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State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1431/2
RJM:kmg:cph

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DOA:.....Mawdsley – BB0341, Regulation of savings banks and savings and loan associations

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT <sup>Don't
Gen.</sup> relating to: the budget.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT
COMMERCE

Regulator of savings banks and savings and loan associations

Under current law, savings banks and savings and loan associations are regulated by the Division of Savings Institutions in DFI. This bill deletes the Division of Savings Institutions and, instead, provides that savings banks and savings and loan associations are regulated by the Division of Banking in DFI.

Currently, the Savings Bank Review Board and Savings and Loan Review Board oversee certain activities of the Division of Savings Institutions with regard to savings banks and savings and loan associations, respectively. This bill deletes these review boards and, instead, creates a Savings Institutions Review Board to oversee the activities of the Division of Banking with regard to savings banks and savings and loan associations.

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:

1 **SECTION 1.** 15.07 (1) (b) 5. of the statutes is amended to read:

2 15.07 (1) (b) 5. Savings ~~and loan~~ institutions review board.

3 **SECTION 2.** 15.07 (1) (b) 18. of the statutes is repealed.

4 **SECTION 3.** 15.07 (5) (g) of the statutes is amended to read:

5 15.07 (5) (g) Members of the savings ~~and loan~~ institutions review board, \$10
6 per day.

7 **SECTION 4.** 15.07 (5) (gm) of the statutes is repealed.

8 **SECTION 5.** 15.183 (2) of the statutes is repealed.

9 **SECTION 6.** 15.185 (3) of the statutes is amended to read:

10 15.185 (3) SAVINGS ~~AND LOAN~~ INSTITUTIONS REVIEW BOARD. There is created in the
11 department of financial institutions a savings ~~and loan~~ institutions review board
12 consisting of ~~7~~ 5 members, at least ~~5~~ 3 of whom shall have not less than ~~10~~ 5 years'
13 experience in the savings and loan or savings bank business in this state, appointed
14 for ~~staggered 4-year~~ 5-year terms.

15 **SECTION 7.** 15.185 (4) of the statutes is repealed.

16 **SECTION 8.** 20.144 (1) (g) of the statutes is amended to read:

17 20.144 (1) (g) *General program operations.* The amounts in the schedule for
18 the general program operations of the department of financial institutions. Except
19 as provided in pars. (a), (h), (i), and (u), all moneys received by the department, other
20 than by the office of credit unions, and the division of banking ~~and the division of~~
21 ~~savings institutions~~, and 88% of all moneys received by the department's division of
22 banking ~~and the department's division of savings institutions~~ shall be credited to this
23 appropriation, but any balance at the close of a fiscal year under this appropriation
24 shall lapse to the general fund. Annually, \$200,000 of the amounts received under

1 this appropriation account shall be transferred to the appropriation account under
2 s. 20.575 (1) (g).

3 **SECTION 9.** 20.912 (4) of the statutes is amended to read:

4 20.912 (4) **INSOLVENT DEPOSITORIES.** When the bank, savings and loan
5 association, savings bank, or credit union on which any check, share draft, or other
6 draft is drawn by the state treasurer before payment of such check, share draft, or
7 other draft becomes insolvent or is taken over by the division of banking, ~~division of~~
8 ~~savings institutions~~, the federal home loan bank board, the U.S. office of thrift
9 supervision, the federal deposit insurance corporation, the resolution trust
10 corporation, the office of credit unions, the administrator of federal credit unions, or
11 the U.S. comptroller of the currency, the state treasurer shall on the demand of the
12 person in whose favor such check, share draft, or other draft was drawn and upon
13 the return to the treasurer of such check, share draft, or other draft issue a
14 replacement for the same amount.

15 **SECTION 10.** 34.01 (2) (a) of the statutes is amended to read:

16 34.01 (2) (a) Any loss of public moneys, which have been deposited in a
17 designated public depository in accordance with this chapter, resulting from the
18 failure of any public depository to repay to any public depositor the full amount of
19 its deposit because the office of credit unions, administrator of federal credit unions,
20 U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift
21 supervision, federal deposit insurance corporation, resolution trust corporation, or
22 ~~division of banking or division of savings institutions~~ has taken possession of the
23 public depository or because the public depository has, with the consent and approval
24 of the office of credit unions, administrator of federal credit unions, U.S. office of
25 thrift supervision, federal deposit insurance corporation, resolution trust

1 corporation, or division of banking ~~or division of savings institutions~~, adopted a
2 stabilization and readjustment plan or has sold a part or all of its assets to another
3 credit union, bank, savings bank, or savings and loan association which has agreed
4 to pay a part or all of the deposit liability on a deferred payment basis or because the
5 depository is prevented from paying out old deposits because of rules of the office of
6 credit unions, administrator of federal credit unions, U.S. comptroller of the
7 currency, federal home loan bank board, U.S. office of thrift supervision, federal
8 deposit insurance corporation, resolution trust corporation, or division of banking ~~or~~
9 ~~division of savings institutions~~.

10 SECTION 11. 34.10 of the statutes is amended to read:

11 **34.10 Reorganization and stabilization of financial institutions.**

12 Whenever the office of credit unions, administrator of federal credit unions, U.S.
13 comptroller of the currency, federal home loan bank board, U.S. office of thrift
14 supervision, federal deposit insurance corporation, resolution trust corporation, or
15 division of banking ~~or division of savings institutions~~ has taken charge of a credit
16 union, bank, savings bank, or savings and loan association with a view of restoring
17 its solvency, pursuant to law, or with a view of stabilizing and readjusting the
18 structure of any national or state credit union, bank, savings bank, or savings and
19 loan association located in this state, and has approved a reorganization plan or a
20 stabilization and readjustment agreement entered into between the credit union,
21 bank, savings bank, or savings and loan association and depositors and unsecured
22 creditors, or when a credit union, bank, savings bank, or savings and loan
23 association, with the approval of the office of credit unions, administrator of federal
24 credit unions, U.S. comptroller of the currency, federal home loan bank board, U.S.
25 office of thrift supervision, federal deposit insurance corporation, resolution trust

1 corporation, or division of banking ~~or division of savings institutions~~ proposes to sell
2 its assets to another credit union, bank, savings bank, or savings and loan
3 association which agrees to assume a part or all of the deposit liability of such selling
4 credit union, bank, savings bank, or savings and loan association and to pay the same
5 on a deferred payment basis, the governing board of the public depositor may, on the
6 approval of the division of banking, join in the execution of any reorganization plan,
7 or any stabilization and readjustment agreement, or any depositor's agreement
8 relative to a proposed sale of assets if, in its judgment and that of the division of
9 banking, the reorganization plan or stabilization and readjustment agreement or
10 proposed sale of assets is in the best interest of all persons concerned. The joining
11 in any reorganization plan, or any stabilization and readjustment agreement, or any
12 proposed sale of assets which meets the approval of the division of banking does not
13 waive any rights under this chapter.

14 **SECTION 12.** 138.052 (5) (am) 2. a. of the statutes is amended to read:

15 138.052 (5) (am) 2. a. ~~On January 1, 1994, and annually thereafter~~ Annually,
16 the division of banking for banks, ~~the division of savings institutions for~~ savings and
17 loan associations, and savings banks, and the office of credit unions for credit unions,
18 shall determine the interest rate that is the average of the interest rates paid,
19 rounded to the nearest one-hundredth of a percent, on regular passbook deposit
20 accounts by institutions under the division's or office's jurisdiction at the close of the
21 last quarterly reporting period that ended at least 30 days before the determination
22 is made.

23 **SECTION 13.** 138.052 (5) (am) 2. b. of the statutes is amended to read:

24 138.052 (5) (am) 2. b. ~~The office of credit unions and the division of banking~~
25 ~~shall report the rate calculated to the division of savings institutions within~~ Within

1 5 days after the date on which the determination is made. ~~The, the~~ division of savings
2 institutions banking shall calculate the average, rounded to the nearest
3 one-hundredth of a percent, of the ~~3~~ rates determined by the division of banking and
4 the office of credit unions and report that interest rate to the revisor of statutes
5 within 5 days after the date on which the determination is made.

6 **SECTION 14.** 138.055 (4) (a) of the statutes is repealed.

7 **SECTION 15.** 138.056 (1) (a) 4. a. of the statutes is repealed.

8 **SECTION 16.** 186.098 (12) of the statutes is amended to read:

9 186.098 (12) LOANS TO MEMBERS. A credit union may make loans to members
10 secured by assignment or transfer of stock certificates or other evidence of the
11 borrower's ownership interest in a corporation formed for the cooperative ownership
12 of real estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a
13 mortgage involving a one-family residence, apply to a proceeding to enforce the
14 lender's rights in security given for a loan under this subsection. The office of credit
15 unions shall promulgate joint rules with ~~the division of savings institutions and the~~
16 division of banking that establish procedures for enforcing a lender's rights in
17 security given for a loan under this subsection.

18 **SECTION 17.** 214.01 (1) (im) of the statutes is amended to read:

19 214.01 (1) (im) "Division" means the division of ~~savings institutions~~ banking.

20 **SECTION 18.** 214.01 (1) (sr) of the statutes is amended to read:

21 214.01 (1) (sr) "Review board" means the ~~savings bank~~ institutions review
22 board.

