

**2001 Jr2 DRAFTING REQUEST**

**Senate Amendment (SA-SSA1-AB1)**

Received: **03/27/2002**

Received By: **rmarchan**

Wanted: **Soon**

Identical to LRB:

For: **Senate Democratic Caucus**

By/Representing: **Engel**

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

Drafter: **rmarchan**

May Contact:

Addl. Drafters: **rkite**  
**traderc**

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

Extra Copies:

Submit via email: **NO**

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**Pre Topic:**

SCC:.....Engel - CN8502,

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**Topic:**

SA (various changes regarding consumer financial services) to SSA 1 (JFC sub) to AB-1 (budget adjustment bill)

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**Instructions:**

See Attached. LRBb2720/2 plus SB-135.

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rmarchan 03/27/2002	gilfokm 03/27/2002		_____			
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	traderc 03/29/2002			_____			
/3			chanaman 03/29/2002	_____	lrb_docadmin 03/29/2002		

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/?	rmarchan 03/27/2002	gilfokm 03/27/2002		_____			
/1	rmarchan 03/27/2002	gilfokm 03/27/2002	jfrantze	_____	lrb_docadmin 03/27/2002		
/2		<i>13 - 3/29</i> <i>KMG</i>	pgreensl	_____	lrb_docadmin 03/28/2002		

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/1		<i>3/27/02 King</i>	jfrantze 03/27/2002	<u>PG/OF</u>	lrb_docadmin 03/27/2002		

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1?	rmarchan	3/27 rmg	3/27	3/27			

FE Sent For:

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**CONSUMER FINANCIAL PRIVACY AND SERVICE IMPROVEMENT  
(DFI/DATCP/COMMERCE)**

Amendment 2

RJM

The provisions of this amendment would enhance consumers' financial service availability and information privacy.

Drafted as LRBb2720/2 and SB 135 (attached.) Rob Marchant drafted the amendment and SB 135.

Provisions:

- a. Credit and debit card privacy—language of SB 365
- b. Credit union services—credit union provisions contained in SB 121
- c. Regulation of demand draft transactions—SB 417
- d. Rural Finance Authority—Included in the Assembly version of the budget-Motion 296 in Assembly GOP caucus work on budget. Representative Ott was the author of the motion in the Assembly. This language is also on pages 261-262 of the LFB's Comparative Summary Document for the Guv, JFC and Assembly.
- e. Free credit report (one copy per year with written request)—SB 135

FB/JFC reference: All new except Rural Finance Authority (pages 261-262 of LFB's Comparative Summary document)

Fiscal effect: \$0

CN 8502



2001 - 2002 LEGISLATURE

January 2002 Special Session

*Caucus Senate*

**SENATE AMENDMENT ,  
TO SENATE SUBSTITUTE AMENDMENT 1,  
TO ASSEMBLY BILL 1**

b2798/11  
LRBb2720/2  
RJM/RNK/RCT:kg:pg  
↑  
*RNK*  
*DNOTE*

1           At the locations indicated, amend the substitute amendment as follows:  
2           **1.** Page 154, line 4: after that line insert:  
3           **"SECTION 259p.** 93.01 (1m) of the statutes is amended to read:  
4           93.01 (1m) "Business" includes any business, except that of banks, savings  
5           banks, credit unions, savings and loan associations, and insurance companies.  
6           "Business" includes public utilities and telecommunications carriers to the extent  
7           that their activities, beyond registration, notice, and reporting activities, are not  
8           regulated by the public service commission and includes public utility and  
9           telecommunications carrier methods of competition or trade and advertising  
10           practices that are exempt from regulation by the public service commission under s.  
11           196.195, 196.196, 196.202, 196.203, 196.219, or 196.499 or by other action of the  
12           commission."

1           **2.** Page 167, line 16: after that line insert:

2           “**SECTION 303g.** 134.74 of the statutes is created to read:

3           **134.74 Nondisclosure of information on receipts. (1)** In this section:

4           (a) “Credit card” has the meaning given in s. 421.301 (15).

5           (b) “Debit card” means a plastic card or similar device that may be used to  
6 purchase goods or services by providing the purchaser with direct access to the  
7 purchaser’s account at a depository institution.

8           (c) “Depository institution” means a bank, savings bank, savings and loan  
9 association, or credit union.

10          **(2)** Beginning on the first day of the 37th month beginning after the effective  
11 date of this subsection .... [revisor inserts date], no person who is in the business of  
12 selling goods at retail or selling services and who accepts a credit card or a debit card  
13 for the purchase of goods or services may issue a credit card or debit card receipt, for  
14 that purchase, on which is printed more than 5 digits of the credit card or debit card  
15 number.

16          **(3)** This section does not apply to any person who issues a credit card or debit  
17 card receipt that is handwritten or that is manually prepared by making an imprint  
18 of the credit card or debit card.”.

19           **3.** Page 177, line 14: after that line insert:

20           “**SECTION 346cd.** 186.01 (2) of the statutes is amended to read:

21           186.01 (2) “Credit union” means, except as specifically provided under ss.  
22 186.41 (1) and 186.45 (1), a cooperative, nonprofit corporation, incorporated under  
23 this chapter to encourage thrift among its members, create a source of credit at a fair

1 and reasonable cost, and provide an opportunity for its members to improve their  
2 economic and social conditions.

3 **SECTION 346cf.** 186.02 (2) (a) 1. of the statutes is amended to read:

4 186.02 (2) (a) 1. ~~The conditions of residence or occupation which qualify persons~~  
5 that determine eligibility for membership.

6 **SECTION 346ch.** 186.02 (2) (b) 2. of the statutes is amended to read:

7 186.02 (2) (b) 2. ~~Residents~~ Except as otherwise provided in this subdivision,  
8 individuals who reside or are employed within –a– well-defined neighborhood,  
9 community or rural district and contiguous neighborhoods and communities. If the  
10 office of credit unions, subsequent to a credit union merger, determines that it would  
11 be inappropriate under the circumstances to require members of the credit union  
12 that results from the merger to reside or be employed in contiguous neighborhoods  
13 and communities, the requirement that these neighborhoods and communities be  
14 contiguous does not apply.

15 **SECTION 346cj.** 186.02 (2) (b) 2m. of the statutes is created to read:

16 186.02 (2) (b) 2m. Individuals who reside or are employed within well-defined  
17 and contiguous rural districts or multicounty regions.

18 **SECTION 346cL.** 186.02 (2) (c) of the statutes is amended to read:

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

24 **SECTION 346cn.** 186.02 (2) (d) of the statutes is renumbered 186.02 (2) (d) 1.  
25 and amended to read:

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

5           **SECTION 346cp.** 186.02 (2) (d) 2. of the statutes is created to read:

6           186.02 (2) (d) 2. An organization or association that has its principal business  
7 location within any geographic limits of the credit union's field of membership may  
8 be admitted to membership.

