION 2308vc.** 186.41 (4) (intro.), (a) to (d) and (f) of the statutes are  
16 amended to read:

17          186.41 (4) LIMITATIONS. (intro.) ~~A regional~~ An out-of-state credit union may  
18 not take any action under sub. (3) until all of the following conditions have been met:

19          (a) The office of credit unions finds that the statutes of the ~~regional~~ state in  
20 which the ~~regional~~ out-of-state credit union has its principal office permit ~~in-state~~  
21 Wisconsin credit unions to both acquire ~~regional out-of-state~~ credit union assets and  
22 merge with one or more ~~regional out-of-state~~ credit unions in ~~the regional~~ that state.

23          (b) The office of credit unions has not disapproved the acquisition of ~~in-state~~  
24 Wisconsin credit union assets or the merger with the ~~in-state~~ Wisconsin credit union  
25 under sub. (5).

1 (c) The office of credit unions gives a class 3 notice, under ch. 985, in the official  
2 state newspaper, of the application to take an action under sub. (3) and of the  
3 opportunity for a hearing and, if at least 25 residents of this state petition for a  
4 hearing within 30 days of the final notice or if the office of credit unions on its own  
5 motion calls for a hearing within 30 days of the final notice, the office of credit unions  
6 holds a public hearing on the application, except that a hearing is not required if the  
7 office of credit unions finds that an emergency exists and that the proposed action  
8 under sub. (3) is necessary and appropriate to prevent the probable failure of an  
9 ~~in-state~~ a Wisconsin credit union that is closed or in danger of closing.

10 (d) The office of credit unions is provided a copy of any original application  
11 seeking approval by a federal agency of the acquisition of ~~in-state~~ Wisconsin credit  
12 union assets or of the merger with an ~~in-state~~ a Wisconsin credit union and of any  
13 supplemental material or amendments filed with the application.

14 (f) With regard to an acquisition of assets of an ~~in-state~~ a Wisconsin credit  
15 union that is chartered on or after May 9, 1986, the ~~in-state~~ Wisconsin credit union  
16 has been in existence for at least 5 years before the date of acquisition.

17 **SECTION 2308vf.** 186.41 (5) (a), (b), (c) and (cr) of the statutes are amended to  
18 read:

19 186.41 (5) (a) Considering the financial and managerial resources and future  
20 prospects of the applicant and of the ~~in-state~~ Wisconsin credit union concerned, the  
21 action would be contrary to the best interests of the members of the ~~in-state~~  
22 Wisconsin credit union.

23 (b) The action would be detrimental to the safety and soundness of the  
24 applicant or of the ~~in-state~~ Wisconsin credit union concerned, or to a subsidiary or  
25 affiliate of the applicant or of the ~~in-state~~ Wisconsin credit union.

1 (c) Because the applicant, its executive officers or directors have not  
2 established a record of sound performance, efficient management, financial  
3 responsibility and integrity, the action would be contrary to the best interests of the  
4 creditors, members or other customers of the applicant or of the ~~in-state~~ Wisconsin  
5 credit union or contrary to the best interests of the public. .

6 (cr) The applicant has failed to propose to provide adequate and appropriate  
7 services of the type contemplated by the community reinvestment act of 1977 in the  
8 community in which the ~~in-state~~ Wisconsin credit union which the applicant  
9 proposes to acquire or merge with is located.

10 **SECTION 2308vh.** 186.41 (6) (a) of the statutes is renumbered 186.41 (6).

11 **SECTION 2308vj.** 186.41 (6) (b) of the statutes is repealed.

12 **SECTION 2308vL.** 186.41 (8) of the statutes is repealed.

13 **SECTION 2308vn.** 186.45 of the statutes is created to read:

14 **186.45 Non-Wisconsin credit union, Wisconsin offices.** (1) DEFINITIONS.

15 In this section:

16 (a) “Non-Wisconsin credit union” means a credit union organized under the  
17 laws of and with its principal office located in a state other than this state.

18 (b) “Wisconsin credit union” has the meaning given in s. 186.41 (1) (bm).

19 (2) APPROVAL. A non-Wisconsin credit union may open an office and conduct  
20 business as a credit union in this state if the office of credit unions finds that  
21 Wisconsin credit unions are allowed to do business in the other state under  
22 conditions similar to those contained in this section and that all of the following apply  
23 to the non-Wisconsin credit union:

24 (a) It is a credit union organized under laws similar to the credit union laws of  
25 this state.

1 (b) It is financially solvent based upon national board ratings.

2 (c) It has member savings insured with federal share insurance.

3 (d) It is effectively examined and supervised by the credit union authorities of  
4 the state in which it is organized.

5 (e) It has received approval from the credit union authorities of the state in  
6 which it is organized.

7 (f) It has a need to place an office in this state to adequately serve its members  
8 in this state.

9 (g) It meets all other relevant standards or qualifications established by the  
10 office of credit unions.

11 (3) REQUIREMENTS. A non-Wisconsin credit union shall agree to do all of the  
12 following:

13 (a) Grant loans at rates not in excess of the rates permitted for Wisconsin credit  
14 unions.

15 (b) Comply with this state's laws.

16 (c) Designate and maintain an agent for the service of process in this state.

17 (4) RECORDS. As a condition of a non-Wisconsin credit union doing business in  
18 this state under this section, the office of credit unions may require copies of  
19 examination reports and related correspondence regarding the non-Wisconsin  
20 credit union.

21 **SECTION 2308vp.** 186.80 of the statutes is created to read:

22 **186.80 False statements.** A person who knowingly publishes false reports or  
23 makes false statements about a credit union may be fined not less than \$1,000 nor

1 more than \$5,000 or imprisoned for not less than one year nor more than 15 years  
2 or both.”

3 (END)