23 **SECTION 19.** 214.592 of the statutes is amended to read:

24 **214.592 Financially related services tie-ins.** In any transaction conducted
25 by a savings bank, a savings bank holding company, or a subsidiary of either with

1 a customer who is also a customer of any other subsidiary of any of them, the
2 customer shall be given a notice in 12-point boldface type in substantially the
3 following form:

4 NOTICE OF RELATIONSHIP

5 This company, (insert name and address of savings bank, savings bank
6 holding company, or subsidiary), is related to (insert name and address of savings
7 bank, savings bank holding company, or subsidiary) of which you are also a customer.
8 You may not be compelled to buy any product or service from either of the above
9 companies or any other related company in order to participate in this transaction.

10 If you feel that you have been compelled to buy any product or service from
11 either of the above companies or any other related company in order to participate
12 in this transaction, you should contact the management of either of the above
13 companies at either of the above addresses or the division of ~~savings institutions~~
14 banking at (insert address).

15 **SECTION 20.** 215.01 (6) of the statutes is amended to read:

16 215.01 (6) "Division" means the division of ~~savings institutions~~ banking.

17 **SECTION 21.** 215.01 (22) of the statutes is amended to read:

18 215.01 (22) "Review board" means the savings ~~and loan~~ institutions review
19 board.

20 **SECTION 22.** 215.02 (title) of the statutes is repealed and recreated to read:

21 **215.02 (title) Powers of the division.**

22 **SECTION 23.** 215.02 (10) (a) 3. of the statutes is amended to read:

23 215.02 (10) (a) 3. An order of removal takes effect on the date issued. A copy
24 of the order shall be served upon the association and upon the officer, director, or
25 employee in the manner provided by law for service of a summons in a court of record

1 or by mailing a copy to the association and officer, director, or employee at their
2 last-known, post-office addresses. Any removal under this subsection has the same
3 effect as if made by the board of directors or the members or stockholders of the
4 association. An officer, director, or employee removed from office or employment
5 under this subsection may not be elected as an officer or director of, or be employed
6 by, an association without the approval of the division and the review board. An
7 order of removal under this subsection is a final order or determination of the review
8 board under s. 215.04 ~~(6)~~ (5).

9 **SECTION 24.** 215.04 of the statutes is repealed and recreated to read:

10 **215.04 Review board. (1) DUTIES.** The review board shall do all of the
11 following:

- 12 (a) Advise the division on matters related to this chapter.
13 (b) Review the acts, orders, and determinations of the division.
14 (c) Act on any matters pertaining to this chapter that are submitted to it by the
15 division.
16 (d) Perform other review functions relating to this chapter.
17 (e) Conduct hearings and take testimony, and subpoena and swear witnesses
18 at such hearings. The review board shall have the subpoena powers under s. 885.01
19 (4).

20 **(2) APPEARANCES.** An interested party may appear at a proceeding of the review
21 board and may participate in the examination of witnesses and present evidence.

22 **(3) WITNESS FEES.** A person who causes a witness to be subpoenaed shall
23 advance the fees and mileage expense of the witness. Witness fees shall be the same
24 as fees under s. 814.67 (1) (b) and (c). The fees of witnesses who are called by the
25 review board in the interests of the state shall be paid by the state upon presentation

1 of proper vouchers approved by the chairperson of the review board and charged to
2 the appropriation under s. 20.144 (1) (g).

3 (4) REVIEW OF ACTS, ORDERS, OR DETERMINATIONS. Any interested person or a
4 savings association aggrieved by any act, order, or determination of the division,
5 which relates to savings and loan associations, may, within 20 days after receipt or
6 service of a copy of the act, order, or determination, file a written notice requesting
7 the review board's review of the division's act, order, or determination. The review
8 of the division's decision shall be solely to determine if the division acted within the
9 scope of the division's authority and did not act in an arbitrary or capricious manner
10 and to determine if the act, order, or determination of the division is supported by
11 substantial evidence in view of the entire record as submitted. The review of
12 applications for new charters, branch offices, or relocation of offices shall be based
13 exclusively on the record and new evidence may not be taken by the review board.
14 Requests for review under this subsection shall be considered and disposed of as
15 speedily as possible.

16 (5) REVIEW. A determination of the review board is subject to review under ch.
17 227. If an act, order, or determination of the division is reversed or modified by the
18 review board, the division shall be considered to be a person aggrieved and directly
19 affected by the decision under s. 227.53 (1).

20 (6) BOARD MEMBER NOT TO ACT. A member of the review board may not act on
21 any matter involving a savings and loan association or savings and loan holding
22 company of which the member is an officer, director, employee, or agent.

23 **SECTION 25.** 215.141 of the statutes is amended to read:

24 **215.141 Financially related services tie-ins.** In any transaction conducted
25 by an association, a savings and loan holding company, or a subsidiary of either with

1 a customer who is also a customer of any other subsidiary of any of them, the
2 customer shall be given a notice in 12–point boldface type in substantially the
3 following form:

4 NOTICE OF RELATIONSHIP

5 This company, (insert name and address of association, savings and loan
6 holding company, or subsidiary), is related to (insert name and address of
7 association, savings and loan holding company, or subsidiary) of which you are also
8 a customer. You may not be compelled to buy any product or service from either of
9 the above companies or any other related company in order to participate in this
10 transaction.

11 If you feel that you have been compelled to buy any product or service from
12 either of the above companies or any other related company in order to participate
13 in this transaction, you should contact the management of either of the above
14 companies at either of the above addresses or the division of ~~savings institutions~~
15 banking at (insert address).

16 **SECTION 26.** 215.40 (18) of the statutes is amended to read:

17 215.40 (18) APPEAL BY APPLICANTS AFTER BEING DENIED CERTIFICATE OF AUTHORITY.
18 If the division refuses to grant a certificate of authority to organize an association,
19 and the applicants feel aggrieved thereby, they may appeal to the review board to
20 review the division's determination under s. 215.04 (1) ~~(d)~~ (b) and (4).

21 **SECTION 27.** 220.02 (2) (e) and (f) of the statutes are created to read:

22 220.02 (2) (e) Savings banks under ch. 214.

23 (f) Savings and loan associations under ch. 215.

24 **SECTION 28.** 220.02 (3) of the statutes is amended to read:

1 220.02 (3) It is the intent of sub. (2) to give the division jurisdiction to enforce
2 and carry out all laws relating to banks or banking in this state, including those
3 relating to state banks, savings banks, savings and loan associations, and trust
4 company banks, and also all laws relating to small loan companies or other loan
5 companies or agencies, finance companies, motor vehicle dealers, adjustment service
6 companies, community currency exchanges, and collection agencies and those
7 relating to sellers of checks under ch. 217, whether doing business as corporations,
8 individuals, or otherwise, but to exclude laws relating to credit unions.

9 **SECTION 29.** 221.0303 (2) of the statutes is amended to read:

10 221.0303 (2) OPERATION AND ACQUISITION OF CUSTOMER BANK COMMUNICATIONS
11 TERMINALS. A bank may, directly or indirectly, acquire, place, and operate, or
12 participate in the acquisition, placement, and operation of, at locations other than
13 its main or branch offices, customer bank communications terminals, in accordance
14 with rules established by the division. The rules of the division shall provide that
15 any such customer bank communications terminal shall be available for use, on a
16 nondiscriminatory basis, by any state or national bank and by all customers
17 designated by a bank using the terminal. This subsection does not authorize a bank
18 which has its principal place of business outside this state to conduct banking
19 business in this state. The customer bank communications terminals also shall be
20 available for use, on a nondiscriminatory basis, by any credit union, savings and loan
21 association, or savings bank, if the credit union, savings and loan association, or
22 savings bank requests to share its use, subject to rules jointly established by the
23 division of banking, and the office of credit unions ~~and the division of savings~~
24 ~~institutions~~. The division by order may authorize the installation and operation of

1 a customer bank communications terminal in a mobile facility, after notice and
2 hearing upon the proposed service stops of the mobile facility.

3 **SECTION 30.** 221.0321 (5) of the statutes is amended to read:

4 221.0321 (5) CERTAIN SECURED LOANS. A bank may make loans secured by
5 assignment or transfer of stock certificates or other evidence of the borrower's
6 ownership interest in a corporation formed for the cooperative ownership of real
7 estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a mortgage
8 involving a one-family residence, apply to a proceeding to enforce the lender's rights
9 in security given for a loan under this subsection. The division shall promulgate joint
10 rules with the office of credit unions ~~and the division of savings institutions~~ that
11 establish procedures for enforcing a lender's rights in security given for a loan under
12 this subsection.

13 **SECTION 31.** 223.105 (3) (a) of the statutes is amended to read:

14 223.105 (3) (a) To assure compliance with such rules as may be established
15 under s. 220.04 (7), the division of banking, and the office of credit unions ~~and the~~
16 ~~division of savings institutions~~ shall, at least once every 18 months, examine the
17 fiduciary operations of each organization which is under its respective jurisdiction
18 and is subject to examination under sub. (2). If a particular organization subject to
19 examination under sub. (2) is not otherwise under the jurisdiction of one of the
20 foregoing agencies, such examination shall be conducted by the division of banking.

21 **SECTION 32.** 223.105 (4) of the statutes is amended to read:

22 223.105 (4) NOTICE OF FIDUCIARY OPERATION. Except for those organizations
23 licensed under ch. 221 or this chapter, any organization engaged in fiduciary
24 operations as defined in this section shall, as required by rule, notify the division of
25 banking, or the office of credit unions ~~or the division of savings institutions~~ of that

1 fact, directing the notice to the agency then exercising regulatory authority over the
2 organization or, if there is none, to the division of banking. Any organization which
3 intends to engage in fiduciary operations shall, prior to engaging in such operations,
4 notify the appropriate agency of this intention. The notifications required under this
5 subsection shall be on forms and contain information required by the rules
6 promulgated by the division of banking.