9           **SECTION 346cr.** 186.11 (4) (title) of the statutes is amended to read:

10          186.11 (4) (title)   INVESTMENT IN CREDIT UNION SERVICE CORPORATIONS  
11          ORGANIZATIONS.

12          **SECTION 346ct.** 186.11 (4) (a) of the statutes is renumbered 186.11 (4) (a)  
13 (intro.) and amended to read:

14          186.11 (4) (a) (intro.) ~~A~~ Unless the office of credit unions approves a higher  
15 percentage, a credit union may invest not more than 1.5% of its total assets in the  
16 capital shares or obligations of a credit union service corporation organizations that  
17 satisfy all of the following:

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

20          **SECTION 346cv.** 186.11 (4) (a) 1. of the statutes is created to read:

21          186.11 (4) (a) 1. Are corporations, limited partnerships, limited liability  
22 companies, or other entities that are permitted under the laws of this state and that  
23 are approved by the office of credit unions.

24          **SECTION 346cx.** 186.11 (4) (b) (intro.) and 1. of the statutes are amended to  
25 read:

1           186.11 (4) (b) (intro.) A credit union service ~~corporation~~ organization under par.  
2 (a) may provide goods and services including any of the following:

3           1. Credit union operations services, including service centers, credit and debit  
4 card services, automated teller and remote terminal services, electronic transaction  
5 services, accounting systems, data processing, management training and support,  
6 payment item processing, record retention and storage, locator services, research,  
7 debt collection, credit analysis and loan servicing, coin and currency services, and  
8 marketing and advertising services.

9           **SECTION 346dd.** 186.11 (4) (c) of the statutes is amended to read:

10           186.11 (4) (c) A credit union service ~~corporation~~ organization may be subject  
11 to audit by the office of credit unions.

12           **SECTION 346df.** 186.113 (1) of the statutes is amended to read:

13           186.113 (1) BRANCH OFFICES. ~~If the need and necessity exist and with~~ With the  
14 approval of the office of credit unions, establish branch offices inside ~~this state or no~~  
15 ~~more than 25 miles or~~ outside of this state. Permanent records may be maintained  
16 at branch offices established under this subsection. In this subsection, the term  
17 “branch office” does not include a remote terminal, a limited services office, or a  
18 service center.

19           **SECTION 346dh.** 186.113 (1m) (a) (intro.) of the statutes is amended to read:

20           186.113 (1m) (a) (intro.) ~~Establish~~ Before the effective date of this paragraph  
21 .... [revisor inserts date]. establish limited services offices outside this state to serve  
22 any member of the credit union if all of the following requirements are met:

23           **SECTION 346dj.** 186.113 (6) (b) and (c) of the statutes are amended to read:

1           186.113 (6) (b) Act as trustees or custodians of member tax deferred retirement  
2 funds, individual retirement accounts, medical savings accounts, or other employee  
3 benefit accounts or funds permitted by federal law to be deposited in a credit union.

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

6           **SECTION 346dL.** 186.113 (24) of the statutes is created to read:

7           186.113 (24) FUNERAL TRUSTS. Accept deposits made by members for the  
8 purpose of funding burial agreements by trusts created pursuant to s. 445.125.

9           **SECTION 346dn.** 186.20 of the statutes is created to read:

10          **186.20 Financial privacy.** A credit union shall comply with any applicable  
11 requirements under 15 USC 6801 to 6803 and any applicable regulations prescribed  
12 by the national board under 15 USC 6804.

13          **SECTION 346dp.** 186.235 (7) (a) (intro.) of the statutes is amended to read:

14          186.235 (7) (a) (intro.) Employees of the office of credit unions and members  
15 of the review board shall keep secret all the facts and information obtained in the  
16 course of examinations, ~~except or~~ contained in any report provided by a credit union  
17 other than any semiannual or quarterly financial report that is regularly filed with  
18 the office of credit unions. This requirement does not apply in any of the following  
19 situations:

20          **SECTION 346dr.** 186.235 (7) (c) of the statutes is created to read:

21          186.235 (7) (c) If any person mentioned in par. (a) discloses any information  
22 about the private account or transactions of a credit union or any information  
23 obtained in the course of an examination of a credit union, except as provided in pars.

24 (a) and (b), that person ~~may be required to forfeit his or her office or position and may~~

is guilty of a <sup>of a</sup> Class I Felony.  
= AE

1 be fined not less than \$100 nor more than \$1,000, or imprisoned for not less than 6  
2 months nor more than 3 years, or both

3 **SECTION 346dt.** 186.235 (7m) of the statutes is created to read:

4 186.235 (7m) RETURN OF EXAMINATION REPORTS. Examination reports possessed  
5 by a credit union are confidential, remain the property of the office of credit unions,  
6 and shall be returned to the office of credit unions immediately upon request.

7 **SECTION 346dx.** 186.235 (16) (b) of the statutes is repealed.

8 **SECTION 346ed.** 186.235 (16) (bm) of the statutes is created to read:

9 186.235 (16) (bm) Except as otherwise provided in this paragraph, the  
10 examination of a credit union under par. (a) shall include an examination of the credit  
11 union's compliance with s. 186.20. The examination under par. (a) need not include  
12 an examination of the credit union's compliance with s. 186.20 if, during the 12  
13 months preceding the date of the examination under par. (a), the credit union  
14 received from the national board a consumer compliance examination that contains  
15 information regarding the credit union's compliance with 15 USC 6801 to 6803 and  
16 any applicable regulations prescribed under 15 USC 6804.

17 **SECTION 346ef.** 186.36 of the statutes is amended to read:

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

22 **SECTION 346eh.** 186.41 (title) of the statutes is amended to read:

23 **186.41 (title) Interstate acquisition acquisitions and merger mergers**  
24 **of credit unions.**

1           **SECTION 346ej.** 186.41 (1) (a) of the statutes is renumbered 186.41 (1) (bm) and  
2 amended to read:

3           186.41 (1) (bm) “~~In-state~~ Wisconsin credit union” means a credit union having  
4 its principal office located in this state.

5           **SECTION 346eL.** 186.41 (1) (c) of the statutes is renumbered 186.41 (1) (am) and  
6 amended to read:

7           186.41 (1) (am) “~~Regional Out-of-state~~ credit union” means a state or federal  
8 credit union ~~that has its, the~~ principal office of which is located in ~~one of the regional~~  
9 states a state other than this state.

10          **SECTION 346en.** 186.41 (1) (d) of the statutes is repealed.

