



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-5023/1  
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## 2001 ASSEMBLY BILL 892

March 5, 2002 – Introduced by COMMITTEE ON FINANCIAL INSTITUTIONS. Referred to  
Committee on Financial Institutions.

1     **AN ACT** *to repeal* 186.235 (16) (b), 186.41 (1) (d), 186.41 (6) (b) and 186.41 (8);  
2           *to renumber* 186.235 (16) (a) and 186.41 (6) (a); *to renumber and amend*  
3           109.09 (2) (c), 186.02 (2) (d), 186.11 (4) (a), 186.41 (1) (a) and 186.41 (1) (c); *to*  
4           *amend* 93.01 (1m), 186.01 (2), 186.02 (2) (a) 1., 186.02 (2) (b) 2., 186.02 (2) (c),  
5           186.11 (4) (title), 186.11 (4) (b) (intro.) and 1., 186.11 (4) (c), 186.113 (1), 186.113  
6           (1m) (a) (intro.), 186.113 (6) (b) and (c), 186.235 (7) (a) (intro.), 186.36, 186.41  
7           (title), 186.41 (2) and (3), 186.41 (4) (intro.), (a) to (d) and (f), 186.41 (5) (a), (b),  
8           (c) and (cr) and 220.04 (9) (a) 2.; and *to create* 109.09 (2) (c) 2., 109.09 (2) (c) 3.,  
9           186.02 (2) (b) 2m., 186.02 (2) (d) 2., 186.11 (4) (a) 1., 186.113 (24), 186.20,  
10          186.235 (7) (c), 186.235 (7m), 186.235 (16m), 186.45, 186.80, 220.14 (5), chapter  
11          222 and 227.245 of the statutes; **relating to:** credit union membership, powers,  
12          and operation; the application of agriculture, trade, and consumer protection  
13          statutes to credit unions; the creation of a new type of financial institution; the  
14          powers of and requirements applicable to the new type of financial institution;

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- 1 the priority of certain wage claim liens over a prior lien of a financial institution;  
2 providing an exemption from emergency rule procedures; granting  
3 rule-making authority; and providing a penalty.

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

***Wage claim liens***

Under current law, the department of workforce development (DWD) must investigate and attempt to adjust any claim by an employee that his or her employer has not paid the employee any wages that are owed to the employee (wage claim). Currently, DWD or an employee who brings a wage claim action has a lien upon all property of the employer, real and personal, located in this state for the full amount of any wages owed to the employee. Also, under current law, a wage claim lien takes precedence over all other debts, judgments, decrees, liens, or mortgages against an employer except for a lien of a financial institution, such as a bank, savings and loan association, or credit union, that originates before the wage claim lien takes effect and a lien of the department of natural resources for expenses incurred in cleaning up a hazardous substance discharge or other environmental pollution.

This bill gives a wage claim lien precedence over a lien of a financial institution that originates before the wage claim lien takes effect, but only to the extent that the wage claim lien is for unpaid wages of \$2,000 or less earned by an employee within the three months preceding the filing of the wage claim with DWD or the commencement of an action by the employee to recover the wages due. That precedence, however, does not apply to a bona fide executive, administrative, or professional employee who is exempt from the minimum wage and maximum hour requirements of the federal Fair Labor Standards Act (FLSA), unless the employee is the direct and immediate supervisor of an employee who is not exempt from the FLSA. That precedence also does not apply to a lien of a financial institution that exists before the effective date of the bill and that originates before a wage claim lien takes effect or to a lien of a financial institution for an amount advanced by the financial institution after a wage claim lien takes effect under a contract entered into before the effective date of the bill.

***Credit unions and universal banks***

The bill also makes numerous changes to the chapter that governs the formation, operation, and regulation of credit unions in this state and creates a new type of financial institution called a universal bank. The major provisions relating to credit unions and universal banks include the following:

***Credit union membership***

Under current law, credit union membership is open to groups having a common bond of occupation or association; residents within a well-defined neighborhood, community, or rural district; employees of related industries or industries that operate within a well-defined neighborhood, community, or rural district; members of certain fraternal, labor, educational, or other similar

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organizations; and credit union employees. Furthermore, credit union membership is open to the immediate family of all individuals who are qualified for membership. Current law defines “members of the immediate family” as any relative of a member or of a member’s spouse who is living with the member and as the member’s spouse, parents, stepchildren, and children. In addition, current law permits a credit union to accept an organization or association as a member if a majority of the members of the organization or association are eligible for membership.

This bill expands the pool of individuals, organizations, and associations that are eligible for membership in a credit union. Under this bill, credit union membership is open to individuals who reside or are employed in well-defined, contiguous neighborhoods and communities, except that, if the office of credit unions determines, subsequent to a merger, that it is inappropriate to require the members of a credit union to reside or be employed in contiguous neighborhoods and communities, the requirement that these neighborhoods and communities be contiguous does not apply. In addition, membership is open to individuals who reside or are employed in well-defined, contiguous rural districts or multicounty regions.

This bill also opens credit union membership to any organization or association that has its principal business location within any geographic limits of the credit union’s field of membership. This bill also permits a credit union to accept any organization or association as a member, if a majority of the directors, owners, or members of the organization or association are eligible for membership. Furthermore, this bill repeals the definition of “members of the immediate family” contained in current law and instead requires a credit union’s bylaws to specify the conditions that determine eligibility for membership.

***Credit union investments***

Under current law, a credit union may invest up to 1.5% of its total assets in an organization that is organized primarily to provide goods and services to credit unions, credit union organizations, and credit union members (credit union service organization). Under current law, a credit union may invest in a credit union service organization that is a corporation. Current law also specifies the types of goods and services that a credit union service organization may provide. These goods and services include, among other things, credit card services, automated teller services, financial planning, and insurance sales. However, current law is ambiguous as to whether the percentage limitation on a credit union’s investment in credit union service organizations applies to the aggregate total of all credit union investments in credit union service organizations or to a credit union’s investment in each particular credit union service organization.

This bill expands the types of organizations in which a credit union may invest. Under this bill, a credit union may invest in a credit union service organization that is a corporation, limited partnership, limited liability company, or any other entity that is permitted under state law and that is approved by the office of credit unions.

This bill also provides that the office of credit unions may permit a credit union to invest greater than 1.5% of credit union assets in a credit union service organization. In addition, this bill clarifies that the limitation on a credit union’s investment in credit union service organizations applies to the aggregate total of all

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credit union investments in credit union service organizations. This bill also expands the types of goods and services that a credit union service organization may provide to include electronic transaction services.

***Credit union powers***

Currently, to the extent permitted by federal law, a credit union may act as trustee of member tax deferred funds and as a depository for member-deferred compensation funds. This bill expands this authority, allowing a credit union, to the extent permitted by federal law, to act as a trustee or custodian of member tax deferred retirement funds, individual retirement accounts, medical savings accounts, and other employee benefit accounts or funds. In addition, this bill allows a credit union, to the extent permitted by federal law, to act as a depository for member qualified and nonqualified deferred compensation funds.

Under current law, funds held in trust under a burial agreement (commonly known as a funeral trust) must be deposited in a bank, savings bank, savings and loan association, or credit union. This bill clarifies that a credit union may accept these deposits if the deposits are made by a credit union member.

***Branch offices of Wisconsin credit unions***

Under current law, if the need exists, a credit union may establish branch offices within this state or no more than 25 miles outside of this state. In addition, if certain conditions are met, a credit union may establish a limited service office outside of this state to serve members of the credit union. A credit union seeking to establish a branch office or limited service office must first obtain the approval of the office of credit unions.

This bill expands the authority of a credit union to establish branch offices. Under this bill, with the permission of the office of credit unions, a credit union may establish branch offices anywhere inside or outside of this state. This bill repeals the authority for a credit union to establish a limited service office, although a credit union may continue to operate a limited service office that is in existence on the effective date of this bill.

***Branch offices of non-Wisconsin credit unions***

Current law does not specifically permit a credit union organized under the laws of another state (non-Wisconsin credit union) to establish a branch office in this state. This bill specifies that a non-Wisconsin credit union may establish a branch office in this state if the office of credit unions finds that certain conditions apply to the non-Wisconsin credit union. For example, the non-Wisconsin credit union must be organized under laws similar to ch. 186, must be financially solvent, and must have federal insurance for member deposits. In addition, the office of credit unions must find that credit unions organized under the laws of this state are allowed to do business under similar conditions in the home state of the non-Wisconsin credit union.