7 **SECTION 33.** 223.105 (5) of the statutes is amended to read:

8 223.105 (5) ENFORCEMENT REMEDY. The division of banking ~~or the division of~~
9 ~~savings institutions~~ or office of credit unions shall, upon the failure of such
10 organization to submit notifications or reports required under this section or
11 otherwise to comply with the provisions of this section, or rules established by the
12 division of banking under s. 220.04 (7), upon due notice, order such defaulting
13 organization to cease and desist from engaging in fiduciary activities and may apply
14 to the appropriate court for enforcement of such order.

15 **SECTION 34.** 223.105 (6) of the statutes is amended to read:

16 223.105 (6) SUNSET. Except for an organization regulated by the office of credit
17 unions ~~or the division of savings institutions~~, a savings bank or savings and loan
18 association regulated by the division of banking, or an organization authorized by
19 the division of banking to operate as a bank or trust company under ch. 221 or this
20 chapter, an organization may not begin activity as a fiduciary operation under this
21 section after May 12, 1992. An organization engaged in fiduciary operations under
22 this section on May 12, 1992, may continue to engage in fiduciary operations after
23 that date.

24 **SECTION 35.** 227.52 (3) of the statutes is amended to read:

227.52 (3) Those decisions of the division of banking that are subject to review, prior to any judicial review, by the banking review board, and decisions of the division of banking relating to savings banks or savings and loan associations, but no other institutions subject to the jurisdiction of the division of banking.

SECTION 36. 227.52 (5) of the statutes is repealed.

SECTION 37. 227.53 (1) (a) 1. of the statutes is amended to read:

227.53 (1) (a) 1. Proceedings for review shall be instituted by serving a petition therefor personally or by certified mail upon the agency or one of its officials, and filing the petition in the office of the clerk of the circuit court for the county where the judicial review proceedings are to be held. If the agency whose decision is sought to be reviewed is the ~~tax appeals commission~~ ^{office of the commissioner of}, the banking review board, the credit union review board, or the savings and loan institutions review board ~~or the savings bank review board~~, the petition shall be served upon both the agency whose decision is sought to be reviewed and the corresponding named respondent, as specified under par. (b) 1. to ~~5.~~ 4.

SECTION 38. 227.53 (1) (b) 4. of the statutes is amended to read:

227.53 (1) (b) 4. The ~~savings and loan institutions~~ savings and loan institutions review board, the division of ~~savings institutions banking~~, except if the petitioner is the division of ~~savings institutions banking~~, the prevailing parties before the ~~savings and loan institutions~~ savings and loan institutions review board shall be the named respondents.

SECTION 39. 227.53 (1) (b) 5. of the statutes is repealed.

SECTION 40. 227.53 (1) (d) of the statutes is amended to read:

227.53 (1) (d) Except in the case of the ~~tax appeals commission~~, the banking review board, the credit union review board, and the savings and loan institutions review board ~~and the savings bank review board~~, the agency and all parties to the

INSERT
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proceeding before it, shall have the right to participate in the proceedings for review. The court may permit other interested persons to intervene. Any person petitioning the court to intervene shall serve a copy of the petition on each party who appeared before the agency and any additional parties to the judicial review at least 5 days prior to the date set for hearing on the petition.

SECTION 41. 230.08 (2) (e) 4f. of the statutes is amended to read:

230.08 (2) (e) 4f. Financial institutions — ~~4~~ 3.

SECTION 42. 552.23 (1) of the statutes is amended to read:

552.23 (1) If the target company is an insurance company subject to regulation by the commissioner of insurance, a banking corporation ~~subject to regulation by the division of banking, a~~, savings bank, or savings and loan association subject to regulation by the division of ~~savings institutions~~ banking, or a company subject to regulation by the public service commission, the department of transportation, or the office of the commissioner of railroads, the division of securities shall promptly furnish a copy of the registration statement filed under this chapter to the regulatory agency having supervision of the target company. Any hearing under this chapter involving any such target company shall be held jointly with the regulatory agency having supervision, and any determination following the hearing shall be made jointly with that regulatory agency.

SECTION 43. 813.16 (7) of the statutes is amended to read:

813.16 (7) If the person seeking the appointment of a receiver under sub. (1) is a savings and loan association or savings bank supervised by the division of banking or a corporation supervised by the division of savings institutions, home loan bank board, U.S. federal office of thrift supervision, federal deposit insurance corporation, or resolution trust corporation, the court, unless the opposing party

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1 objects, shall appoint an officer of such corporation as receiver to act without
2 compensation and to give such bond as the court requires.

3 **SECTION 9120. Nonstatutory provisions; financial institutions.**

4 (1) REVIEW BOARD TRANSITIONAL PROVISIONS.

5 (a) *Current members of savings bank review board and savings and loan review*
6 *board.* Notwithstanding section 15.07 (1) (c) of the statutes and section 15.185 (3)
7 and (4), 2003 stats., the terms of office of all members of the savings bank review
8 board and all members of the savings and loan review board terminate on the
9 effective date of this paragraph.

10 (b) *Initial members of savings institutions review board.* Notwithstanding
11 section 15.185 (3) of the statutes, as affected by this act, the terms of office of the
12 members initially appointed to the savings institutions review board terminate as
13 follows:

- 14 1. Two members, on May 1, 2007.
- 15 2. Three members, on May 1, 2009.

16 (c) *Rules and orders.* All rules promulgated by the division of savings
17 institutions that are in effect on the effective date of this paragraph shall become
18 rules of the division of banking and shall remain in effect until their specified
19 expiration dates or until amended or repealed by the division of banking. All orders
20 issued by the division of savings institutions that are in effect on the effective date
21 of this paragraph shall become orders of the division of banking and shall remain in
22 effect until their specified expiration dates or until modified or rescinded by the
23 division of banking.

24 (d) *Contracts.* All contracts entered into by the division of savings institutions
25 in effect on the effective date of this paragraph remain in effect and are transferred

1 to the division of banking. The division of banking shall carry out any obligations
2 under such a contract until the contract expires or is modified or rescinded by the
3 division of banking to the extent allowed under the contract.

4 (e) *Pending matters.* Any matter pending with the division of savings
5 institutions on the effective date of this paragraph is transferred to the division of
6 banking and all materials submitted to or actions taken by the division of savings
7 institutions with respect to the pending matter are considered as having been
8 submitted to or taken by the division of banking.

9

(END)

**2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1431/2ins
RJM:.....

INSERT A ✓

****NOTE: This is reconciled s. 227.53 (1) (a) 1. ✓ This SECTION has been affected by draft LRB-1767/2, which creates the office of the commissioner of tax appeals.

INSERT B ✓

****NOTE: This is reconciled s. 227.53 (1) (d). ✓ This SECTION has been affected by draft LRB-1767/2, which creates the office of the commissioner of tax appeals.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1431/2dn

RJM: 

Kate Mawdsley:

This draft reconciles LRB-1431 with LRB-1767/2 by incorporating the changes concerning the tax appeals commission into the treatment of s. 227.53 (1) (a) 1. and (d). Each of these drafts should continue to appear in the compiled bill.

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

LRB-1431/2dn
RJM:kmg:ch

February 5, 2003

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DOA:.....Mawdsley – BB0341, Regulation of savings banks and savings and loan associations

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

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D-NOTE

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1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau
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COMMERCE

Regulator of savings banks and savings and loan associations

Under current law, savings banks and savings and loan associations are regulated by the Division of Savings Institutions in DFI. This bill deletes the Division of Savings Institutions and, instead, provides that savings banks and savings and loan associations are regulated by the Division of Banking in DFI.

Currently, the Savings Bank Review Board and Savings and Loan Review Board oversee certain activities of the Division of Savings Institutions with regard to savings banks and savings and loan associations, respectively. This bill deletes these review boards and, instead, creates a Savings Institutions Review Board to oversee the activities of the Division of Banking with regard to savings banks and savings and loan associations.

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:

1 **SECTION 1.** 15.07 (1) (b) 5. of the statutes is amended to read:

2 15.07 (1) (b) 5. Savings ~~and loan~~ institutions review board.

3 **SECTION 2.** 15.07 (1) (b) 18. of the statutes is repealed.

4 **SECTION 3.** 15.07 (5) (g) of the statutes is amended to read:

5 15.07 (5) (g) Members of the savings ~~and loan~~ institutions review board, \$10
6 per day.

7 **SECTION 4.** 15.07 (5) (gm) of the statutes is repealed.

8 **SECTION 5.** 15.183 (2) of the statutes is repealed.

9 **SECTION 6.** 15.185 (3) of the statutes is amended to read:

10 15.185 (3) SAVINGS ~~AND LOAN~~ INSTITUTIONS REVIEW BOARD. There is created in the
11 department of financial institutions a savings ~~and loan~~ institutions review board
12 consisting of 7 5 members, at least 5 3 of whom shall have not less than 10 5 years'
13 experience in the savings and loan or savings bank business in this state, appointed
14 for ~~staggered 4-year~~ 5-year terms.

15 **SECTION 7.** 15.185 (4) of the statutes is repealed.

16 **SECTION 8.** 20.144 (1) (g) of the statutes is amended to read:

17 20.144 (1) (g) *General program operations.* The amounts in the schedule for
18 the general program operations of the department of financial institutions. Except
19 as provided in pars. (a), (h), (i), and (u), all moneys received by the department, other
20 than by the office of credit unions, and the division of banking ~~and the division of~~
21 ~~savings institutions~~, and 88% of all moneys received by the department's division of
22 banking ~~and the department's division of savings institutions~~ shall be credited to this
23 appropriation, but any balance at the close of a fiscal year under this appropriation
24 shall lapse to the general fund. Annually, \$200,000 of the amounts received under

1 this appropriation account shall be transferred to the appropriation account under
2 s. 20.575 (1) (g).