11          **SECTION 346ep.** 186.41 (2) and (3) of the statutes are amended to read:

12          186.41 (2) ~~IN-STATE~~ WISCONSIN CREDIT UNION. (a) ~~An in-state~~ A Wisconsin credit  
13 union may do any of the following:

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

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

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

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

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

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



1           **SECTION 346er.** 186.41 (4) (intro.), (a) to (d) and (f) of the statutes are amended  
2 to read:

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

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

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

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

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

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

4 **SECTION 346et.** 186.41 (5) (a), (b), (c) and (cr) of the statutes are amended to  
5 read:

6 186.41 (5) (a) Considering the financial and managerial resources and future  
7 prospects of the applicant and of the ~~in-state~~ Wisconsin credit union concerned, the  
8 action would be contrary to the best interests of the members of the ~~in-state~~  
9 Wisconsin credit union.

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

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

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

22 **SECTION 346ev.** 186.41 (6) (a) of the statutes is renumbered 186.41 (6).

23 **SECTION 346ex.** 186.41 (6) (b) of the statutes is repealed.

24 **SECTION 346fd.** 186.41 (8) of the statutes is repealed.

25 **SECTION 346ff.** 186.45 of the statutes is created to read:

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

2           In this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 SECTION 346fh. 186.80 of the statutes is created to read:

10 186.80 False statements. (1) No officer, director, or employee of a credit  
11 union may do any of the following:

12 (a) Willfully and knowingly subscribe to or make, or cause to be made, a false  
13 statement or entry in the books of the credit union.

14 (b) Knowingly subscribe to or exhibit false information with the intent to  
15 deceive any person authorized to examine the affairs of the credit union.

16 (c) Knowingly make, state, or publish any false report or statement of the credit  
17 union.

18 (2) Any person who violates sub. (1) ~~may be fined not less than \$1,000 nor more~~  
19 ~~than \$5,000, or imprisoned for not less than one year nor more than 15 years, or~~

20 ~~both~~. is guilty of a Class F felony.

21 4. Page 215, line 14: after that line insert:

22 "SECTION 464Ld. 403.103 (2) (hr) of the statutes is created to read:

23 403.103 (2) (hr) "Demand draft" — s. 403.104 (11).

24 SECTION 464Lf. 403.104 (6) of the statutes is amended to read:

✓  
TUSIA  
1-2-00

1           403.104 (6) "Check" means a draft, other than a documentary draft, payable  
2           on demand and drawn on a bank or means a cashier's check or teller's check, or  
3           demand draft. An instrument may be a check even though it is described on its face  
4           by another term, such as money order.

5           **SECTION 464Lh.** 403.104 (11) of the statutes is created to read:

6           403.104 (11) (a) Except as provided under par. (b), "demand draft" means a  
7           writing that is not signed by a customer, as defined in s. 404.104 (1) (e), that is created  
8           by a 3rd party under the purported authority of the customer for the purpose of  
9           charging the customer's account with a bank, that contains the account number of  
10          that account, and that contains at least one of the following:

- 11           1. The customer's name.
- 12           2. A notation that the customer authorized the demand draft.
- 13           3. The statement "No signature required," "Authorization on file," or  
14          "Signature on file," or words to that effect.

15          (b) "Demand draft" does not include a check drawn by a fiduciary, as defined  
16          in s. 403.307 (1) (a).

17          **SECTION 464Lj.** 403.416 (1) (f) of the statutes is created to read:

18          403.416 (1) (f) If the instrument is a demand draft, the creation of the  
19          instrument according to the terms on its face was authorized by the person identified  
20          as the drawer.

21          **SECTION 464LL.** 403.417 (1) (d) of the statutes is created to read:

22          403.417 (1) (d) If the instrument is a demand draft, the creation of the  
23          instrument according to the terms on its face was authorized by the person identified  
24          as the drawer.

25          **SECTION 464Ln.** 404.104 (3) (fe) of the statutes is created to read:

1           404.104 (3) (fe) “Demand draft” — s. 403.104 (11).

2           **SECTION 464Lp.** 404.207 (1) (f) of the statutes is created to read:

3           404.207 (1) (f) If the item is a demand draft, the creation of the item according  
4 to the terms on its face was authorized by the person identified as the drawer.

5           **SECTION 464Lr.** 404.208 (1) (d) of the statutes is created to read:

6           404.208 (1) (d) If the draft is a demand draft, the creation of the draft according  
7 to the terms on its face was authorized by the person identified as the drawer.”.

8           **5.** Page 353, line 16: after that line insert:

9           “(1v) PROPOSAL FOR RURAL FINANCE AUTHORITY. The department of commerce  
10 shall work with the department of administration, the department of agriculture,  
11 trade and consumer protection, and the Wisconsin Housing and Economic  
12 Development Authority to develop a proposal, to be included in the department of  
13 commerce’s budget request that is submitted to the department of administration,  
14 for the 2003–05 biennium for the creation of a rural finance authority. In developing  
15 the proposal, the departments and the authority shall do all of the following:

16           (a) Consider proposing that the rural finance authority be created to offer  
17 low-interest loans to agricultural producers in this state.

18           (b) Include a governing board to head the authority and consider the feasibility  
19 of an 11-member board consisting of 3 agricultural producers; 3 commercial bankers;  
20 2 other members appointed by the governor; the secretary of commerce and the  
21 secretary of agriculture, trade and consumer protection or their designees; and the  
22 executive director of the Wisconsin Housing and Economic Development Authority  
23 or his or her designee.

1           (c) Consider including programs such as farm purchase assistance loans,  
2 including seller assisted loans; beginning farmer loans for the purchase of animals,  
3 machinery, and real estate; an agricultural improvement program to finance  
4 physical improvements of farm operations; a livestock modernization program; and  
5 a program to finance purchases by agricultural producers of stock in cooperatives  
6 that engage in agricultural processing.

7           (d) Consider transferring agricultural programs administered by the  
8 Wisconsin Housing and Economic Development Authority to the rural finance  
9 authority.”.

10

(END)

✓  
MUSSEY 12-20**2001 SENATE BILL 135**

April 11, 2001 - Introduced by Senators ERPENBACH, BURKE, RISSER, GEORGE, DARLING and HANSEN, cosponsored by Representatives GUNDERSON, ZIEGELBAUER, SCHNEIDER, YOUNG, POCAN, BOCK, MUSSEY, WOOD, TURNER, MILLER, BALOW, CULLEN, J. LEHMAN, BERCEAU and MORRIS-TATUM. Referred to Committee on Privacy, Electronic Commerce and Financial Institutions.

- 1 AN ACT *to create* subchapter V of chapter 224 [precedes 224.991] of the statutes;  
2 relating to: disclosure of credit reports and providing a penalty.