***Interstate mergers and acquisitions of credit unions***

Under current law regarding interstate mergers and acquisitions of credit unions, a credit union organized in this state may only merge with, acquire, or be acquired by a state or federal credit union that has its principal office in Illinois,

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Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, or Ohio. This bill repeals this geographic limitation on mergers and acquisitions of credit unions and, thus, expands the number of credit unions that are eligible to merge with, acquire, or be acquired by a credit union organized in this state.

***Credit union reports and financial privacy***

Current law contains several credit union reporting requirements and, with certain exceptions, requires the office of credit unions to annually examine the records and accounts of each credit union. The employees of the office of credit unions and members of the credit union review board must keep information obtained in the course of examinations confidential, with limited exceptions. A violation of this confidentiality requirement is subject to a forfeiture of up to \$200.

This bill expands the confidentiality requirement to also include information contained in certain reports that a credit union provides to the office of credit unions. In addition, this bill specifies that, with certain exceptions, any employee of the office of credit unions or member of the credit union review board who discloses any information about the private account or transactions of a credit union or who discloses any information obtained in the course of an examination is subject to a fine of not less than \$100 nor more than \$1,000, imprisonment for not less than six months nor more than three years, or both, and may be required to forfeit his or her office or position.

This bill also requires credit unions to comply with certain federal laws relating to customer financial privacy and requires the office of credit unions to examine credit unions for compliance with these federal laws.

***Other credit union changes***

Current law specifically requires any officer or employee of a credit union who sells credit life insurance or credit accident or sickness insurance on behalf of the credit union to pay to the credit union all commissions received from the sale. This bill clarifies that an officer or employee of a credit union must pay to the credit union all commissions received from the sale of any authorized insurance product sold on behalf of the credit union.

This bill also creates a crime for knowingly falsifying certain credit union reports or statements. Any person who commits this crime 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.

Under current law, credit unions are subject to the provisions of chs. 93 to 100 (agriculture, trade, and consumer protection statutes) that apply to businesses generally. Banks, savings banks, and savings and loan associations are specifically exempted from the definition of "business" that applies in the agriculture, trade, and consumer protection statutes. This bill specifically exempts credit unions from this definition.

***Universal banks***

Under current law, the division of savings institutions regulates state savings banks and state savings and loan associations, and the division of banking regulates state banks. This bill allows a state savings bank, state savings and loan association, or state bank (financial institution) to apply to the division of banking to become

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certified as a universal bank. If certified as a universal bank, a financial institution may exercise certain powers, in addition to those that are granted under the statutes under which the financial institution is organized. A universal bank retains its status as a savings and loan association, savings bank, or state bank and remains subject to existing regulatory and supervisory requirements, except to the extent that these requirements are inconsistent with the requirements applicable to universal banks. Universal banks are subject to the following provisions:

***Certification of universal banks***

A financial institution may apply to become certified as a universal bank by filing a written application with the division of banking. In order to be certified as a universal bank, the financial institution must meet all of the following requirements: 1) the financial institution must be chartered or organized, and regulated, as a Wisconsin financial institution and must have been in existence and continuous operation for at least three years; 2) the financial institution must be "well-capitalized," as defined in federal law; 3) the financial institution must not exhibit moderately severe or unsatisfactory financial, managerial, operational, and compliance weaknesses; 4) the financial institution must not have been the subject of any enforcement action within the 12 months preceding the application; 5) the most recent evaluation of the financial institution under the federal Community Reinvestment Act must rate the financial institution as "outstanding" or "satisfactory" at helping to meet the credit needs of its entire community; and 6) the most recent report received by the financial institution evaluating the financial institution's compliance with certain federal laws relating to customer privacy must indicate that the financial institution is in substantial compliance with these federal laws. If these requirements are met, the division of banking must certify the financial institution as a universal bank. If a universal bank fails to maintain compliance with these requirements, the division of banking must limit the universal bank's exercise of universal banking powers. In addition, a universal bank may be decertified if it fails to maintain compliance with these requirements. With the approval of the division of banking, a universal bank may also elect to terminate its certification. As a precondition to elective decertification, the universal bank must terminate the exercise of all universal banking powers.

***Organization and regulation of universal banks***

A financial institution that is certified as a universal bank remains subject to all of the requirements and duties, and remains able to exercise all of the powers, that applied to the financial institution prior to its certification as a universal bank, except to the extent that such requirements, duties, and powers are inconsistent with the requirements, powers, and duties of universal banks. After a financial institution becomes certified as a universal bank, the division of banking is responsible for establishing the capital requirements applicable to the universal bank.

A universal bank continues to operate under the articles of incorporation and bylaws that were in effect prior to its certification as a universal bank, and these articles and bylaws may be amended in accordance with the law governing savings banks, savings and loan associations, or state banks, whichever is applicable, to the

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financial institution. Current law generally prohibits a savings bank or a savings and loan association from using the term “bank” in its corporate name without also using the term “savings.” Notwithstanding these provisions, the bill allows any financial institution that becomes certified as a universal bank to use the term “bank” in its corporate name without using the word “savings,” subject to certain limitations relating to the distinguishability of the name.

Under current law, the division of banking regulates mergers and acquisitions of state banks, and the division of savings institutions regulates mergers and acquisitions of savings banks and savings and loan associations. Under the bill, the division of banking assumes responsibility for reviewing and approving the mergers and acquisitions of all financial institutions that have been certified as universal banks, including savings banks and savings and loan associations. The standards to be used by the division of banking in reviewing a merger or acquisition of a universal bank generally track the standards currently applicable to the various financial institutions that may become certified as universal banks, except that universal banks may generally acquire or merge with any type of financial institution.

***Powers of universal banks***

The bill expands the powers of a financial institution that becomes certified as a universal bank. Currently, savings banks, savings and loan associations, and banks have differing powers under both state and federal law. Under the bill, a universal bank is authorized to engage in any activity authorized for any savings bank, savings and loan association, or state bank beginning on the first day of the third month beginning after the bill’s publication. In addition, the bill specifically permits a universal bank to exercise all of the following powers:

1) Federal powers: Under the bill, with the approval of the division of banking, a universal bank may exercise all powers that may be exercised directly by a national bank, a federally chartered savings and loan association, or a federally chartered savings bank. The division of banking may, however, require a universal bank to exercise a federal power through a subsidiary of the universal bank to limit the risk exposure of the universal bank.

In addition, with the approval of the division of banking, a universal bank may exercise through a subsidiary all powers that a subsidiary of these federal financial institutions may exercise.

2) Lending powers: Under current law, the lending powers of a financial institution depend on whether the financial institution is organized as a savings bank, savings and loan association, or state bank. The lending powers granted to universal banks under the bill are most similar to the lending powers granted to state banks under current law. Current law imposes some restrictions on the types and purposes of loans that savings banks and savings and loan associations may make. Under the bill, a universal bank may make, sell, purchase, arrange, participate in, invest in, or otherwise deal in loans or extensions of credit for any purpose. Like state banks, the limitations imposed on a universal bank’s lending generally focus on the total amount of liabilities of any one lender at any one time. Although the limit varies depending on the lender and on the type of security pledged for the loan, the general

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rule is that the total liabilities of any one person to a universal bank may not exceed 20% of the universal bank's capital.

The lending limits for universal banks are generally the same as for state banks, except that universal banks are granted additional authority to lend, through the universal bank or its subsidiaries, an aggregate amount to all borrowers from the universal bank and all of its subsidiaries not to exceed 20% of the universal bank's capital. However, the loans to any one borrower made under any lending authority of the universal bank may not exceed 20% of the universal bank's capital. Loans made under this additional authority are not subject to rules regarding bad debts or classification of losses for a period of two years from the date of the loan. This additional authority may be suspended by the division of banking. Among the factors that may be considered by the division of banking in suspending this authority are a universal bank's capital adequacy, management, earnings, liquidity, and sensitivity to market risk. The bill prohibits a universal bank, in determining whether to make a loan or extension of credit, from considering any health information obtained from the records of an affiliate of the universal bank that is engaged in the business of insurance, unless the person to whom the health information relates consents.

3) Investment powers: A universal bank may purchase, sell, underwrite, and hold investment securities, consistent with safe and sound banking practices, in an amount up to 100% of the universal bank's capital. Investment securities include commercial paper; banker's acceptances; marketable securities in the form of bonds, notes, and debentures; and similar instruments. A universal bank may not invest greater than 20% of its capital in any one obligor or issuer. A universal bank may purchase, sell, underwrite, and hold equity securities, consistent with safe and sound banking practices, in an amount up to 20% of the universal bank's capital, unless the division of banking approves a greater percentage. A universal bank may also invest in certain housing properties and projects, except that the total investment in any one project may not exceed 15% of the universal bank's capital and except that the total amount invested in housing properties and projects may not exceed 50% of the universal bank's capital. A universal bank may take equity positions in profit-participation projects, including projects funded through loans from the universal bank, in an aggregate amount not to exceed 20% of the universal bank's capital. The division of banking may suspend a universal bank's authority to invest in profit-participation projects.