3 **SECTION 9.** 20.912 (4) of the statutes is amended to read:

4 20.912 (4) **INSOLVENT DEPOSITORIES.** When the bank, savings and loan
5 association, savings bank, or credit union on which any check, share draft, or other
6 draft is drawn by the state treasurer before payment of such check, share draft, or
7 other draft becomes insolvent or is taken over by the division of banking, ~~division of~~
8 ~~savings institutions~~, the federal home loan bank board, the U.S. office of thrift
9 supervision, the federal deposit insurance corporation, the resolution trust
10 corporation, the office of credit unions, the administrator of federal credit unions, or
11 the U.S. comptroller of the currency, the state treasurer shall on the demand of the
12 person in whose favor such check, share draft, or other draft was drawn and upon
13 the return to the treasurer of such check, share draft, or other draft issue a
14 replacement for the same amount.

15 **SECTION 10.** 34.01 (2) (a) of the statutes is amended to read:

16 34.01 (2) (a) Any loss of public moneys, which have been deposited in a
17 designated public depository in accordance with this chapter, resulting from the
18 failure of any public depository to repay to any public depositor the full amount of
19 its deposit because the office of credit unions, administrator of federal credit unions,
20 U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift
21 supervision, federal deposit insurance corporation, resolution trust corporation, or
22 ~~division of banking or division of savings institutions~~ has taken possession of the
23 public depository or because the public depository has, with the consent and approval
24 of the office of credit unions, administrator of federal credit unions, U.S. office of
25 thrift supervision, federal deposit insurance corporation, resolution trust

1 corporation, or division of banking ~~or division of savings institutions~~, adopted a
2 stabilization and readjustment plan or has sold a part or all of its assets to another
3 credit union, bank, savings bank, or savings and loan association which has agreed
4 to pay a part or all of the deposit liability on a deferred payment basis or because the
5 depository is prevented from paying out old deposits because of rules of the office of
6 credit unions, administrator of federal credit unions, U.S. comptroller of the
7 currency, federal home loan bank board, U.S. office of thrift supervision, federal
8 deposit insurance corporation, resolution trust corporation, or division of banking ~~or~~
9 ~~division of savings institutions~~.

10 SECTION 11. 34.10 of the statutes is amended to read:

11 **34.10 Reorganization and stabilization of financial institutions.**

12 Whenever the office of credit unions, administrator of federal credit unions, U.S.
13 comptroller of the currency, federal home loan bank board, U.S. office of thrift
14 supervision, federal deposit insurance corporation, resolution trust corporation, or
15 ~~division of banking or division of savings institutions~~ has taken charge of a credit
16 union, bank, savings bank, or savings and loan association with a view of restoring
17 its solvency, pursuant to law, or with a view of stabilizing and readjusting the
18 structure of any national or state credit union, bank, savings bank, or savings and
19 loan association located in this state, and has approved a reorganization plan or a
20 stabilization and readjustment agreement entered into between the credit union,
21 bank, savings bank, or savings and loan association and depositors and unsecured
22 creditors, or when a credit union, bank, savings bank, or savings and loan
23 association, with the approval of the office of credit unions, administrator of federal
24 credit unions, U.S. comptroller of the currency, federal home loan bank board, U.S.
25 office of thrift supervision, federal deposit insurance corporation, resolution trust

1 corporation, or division of banking ~~or division of savings institutions~~ proposes to sell
2 its assets to another credit union, bank, savings bank, or savings and loan
3 association which agrees to assume a part or all of the deposit liability of such selling
4 credit union, bank, savings bank, or savings and loan association and to pay the same
5 on a deferred payment basis, the governing board of the public depositor may, on the
6 approval of the division of banking, join in the execution of any reorganization plan,
7 or any stabilization and readjustment agreement, or any depositor's agreement
8 relative to a proposed sale of assets if, in its judgment and that of the division of
9 banking, the reorganization plan or stabilization and readjustment agreement or
10 proposed sale of assets is in the best interest of all persons concerned. The joining
11 in any reorganization plan, or any stabilization and readjustment agreement, or any
12 proposed sale of assets which meets the approval of the division of banking does not
13 waive any rights under this chapter.

14 **SECTION 12.** 138.052 (5) (am) 2. a. of the statutes is amended to read:

15 138.052 (5) (am) 2. a. ~~On January 1, 1994, and annually thereafter~~ Annually,
16 the division of banking for banks, ~~the division of savings institutions~~ for savings and
17 loan associations, and savings banks, and the office of credit unions for credit unions,
18 shall determine the interest rate that is the average of the interest rates paid,
19 rounded to the nearest one-hundredth of a percent, on regular passbook deposit
20 accounts by institutions under the division's or office's jurisdiction at the close of the
21 last quarterly reporting period that ended at least 30 days before the determination
22 is made.

23 **SECTION 13.** 138.052 (5) (am) 2. b. of the statutes is amended to read:

24 138.052 (5) (am) 2. b. ~~The office of credit unions and the division of banking~~
25 ~~shall report the rate calculated to the division of savings institutions within~~ Within

1 5 days after the date on which the determination is made. ~~The, the~~ division of savings
2 institutions banking shall calculate the average, rounded to the nearest
3 one-hundredth of a percent, of the 3 rates determined by the division of banking and
4 the office of credit unions and report that interest rate to the revisor of statutes
5 within 5 days after the date on which the determination is made.

6 **SECTION 14.** 138.055 (4) (a) of the statutes is repealed.

7 **SECTION 15.** 138.056 (1) (a) 4. a. of the statutes is repealed.

8 **SECTION 16.** 186.098 (12) of the statutes is amended to read:

9 186.098 (12) LOANS TO MEMBERS. A credit union may make loans to members
10 secured by assignment or transfer of stock certificates or other evidence of the
11 borrower's ownership interest in a corporation formed for the cooperative ownership
12 of real estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a
13 mortgage involving a one-family residence, apply to a proceeding to enforce the
14 lender's rights in security given for a loan under this subsection. The office of credit
15 unions shall promulgate joint rules with ~~the division of savings institutions and the~~
16 division of banking that establish procedures for enforcing a lender's rights in
17 security given for a loan under this subsection.

18 **SECTION 17.** 214.01 (1) (im) of the statutes is amended to read:

19 214.01 (1) (im) "Division" means the division of ~~savings institutions~~ banking.

20 **SECTION 18.** 214.01 (1) (sr) of the statutes is amended to read:

21 214.01 (1) (sr) "Review board" means the savings ~~bank~~ institutions review
22 board.

23 **SECTION 19.** 214.592 of the statutes is amended to read:

24 **214.592 Financially related services tie-ins.** In any transaction conducted
25 by a savings bank, a savings bank holding company, or a subsidiary of either with

1 a customer who is also a customer of any other subsidiary of any of them, the
2 customer shall be given a notice in 12-point boldface type in substantially the
3 following form:

4 NOTICE OF RELATIONSHIP

5 This company, (insert name and address of savings bank, savings bank
6 holding company, or subsidiary), is related to (insert name and address of savings
7 bank, savings bank holding company, or subsidiary) of which you are also a customer.
8 You may not be compelled to buy any product or service from either of the above
9 companies or any other related company in order to participate in this transaction.

10 If you feel that you have been compelled to buy any product or service from
11 either of the above companies or any other related company in order to participate
12 in this transaction, you should contact the management of either of the above
13 companies at either of the above addresses or the division of ~~savings institutions~~
14 banking at (insert address).

15 **SECTION 20.** 215.01 (6) of the statutes is amended to read:

16 215.01 (6) "Division" means the division of ~~savings institutions~~ banking.

17 **SECTION 21.** 215.01 (22) of the statutes is amended to read:

18 215.01 (22) "Review board" means the savings and loan institutions review
19 board.

20 **SECTION 22.** 215.02 (title) of the statutes is repealed and recreated to read:

21 **215.02 (title) Powers of the division.**

22 **SECTION 23.** 215.02 (10) (a) 3. of the statutes is amended to read:

23 215.02 (10) (a) 3. An order of removal takes effect on the date issued. A copy
24 of the order shall be served upon the association and upon the officer, director, or
25 employee in the manner provided by law for service of a summons in a court of record

1 or by mailing a copy to the association and officer, director, or employee at their
2 last-known, post-office addresses. Any removal under this subsection has the same
3 effect as if made by the board of directors or the members or stockholders of the
4 association. An officer, director, or employee removed from office or employment
5 under this subsection may not be elected as an officer or director of, or be employed
6 by, an association without the approval of the division and the review board. An
7 order of removal under this subsection is a final order or determination of the review
8 board under s. 215.04 ~~(6)~~ (5).

9 **SECTION 24.** 215.04 of the statutes is repealed and recreated to read:

10 **215.04 Review board.** (1) DUTIES. The review board shall do all of the
11 following:

12 (a) Advise the division on matters related to this chapter.

13 (b) Review the acts, orders, and determinations of the division.

14 (c) Act on any matters pertaining to this chapter that are submitted to it by the
15 division.

16 (d) Perform other review functions relating to this chapter.

17 (e) Conduct hearings and take testimony, and subpoena and swear witnesses
18 at such hearings. The review board shall have the subpoena powers under s. 885.01
19 (4).

20 (2) APPEARANCES. An interested party may appear at a proceeding of the review
21 board and may participate in the examination of witnesses and present evidence.