---

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

Wisconsin law currently does not specifically regulate the disclosure of credit reports to consumers by a credit reporting agency (agency). However, under current federal law, an agency must provide a consumer with five pieces of information upon request: all nonmedical information contained in the agency's files on the consumer, the sources of that information, the recipients of any credit report concerning the consumer, information regarding any checks that form the basis of an adverse characterization of the consumer, and a record of certain inquiries received by the agency that identified the consumer. Generally, unless the consumer's request is pursuant to a denial of credit or to a notice that the consumer's credit may be adversely affected, the agency may charge up to \$8 for this disclosure. In certain circumstances, federal law prohibits an agency from disclosing the sources of information in a consumer's file.

This bill requires an agency to notify any individual whenever the agency discloses information concerning the individual to anyone other than the individual. The agency must also inform the individual of the identity of the person to whom the information was disclosed. This bill also requires an agency, upon request, to provide one free written disclosure report to a consumer per year. In addition to the disclosure required by the federal law, this bill requires the agency to provide the consumer with a current credit report and a clear and concise explanation of the contents of the written disclosure report. This bill prohibits an agency from making



**SENATE BILL 135**

certain disclosures prohibited under federal law. A person who violates this bill may be fined up to \$500 for a first offense and may be fined up to \$1,000 or imprisoned for up to six months or both for a subsequent offense within six months.  
 For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

#. Page 180, line 18: after line insert <sup>that</sup> 357p

1 "SECTION 1. Subchapter V of chapter 224 [precedes 224.991] of the statutes is  
 2 created to read:

3 **CHAPTER 224**

4 **SUBCHAPTER V**

5 **CONSUMER REPORTING AGENCIES**

6 **224.991 Definitions.** In this subchapter:

- 7 (1) "Consumer report" has the meaning given in 15 USC 1681a (d).
- 8 (2) "Consumer reporting agency" has the meaning given in 15 USC 1681a (f).
- 9 (3) "File" has the meaning given in 15 USC 1681a (g).
- 10 (4) "Investigative consumer report" has the meaning given in 15 USC 1681a
- 11 (e).
- 12 (5) "Summary of rights" means the information a consumer reporting agency
- 13 is required to provide under 15 USC 1681g (c).

14 **224.993 Disclosure to individual.** (1) IN GENERAL. A consumer reporting  
 15 agency shall, upon the written request of an individual, provide the individual with  
 16 a written disclosure report within 5 business days after receiving the written  
 17 request.

18 (2) CONTENTS. Except as provided in sub. (4), the written disclosure report  
 19 provided under sub. (1) shall contain all of the following:

**SENATE BILL 135**

1 (a) A current consumer report pertaining to the individual.

2 (b) The date of each request for credit information pertaining to the individual  
3 received by the consumer reporting agency during the 12 months before the date that  
4 the consumer reporting agency provides the written disclosure report.

5 (c) The name of each person requesting credit information pertaining to the  
6 individual during the 12 months before the date that the consumer reporting agency  
7 provides the written disclosure report.

8 (d) The dates, original payees, and amounts of any checks upon which any  
9 adverse characterization of the consumer is based.

10 (e) Any other information contained in the individual's file.

11 (f) A clear and concise explanation of the contents of the written disclosure  
12 report.

13 (g) A summary of rights.

14 (3) **COST.** A consumer reporting agency shall provide the written disclosure  
15 report required under sub. (1) free of charge, unless the individual has requested a  
16 written disclosure report from the consumer reporting agency during the preceding  
17 12 months.

18 (4) **EXCEPTIONS.** A consumer reporting agency may not disclose to an individual  
19 making a request under sub. (1) any of the following:

20 (a) The sources of any information that was both acquired solely for use in  
21 preparing an investigative consumer report and used for no other purpose.

22 (b) Any credit score or other risk score or predictor relating to the consumer.

23 **224.995 Notification of individuals regarding disclosure.** If a consumer  
24 reporting agency discloses information concerning an individual to any person other

**SENATE BILL 135**

1 than that individual, the consumer reporting agency shall promptly notify the  
2 individual, in writing, of all of the following:

3 (1) The fact that the consumer reporting agency has disclosed information  
4 concerning the individual.

5 (2) The date of the disclosure.

6 (3) The name and address of the person to whom the disclosure was made.

7 **224.997 Penalties.** Any person who violates this subchapter may be fined not  
8 more than \$500 for the first offense and may be fined not more than \$1,000 or  
9 imprisoned for not more than 6 months or both for each subsequent offense occurring  
10 within 6 months." ,

11

~~(END)~~

*Carins*

DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

52798/11 dn  
LRB, 2088/P1 dn  
RJM:jd:pg

January 16, 2001

KJ

1. The attached draft requires a credit reporting agency (agency) to provide one free disclosure report to a consumer per calendar year. The federal Fair Credit Reporting Act would generally allow the agency to charge up to \$8 for each additional disclosure. The federal law also requires free disclosure if the consumer's request is in response to a denial of credit or to a notice that the consumer's credit rating may be adversely affected. If this fee arrangement is not what you intended, please let me know.

2. I have incorporated the definitions contained in the federal law into this draft. Please contact me, if the federal definitions are not consistent with your intent.

3. The federal law requires an agency to disclose five pieces of information to a consumer upon request: all nonmedical information contained in the agency's files on the consumer, the sources of that information, the recipients of any credit report concerning the consumer, information regarding any checks that form the basis of an adverse characterization of the consumer, and a record of certain inquiries received by the agency that identified the consumer. This draft requires the agency to disclose certain additional information. I modeled these disclosure requirements after 1999 AB-289. Please review the disclosure requirements and let me know if you desire any changes.

4. The penalty section of this draft is also based on 1999 AB-289. If you desire a different penalty, please give me a call.

Portions of this draft may be preempted by the Fair Credit Reporting Act. If you would like me to research this issue or would like to discuss the issue generally, please contact me.

Federal

Once you have reviewed the above issues, please contact me and I will incorporate any requested changes into this draft. I will then redraft the draft in introducible form. Also, please feel free to call, if you have any other questions.

relating to providing copies of credit reports

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

Given the time constraints involved in producing this draft, I have not had an opportunity to thoroughly research this issue.

Also, please note that I updated the penalties in proposed ss. 186.235(7)(c) and 186.80(2) to take into account the reclassification of felonies under s.c.a.-1. I modeled the penalties after similar penalties in the banking laws. Please feel free to call if you have any questions or desire any changes to the amendments.

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

LRBb2798/1dn  
RJM:kg:jf

March 27, 2002

Portions of this draft relating to providing copies of credit reports may be preempted by the federal Fair Credit Reporting Act. Given the time constraints involved in producing this draft, I have not had an opportunity to thoroughly research this issue. If you would like me to research this issue or would like to discuss the issue generally, please contact me.

Also, please note that I updated the penalties in proposed ss. 186.235 (7) (c) and 186.80 (2) to take into account the reclassification of felonies under SSA-1. I modeled the penalties after similar penalties in the banking laws. Please feel free to call if you have any questions or desire any changes to the amendment.