The bill permits a universal bank to invest without limitation in certain types of securities, including: 1) obligations of certain federal agencies or federally chartered corporations and associations; 2) deposit accounts or insured obligations of insured financial institutions; 3) securities of certain business development corporations and urban renewal investment corporations; 4) certain securities of bank insurance companies; 5) securities of certain corporations operating automated teller machines; 6) securities of service corporation subsidiaries of the universal bank; 7) advances of federal funds; 8) risk management instruments, including financial futures transactions, financial operations transactions, and forward commitments, but solely for the purpose of reducing, hedging, or otherwise



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managing its interest rate risk exposure; 9) securities of subsidiaries exercising certain fiduciary powers; and 10) securities of agricultural credit corporations. A universal bank may invest in other financial institutions. The investment powers of a universal bank may be exercised directly or indirectly through a subsidiary, unless the division of banking requires the investment to be made through a subsidiary to limit the risk exposure of the universal bank. The bill contains specific provisions governing the purchase by a universal bank of its own stock and of stock in banks and bank holding companies.

4) Deposit and trust powers: The bill permits a universal bank to establish the types and terms of deposits that the universal bank will solicit and accept. A universal bank may pledge its assets as security for deposits. With the approval of the division of banking, a universal bank may securitize its assets for sale to the public, subject to any procedures established by the division of banking. A universal bank may exercise safe deposit powers and have a lien for its safekeeping charges on the contents of property accepted for safekeeping. If these charges remain unpaid for two years or if property accepted for safekeeping is not called for within two years, a universal bank may sell the property at public auction. The bill authorizes a universal bank to exercise the same trust powers that trust company banks are permitted to exercise under current law.

5) Incidental and related powers: Under the bill, a universal bank may exercise all powers necessary or convenient to effect the purposes for which the universal bank is organized or to further the businesses in which the universal bank is lawfully engaged. Current law does not have a similar provision.

In addition to these necessary or convenient powers, the bill allows a universal bank to engage in activities that are reasonably related or incidental to the purposes of the universal bank. With certain exceptions, a universal bank may engage in these activities either directly or indirectly through a subsidiary. Under the bill, any activity permitted under the federal Bank Holding Act satisfies the reasonably related or incidental criterion. The bill also contains a list of specific activities that meet the reasonably related or incidental criterion. The listed activities include: 1) business and professional services; 2) data processing; 3) courier and messenger services; 4) credit-related activities; 5) consumer services; 6) real estate-related services; 7) insurance services, other than insurance underwriting; 8) securities brokerage; 9) investment advice; 10) securities and bond underwriting; 11) mutual fund activities; 12) financial consulting; 13) tax planning and preparation; 14) community development and charitable activities; and 15) debt cancellation contracts.

A universal bank may also engage in activities that the division of banking determines by rule are reasonably related or incidental to these listed activities. In addition, the division of banking, by rule, may determine that other activities are reasonably related or incidental activities. In promulgating these rules, the division of banking need not follow the standard notice, hearing, and publication requirements that generally apply to administrative rule making.

A universal bank must give 60 days' prior written notice to the division of banking of the universal bank's intention to exercise a necessary or convenient power

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or to engage in a reasonably related or incidental activity. The division of banking may deny a universal bank the authority to exercise a necessary or convenient power or to engage in a reasonably related or incidental activity, other than an activity that is contained in the specific list of reasonably related or incidental activities, if the division of banking determines that the activity is not a reasonably related or incidental activity, that the financial institution is not well-capitalized, that the financial institution is the subject of an enforcement action, or that the financial institution does not have sufficient management expertise for the activity. The division of banking may also require a universal bank to engage in certain of these activities through a subsidiary, with appropriate safeguards to limit the risk exposure of the universal bank. Amounts invested in a single subsidiary that engages in these activities may not exceed 20% of the universal bank's capital, unless a higher percentage is approved by the division of banking.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

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

2           93.01 (**1m**) "Business" includes any business, except that of banks, savings  
3 banks, credit unions, savings and loan associations, and insurance companies.

4 "Business" includes public utilities and telecommunications carriers to the extent  
5 that their activities, beyond registration, notice, and reporting activities, are not  
6 regulated by the public service commission and includes public utility and  
7 telecommunications carrier methods of competition or trade and advertising  
8 practices that are exempt from regulation by the public service commission under s.  
9 196.195, 196.196, 196.202, 196.203, 196.219, or 196.499 or by other action of the  
10 commission.

11           **SECTION 2.** 109.09 (2) (c) of the statutes is renumbered 109.09 (2) (c) 1. and  
12 amended to read:

13           109.09 (**2**) (c) 1. A lien under par. (a) takes precedence over all other debts,  
14 judgments, decrees, liens, or mortgages against the employer, except a lien of a

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1 financial institution, as defined in s. 69.30 (1) (b), ~~that originates before the lien~~  
2 ~~under par. (a) takes effect~~ as provided in subd. 2. and 3. or a lien under s. 292.31 (8)  
3 (i) or 292.81, regardless of whether those other debts, judgments, decrees, liens, or  
4 mortgages originate before or after the lien under par. (a) takes effect. A lien under  
5 par. (a) may be enforced in the manner provided in ss. 779.09 to 779.12, 779.20, and  
6 779.21, insofar as those provisions are applicable. The lien ceases to exist if the  
7 department of workforce development or the employee does not bring an action to  
8 enforce the lien within the period prescribed in s. 893.44 for the underlying wage  
9 claim.

10 **SECTION 3.** 109.09 (2) (c) 2. of the statutes is created to read:

11 109.09 (2) (c) 2. Except as provided in this subdivision, a lien under par. (a) does  
12 not take precedence over a lien of a financial institution, as defined in s. 69.30 (1) (b),  
13 against the employer that originates before the lien under par. (a) takes effect.  
14 Subject to subd. 3., a lien under par. (a) takes precedence over a lien of a financial  
15 institution against the employer that originates before the lien under par. (a) takes  
16 effect only to the extent that the lien under par. (a) is for unpaid wages of \$2,000 or  
17 less earned by an employee within the 3 months preceding the date on which the  
18 employee files the wage claim under sub. (1) or brings the action under s. 109.03 (5)  
19 or the date on which the department receives the wage claim under s. 109.10 (4) (a),  
20 whichever is applicable. The precedence under this subdivision of a lien under par.  
21 (a) does not apply to a lien of an employee who is exempt under 29 USC 213 (a) (1)  
22 from the minimum wage and maximum hour requirements under 29 USC 206 and  
23 207 of the federal Fair Labor Standards Act, 29 USC 201 to 219, unless the employee  
24 is the direct and immediate supervisor of an employee who is not so exempt.

25 **SECTION 4.** 109.09 (2) (c) 3. of the statutes is created to read:

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1           109.09 (2) (c) 3. Notwithstanding subd. 2., a lien of a financial institution that  
2 exists on the day before the effective date of this subdivision ... [revisor inserts date],  
3 and that originates before a lien under par. (a) takes effect takes precedence over the  
4 lien under par. (a), and a lien of a financial institution for any amount advanced by  
5 the financial institution after a lien under par. (a) takes effect under a contract  
6 entered into before the effective date of this subdivision ... [revisor inserts date],  
7 including any extension or renewal of such a contract, takes precedence over the lien  
8 under par. (a).

9           **SECTION 5.** 186.01 (2) of the statutes is amended to read:

10           186.01 (2) "Credit union" means, except as specifically provided under ss.  
11 186.41 (1) and 186.45 (1), a cooperative, nonprofit corporation, incorporated under  
12 this chapter to encourage thrift among its members, create a source of credit at a fair  
13 and reasonable cost, and provide an opportunity for its members to improve their  
14 economic and social conditions.

15           **SECTION 6.** 186.02 (2) (a) 1. of the statutes is amended to read:

16           186.02 (2) (a) 1. ~~The conditions of residence or occupation which qualify persons~~  
17 that determine eligibility for membership.

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

19           186.02 (2) (b) 2. ~~Residents~~ Except as otherwise provided in this subdivision,  
20 individuals who reside or are employed within a well-defined neighborhood,  
21 community or rural district and contiguous neighborhoods and communities. If the  
22 office of credit unions, subsequent to a credit union merger, determines that it would  
23 be inappropriate under the circumstances to require members of the credit union  
24 that results from the merger to reside or be employed in contiguous neighborhoods

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1 and communities, the requirement that these neighborhoods and communities be  
2 contiguous does not apply.