22 (3) WITNESS FEES. A person who causes a witness to be subpoenaed shall
23 advance the fees and mileage expense of the witness. Witness fees shall be the same
24 as fees under s. 814.67 (1) (b) and (c). The fees of witnesses who are called by the
25 review board in the interests of the state shall be paid by the state upon presentation

1 of proper vouchers approved by the chairperson of the review board and charged to
2 the appropriation under s. 20.144 (1) (g).

3 (4) REVIEW OF ACTS, ORDERS, OR DETERMINATIONS. Any interested person or a
4 savings association aggrieved by any act, order, or determination of the division,
5 which relates to savings and loan associations, may, within 20 days after receipt or
6 service of a copy of the act, order, or determination, file a written notice requesting
7 the review board's review of the division's act, order, or determination. The review
8 of the division's decision shall be solely to determine if the division acted within the
9 scope of the division's authority and did not act in an arbitrary or capricious manner
10 and to determine if the act, order, or determination of the division is supported by
11 substantial evidence in view of the entire record as submitted. The review of
12 applications for new charters, branch offices, or relocation of offices shall be based
13 exclusively on the record and new evidence may not be taken by the review board.
14 Requests for review under this subsection shall be considered and disposed of as
15 speedily as possible.

16 (5) REVIEW. A determination of the review board is subject to review under ch.
17 227. If an act, order, or determination of the division is reversed or modified by the
18 review board, the division shall be considered to be a person aggrieved and directly
19 affected by the decision under s. 227.53 (1).

20 (6) BOARD MEMBER NOT TO ACT. A member of the review board may not act on
21 any matter involving a savings and loan association or savings and loan holding
22 company of which the member is an officer, director, employee, or agent.

23 **SECTION 25.** 215.141 of the statutes is amended to read:

24 **215.141 Financially related services tie-ins.** In any transaction conducted
25 by an association, a savings and loan holding company, or a subsidiary of either with

1 a customer who is also a customer of any other subsidiary of any of them, the
2 customer shall be given a notice in 12-point boldface type in substantially the
3 following form:

4 NOTICE OF RELATIONSHIP

5 This company, (insert name and address of association, savings and loan
6 holding company, or subsidiary), is related to (insert name and address of
7 association, savings and loan holding company, or subsidiary) of which you are also
8 a customer. You may not be compelled to buy any product or service from either of
9 the above companies or any other related company in order to participate in this
10 transaction.

11 If you feel that you have been compelled to buy any product or service from
12 either of the above companies or any other related company in order to participate
13 in this transaction, you should contact the management of either of the above
14 companies at either of the above addresses or the division of ~~savings institutions~~
15 banking at (insert address).

16 **SECTION 26.** 215.40 (18) of the statutes is amended to read:

17 215.40 (18) APPEAL BY APPLICANTS AFTER BEING DENIED CERTIFICATE OF AUTHORITY.

18 If the division refuses to grant a certificate of authority to organize an association,
19 and the applicants feel aggrieved thereby, they may appeal to the review board to
20 review the division's determination under s. 215.04 (1) ~~(d)~~ (b) and (4).

21 **SECTION 27.** 220.02 (2) (e) and (f) of the statutes are created to read:

22 220.02 (2) (e) Savings banks under ch. 214.

23 (f) Savings and loan associations under ch. 215.

24 **SECTION 28.** 220.02 (3) of the statutes is amended to read:

1 220.02 (3) It is the intent of sub. (2) to give the division jurisdiction to enforce
2 and carry out all laws relating to banks or banking in this state, including those
3 relating to state banks, savings banks, savings and loan associations, and trust
4 company banks, and also all laws relating to small loan companies or other loan
5 companies or agencies, finance companies, motor vehicle dealers, adjustment service
6 companies, community currency exchanges, and collection agencies and those
7 relating to sellers of checks under ch. 217, whether doing business as corporations,
8 individuals, or otherwise, but to exclude laws relating to credit unions.

9 **SECTION 29.** 221.0303 (2) of the statutes is amended to read:

10 221.0303 (2) OPERATION AND ACQUISITION OF CUSTOMER BANK COMMUNICATIONS
11 TERMINALS. A bank may, directly or indirectly, acquire, place, and operate, or
12 participate in the acquisition, placement, and operation of, at locations other than
13 its main or branch offices, customer bank communications terminals, in accordance
14 with rules established by the division. The rules of the division shall provide that
15 any such customer bank communications terminal shall be available for use, on a
16 nondiscriminatory basis, by any state or national bank and by all customers
17 designated by a bank using the terminal. This subsection does not authorize a bank
18 which has its principal place of business outside this state to conduct banking
19 business in this state. The customer bank communications terminals also shall be
20 available for use, on a nondiscriminatory basis, by any credit union, savings and loan
21 association, or savings bank, if the credit union, savings and loan association, or
22 savings bank requests to share its use, subject to rules jointly established by the
23 division of banking, and the office of credit unions and the division of savings
24 institutions. The division by order may authorize the installation and operation of

1 a customer bank communications terminal in a mobile facility, after notice and
2 hearing upon the proposed service stops of the mobile facility.

3 **SECTION 30.** 221.0321 (5) of the statutes is amended to read:

4 221.0321 (5) CERTAIN SECURED LOANS. A bank may make loans secured by
5 assignment or transfer of stock certificates or other evidence of the borrower's
6 ownership interest in a corporation formed for the cooperative ownership of real
7 estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a mortgage
8 involving a one-family residence, apply to a proceeding to enforce the lender's rights
9 in security given for a loan under this subsection. The division shall promulgate joint
10 rules with the office of credit unions ~~and the division of savings institutions~~ that
11 establish procedures for enforcing a lender's rights in security given for a loan under
12 this subsection.

13 **SECTION 31.** 223.105 (3) (a) of the statutes is amended to read:

14 223.105 (3) (a) To assure compliance with such rules as may be established
15 under s. 220.04 (7), the division of banking, and the office of credit unions ~~and the~~
16 ~~division of savings institutions~~ shall, at least once every 18 months, examine the
17 fiduciary operations of each organization which is under its respective jurisdiction
18 and is subject to examination under sub. (2). If a particular organization subject to
19 examination under sub. (2) is not otherwise under the jurisdiction of one of the
20 foregoing agencies, such examination shall be conducted by the division of banking.

21 **SECTION 32.** 223.105 (4) of the statutes is amended to read:

22 223.105 (4) NOTICE OF FIDUCIARY OPERATION. Except for those organizations
23 licensed under ch. 221 or this chapter, any organization engaged in fiduciary
24 operations as defined in this section shall, as required by rule, notify the division of
25 banking, or the office of credit unions ~~or the division of savings institutions~~ of that

1 fact, directing the notice to the agency then exercising regulatory authority over the
2 organization or, if there is none, to the division of banking. Any organization which
3 intends to engage in fiduciary operations shall, prior to engaging in such operations,
4 notify the appropriate agency of this intention. The notifications required under this
5 subsection shall be on forms and contain information required by the rules
6 promulgated by the division of banking.

7 **SECTION 33.** 223.105 (5) of the statutes is amended to read:

8 223.105 (5) ENFORCEMENT REMEDY. The division of banking ~~or the division of~~
9 ~~savings institutions~~ or office of credit unions shall, upon the failure of such
10 organization to submit notifications or reports required under this section or
11 otherwise to comply with the provisions of this section, or rules established by the
12 division of banking under s. 220.04 (7), upon due notice, order such defaulting
13 organization to cease and desist from engaging in fiduciary activities and may apply
14 to the appropriate court for enforcement of such order.

15 **SECTION 34.** 223.105 (6) of the statutes is amended to read:

16 223.105 (6) SUNSET. Except for an organization regulated by the office of credit
17 unions ~~or the division of savings institutions~~, a savings bank or savings and loan
18 association regulated by the division of banking, or an organization authorized by
19 the division of banking to operate as a bank or trust company under ch. 221 or this
20 chapter, an organization may not begin activity as a fiduciary operation under this
21 section after May 12, 1992. An organization engaged in fiduciary operations under
22 this section on May 12, 1992, may continue to engage in fiduciary operations after
23 that date.

24 **SECTION 35.** 227.52 (3) of the statutes is amended to read:

1 227.52 (3) Those decisions of the division of banking that are subject to review,
2 prior to any judicial review, by the banking review board, and decisions of the division
3 of banking relating to savings banks or savings and loan associations, but no other
4 institutions subject to the jurisdiction of the division of banking.

5 **SECTION 36.** 227.52 (5) of the statutes is repealed.

6 **SECTION 37.** 227.53 (1) (a) 1. of the statutes is amended to read:

7 227.53 (1) (a) 1. Proceedings for review shall be instituted by serving a petition
8 therefor personally or by certified mail upon the agency or one of its officials, and
9 filing the petition in the office of the clerk of the circuit court for the county where
10 the judicial review proceedings are to be held. If the agency whose decision is sought
11 to be reviewed is the office of the commissioner of tax appeals commission, the
12 banking review board, the credit union review board, or the savings and loan
13 institutions review board ~~or the savings bank review board~~, the petition shall be
14 served upon both the agency whose decision is sought to be reviewed and the
15 corresponding named respondent, as specified under par. (b) 1. to ~~5.~~ 4.

 ****NOTE: This is reconciled s. 227.53 (1) (a) 1. This SECTION has been affected by
draft LRB-1767/2, which creates the office of the commissioner of tax appeals.