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

**SENATE AMENDMENT 1,  
TO 2001 SENATE BILL 135**

October 2, 2001 - Offered by PRIVACY, ELECTRONIC COMMERCE AND FINANCIAL  
INSTITUTIONS.

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 3, line 23: delete the material beginning with that line and ending with  
3 page 4, line 6.

4 (END)



State of Wisconsin  
2001 - 2002 LEGISLATURE

January 2002 Special Session

LRBb2798/1 2  
RJM/RNK/RCT:kg:jf

*knk*  
*2/13*

SDC:.....Engel – CN8502, SA (various changes regarding consumer financial services) to SSA1 (JFC sub) to AB1 (budget adjustment bill)

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,  
TO SENATE SUBSTITUTE AMENDMENT 1,  
TO ASSEMBLY BILL 1

*D-NOTE*

- 1 At the locations indicated, amend the substitute amendment as follows:
- 2 **1.** Page 154, line 4: after that line insert:
- 3 **"SECTION 259p.** 93.01 (1m) of the statutes is amended to read:
- 4 93.01 (1m) "Business" includes any business, except that of banks, savings
- 5 banks, credit unions, savings and loan associations, and insurance companies.
- 6 "Business" includes public utilities and telecommunications carriers to the extent
- 7 that their activities, beyond registration, notice, and reporting activities, are not
- 8 regulated by the public service commission and includes public utility and
- 9 telecommunications carrier methods of competition or trade and advertising

1 practices that are exempt from regulation by the public service commission under s.  
2 196.195, 196.196, 196.202, 196.203, 196.219, or 196.499 or by other action of the  
3 commission.”.

4 **2.** Page 167, line 16: after that line insert:

5 “SECTION 303g. 134.74 of the statutes is created to read:

6 **134.74 Nondisclosure of information on receipts.** (1) In this section:

7 (a) “Credit card” has the meaning given in s. 421.301 (15).

8 (b) “Debit card” means a plastic card or similar device that may be used to  
9 purchase goods or services by providing the purchaser with direct access to the  
10 purchaser’s account at a depository institution.

11 (c) “Depository institution” means a bank, savings bank, savings and loan  
12 association, or credit union.

13 (2) Beginning on the first day of the 37th month beginning after the effective  
14 date of this subsection .... [revisor inserts date], no person who is in the business of  
15 selling goods at retail or selling services and who accepts a credit card or a debit card  
16 for the purchase of goods or services may issue a credit card or debit card receipt, for  
17 that purchase, on which is printed more than 5 digits of the credit card or debit card  
18 number.

19 (3) This section does not apply to any person who issues a credit card or debit  
20 card receipt that is handwritten or that is manually prepared by making an imprint  
21 of the credit card or debit card.”.

22 **3.** Page 177, line 14: after that line insert:

23 “SECTION 346cd. 186.01 (2) of the statutes is amended to read:



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

6           **SECTION 346cf.** 186.02 (2) (a) 1. of the statutes is amended to read:

7           186.02 (2) (a) 1. ~~The conditions of residence or occupation which qualify persons~~  
8           ~~that determine eligibility for membership.~~

9           **SECTION 346ch.** 186.02 (2) (b) 2. of the statutes is amended to read:

10          186.02 (2) (b) 2. ~~Residents~~ Except as otherwise provided in this subdivision,  
11          individuals who reside or are employed within –a– well-defined neighborhood,  
12          community or rural district and contiguous neighborhoods and communities. If the  
13          office of credit unions, subsequent to a credit union merger, determines that it would  
14          be inappropriate under the circumstances to require members of the credit union  
15          that results from the merger to reside or be employed in contiguous neighborhoods  
16          and communities, the requirement that these neighborhoods and communities be  
17          contiguous does not apply.

18          **SECTION 346cj.** 186.02 (2) (b) 2m. of the statutes is created to read:

19          186.02 (2) (b) 2m. Individuals who reside or are employed within well-defined  
20          and contiguous rural districts or multicounty regions.

21          **SECTION 346cL.** 186.02 (2) (c) of the statutes is amended to read:

22          186.02 (2) (c) Members of the immediate family of all qualified persons are  
23          eligible for membership. ~~In this paragraph, “members of the immediate family”~~  
24          ~~include the wife, husband, parents, stepchildren and children of a member whether~~

1 ~~living together in the same household or not and any other relatives of the member~~  
2 ~~or spouse of a member living together in the same household as the member.~~

3 **SECTION 346cn.** 186.02 (2) (d) of the statutes is renumbered 186.02 (2) (d) 1.  
4 and amended to read:

5 186.02 (2) (d) 1. ~~Organizations and associations~~ An organization or association  
6 of individuals, the majority of ~~whom~~ the directors, owners, or members of which are  
7 eligible for membership, may be admitted to membership in the same manner and  
8 under the same conditions as individuals.

9 **SECTION 346cp.** 186.02 (2) (d) 2. of the statutes is created to read:

10 186.02 (2) (d) 2. An organization or association that has its principal business  
11 location within any geographic limits of the credit union's field of membership may  
12 be admitted to membership.

13 **SECTION 346cr.** 186.11 (4) (title) of the statutes is amended to read:

14 186.11 (4) (title) INVESTMENT IN CREDIT UNION SERVICE CORPORATIONS  
15 ORGANIZATIONS.

16 **SECTION 346ct.** 186.11 (4) (a) of the statutes is renumbered 186.11 (4) (a)  
17 (intro.) and amended to read:

18 186.11 (4) (a) (intro.) ~~A~~ Unless the office of credit unions approves a higher  
19 percentage, a credit union may invest not more than 1.5% of its total assets in the  
20 capital shares or obligations of a credit union service corporation organizations that  
21 satisfy all of the following:

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

24 **SECTION 346cv.** 186.11 (4) (a) 1. of the statutes is created to read:

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

4           **SECTION 346cx.** 186.11 (4) (b) (intro.) and 1. of the statutes are amended to  
5 read:

6           186.11 (4) (b) (intro.) A credit union service corporation organization under par.  
7 (a) may provide goods and services including any of the following:

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

14           **SECTION 346dd.** 186.11 (4) (c) of the statutes is amended to read:

15           186.11 (4) (c) A credit union service corporation organization may be subject  
16 to audit by the office of credit unions.

17           **SECTION 346df.** 186.113 (1) of the statutes is amended to read:

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

24           **SECTION 346dh.** 186.113 (1m) (a) (intro.) of the statutes is amended to read:

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

4           **SECTION 346dj.** 186.113 (6) (b) and (c) of the statutes are amended to read:

5           186.113 (6) (b) Act as trustees or custodians of member tax deferred retirement  
6           funds, individual retirement accounts, medical savings accounts, or other employee  
7           benefit accounts or funds permitted by federal law to be deposited in a credit union.