3 **SECTION 8.** 186.02 (2) (b) 2m. of the statutes is created to read:

4 186.02 (2) (b) 2m. Individuals who reside or are employed within well-defined  
5 and contiguous rural districts or multicounty regions.

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

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

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

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

18 **SECTION 11.** 186.02 (2) (d) 2. of the statutes is created to read:

19 186.02 (2) (d) 2. An organization or association that has its principal business  
20 location within any geographic limits of the credit union's field of membership may  
21 be admitted to membership.

22 **SECTION 12.** 186.11 (4) (title) of the statutes is amended to read:

23 186.11 (4) (title) INVESTMENT IN CREDIT UNION SERVICE CORPORATIONS  
24 ORGANIZATIONS.

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1           **SECTION 13.** 186.11 (4) (a) of the statutes is renumbered 186.11 (4) (a) (intro.)  
2 and amended to read:

3           186.11 (4) (a) (intro.) ~~A~~ Unless the office of credit unions approves a higher  
4 percentage, a credit union may invest not more than 1.5% of its total assets in the  
5 capital shares or obligations of a credit union service corporation organizations that  
6 satisfy all of the following:

7           2. Are organized primarily to provide goods and services to credit unions, credit  
8 union organizations, and credit union members.

9           **SECTION 14.** 186.11 (4) (a) 1. of the statutes is created to read:

10           186.11 (4) (a) 1. Are corporations, limited partnerships, limited liability  
11 companies, or other entities that are permitted under the laws of this state and that  
12 are approved by the office of credit unions.

13           **SECTION 15.** 186.11 (4) (b) (intro.) and 1. of the statutes are amended to read:

14           186.11 (4) (b) (intro.) A credit union service corporation organization under par.  
15 (a) may provide goods and services including any of the following:

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

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

23           186.11 (4) (c) A credit union service corporation organization may be subject  
24 to audit by the office of credit unions.

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

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

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

8           186.113 (1m) (a) (intro.) ~~Establish~~ Before the effective date of this paragraph  
9 .... [revisor inserts date], establish limited services offices outside this state to serve  
10 any member of the credit union if all of the following requirements are met:

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

12           186.113 (6) (b) Act as trustees or custodians of member tax deferred retirement  
13 funds, individual retirement accounts, medical savings accounts, or other employee  
14 benefit accounts or funds permitted by federal law to be deposited in a credit union.

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

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

18           186.113 (24) FUNERAL TRUSTS. Accept deposits made by members for the  
19 purpose of funding burial agreements by trusts created pursuant to s. 445.125.

20           **SECTION 21.** 186.20 of the statutes is created to read:

21           **186.20 Financial privacy.** A credit union shall comply with any applicable  
22 requirements under 15 USC 6801 to 6803 and any applicable regulations prescribed  
23 by the national credit union administration under 15 USC 6804.

24           **SECTION 22.** 186.235 (7) (a) (intro.) of the statutes is amended to read:

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1           186.235 (7) (a) (intro.) Employees of the office of credit unions and members  
2 of the review board shall keep secret all the facts and information obtained in the  
3 course of examinations, except or contained in any report provided by a credit union  
4 other than any semiannual or quarterly financial report that is regularly filed with  
5 the office of credit unions. This requirement does not apply in any of the following  
6 situations:

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

8           186.235 (7) (c) If any person mentioned in par. (a) discloses any information  
9 about the private account or transactions of a credit union or any information  
10 obtained in the course of an examination of a credit union, except as provided in pars.  
11 (a) and (b), that person may be required to forfeit his or her office or position and may  
12 be fined not less than \$100 nor more than \$1,000, or imprisoned for not less than 6  
13 months nor more than 3 years, or both.

14           **SECTION 24.** 186.235 (7m) of the statutes is created to read:

15           186.235 (7m) RETURN OF EXAMINATION REPORTS. Examination reports possessed  
16 by a credit union are confidential, remain the property of the office of credit unions,  
17 and shall be returned to the office of credit unions immediately upon request.

18           **SECTION 25.** 186.235 (16) (a) of the statutes is renumbered 186.235 (16).

19           **SECTION 26.** 186.235 (16) (b) of the statutes is repealed.

20           **SECTION 27.** 186.235 (16m) of the statutes is created to read:

21           186.235 (16m) FINANCIAL PRIVACY EXAMINATION. The office of credit unions shall  
22 examine a credit union to determine the credit union's compliance with s. 186.20.

23           **SECTION 28.** 186.36 of the statutes is amended to read:

24           **186.36 Sale of insurance in credit unions.** Any officer or employee of a  
25 credit union, when acting as an agent for the sale of insurance on behalf of the credit



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1 union, shall pay all commissions received from the sale of ~~credit life insurance or~~  
2 ~~credit accident and sickness insurance~~ to the credit union.

3 **SECTION 29.** 186.41 (title) of the statutes is amended to read:

4 **186.41 (title) Interstate acquisition acquisitions and merger mergers**  
5 **of credit unions.**

6 **SECTION 30.** 186.41 (1) (a) of the statutes is renumbered 186.41 (1) (bm) and  
7 amended to read:

8 186.41 (1) (bm) “~~In-state~~ Wisconsin credit union” means a credit union having  
9 its principal office located in this state.

10 **SECTION 31.** 186.41 (1) (c) of the statutes is renumbered 186.41 (1) (am) and  
11 amended to read:

12 186.41 (1) (am) “~~Regional Out-of-state~~ credit union” means a state or federal  
13 credit union ~~that has its,~~ the principal office of which is located in ~~one of the regional~~  
14 states a state other than this state.

15 **SECTION 32.** 186.41 (1) (d) of the statutes is repealed.

16 **SECTION 33.** 186.41 (2) and (3) of the statutes are amended to read:

17 186.41 (2) ~~IN-STATE~~ WISCONSIN CREDIT UNION. (a) ~~An in-state~~ A Wisconsin credit  
18 union may do any of the following:

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

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

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

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1           **(3) REGIONAL OUT-OF-STATE CREDIT UNIONS.** Except as provided in sub. (4), a  
2 regional an out-of-state credit union may do any of the following:

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

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

6           **SECTION 34.** 186.41 (4) (intro.), (a) to (d) and (f) of the statutes are amended to  
7 read:

8           186.41 (4) LIMITATIONS. (intro.) ~~A regional~~ An out-of-state credit union may  
9 not take any action under sub. (3) until all of the following conditions have been met:

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

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

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

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

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

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

9 186.41 **(5)** (a) Considering the financial and managerial resources and future  
10 prospects of the applicant and of the ~~in-state~~ Wisconsin credit union concerned, the  
11 action would be contrary to the best interests of the members of the ~~in-state~~  
12 Wisconsin credit union.

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

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

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

25 **SECTION 36.** 186.41 (6) (a) of the statutes is renumbered 186.41 (6).

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1           **SECTION 37.** 186.41 (6) (b) of the statutes is repealed.

2           **SECTION 38.** 186.41 (8) of the statutes is repealed.

3           **SECTION 39.** 186.45 of the statutes is created to read:

4           **186.45 Non-Wisconsin credit union, Wisconsin offices. (1) DEFINITIONS.**

5           In this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7           **(4) RECORDS.** As a condition of a non-Wisconsin credit union doing business in  
8 this state under this section, the office of credit unions may require copies of  
9 examination reports and related correspondence regarding the non-Wisconsin  
10 credit union.

11           **SECTION 40.** 186.80 of the statutes is created to read:

12           **186.80 False statements.** (a) No officer, director, or employee of a credit  
13 union may do any of the following:

14           1. Willfully and knowingly subscribe to or make, or cause to be made, a false  
15 statement or entry in the books of the credit union.

16           2. Knowingly subscribe to or exhibit false information with the intent to deceive  
17 any person authorized to examine the affairs of the credit union.

18           3. Knowingly make, state, or publish any false report or statement of the credit  
19 union.

20           (b) Any person who violates par. (a) may be fined not less than \$1,000 nor more  
21 than \$5,000, or imprisoned for not less than one year nor more than 15 years, or both.

22           **SECTION 41.** 220.04 (9) (a) 2. of the statutes is amended to read:

23           220.04 **(9)** (a) 2. "Regulated entity" means a bank, universal bank, trust  
24 company bank, and any other entity ~~which~~ that is described in s. 220.02 (2) or  
25 221.0526 as under the supervision and control of the division.