16 **SECTION 38.** 227.53 (1) (b) 4. of the statutes is amended to read:

17 227.53 (1) (b) 4. The savings and loan institutions review board, the division
18 of ~~savings institutions~~ banking, except if the petitioner is the division of savings
19 ~~institutions~~ banking, the prevailing parties before the savings and loan institutions
20 review board shall be the named respondents.

21 **SECTION 39.** 227.53 (1) (b) 5. of the statutes is repealed.

22 **SECTION 40.** 227.53 (1) (d) of the statutes is amended to read:

1 227.53 (1) (d) Except in the case of the office of the commissioner of tax appeals
 2 ~~commission~~, the banking review board, the credit union review board, and the
 3 ~~savings and loan institutions~~ review board ~~and the savings bank review board~~, the
 4 agency and all parties to the proceeding before it, shall have the right to participate
 5 in the proceedings for review. The court may permit other interested persons to
 6 intervene. Any person petitioning the court to intervene shall serve a copy of the
 7 petition on each party who appeared before the agency and any additional parties
 8 to the judicial review at least 5 days prior to the date set for hearing on the petition.

****NOTE: This is reconciled s. 227.53 (1) (d). This SECTION has been affected by draft LRB-1767/2, which creates the office of the commissioner of tax appeals.

9 **SECTION 41.** 230.08 (2) (e) 4f. of the statutes is amended to read:

10 230.08 (2) (e) 4f. Financial institutions — ~~4~~ 3.

11 **SECTION 42.** 552.23 (1) of the statutes is amended to read:

12 552.23 (1) If the target company is an insurance company subject to regulation
 13 by the commissioner of insurance, a banking corporation ~~subject to regulation by the~~
 14 ~~division of banking, a~~ savings bank, or savings and loan association subject to
 15 regulation by the division of ~~savings institutions~~ banking, or a company subject to
 16 regulation by the public service commission, ~~(the department of transportation~~ ^{strike} ~~or the~~
 17 ~~office of the commissioner of railroads,~~ ^{or} the division of securities shall promptly
 18 furnish a copy of the registration statement filed under this chapter to the regulatory
 19 agency having supervision of the target company. Any hearing under this chapter
 20 involving any such target company shall be held jointly with the regulatory agency
 21 having supervision, and any determination following the hearing shall be made
 22 jointly with that regulatory agency.

23 **SECTION 43.** 813.16 (7) of the statutes is amended to read:

use note: reconcile
 ***NOTE: This is reconciled s. 552.23 (1). This ^{CS} SECTION has been affected by drafts with the following LRB numbers: LRB-1431 and LRB-1187.

1 813.16 (7) If the person seeking the appointment of a receiver under sub. (1)
2 is a savings and loan association or savings bank supervised by the division of
3 banking or a corporation supervised by the division of savings institutions, home
4 loan bank board, U.S. federal office of thrift supervision, federal deposit insurance
5 corporation, or resolution trust corporation, the court, unless the opposing party
6 objects, shall appoint an officer of such corporation as receiver to act without
7 compensation and to give such bond as the court requires.

8 **SECTION 9120. Nonstatutory provisions; financial institutions.**

9 (1) REVIEW BOARD TRANSITIONAL PROVISIONS.

10 (a) *Current members of savings bank review board and savings and loan review*
11 *board.* Notwithstanding section 15.07 (1) (c) of the statutes and section 15.185 (3)
12 and (4), 2001 stats., the terms of office of all members of the savings bank review
13 board and all members of the savings and loan review board terminate on the
14 effective date of this paragraph.

15 (b) *Initial members of savings institutions review board.* Notwithstanding
16 section 15.185 (3) of the statutes, as affected by this act, the terms of office of the
17 members initially appointed to the savings institutions review board terminate as
18 follows:

19 1. Two members, on May 1, 2007.

20 2. Three members, on May 1, 2009.

21 (c) *Rules and orders.* All rules promulgated by the division of savings
22 institutions that are in effect on the effective date of this paragraph shall become
23 rules of the division of banking and shall remain in effect until their specified
24 expiration dates or until amended or repealed by the division of banking. All orders
25 issued by the division of savings institutions that are in effect on the effective date

1 of this paragraph shall become orders of the division of banking and shall remain in
2 effect until their specified expiration dates or until modified or rescinded by the
3 division of banking.

4 (d) *Contracts*. All contracts entered into by the division of savings institutions
5 in effect on the effective date of this paragraph remain in effect and are transferred
6 to the division of banking. The division of banking shall carry out any obligations
7 under such a contract until the contract expires or is modified or rescinded by the
8 division of banking to the extent allowed under the contract.

9 (e) *Pending matters*. Any matter pending with the division of savings
10 institutions on the effective date of this paragraph is transferred to the division of
11 banking and all materials submitted to or actions taken by the division of savings
12 institutions with respect to the pending matter are considered as having been
13 submitted to or taken by the division of banking.

14 (END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1431/2003 *3du*
RJM:kmg:ch

February 5, 2003

Kate Mawdsley:

LRB-1187/5. In addition, like the previous version, this draft reconciles LRB-1431 with

This draft reconciles LRB-1431 with LRB-1767/2 by incorporating the changes concerning the tax appeals commission into the treatment of s. 227.53 (1) (a) 1. and (d). ~~Each~~ of these drafts should continue to appear in the compiled bill.

All of

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

LRB-1431/3dn
RJM:kmg:jf

February 18, 2003

Kate Mawdsley:

This draft reconciles LRB-1431 with LRB-1187/5. In addition, like the previous version, this draft reconciles LRB-1431 with LRB-1767/2 by incorporating the changes concerning the tax appeals commission into the treatment of s. 227.53 (1) (a) 1. and (d). All of these drafts should continue to appear in the compiled bill.

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State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1431/3

RJM:kmg:jf

DOA:.....Mawdsley – BB0341, Regulation of savings banks and savings and loan associations

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

COMMERCE

Regulator of savings banks and savings and loan associations

Under current law, savings banks and savings and loan associations are regulated by the Division of Savings Institutions in DFI. This bill deletes the Division of Savings Institutions and, instead, provides that savings banks and savings and loan associations are regulated by the Division of Banking in DFI.

Currently, the Savings Bank Review Board and Savings and Loan Review Board oversee certain activities of the Division of Savings Institutions with regard to savings banks and savings and loan associations, respectively. This bill deletes these review boards and, instead, creates a Savings Institutions Review Board to oversee the activities of the Division of Banking with regard to savings banks and savings and loan associations.

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:

1 **SECTION 1.** 15.07 (1) (b) 5. of the statutes is amended to read:

2 15.07 (1) (b) 5. Savings ~~and loan~~ institutions review board.

3 **SECTION 2.** 15.07 (1) (b) 18. of the statutes is repealed.

4 **SECTION 3.** 15.07 (5) (g) of the statutes is amended to read:

5 15.07 (5) (g) Members of the savings ~~and loan~~ institutions review board, \$10
6 per day.

7 **SECTION 4.** 15.07 (5) (gm) of the statutes is repealed.

8 **SECTION 5.** 15.183 (2) of the statutes is repealed.

9 **SECTION 6.** 15.185 (3) of the statutes is amended to read:

10 15.185 (3) SAVINGS AND LOAN INSTITUTIONS REVIEW BOARD. There is created in the
11 department of financial institutions a savings ~~and loan~~ institutions review board
12 consisting of 7 5 members, at least 5 3 of whom shall have not less than 10 5 years'
13 experience in the savings and loan or savings bank business in this state, appointed
14 for ~~staggered 4-year~~ 5-year terms.

15 **SECTION 7.** 15.185 (4) of the statutes is repealed.

16 **SECTION 8.** 20.144 (1) (g) of the statutes is amended to read:

17 20.144 (1) (g) *General program operations.* The amounts in the schedule for
18 the general program operations of the department of financial institutions. Except
19 as provided in pars. (a), (h), (i), and (u), all moneys received by the department, other
20 than by the office of credit unions, and the division of banking ~~and the division of~~
21 ~~savings institutions~~, and 88% of all moneys received by the department's division of
22 banking ~~and the department's division of savings institutions~~ shall be credited to this
23 appropriation, but any balance at the close of a fiscal year under this appropriation
24 shall lapse to the general fund. Annually, \$200,000 of the amounts received under

1 this appropriation account shall be transferred to the appropriation account under
2 s. 20.575 (1) (g).

3 **SECTION 9.** 20.912 (4) of the statutes is amended to read:

4 20.912 (4) **INSOLVENT DEPOSITORIES.** When the bank, savings and loan
5 association, savings bank, or credit union on which any check, share draft, or other
6 draft is drawn by the state treasurer before payment of such check, share draft, or
7 other draft becomes insolvent or is taken over by the division of banking, ~~division of~~
8 ~~savings institutions~~, the federal home loan bank board, the U.S. office of thrift
9 supervision, the federal deposit insurance corporation, the resolution trust
10 corporation, the office of credit unions, the administrator of federal credit unions, or
11 the U.S. comptroller of the currency, the state treasurer shall on the demand of the
12 person in whose favor such check, share draft, or other draft was drawn and upon
13 the return to the treasurer of such check, share draft, or other draft issue a
14 replacement for the same amount.