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

10          **SECTION 346dL.** 186.113 (24) of the statutes is created to read:

11          186.113 (24) FUNERAL TRUSTS. Accept deposits made by members for the  
12          purpose of funding burial agreements by trusts created pursuant to s. 445.125.

13          **SECTION 346dn.** 186.20 of the statutes is created to read:

14          **186.20 Financial privacy.** A credit union shall comply with any applicable  
15          requirements under 15 USC 6801 to 6803 and any applicable regulations prescribed  
16          by the national board under 15 USC 6804.

17          **SECTION 346dp.** 186.235 (7) (a) (intro.) of the statutes is amended to read:

18          186.235 (7) (a) (intro.) Employees of the office of credit unions and members  
19          of the review board shall keep secret all the facts and information obtained in the  
20          course of examinations, ~~except~~ or contained in any report provided by a credit union  
21          other than any semiannual or quarterly financial report that is regularly filed with  
22          the office of credit unions. This requirement does not apply in any of the following

20  
21  
22  
23  
24

23 situations:

as created by 2001 Wisconsin Act ...  
(this Act)

repealed and recreated

24          **SECTION 346dr.** 186.235 (7) (c) of the statutes is ~~created~~ to read:

1           186.235 (7) (c) If any person mentioned in par. (a) discloses any information  
2 about the private account or transactions of a credit union or any information  
3 obtained in the course of an examination of a credit union, except as provided in pars.  
4 (a) and (b), that person is guilty of a Class I felony.

5           **SECTION 346dt.** 186.235 (7m) of the statutes is created to read:

6           **186.235 (7m) RETURN OF EXAMINATION REPORTS.** Examination reports possessed  
7 by a credit union are confidential, remain the property of the office of credit unions,  
8 and shall be returned to the office of credit unions immediately upon request.

9           **SECTION 346dx.** 186.235 (16) (b) of the statutes is repealed.

10          **SECTION 346ed.** 186.235 (16) (bm) of the statutes is created to read:

11          **186.235 (16) (bm)** Except as otherwise provided in this paragraph, the  
12 examination of a credit union under par. (a) shall include an examination of the credit  
13 union's compliance with s. 186.20. The examination under par. (a) need not include  
14 an examination of the credit union's compliance with s. 186.20 if, during the 12  
15 months preceding the date of the examination under par. (a), the credit union  
16 received from the national board a consumer compliance examination that contains  
17 information regarding the credit union's compliance with 15 USC 6801 to 6803 and  
18 any applicable regulations prescribed under 15 USC 6804.

19          **SECTION 346ef.** 186.36 of the statutes is amended to read:

20          **186.36 Sale of insurance in credit unions.** Any officer or employee of a  
21 credit union, when acting as an agent for the sale of insurance on behalf of the credit  
22 union, shall pay all commissions received from the sale of ~~credit life insurance or~~  
23 ~~credit accident and sickness insurance~~ to the credit union.

24          **SECTION 346eh.** 186.41 (title) of the statutes is amended to read:

1           **186.41** (title) **Interstate acquisition acquisitions and merger mergers**  
2 **of credit unions.**

3           **SECTION 346ej.** 186.41 (1) (a) of the statutes is renumbered 186.41 (1) (bm) and  
4 amended to read:

5           186.41 (1) (bm) “~~In-state~~ Wisconsin credit union” means a credit union having  
6 its principal office located in this state.

7           **SECTION 346eL.** 186.41 (1) (c) of the statutes is renumbered 186.41 (1) (am) and  
8 amended to read:

9           186.41 (1) (am) “~~Regional Out-of-state~~ credit union” means a state or federal  
10 credit union ~~that has its~~ the principal office of which is located in ~~one of the regional~~  
11 states a state other than this state.

12           **SECTION 346en.** 186.41 (1) (d) of the statutes is repealed.

13           **SECTION 346ep.** 186.41 (2) and (3) of the statutes are amended to read:

14           186.41 (2) ~~IN-STATE WISCONSIN~~ CREDIT UNION. (a) ~~An in-state~~ A Wisconsin credit  
15 union may do any of the following:

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

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

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

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

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

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

4 **SECTION 346er.** 186.41 (4) (intro.), (a) to (d) and (f) of the statutes are amended  
5 to read:

6 186.41 (4) LIMITATIONS. (intro.) ~~A regional~~ An out-of-state credit union may  
7 not take any action under sub. (3) until all of the following conditions have been met:

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

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

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

24 (d) The office of credit unions is provided a copy of any original application  
25 seeking approval by a federal agency of the acquisition of ~~in-state~~ Wisconsin credit

1 union assets or of the merger with ~~an in-state~~ a Wisconsin credit union and of any  
2 supplemental material or amendments filed with the application.

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

6 **SECTION 346et.** 186.41 (5) (a), (b), (c) and (cr) of the statutes are amended to  
7 read:

8 186.41 (5) (a) Considering the financial and managerial resources and future  
9 prospects of the applicant and of the ~~in-state~~ Wisconsin credit union concerned, the  
10 action would be contrary to the best interests of the members of the ~~in-state~~  
11 Wisconsin credit union.

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

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

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

24 **SECTION 346ev.** 186.41 (6) (a) of the statutes is renumbered 186.41 (6).

25 **SECTION 346ex.** 186.41 (6) (b) of the statutes is repealed.



1           **SECTION 346fd.** 186.41 (8) of the statutes is repealed.

2           **SECTION 346ff.** 186.45 of the statutes is created to read:

3           **186.45 Non-Wisconsin credit union, Wisconsin offices. (1) DEFINITIONS.**

4           In this section:

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

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

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

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

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

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

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

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

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

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

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.

Insert  
12-10-02

11 SECTION 346fh. 186.80 of the statutes is created to read:

(2) as created by 2001 Wisconsin Act 111 (Prop Act), repealed and recreated

12 ~~186.80 False statements. (1) No officer, director, or employee of a credit  
13 union may do any of the following.~~

14 (a) 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 (b) Knowingly subscribe to or exhibit false information with the intent to  
17 deceive any person authorized to examine the affairs of the credit union.

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

20 (2) Any person who violates sub. (1) is guilty of a Class F felony."

21 4. Page 180, line 18: after that line insert:

22 "SECTION 357p. Subchapter V of chapter 224 [precedes 224.991] of the statutes  
23 is created to read:

24 CHAPTER 224

1 SUBCHAPTER V

2 CONSUMER REPORTING AGENCIES

3 **224.991 Definitions.** In this subchapter:

4 (1) “Consumer report” has the meaning given in 15 USC 1681a (d).

5 (2) “Consumer reporting agency” has the meaning given in 15 USC 1681a (f).

6 (3) “File” has the meaning given in 15 USC 1681a (g).