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1           (2) “Deposit insurance corporation” means the Federal Deposit Insurance  
2 Corporation or other instrumentality of, or corporation chartered by, the United  
3 States that insures deposits of financial institutions and that is supported by the full  
4 faith and credit of the U.S. government as stated in a congressional resolution.

5           (3) “Division” means the division of banking.

6           (4) “Financial institution” means a state savings bank organized under ch. 214,  
7 state savings and loan association organized under ch. 215, or state bank chartered  
8 under ch. 221.

9           (5) “Universal bank” means a financial institution that has been issued a  
10 certificate of authority under s. 222.0205.

11           (6) “Well-capitalized” has the meaning given in 12 USC 1831o (b) (1) (A).

12           **222.0103 Applicability. (1) SAVINGS BANKS.** A universal bank that is a savings  
13 bank organized under ch. 214 remains subject to all of the requirements, duties, and  
14 liabilities, and may exercise all of the powers, of a savings bank, except that, in the  
15 event of a conflict between this chapter and those requirements, duties, liabilities,  
16 or powers, this chapter shall control.

17           (2) **SAVINGS AND LOAN ASSOCIATIONS.** A universal bank that is a savings and loan  
18 association organized under ch. 215 remains subject to all of the requirements,  
19 duties, and liabilities, and may exercise all of the powers, of a savings and loan  
20 association, except that, in the event of a conflict between this chapter and those  
21 requirements, duties, liabilities, or powers, this chapter shall control.

22           (3) **BANKS.** A universal bank that is a bank chartered under ch. 221 remains  
23 subject to all of the requirements, duties, and liabilities, and may exercise all of the  
24 powers, of a bank, except that, in the event of a conflict between this chapter and  
25 these requirements, duties, liabilities, or powers, this chapter shall control.





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1           **222.0203 Eligibility. (1) REQUIREMENTS.** The division may approve an  
2 application from a financial institution for certification as a universal bank only if  
3 all of the following requirements are met:

4           (a) The financial institution is chartered or organized, and regulated, under ch.  
5 214, 215, or 221 and has been in existence and continuous operation for a minimum  
6 of 3 years before the date of the application.

7           (b) The financial institution is well-capitalized.

8           (c) The financial institution does not exhibit a combination of financial,  
9 managerial, operational, and compliance weaknesses that is moderately severe or  
10 unsatisfactory, as determined by the division based upon the division's assessment  
11 of the financial institution's capital adequacy, asset quality, management capability,  
12 earnings quantity and quality, adequacy of liquidity, and sensitivity to market risk.

13           (d) During the 12-month period before the date of the application, the financial  
14 institution has not been the subject of an enforcement action, and there is no  
15 enforcement action pending against the financial institution by any state or federal  
16 financial institution regulatory agency, including the division.

17           (e) The most current evaluation prepared under 12 USC 2906 that the financial  
18 institution has received rates the financial institution as "outstanding" or  
19 "satisfactory" in helping to meet the credit needs of its entire community, including  
20 low-income and moderate-income neighborhoods, consistent with the safe and  
21 sound operation of the financial institution.

22           (f) If the financial institution has received from its federal functional regulator,  
23 as defined in 15 USC 6809 (2), a consumer compliance examination that contains  
24 information regarding the financial institution's compliance with 15 USC 6801 to  
25 6803 and any applicable regulations prescribed under 15 USC 6804, the most recent

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1 such examination indicates, in the opinion of the division, that the financial  
2 institution is in substantial compliance with those statutes or regulations.

3 **(2) FAILURE TO MAINTAIN ELIGIBILITY; LIMITATION OF AUTHORITY AND**  
4 **DECERTIFICATION.** For any period during which a universal bank fails to meet the  
5 requirements under sub. (1), the division shall by order limit or restrict the exercise  
6 of the powers of the universal bank under this chapter. In addition to or lieu of  
7 limiting or restricting the universal bank's authority under this subsection, the  
8 division may by order revoke the universal bank's certificate of authority issued  
9 under s. 222.0205.

10 **222.0205 Certificate of authority.** Upon approval of an application for  
11 certification as a universal bank, the division shall issue to the applicant a certificate  
12 of authority stating that the financial institution is certified as a universal bank  
13 under this chapter.

14 **222.0207 Voluntary termination of certification.** A financial institution  
15 that is certified as a universal bank under this chapter may elect to terminate its  
16 certification by giving 60 days' prior written notice of the termination to the division.  
17 A termination under this section is effective only with the written approval of the  
18 division. A financial institution shall, as a condition to a termination under this  
19 section, terminate its exercise of all powers granted under this chapter before the  
20 termination of the certification. The division's written approval of a financial  
21 institution's termination under this section is void if the financial institution fails to  
22 satisfy the precondition to termination under this section.

23 SUBCHAPTER III

24 ORGANIZATION

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1           **222.0301 Articles of incorporation and bylaws.** A universal bank shall  
2 continue to operate under its articles of incorporation and bylaws as in effect prior  
3 to certification as a universal bank or as such articles or bylaws may be subsequently  
4 amended in accordance with the provisions of the chapter under which the universal  
5 bank was organized or chartered.

6           **222.0303 Name. (1) USE OF "BANK."** Notwithstanding ss. 214.035, 215.40 (1),  
7 and 215.60 (1) and subject to subs. (2) and (3) (b), a universal bank may use the word  
8 "bank" in its name, without having to include the word "savings." Notwithstanding  
9 ss. 215.40 (1) and 215.60 (1) and subject to subs. (2) and (3) (b), a universal bank that  
10 is organized under ch. 215 and that uses the word "bank" in its name in accordance  
11 with this section need not include the words "savings and loan association" or  
12 "savings association" in its name.

13           **(2) DISTINGUISHABILITY.** Except as provided in sub. (3), the name of the  
14 universal bank shall be distinguishable upon the records of the division from all of  
15 the following names:

16           (a) The name of every other financial institution organized under the laws of  
17 this state.

18           (b) The name of every national bank or foreign bank authorized to transact  
19 business in this state.

20           **(3) EXCEPTIONS.** (a) A universal bank may apply to the division for authority  
21 to use a name that does not meet the requirements under sub. (2). The division may  
22 authorize the use of the name if any of the conditions under s. 221.0403 (2) (a) or (b)  
23 is met.

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1 (b) A universal bank may use a name that is used in this state by another  
2 financial institution or by an institution authorized to transact business in this state,  
3 if the universal bank has done any of the following:

4 1. Merged with the other institution.

5 2. Been formed by reorganization of the other institution.

6 3. Acquired all or substantially all of the assets, including the name, of the  
7 other institution.

8 **222.0305 Capital and assets. (1) CAPITAL REQUIREMENTS.** Notwithstanding  
9 subch. VI of ch. 214 and ss. 215.24 and 221.0205, the division shall determine the  
10 minimum capital requirements of universal banks.

11 **(2) CERTAIN ASSET REQUIREMENTS.** Section 214.045 does not apply to universal  
12 banks.

13 **222.0307 Acquisitions, mergers, and asset purchases. (1) IN GENERAL.**  
14 A universal bank may, with the approval of the division, purchase the assets of,  
15 merge with, acquire, or be acquired by any other financial institution, universal  
16 bank, national bank, federally chartered savings bank, or savings and loan  
17 association, or by a holding company of any of these entities. Notwithstanding subch.  
18 III of ch. 214 and ss. 214.09 and 215.36, the approval of the division of savings and  
19 loan is not required.

20 **(2) APPLICATIONS FOR APPROVAL.** An application for approval under sub. (1) shall  
21 be submitted on a form prescribed by the division and accompanied by a fee  
22 determined by the division. In processing and acting on applications under this  
23 section the division shall apply the following standards:

24 (a) For universal banks organized under ch. 214, ss. 214.09, 214.62 to 214.64,  
25 and 214.665, and subch. III of ch. 214.

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1 (b) For universal banks organized under ch. 215, ss. 215.35, 215.36, 215.53, and  
2 215.73.

3 (c) For universal banks chartered under ch. 221, subchs. VII and IX of ch. 221.

**SUBCHAPTER IV****POWERS**

4  
5  
6 **222.0401 Federal financial institution powers. (1) IN GENERAL. (a)**  
7 *Powers exercised by universal bank.* A universal bank, with the approval of the  
8 division, may exercise any power that may be directly exercised by a federally  
9 chartered savings bank, a federally chartered savings and loan association, or a  
10 federally chartered national bank.

11 (b) *Powers exercised by subsidiary of universal bank.* A universal bank,  
12 through a subsidiary and with the approval of the division, may exercise any power  
13 that a federally chartered savings bank, a federally chartered savings and loan  
14 association, or a federally chartered national bank may exercise through a  
15 subsidiary.