15 **SECTION 10.** 34.01 (2) (a) of the statutes is amended to read:

16 34.01 (2) (a) Any loss of public moneys, which have been deposited in a
17 designated public depository in accordance with this chapter, resulting from the
18 failure of any public depository to repay to any public depositor the full amount of
19 its deposit because the office of credit unions, administrator of federal credit unions,
20 U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift
21 supervision, federal deposit insurance corporation, resolution trust corporation, or
22 ~~division of banking or division of savings institutions~~ has taken possession of the
23 public depository or because the public depository has, with the consent and approval
24 of the office of credit unions, administrator of federal credit unions, U.S. office of
25 thrift supervision, federal deposit insurance corporation, resolution trust

1 corporation, or division of banking ~~or division of savings institutions~~, adopted a
2 stabilization and readjustment plan or has sold a part or all of its assets to another
3 credit union, bank, savings bank, or savings and loan association which has agreed
4 to pay a part or all of the deposit liability on a deferred payment basis or because the
5 depository is prevented from paying out old deposits because of rules of the office of
6 credit unions, administrator of federal credit unions, U.S. comptroller of the
7 currency, federal home loan bank board, U.S. office of thrift supervision, federal
8 deposit insurance corporation, resolution trust corporation, or division of banking ~~or~~
9 ~~division of savings institutions~~.

10 SECTION 11. 34.10 of the statutes is amended to read:

11 **34.10 Reorganization and stabilization of financial institutions.**

12 Whenever the office of credit unions, administrator of federal credit unions, U.S.
13 comptroller of the currency, federal home loan bank board, U.S. office of thrift
14 supervision, federal deposit insurance corporation, resolution trust corporation, or
15 ~~division of banking or division of savings institutions~~ has taken charge of a credit
16 union, bank, savings bank, or savings and loan association with a view of restoring
17 its solvency, pursuant to law, or with a view of stabilizing and readjusting the
18 structure of any national or state credit union, bank, savings bank, or savings and
19 loan association located in this state, and has approved a reorganization plan or a
20 stabilization and readjustment agreement entered into between the credit union,
21 bank, savings bank, or savings and loan association and depositors and unsecured
22 creditors, or when a credit union, bank, savings bank, or savings and loan
23 association, with the approval of the office of credit unions, administrator of federal
24 credit unions, U.S. comptroller of the currency, federal home loan bank board, U.S.
25 office of thrift supervision, federal deposit insurance corporation, resolution trust

1 corporation, ~~or division of banking or division of savings institutions~~ proposes to sell
2 its assets to another credit union, bank, savings bank, or savings and loan
3 association which agrees to assume a part or all of the deposit liability of such selling
4 credit union, bank, savings bank, or savings and loan association and to pay the same
5 on a deferred payment basis, the governing board of the public depositor may, on the
6 approval of the division of banking, join in the execution of any reorganization plan,
7 or any stabilization and readjustment agreement, or any depositor's agreement
8 relative to a proposed sale of assets if, in its judgment and that of the division of
9 banking, the reorganization plan or stabilization and readjustment agreement or
10 proposed sale of assets is in the best interest of all persons concerned. The joining
11 in any reorganization plan, or any stabilization and readjustment agreement, or any
12 proposed sale of assets which meets the approval of the division of banking does not
13 waive any rights under this chapter.

14 **SECTION 12.** 138.052 (5) (am) 2. a. of the statutes is amended to read:

15 138.052 (5) (am) 2. a. ~~On January 1, 1994, and annually thereafter~~ Annually,
16 the division of banking for banks, ~~the division of savings institutions~~ for savings and
17 loan associations, and savings banks, and the office of credit unions for credit unions,
18 shall determine the interest rate that is the average of the interest rates paid,
19 rounded to the nearest one-hundredth of a percent, on regular passbook deposit
20 accounts by institutions under the division's or office's jurisdiction at the close of the
21 last quarterly reporting period that ended at least 30 days before the determination
22 is made.

23 **SECTION 13.** 138.052 (5) (am) 2. b. of the statutes is amended to read:

24 138.052 (5) (am) 2. b. ~~The office of credit unions and the division of banking~~
25 ~~shall report the rate calculated to the division of savings institutions within~~ Within

1 5 days after the date on which the determination is made. ~~The, the~~ the division of savings
2 institutions banking shall calculate the average, rounded to the nearest
3 one-hundredth of a percent, of the 3 rates determined by the division of banking and
4 the office of credit unions and report that interest rate to the revisor of statutes
5 within 5 days after the date on which the determination is made.

6 **SECTION 14.** 138.055 (4) (a) of the statutes is repealed.

7 **SECTION 15.** 138.056 (1) (a) 4. a. of the statutes is repealed.

8 **SECTION 16.** 186.098 (12) of the statutes is amended to read:

9 186.098 (12) LOANS TO MEMBERS. A credit union may make loans to members
10 secured by assignment or transfer of stock certificates or other evidence of the
11 borrower's ownership interest in a corporation formed for the cooperative ownership
12 of real estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a
13 mortgage involving a one-family residence, apply to a proceeding to enforce the
14 lender's rights in security given for a loan under this subsection. The office of credit
15 unions shall promulgate joint rules with ~~the division of savings institutions and the~~
16 division of banking that establish procedures for enforcing a lender's rights in
17 security given for a loan under this subsection.

18 **SECTION 17.** 214.01 (1) (im) of the statutes is amended to read:

19 214.01 (1) (im) "Division" means the division of ~~savings institutions~~ banking.

20 **SECTION 18.** 214.01 (1) (sr) of the statutes is amended to read:

21 214.01 (1) (sr) "Review board" means the savings ~~bank~~ institutions review
22 board.

23 **SECTION 19.** 214.592 of the statutes is amended to read:

24 **214.592 Financially related services tie-ins.** In any transaction conducted
25 by a savings bank, a savings bank holding company, or a subsidiary of either with

1 a customer who is also a customer of any other subsidiary of any of them, the
2 customer shall be given a notice in 12-point boldface type in substantially the
3 following form:

4 NOTICE OF RELATIONSHIP

5 This company, (insert name and address of savings bank, savings bank
6 holding company, or subsidiary), is related to (insert name and address of savings
7 bank, savings bank holding company, or subsidiary) of which you are also a customer.
8 You may not be compelled to buy any product or service from either of the above
9 companies or any other related company in order to participate in this transaction.

10 If you feel that you have been compelled to buy any product or service from
11 either of the above companies or any other related company in order to participate
12 in this transaction, you should contact the management of either of the above
13 companies at either of the above addresses or the division of ~~savings institutions~~
14 banking at (insert address).

15 SECTION 20. 215.01 (6) of the statutes is amended to read:

16 215.01 (6) "Division" means the division of ~~savings institutions~~ banking.

17 SECTION 21. 215.01 (22) of the statutes is amended to read:

18 215.01 (22) "Review board" means the savings and loan institutions review
19 board.

20 SECTION 22. 215.02 (title) of the statutes is repealed and recreated to read:

21 215.02 (title) **Powers of the division.**

22 SECTION 23. 215.02 (10)(a) 3. of the statutes is amended to read:

23 215.02 (10) (a) 3. An order of removal takes effect on the date issued. A copy
24 of the order shall be served upon the association and upon the officer, director, or
25 employee in the manner provided by law for service of a summons in a court of record

1 or by mailing a copy to the association and officer, director, or employee at their
2 last-known, post-office addresses. Any removal under this subsection has the same
3 effect as if made by the board of directors or the members or stockholders of the
4 association. An officer, director, or employee removed from office or employment
5 under this subsection may not be elected as an officer or director of, or be employed
6 by, an association without the approval of the division and the review board. An
7 order of removal under this subsection is a final ~~order or~~ determination of the review
8 board under s. 215.04 ~~(6)~~ (5).

9 **SECTION 24.** 215.04 of the statutes is repealed and recreated to read:

10 **215.04 Review board. (1) DUTIES.** The review board shall do all of the
11 following:

- 12 (a) Advise the division on matters related to this chapter.
13 (b) Review the acts, orders, and determinations of the division.
14 (c) Act on any matters pertaining to this chapter that are submitted to it by the
15 division.
16 (d) Perform other review functions relating to this chapter.
17 (e) Conduct hearings and take testimony, and subpoena and swear witnesses
18 at such hearings. The review board shall have the subpoena powers under s. 885.01
19 (4).

20 **(2) APPEARANCES.** An interested party may appear at a proceeding of the review
21 board and may participate in the examination of witnesses and present evidence.

22 **(3) WITNESS FEES.** A person who causes a witness to be subpoenaed shall
23 advance the fees and mileage expense of the witness. Witness fees shall be the same
24 as fees under s. 814.67 (1) (b) and (c). The fees of witnesses who are called by the
25 review board in the interests of the state shall be paid by the state upon presentation

1 of proper vouchers approved by the chairperson of the review board and charged to
2 the appropriation under s. 20.144 (1) (g).

3 (4) REVIEW OF ACTS, ORDERS, OR DETERMINATIONS. Any interested person or a
4 savings association aggrieved by any act, order, or determination of the division,
5 which relates to savings and loan associations, may, within 20 days after receipt or
6 service of a copy of the act, order, or determination, file a written notice requesting
7 the review board's review of the division's act, order, or determination. The review
8 of the division's decision shall be solely to determine if the division acted within the
9 scope of the division's authority and did not act in an arbitrary or capricious manner
10 and to determine if the act, order, or determination of the division is supported by
11 substantial evidence in view of the entire record as submitted. The review of
12 applications for new charters, branch offices, or relocation of offices shall be based
13 exclusively on the record and new evidence may not be taken by the review board.
14 Requests for review under this subsection shall be considered and disposed of as
15 speedily as possible.

16 (5) REVIEW. A determination of the review board is subject to review under ch.
17 227. If an act, order, or determination of the division is reversed or modified by the
18 review board, the division shall be considered to be a person aggrieved and directly
19 affected by the decision under s. 227.53 (1).

20 (6) BOARD MEMBER NOT TO ACT. A member of the review board may not act on
21 any matter involving a savings and loan association or savings and loan holding
22 company of which the member is an officer, director, employee, or agent.