7 (4) “Investigative consumer report” has the meaning given in 15 USC 1681a  
8 (e).

9 (5) “Summary of rights” means the information a consumer reporting agency  
10 is required to provide under 15 USC 1681g (c).

11 **224.993 Disclosure to individual.** (1) IN GENERAL. A consumer reporting  
12 agency shall, upon the written request of an individual, provide the individual with  
13 a written disclosure report within 5 business days after receiving the written  
14 request.

15 (2) CONTENTS. Except as provided in sub. (4), the written disclosure report  
16 provided under sub. (1) shall contain all of the following:

17 (a) A current consumer report pertaining to the individual.

18 (b) The date of each request for credit information pertaining to the individual  
19 received by the consumer reporting agency during the 12 months before the date that  
20 the consumer reporting agency provides the written disclosure report.

21 (c) The name of each person requesting credit information pertaining to the  
22 individual during the 12 months before the date that the consumer reporting agency  
23 provides the written disclosure report.

24 (d) The dates, original payees, and amounts of any checks upon which any  
25 adverse characterization of the consumer is based.

1 (e) Any other information contained in the individual's file.

2 (f) A clear and concise explanation of the contents of the written disclosure  
3 report.

4 (g) A summary of rights.

5 (3) **COST.** A consumer reporting agency shall provide the written disclosure  
6 report required under sub. (1) free of charge, unless the individual has requested a  
7 written disclosure report from the consumer reporting agency during the preceding  
8 12 months.

9 (4) **EXCEPTIONS.** A consumer reporting agency may not disclose to an individual  
10 making a request under sub. (1) any of the following:

11 (a) The sources of any information that was both acquired solely for use in  
12 preparing an investigative consumer report and used for no other purpose.

13 (b) Any credit score or other risk score or predictor relating to the consumer.

14 **224.995 Notification of individuals regarding disclosure.** If a consumer  
15 reporting agency discloses information concerning an individual to any person other  
16 than that individual, the consumer reporting agency shall promptly notify the  
17 individual, in writing, of all of the following:

18 (1) The fact that the consumer reporting agency has disclosed information  
19 concerning the individual.

20 (2) The date of the disclosure.

21 (3) The name and address of the person to whom the disclosure was made.

22 **224.997 Penalties.** Any person who violates this subchapter may be fined not  
23 more than \$500 for the first offense and may be fined not more than \$1,000 or  
24 imprisoned for not more than 6 months or both for each subsequent offense occurring  
25 within 6 months.”

1           **5.** Page 215, line 14: after that line insert:

2           “**SECTION 464Ld.** 403.103 (2) (hr) of the statutes is created to read:

3           403.103 (2) (hr) “Demand draft” — s. 403.104 (11).

4           **SECTION 464Lf.** 403.104 (6) of the statutes is amended to read:

5           403.104 (6) “Check” means a draft, other than a documentary draft, payable  
6           on demand and drawn on a bank or means a cashier’s check ~~or~~, teller’s check, or  
7           demand draft. An instrument may be a check even though it is described on its face  
8           by another term, such as money order.

9           **SECTION 464Lh.** 403.104 (11) of the statutes is created to read:

10          403.104 (11) (a) Except as provided under par. (b), “demand draft” means a  
11          writing that is not signed by a customer, as defined in s. 404.104 (1) (e), that is created  
12          by a 3rd party under the purported authority of the customer for the purpose of  
13          charging the customer’s account with a bank, that contains the account number of  
14          that account, and that contains at least one of the following:

15               1. The customer’s name.

16               2. A notation that the customer authorized the demand draft.

17               3. The statement “No signature required,” “Authorization on file,” or  
18          “Signature on file,” or words to that effect.

19          (b) “Demand draft” does not include a check drawn by a fiduciary, as defined  
20          in s. 403.307 (1) (a).

21          **SECTION 464Lj.** 403.416 (1) (f) of the statutes is created to read:

22          403.416 (1) (f) If the instrument is a demand draft, the creation of the  
23          instrument according to the terms on its face was authorized by the person identified  
24          as the drawer.

1           **SECTION 464LL.** 403.417 (1) (d) of the statutes is created to read:

2           403.417 (1) (d) If the instrument is a demand draft, the creation of the  
3 instrument according to the terms on its face was authorized by the person identified  
4 as the drawer.

5           **SECTION 464Ln.** 404.104 (3) (fe) of the statutes is created to read:

6           404.104 (3) (fe) “Demand draft” — s. 403.104 (11).

7           **SECTION 464Lp.** 404.207 (1) (f) of the statutes is created to read:

8           404.207 (1) (f) If the item is a demand draft, the creation of the item according  
9 to the terms on its face was authorized by the person identified as the drawer.

10          **SECTION 464Lr.** 404.208 (1) (d) of the statutes is created to read:

11          404.208 (1) (d) If the draft is a demand draft, the creation of the draft according  
12 to the terms on its face was authorized by the person identified as the drawer.”

13          **6.** Page 353, line 16: after that line insert:

14          “(1v) PROPOSAL FOR RURAL FINANCE AUTHORITY. The department of commerce  
15 shall work with the department of administration, the department of agriculture,  
16 trade and consumer protection, and the Wisconsin Housing and Economic  
17 Development Authority to develop a proposal, to be included in the department of  
18 commerce’s budget request that is submitted to the department of administration,  
19 for the 2003–05 biennium for the creation of a rural finance authority. In developing  
20 the proposal, the departments and the authority shall do all of the following:

21           (a) Consider proposing that the rural finance authority be created to offer  
22 low-interest loans to agricultural producers in this state.

23           (b) Include a governing board to head the authority and consider the feasibility  
24 of an 11-member board consisting of 3 agricultural producers; 3 commercial bankers;

1 2 other members appointed by the governor; the secretary of commerce and the  
2 secretary of agriculture, trade and consumer protection or their designees; and the  
3 executive director of the Wisconsin Housing and Economic Development Authority  
4 or his or her designee.

5 (c) Consider including programs such as farm purchase assistance loans,  
6 including seller assisted loans; beginning farmer loans for the purchase of animals,  
7 machinery, and real estate; an agricultural improvement program to finance  
8 physical improvements of farm operations; a livestock modernization program; and  
9 a program to finance purchases by agricultural producers of stock in cooperatives  
10 that engage in agricultural processing.

11 (d) Consider transferring agricultural programs administered by the  
12 Wisconsin Housing and Economic Development Authority to the rural finance  
13 authority.”

14

(END)

443  
✓ #. Page 443, line 10: delete "section" and substitute "sections 186.235(7)(c), 186.80(2), and".  
✓ #. Page 454, line 15: delete "section" and substitute "sections 186.235(7)(c), 186.80(2), and".

SEC. 346dg. CR, 186.235 (7) (c)

may be required to forfeit his or her office or position and may be fined not less than \$100 nor more than \$1,000, or imprisoned for not less than 6 months nor more than 3 years, or both.