16 **(2) APPROVAL REQUIRED FOR EXERCISE OF FEDERAL POWER.** A universal bank shall  
17 file with the division a written request to exercise a power under sub. (1). The  
18 division shall determine whether the requested power is permitted under sub. (1).  
19 Within 60 days after receiving a request under this subsection, the division shall  
20 approve the request, if the power is permitted under sub. (1), or shall disapprove the  
21 request if the power is not permitted under sub. (1). The division and the universal  
22 bank may mutually agree to extend this 60-day period for an additional period of 60  
23 days.

24 **(3) EXERCISE OF FEDERAL POWERS THROUGH A SUBSIDIARY.** The division may  
25 require that certain powers exercisable by a universal bank under sub. (1) (a) be

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1 exercised through a subsidiary of the universal bank with appropriate safeguards to  
2 limit the risk exposure of the universal bank.

3 **222.0403 Loan powers. (1) PERMITTED PURPOSES.** A universal bank may  
4 make, sell, purchase, arrange, participate in, invest in, or otherwise deal in loans or  
5 extensions of credit for any purpose.

6 **(2) IN GENERAL.** Except as provided in subs. (3) to (8), the total liabilities of any  
7 person, other than a municipal corporation, to a universal bank for a loan or  
8 extension of credit may not exceed 20% of the capital of the universal bank at any  
9 time. In determining compliance with this section, liabilities of a partnership  
10 include the liabilities of the general partners, computed individually as to each  
11 general partner on the basis of his or her direct liability.

12 **(3) CERTAIN SECURED LIABILITIES.** The percentage limitation under sub. (2) is  
13 50% of the universal bank's capital, if the liabilities under sub. (2) are limited to the  
14 following types of liabilities:

15 (a) *Warehouse receipts.* A liability secured by warehouse receipts issued by  
16 warehouse keepers who are licensed and bonded in this state under ss. 99.02 and  
17 99.03 or under the federal Bonded Warehouse Act or who hold a registration  
18 certificate under ch. 127, if all of the following requirements are met:

- 19 1. The receipts cover readily marketable nonperishable staples.
- 20 2. The staples are insured, if it is customary to insure the staples.
- 21 3. The market value of the staples is not, at any time, less than 140% of the face  
22 amount of the obligation.

23 (b) *Certain bonds or notes.* A liability in the form of a note or bond that meets  
24 any of the following qualifications:

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1           1. The note or bond is secured by not less than a like amount of bonds or notes  
2 of the United States issued since April 24, 1917, or certificates of indebtedness of the  
3 United States.

4           2. The note or bond is secured or covered by guarantees or by commitments or  
5 agreements to take over, or to purchase, the bonds or notes, and the guarantee,  
6 commitment, or agreement is made by a federal reserve bank, the federal small  
7 business administration, the federal department of defense, or the federal maritime  
8 commission.

9           3. The note or bond is secured by mortgages or trust deeds insured by the  
10 federal housing administration.

11           **(4) OBLIGATIONS OF LOCAL GOVERNMENTAL UNITS.** (a) *Definition.* In this  
12 subsection, "local governmental unit" has the meaning given in s. 16.97 (7).

13           (b) *General limitation.* Except as otherwise provided in this subsection, the  
14 total liabilities of a local governmental unit to a universal bank for money borrowed  
15 may not, at any time, exceed 25% of the capital of the universal bank.

16           (c) *Revenue obligations.* Liabilities in the form of revenue obligations of a local  
17 governmental unit are subject to the limitations provided in par. (b). In addition, a  
18 universal bank is permitted to invest in a general obligation of that local  
19 governmental unit in an amount that will bring the combined total of the general  
20 obligations and revenue obligations of a single local governmental unit to a sum not  
21 in excess of 50% of the capital of the universal bank.

22           (d) *General obligations.* If the liabilities of the local governmental unit are in  
23 the form of bonds, notes, or other evidences of indebtedness that are a general  
24 obligation of a local governmental unit, the total liability of the local governmental  
25 unit may not exceed 50% of the capital of the universal bank.

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1           (e) *Temporary borrowings.* The total amount of temporary borrowings of any  
2 local governmental unit maturing within one year after the date of issue may not  
3 exceed 60% of the capital of the universal bank. Temporary borrowings and  
4 longer-term general obligation borrowings of a single local governmental unit may  
5 be considered separately in determining compliance with this subsection.

6           **(5) OBLIGATIONS OF CERTAIN INTERNATIONAL ORGANIZATIONS; OTHER FOREIGN BONDS.**

7 A universal bank may purchase bonds offered for sale by the International Bank for  
8 Reconstruction and Development and the Inter-American Development Bank or  
9 any other foreign bonds approved under rules established by the division. The  
10 aggregate investment in any of these bonds issued by a single issuer may not exceed  
11 10% of the capital of the universal bank.

12           **(6) FOREIGN NATIONAL GOVERNMENT BONDS.** A universal bank may purchase

13 general obligation bonds issued by any foreign national government if the bonds are  
14 payable in United States funds. The aggregate investment in these foreign bonds  
15 may not exceed 3% of the capital of the universal bank, except that this limitation  
16 does not apply to bonds of the Canadian government and Canadian provinces that  
17 are payable in United States funds.

18           **(7) LIMITS ESTABLISHED BY BOARD.** (a) *When financial statements required.* A

19 universal bank may not make or renew a loan or loans, the aggregate total of which  
20 exceeds the level established by the board of directors without being supported by a  
21 signed financial statement of the borrower, unless the loan is secured by collateral  
22 having a value in excess of the amount of the loan. A signed financial statement  
23 furnished by the borrower to a universal bank in compliance with this paragraph  
24 must be renewed annually as long as the loan or any renewal of the loan remains  
25 unpaid and is subject to this paragraph.



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1           (b) *Treatment of loans complying with limits.* A loan or a renewal of a loan made  
2 by a universal bank in compliance with par. (a), without a signed financial statement,  
3 may be treated by the universal bank as entirely independent of any secured loan  
4 made to the same borrower if the loan does not exceed the applicable limitations  
5 provided in this section.

6           **(8) EXCEPTIONS.** This section does not apply to any of the following:

7           (a) *Liabilities secured by certain short-term federal obligations.* A liability that  
8 is secured by not less than a like amount of direct obligations of the United States  
9 which will mature not more than 18 months after the date on which such liabilities  
10 to the universal bank are entered into.

11           (b) *Certain federal and state obligations or guaranteed obligations.* A liability  
12 that is a direct obligation of the United States or this state, or an obligation of any  
13 governmental agency of the United States or this state, that is fully and  
14 unconditionally guaranteed by the United States or this state.

15           (c) *Commodity Credit Corporation liabilities.* A liability in the form of a note,  
16 debenture, or certificate of interest of the Commodity Credit Corporation.

17           (d) *Discounting bills of exchange or business or commercial paper.* A liability  
18 created by the discounting of bills of exchange drawn in good faith against actually  
19 existing values or the discounting of commercial or business paper actually owned  
20 by the person negotiating the same.

21           (e) *Certain other federal or federally guaranteed obligations.* Obligations of, or  
22 obligations that are fully guaranteed by, the United States and obligations of any  
23 federal reserve bank, federal home loan bank, the Student Loan Marketing  
24 Association, the Government National Mortgage Association, the Federal National

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1 Mortgage Association, the Federal Home Loan Mortgage Corporation, the  
2 Export-Import Bank of Washington, or the Federal Deposit Insurance Corporation.

3 (9) ADDITIONAL AUTHORITY. (a) *In general.* In addition to the authority  
4 granted under subs. (1) to (8), and except as provided in par. (b), a universal bank may  
5 lend under this subsection, through the universal bank or subsidiary of the universal  
6 bank, to all borrowers from the universal bank and all of its subsidiaries, an  
7 aggregate amount not to exceed 20% of the universal bank's capital. Neither a  
8 universal bank nor any subsidiary of the universal bank may lend to any borrower,  
9 under this subsection and any other law or rule, an amount that would result in an  
10 aggregate amount for all loans to that borrower that exceeds 20% of the universal  
11 bank's capital. A universal bank or its subsidiary may take an equity position or  
12 other form of interest as security in a project funded through loans made under this  
13 paragraph. Every transaction by a universal bank or its subsidiary under this  
14 paragraph requires prior approval by the governing board of the universal bank or  
15 its subsidiary, respectively. Loans made under this paragraph are not subject to s.  
16 221.0326 or to classification as losses, for a period of 2 years from the date of each loan  
17 except as provided in par. (b).

18 (b) *Suspension of additional authority.* The division may suspend authority  
19 established under par. (a) and, in such case, may specify how an outstanding loan  
20 shall be treated by the universal bank or its subsidiary. Among the factors that the  
21 division may consider in suspending authority under par. (a) are the universal bank's  
22 capital adequacy, asset quality, earnings quantity, earnings quality, adequacy of  
23 liquidity, and sensitivity to market risk and the ability of the universal bank's  
24 management.

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1           **(10) EXERCISE OF LOAN POWERS; PROHIBITED CONSIDERATIONS.** In determining  
2 whether to make a loan or extension of credit, no universal bank may consider any  
3 health information obtained from the records of an affiliate of the universal bank  
4 that is engaged in the business of insurance, unless the person to whom the health  
5 information relates consents.

6           **222.0405 Investment powers. (1) INVESTMENT SECURITIES.** Except as  
7 provided in subs. (3) to (8), a universal bank may purchase, sell, underwrite, and hold  
8 investment securities, consistent with safe and sound banking practices, up to 100%  
9 of the universal bank's capital. A universal bank may not invest greater than 20%  
10 of the universal bank's capital in the investment securities of one obligor or issuer.  
11 In this subsection, "investment securities" includes commercial paper, banker's  
12 acceptances, marketable securities in the form of bonds, notes, debentures, and  
13 similar instruments that are regarded as investment securities.

14           **(2) EQUITY SECURITIES.** Except as provided in subs. (3) to (8), a universal bank  
15 may purchase, sell, underwrite, and hold equity securities, consistent with safe and  
16 sound banking practices, up to 20% of capital or, if approved by the division in  
17 writing, a greater percentage of capital.

18           **(3) HOUSING ACTIVITIES.** With the prior written consent of the division, a  
19 universal bank may invest in the initial purchase and development, or the purchase  
20 or commitment to purchase after completion, of home sites and housing for sale or  
21 rental, including projects for the reconstruction, rehabilitation, or rebuilding of  
22 residential properties to meet the minimum standards of health and occupancy  
23 prescribed for a local governmental unit, the provision of accommodations for retail  
24 stores, shops, and other community services that are reasonably incident to that  
25 housing, or in the stock of a corporation that owns one or more of those projects and

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1 that is wholly owned by one or more financial institutions. The total investment in  
2 any one project may not exceed 15% of the universal bank's capital, nor may the  
3 aggregate investment under this subsection exceed 50% of capital. A universal bank  
4 may not make an investment under this subsection unless it is in compliance with  
5 the capital requirements set by the division under s. 222.0305 (1) and with the capital  
6 maintenance requirements of its deposit insurance corporation.

7 (4) PROFIT-PARTICIPATION PROJECTS. A universal bank may take equity positions  
8 in profit-participation projects, including projects funded through loans from the  
9 universal bank, in an aggregate amount not to exceed 20% of capital. The division  
10 may suspend the investment authority under this subsection. If the division  
11 suspends the investment authority under this subsection, the division may specify  
12 how outstanding investments under this subsection shall be treated by the universal  
13 bank or its subsidiary. Among the factors that the division may consider in  
14 suspending authority under this subsection are the universal bank's capital  
15 adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity,  
16 and sensitivity to market risk and the ability of the universal bank's management.  
17 This subsection does not authorize a universal bank, directly or indirectly through  
18 a subsidiary, to engage in the business of underwriting insurance.

19 (5) DEBT INVESTMENTS. A universal bank may invest in bonds, notes,  
20 obligations, and liabilities described under s. 222.0403 (3) to (7), subject to the  
21 limitations under those subsections.

22 (6) CERTAIN LIABILITIES. This section does not limit investment in the  
23 liabilities described in s. 222.0403 (8).

24 (7) CERTAIN INVESTMENTS. A universal bank may invest without limitation in  
25 any of the following:

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1           (a) *Business development corporations.* Stocks or obligations of a corporation  
2 organized for business development by this state or by the United States or by an  
3 agency of this state or the United States.

4           (b) *Urban renewal investment corporations.* Obligations of an urban renewal  
5 investment corporation organized under the laws of this state or of the United States.

6           (c) *Certain bank insurance companies.* An equity interest in an insurance  
7 company or an insurance holding company organized to provide insurance for  
8 universal banks and for persons affiliated with universal banks, solely to the extent  
9 that this ownership is a prerequisite to obtaining directors' and officers' insurance  
10 or blanket bond insurance for the universal bank through the company.

11           (d) *Certain remote service unit corporations.* Shares of stock, whether  
12 purchased or otherwise acquired, in a corporation acquiring, placing, and operating  
13 remote service units under s. 214.04 (21) or 215.13 (46) or bank communications  
14 terminals under s. 221.0303 (2).

15           (e) *Service corporations.* Equity or debt securities or instruments of a service  
16 corporation subsidiary of the universal bank.

17           (f) *Federal funds.* Advances of federal funds.

18           (g) *Certain risk management financial products.* With the prior written  
19 approval of the division, financial futures transactions, financial options  
20 transactions, forward commitments, or other financial products for the purpose of  
21 reducing, hedging, or otherwise managing its interest rate risk exposure.

22           (h) *Certain fiduciaries.* A subsidiary organized to exercise corporate fiduciary  
23 powers under ch. 112.

24           (i) *Agricultural credit corporations.* An agricultural credit corporation. Unless  
25 a universal bank owns at least 80% of the stock of the agricultural credit corporation,

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1 a universal bank may not invest more than 20% of the universal bank's capital in the  
2 agricultural credit corporation.

3 (j) *Deposit accounts and insured obligations.* Deposit accounts or insured  
4 obligations of any financial institution, the accounts of which are insured by a deposit  
5 insurance corporation.

6 (k) *Certain federal obligations.* Obligations of, or obligations that are fully  
7 guaranteed by, the United States and stocks or obligations of any federal reserve  
8 bank, federal home loan bank, the Student Loan Marketing Association, the  
9 Government National Mortgage Association, the Federal National Mortgage  
10 Association, the Federal Home Loan Mortgage Corporation, or the Federal Deposit  
11 Insurance Corporation.

12 (L) *Other investments.* Any other investment authorized by the division.

13 (8) INVESTMENTS IN OTHER FINANCIAL INSTITUTIONS. In addition to the authority  
14 granted under ss. 222.0307 and 222.0409, and subject to the limitations of sub. (2),  
15 a universal bank may invest in other financial institutions.

16 (9) INVESTMENTS THROUGH SUBSIDIARIES. A universal bank may make  
17 investments under this section, directly or indirectly through a subsidiary, unless  
18 the division determines that an investment shall be made through a subsidiary with  
19 appropriate safeguards to limit the risk exposure of the universal bank.

20 **222.0407 Universal bank purchase of its own stock.** (1) IN GENERAL. A  
21 universal bank may hold or purchase not more than 10% of its capital stock, notes,  
22 or debentures, except as provided in sub. (2) or (3).

23 (2) DIVISION APPROVAL. A universal bank may hold or purchase more than 10%  
24 of its capital stock, notes, or debentures, if approved by the division.

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1           **(3) ADDITIONAL AUTHORITY.** A universal bank may hold or purchase more than  
2           10% of its capital stock, notes, or debentures if the purchase is necessary to prevent  
3           loss upon a debt previously contracted in good faith. Stock, notes, or debentures held  
4           or purchased under this subsection may not be held by the universal bank for more  
5           than 6 months if the stock, notes, or debentures can be sold for the amount of the  
6           claim of the universal bank against the holder of the debt previously contracted. The  
7           universal bank shall either sell the stock, notes, or debentures within 12 months of  
8           acquisition under this subsection or shall cancel the stock, notes, or debentures.  
9           Cancellation of the stock, notes, or debentures reduces the amount of the universal  
10          bank's capital stock, notes, or debentures. If the reduction reduces the universal  
11          bank's capital below the minimum level required by the division, the universal bank  
12          shall increase its capital to the amount required by the division.

13          **(4) LOANS SECURED BY CAPITAL, SURPLUS, OR DEPOSITS.** A universal bank may not  
14          loan any part of its capital, surplus, or deposits on its own capital stock, notes, or  
15          debentures as collateral security, except that a universal bank may make a loan  
16          secured by its own capital stock, notes, or debentures to the same extent that the  
17          universal bank may make a loan secured by the capital stock, notes, and debentures  
18          of a holding company for the universal bank.