1 186.235 (7) (c) If any person mentioned in par. (a) discloses any information  
2 about the private account or transactions of a credit union or any information  
3 obtained in the course of an examination of a credit union, except as provided in pars.  
4 (a) and (b), that person is guilty of a Class I felony.

5 ~~SECTION 346dt. 186.235 (7m) of the statutes is created to read:~~

6 ~~186.235 (7m) RETURN OF EXAMINATION REPORTS. Examination reports possessed~~  
7 ~~by a credit union are confidential, remain the property of the office of credit unions,~~  
8 ~~and shall be returned to the office of credit unions immediately upon request.~~

9 ~~SECTION 346dx. 186.235 (16) (b) of the statutes is repealed.~~

10 ~~SECTION 346ed. 186.235 (16) (bm) of the statutes is created to read:~~

11 ~~186.235 (16) (bm) Except as otherwise provided in this paragraph, the~~  
12 ~~examination of a credit union under par. (a) shall include an examination of the credit~~  
13 ~~union's compliance with s. 186.20. The examination under par. (a) need not include~~  
14 ~~an examination of the credit union's compliance with s. 186.20 if, during the 12~~  
15 ~~months preceding the date of the examination under par. (a), the credit union~~  
16 ~~received from the national board a consumer compliance examination that contains~~  
17 ~~information regarding the credit union's compliance with 15 USC 6801 to 6803 and~~  
18 ~~any applicable regulations prescribed under 15 USC 6804.~~

19 ~~SECTION 346ef. 186.36 of the statutes is amended to read:~~

20 ~~186.36 Sale of insurance in credit unions. Any officer or employee of a~~  
21 ~~credit union, when acting as an agent for the sale of insurance on behalf of the credit~~  
22 ~~union, shall pay all commissions received from the sale of credit life insurance or~~  
23 ~~credit accident and sickness insurance to the credit union.~~

24 ~~SECTION 346eh. 186.41 (title) of the statutes is amended to read:~~



*INSSA 12-10*

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.~~

*(fg)* ✓

11 SECTION 346~~m~~. 186.80 of the statutes is created to read:

12 186.80 False statements. (1) No officer, director, or employee of a credit  
13 union may do any of the following:

14 (a) 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 (b) Knowingly subscribe to or exhibit false information with the intent to  
17 deceive any person authorized to examine the affairs of the credit union.

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

20 (2) Any person who violates sub. (1) ~~is guilty of a Class F felony.~~

21 ~~4. Page 180, line 18: after that line insert:~~

22 ~~"SECTION 357p. Subchapter V of chapter 224 [precedes 224.991] of the statutes~~  
23 ~~is created to read:~~

24 ~~CHAPTER 224~~

*may be fined not more than \$5,000 or imprisoned for not less than one year  
nor more than 15 years, or both.*

*(Lucins)*

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

LRBb2798/1dm 224  
RJM:kg:jf

~~March 27, 2002~~

This version of the draft incorporates SA-1 to SB-135, deleting the provisions regarding notifications of credit report disclosures. The remainder of this drafter's note is taken from the "1" version of the draft. (P)

Portions of this draft relating to providing copies of credit reports may be preempted by the federal Fair Credit Reporting Act. Given the time constraints involved in producing this draft, I have not had an opportunity to thoroughly research this issue. If you would like me to research this issue or would like to discuss the issue generally, please contact me.

Also, please note that I updated the penalties in proposed ss. 186.235 (7) (c) and 186.80 (2) to take into account the reclassification of felonies under SSA-1. I modeled the penalties after similar penalties in the banking laws. Please feel free to call if you have any questions or desire any changes to the amendment.

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

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

LRBb2798/2dn  
RJM:kg:pg

March 28, 2002

This version of the draft incorporates SA 1 to SB-135, deleting the provisions regarding notifications of credit report disclosures. The remainder of this drafter's note is taken from the "/1" version of the draft.

Portions of this draft relating to providing copies of credit reports may be preempted by the federal Fair Credit Reporting Act. Given the time constraints involved in producing this draft, I have not had an opportunity to thoroughly research this issue. If you would like me to research this issue or would like to discuss the issue generally, please contact me.

Also, please note that I updated the penalties in proposed ss. 186.235 (7) (c) and 186.80 (2) to take into account the reclassification of felonies under SSA-1. I modeled the penalties after similar penalties in the banking laws. Please feel free to call if you have any questions or desire any changes to the amendment.

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

To: RJM, PJK,  
Gmm, RPN, JTK,  
PG, MSL

March 29, 2002

TO: Cathlene Hanaman, Admin. Services Manager LRB  
Bob Lang, Director LFB

FR: Senate Democratic Policy and Budget staff

RE: Modifications to CN's previously submitted

RJM  
b2796

CN 3705  
They have to redeem their certificates within 2 years (going forward from enactment of the bill 1/1/03)

CN 4004  
Require a 3-year moratorium to July 1, 2005 - PJK b2930

CN 4903  
Reduce from \$450,000 to \$250,000. Keep reserve language. - Gmm b2909

CN5505  
Change to March of 2004, change GPR savings to \$9 million. - RPN b2777

CN5518  
Delete provisions of 2<sup>nd</sup> paragraph of drafting instructions. (see attached) - JTK b2908

CN6406  
Change from 5% to 2.5% - PG b2794

CN7602  
Exclude tuition grants - MSL b2912

CN8209  
Change from 5% to 2.5% - PG b2862

CN8502  
Delete provisions created by paragraphs c and d (see attached) RJM b2798

RJT  
See attached  
make up  
-pb

**CONSUMER FINANCIAL PRIVACY AND SERVICE IMPROVEMENT**  
**(DFI/DATECP/COMMERCE)**  
Amendment 2

The provisions of this amendment would enhance consumers' financial service availability and information privacy.

Drafted as LRBb2720/2 and SB 135 (attached.) Rob Marchant drafted the amendment and SB 135.

Provisions:

- IN* a. Credit and debit card privacy—language of SB 365
- IN* b. Credit union services—credit union provisions contained in SB 121
- OUT* c. Regulation of demand draft transactions—SB 417
- OUT* d. Rural Finance Authority—Included in the Assembly version of the budget-Motion 296 in Assembly GOP caucus work on budget. Representative Ott was the author of the motion in the Assembly. This language is also on pages 261-262 of the LFB's Comparative Summary Document for the Guv, JFC and Assembly.
- IN* e. Free credit report (one copy per year with written request)—SB 135

FB/JFC reference: All new except Rural Finance Authority (pages 261-262 of LFB's Comparative Summary document)

Fiscal effect: \$0

CN 8502

104454

RJM

Rob

SB 135

§ 1

Eliminate community  
banking