19          **222.0409 Stock in bank-owned banks.** With the approval of the division,  
20          a universal bank may acquire and hold stock in one or more banks chartered under  
21          s. 221.1202 or national banks chartered under 12 USC 27 (b) or in one or more  
22          holding companies wholly owning such a bank. Aggregate investments under this  
23          section may not exceed 10% of the universal bank's capital.

24          **222.0411 General deposit powers. (1) IN GENERAL.** A universal bank may  
25          set eligibility requirements for, and establish the types and terms of, deposits that

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1 the universal bank solicits and accepts. The terms set under this subsection may  
2 include minimum and maximum amounts that the universal bank may accept and  
3 the frequency and computation method of paying interest.

4 (2) PLEDGE OF SECURITY FOR DEPOSITS. Subject to the limitations of s. 221.0324  
5 that are applicable to banks, a universal bank may pledge its assets as security for  
6 deposits.

7 (3) SECURITIZATION OF ASSETS. With the approval of the division, a universal  
8 bank may securitize its assets for sale to the public. The division may establish  
9 procedures governing the exercise of authority granted under this subsection.

10 (4) SAFE DEPOSIT POWERS. A universal bank may take and receive, from any  
11 individual or corporation for safekeeping and storage, gold and silver plate, jewelry,  
12 money, stocks, securities, and other valuables or personal property, and may rent out  
13 the use of safes or other receptacles upon its premises for such compensation as may  
14 be agreed upon. A universal bank has a lien for its charges on any property taken  
15 or received by it for safekeeping. If the lien is not paid within 2 years from the date  
16 the lien accrues, or if property is not called for by the person depositing the property,  
17 or by his or her representative or assignee, within 2 years from the date the lien  
18 accrues, the universal bank may sell the property at public auction. A universal bank  
19 shall provide the same notice for a sale under this subsection that is required by law  
20 for sales of personal property on execution. After retaining from the proceeds of the  
21 sale all of the liens and charges due the bank and the reasonable expenses of the sale,  
22 the universal bank shall pay the balance to the person depositing the property, or to  
23 his or her representative or assignee.

24 **222.0413 Necessary or convenient powers, reasonably related or**  
25 **incidental activities, and other approved activities. (1) NECESSARY OR**



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1 CONVENIENT POWERS. Unless otherwise prohibited or limited by this chapter, a  
2 universal bank may exercise all powers necessary or convenient to effect the  
3 purposes for which the universal bank is organized or to further the businesses in  
4 which the universal bank is lawfully engaged.

5 (2) REASONABLY RELATED AND INCIDENTAL ACTIVITIES. (a) Subject to any  
6 applicable state or federal regulatory or licensing requirements, a universal bank  
7 may engage, directly or indirectly through a subsidiary, in activities reasonably  
8 related or incident to the purposes of the universal bank. Activities reasonably  
9 related or incident to the purposes of the universal bank are those activities that are  
10 part of the business of financial institutions, or closely related to the business of  
11 financial institutions, or convenient and useful to the business of financial  
12 institutions, or reasonably related or incident to the operation of financial  
13 institutions, or financial in nature. Activities that are reasonably related or incident  
14 to the purposes of a universal bank include the following:

- 15 1. Business and professional services.
- 16 2. Data processing.
- 17 3. Courier and messenger services.
- 18 4. Credit-related activities.
- 19 5. Consumer services.
- 20 6. Real estate-related services, including real estate brokerage services.
- 21 7. Insurance and related services, other than insurance underwriting.
- 22 8. Securities brokerage.
- 23 9. Investment advice.
- 24 10. Securities and bond underwriting.
- 25 11. Mutual fund activities.

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1           12. Financial consulting.

2           13. Tax planning and preparation.

3           14. Community development and charitable activities.

4           15. Debt cancellation contracts.

5           16. Any activities that are reasonably related or incident to activities under  
6 subds. 1. to 15., as determined by rule of the division under par. (b).

7           (b) An activity that is authorized by statute or regulation for financial  
8 institutions to engage in as of the effective date of this paragraph .... [revisor inserts  
9 date], is an activity that is reasonably related to or incident to the purposes of a  
10 universal bank. An activity permitted under the Bank Holding Company Act is an  
11 activity that is reasonably related to or incident to the purposes of a universal bank.  
12 The division may, by rule, expand the list of activities under par. (a) 1. to 15. that are  
13 reasonably related or incident to the purposes of a universal bank and, by rule, may  
14 establish which activities under par. (a) 16. are reasonably related or incident to the  
15 activities under par. (a) 1. to 15. Any activity approved by rule of the division under  
16 this paragraph shall be authorized for all universal banks.

17           **(3) NOTICE REQUIREMENT.** A universal bank shall give 60 days' prior written  
18 notice to the division of the universal bank's intention to engage in an activity under  
19 this section.

20           **(4) STANDARDS FOR DENIAL.** The division may deny the authority of a universal  
21 bank to engage in an activity under this section, other than those activities described  
22 in sub. (2) (a) 1. to 15., if the division determines that the activity is not an activity  
23 reasonably related or incident to the purposes of a universal bank. The division may  
24 deny the authority of a universal bank to engage in an activity under this section if  
25 the division determines that the universal bank is not well-capitalized, that the

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1 universal bank is the subject of an enforcement action, or that the universal bank  
2 does not have satisfactory management expertise for the proposed activity.

3 (5) INSURANCE INTERMEDIATION. A universal bank, or an officer or salaried  
4 employee of a universal bank, may obtain a license as an insurance intermediary, if  
5 otherwise qualified. A universal bank may not, directly or indirectly through a  
6 subsidiary, engage in the business of underwriting insurance.

7 (6) OTHER ACTIVITIES APPROVED BY THE DIVISION. A universal bank may engage  
8 in any other activity that is approved by rule of the division.

9 (7) ACTIVITIES PROVIDED THROUGH A SUBSIDIARY. A universal bank may engage  
10 in an activity under this section, directly or indirectly through a subsidiary, unless  
11 the division determines that the activity must be conducted through a subsidiary  
12 with appropriate safeguards to limit the risk exposure of the universal bank.

13 (8) LIMITATIONS ON INVESTMENTS THROUGH SUBSIDIARIES. The amount of the  
14 investment in any one subsidiary that engages in an activity under this section may  
15 not exceed 20% of capital or, if approved by the division, a higher percentage  
16 authorized by the division. The aggregate investment in all subsidiaries that engage  
17 in an activity under this subsection may not exceed 50% of capital or, if approved by  
18 the division, a higher percentage authorized by the division.

19 (9) OWNERSHIP OF SUBSIDIARIES. A subsidiary that engages in an activity under  
20 this section may be owned jointly, with one or more other financial institutions,  
21 individuals, or entities.

22 **222.0415 Trust powers.** Subject to rules of the division, a universal bank may  
23 exercise trust powers in accordance with s. 221.0316.

24 **SECTION 44.** 227.245 of the statutes is created to read:

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1           **227.245 Permanent rules; exemptions. (1)** PROMULGATION OF UNIVERSAL  
2 BANKING RULES. Except as provided in subs. (2) and (3), the division of banking may  
3 promulgate a rule under s. 222.0413 (2) (b) without complying with the notice,  
4 hearing, and publication procedures under this chapter.

5           **(2) FILING AND PUBLICATION.** The division of banking shall file a rule described  
6 under sub. (1) as provided in s. 227.20. At the time that the rule is filed, the division  
7 of banking shall mail a copy of the rule to the chief clerk of each house and to each  
8 member of the legislature, shall publish in the official state newspaper a class 1  
9 notice under ch. 985 containing a copy of the rule, and shall take any other step it  
10 considers feasible to make the rule known to persons who will be affected by the rule.

11           **(3) EFFECTIVE DATE.** A rule described under sub. (1) takes effect as provided  
12 under s. 227.22.

**SECTION 45. Nonstatutory provisions.**

13           **(1) EMERGENCY RULES; UNIVERSAL BANKING.** Except as otherwise provided in this  
14 subsection, using the procedure under section 227.24 of the statutes, the division of  
15 banking may promulgate rules authorized under chapter 222 of the statutes, as  
16 created by this act, for the period before permanent rules become effective, but not  
17 to exceed the period authorized under section 227.24 (1) (c) and (2) of the statutes.  
18 Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the division of  
19 banking is not required to provide evidence that promulgating a rule under this  
20 subsection as an emergency rule is necessary for the preservation of the public peace,  
21 health, safety, or welfare and is not required to provide a finding of emergency for a  
22 rule promulgated under this subsection. This subsection does not apply to the  
23 promulgation of rules under section 222.0413 (2) (b) of the statutes, as created by this  
24 act.  
25