23 SECTION 25. 215.141 of the statutes is amended to read:

24 **215.141 Financially related services tie-ins.** In any transaction conducted
25 by an association, a savings and loan holding company, or a subsidiary of either with

1 a customer who is also a customer of any other subsidiary of any of them, the
2 customer shall be given a notice in 12-point boldface type in substantially the
3 following form:

4 **NOTICE OF RELATIONSHIP**

5 This company, (insert name and address of association, savings and loan
6 holding company, or subsidiary), is related to (insert name and address of
7 association, savings and loan holding company, or subsidiary) of which you are also
8 a customer. You may not be compelled to buy any product or service from either of
9 the above companies or any other related company in order to participate in this
10 transaction.

11 If you feel that you have been compelled to buy any product or service from
12 either of the above companies or any other related company in order to participate
13 in this transaction, you should contact the management of either of the above
14 companies at either of the above addresses or the division of ~~savings institutions~~
15 banking at (insert address).

16 **SECTION 26.** 215.40 (18) of the statutes is amended to read:

17 **215.40 (18) APPEAL BY APPLICANTS AFTER BEING DENIED CERTIFICATE OF AUTHORITY.**

18 If the division refuses to grant a certificate of authority to organize an association,
19 and the applicants feel aggrieved thereby, they may appeal to the review board to
20 review the division's determination under s. 215.04 (1) ~~(d)~~ (b) and (4).

21 **SECTION 27.** 220.02 (2) (e) and (f) of the statutes are created to read:

22 **220.02 (2) (e)** Savings banks under ch. 214.

23 **(f)** Savings and loan associations under ch. 215.

24 **SECTION 28.** 220.02 (3) of the statutes is amended to read:

1 220.02 (3) It is the intent of sub. (2) to give the division jurisdiction to enforce
2 and carry out all laws relating to banks or banking in this state, including those
3 relating to state banks, savings banks, savings and loan associations, and trust
4 company banks, and also all laws relating to small loan companies or other loan
5 companies or agencies, finance companies, motor vehicle dealers, adjustment service
6 companies, community currency exchanges, and collection agencies and those
7 relating to sellers of checks under ch. 217, whether doing business as corporations,
8 individuals, or otherwise, but to exclude laws relating to credit unions.

9 **SECTION 29.** 221.0303 (2) of the statutes is amended to read:

10 **221.0303 (2) OPERATION AND ACQUISITION OF CUSTOMER BANK COMMUNICATIONS**
11 **TERMINALS.** A bank may, directly or indirectly, acquire, place, and operate, or
12 participate in the acquisition, placement, and operation of, at locations other than
13 its main or branch offices, customer bank communications terminals, in accordance
14 with rules established by the division. The rules of the division shall provide that
15 any such customer bank communications terminal shall be available for use, on a
16 nondiscriminatory basis, by any state or national bank and by all customers
17 designated by a bank using the terminal. This subsection does not authorize a bank
18 which has its principal place of business outside this state to conduct banking
19 business in this state. The customer bank communications terminals also shall be
20 available for use, on a nondiscriminatory basis, by any credit union, savings and loan
21 association, or savings bank, if the credit union, savings and loan association, or
22 savings bank requests to share its use, subject to rules jointly established by the
23 division of banking, and the office of credit unions ~~and the division of savings~~
24 ~~institutions.~~ The division by order may authorize the installation and operation of

1 a customer bank communications terminal in a mobile facility, after notice and
2 hearing upon the proposed service stops of the mobile facility.

3 **SECTION 30.** 221.0321 (5) of the statutes is amended to read:

4 221.0321 (5) CERTAIN SECURED LOANS. A bank may make loans secured by
5 assignment or transfer of stock certificates or other evidence of the borrower's
6 ownership interest in a corporation formed for the cooperative ownership of real
7 estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a mortgage
8 involving a one-family residence, apply to a proceeding to enforce the lender's rights
9 in security given for a loan under this subsection. The division shall promulgate joint
10 rules with the office of credit unions ~~and the division of savings institutions~~ that
11 establish procedures for enforcing a lender's rights in security given for a loan under
12 this subsection.

13 **SECTION 31.** 223.105 (3) (a) of the statutes is amended to read:

14 223.105 (3) (a) To assure compliance with such rules as may be established
15 under s. 220.04 (7), the division of banking, and the office of credit unions ~~and the~~
16 ~~division of savings institutions~~ shall, at least once every 18 months, examine the
17 fiduciary operations of each organization which is under its respective jurisdiction
18 and is subject to examination under sub. (2). If a particular organization subject to
19 examination under sub. (2) is not otherwise under the jurisdiction of one of the
20 foregoing agencies, such examination shall be conducted by the division of banking.

21 **SECTION 32.** 223.105 (4) of the statutes is amended to read:

22 223.105 (4) NOTICE OF FIDUCIARY OPERATION. Except for those organizations
23 licensed under ch. 221 or this chapter, any organization engaged in fiduciary
24 operations as defined in this section shall, as required by rule, notify the division of
25 banking, or the office of credit unions ~~or the division of savings institutions~~ of that

1 fact, directing the notice to the agency then exercising regulatory authority over the
2 organization or, if there is none, to the division of banking. Any organization which
3 intends to engage in fiduciary operations shall, prior to engaging in such operations,
4 notify the appropriate agency of this intention. The notifications required under this
5 subsection shall be on forms and contain information required by the rules
6 promulgated by the division of banking.

7 **SECTION 33.** 223.105 (5) of the statutes is amended to read:

8 223.105 (5) ENFORCEMENT REMEDY. The division of banking ~~or the division of~~
9 ~~savings institutions~~ or office of credit unions shall, upon the failure of such
10 organization to submit notifications or reports required under this section or
11 otherwise to comply with the provisions of this section, or rules established by the
12 division of banking under s. 220.04 (7), upon due notice, order such defaulting
13 organization to cease and desist from engaging in fiduciary activities and may apply
14 to the appropriate court for enforcement of such order.

15 **SECTION 34.** 223.105 (6) of the statutes is amended to read:

16 223.105 (6) SUNSET. Except for an organization regulated by the office of credit
17 unions ~~or the division of savings institutions~~, a savings bank or savings and loan
18 association regulated by the division of banking, or an organization authorized by
19 the division of banking to operate as a bank or trust company under ch. 221 or this
20 chapter, an organization may not begin activity as a fiduciary operation under this
21 section after May 12, 1992. An organization engaged in fiduciary operations under
22 this section on May 12, 1992, may continue to engage in fiduciary operations after
23 that date.

24 **SECTION 35.** 227.52 (3) of the statutes is amended to read:

1 227.52 (3) Those decisions of the division of banking that are subject to review,
2 prior to any judicial review, by the banking review board, and decisions of the division
3 of banking relating to savings banks or savings and loan associations, but no other
4 institutions subject to the jurisdiction of the division of banking.

5 **SECTION 36.** 227.52 (5) of the statutes is repealed.

6 **SECTION 37.** 227.53 (1) (a) 1. of the statutes is amended to read:

7 227.53 (1) (a) 1. Proceedings for review shall be instituted by serving a petition
8 therefor personally or by certified mail upon the agency or one of its officials, and
9 filing the petition in the office of the clerk of the circuit court for the county where
10 the judicial review proceedings are to be held. If the agency whose decision is sought
11 to be reviewed is the office of the commissioner of tax appeals commission, the
12 banking review board, the credit union review board, or the savings and loan
13 institutions review board ~~or the savings bank review board~~, the petition shall be
14 served upon both the agency whose decision is sought to be reviewed and the
15 corresponding named respondent, as specified under par. (b) 1. to ~~5.~~ 4.

 ***NOTE: This is reconciled s. 227.53 (1) (a) 1. This SECTION has been affected by
draft LRB-1767/2, which creates the office of the commissioner of tax appeals.

16 **SECTION 38.** 227.53 (1) (b) 4. of the statutes is amended to read:

17 227.53 (1) (b) 4. The savings and loan institutions review board, the division
18 of ~~savings institutions~~ banking, except if the petitioner is the division of savings
19 institutions banking, the prevailing parties before the savings and loan institutions
20 review board shall be the named respondents.

21 **SECTION 39.** 227.53 (1) (b) 5. of the statutes is repealed.

22 **SECTION 40.** 227.53 (1) (d) of the statutes is amended to read:

1 227.53 (1) (d) Except in the case of the office of the commissioner of tax appeals
2 ~~commission~~, the banking review board, the credit union review board, and the
3 ~~savings and loan institutions~~ review board ~~and the savings bank review board~~, the
4 agency and all parties to the proceeding before it, shall have the right to participate
5 in the proceedings for review. The court may permit other interested persons to
6 intervene. Any person petitioning the court to intervene shall serve a copy of the
7 petition on each party who appeared before the agency and any additional parties
8 to the judicial review at least 5 days prior to the date set for hearing on the petition.

 ***NOTE: This is reconciled s. 227.53 (1) (d). This SECTION has been affected by
draft LRB-1767/2, which creates the office of the commissioner of tax appeals.

9 **SECTION 41.** 230.08 (2) (e) 4f. of the statutes is amended to read:

10 230.08 (2) (e) 4f. Financial institutions — ~~4~~ 3.

11 **SECTION 42.** 552.23 (1) of the statutes is amended to read:

12 552.23 (1) If the target company is an insurance company subject to regulation
13 by the commissioner of insurance, a banking corporation ~~subject to regulation by the~~
14 ~~division of banking, a~~, savings bank, or savings and loan association subject to
15 regulation by the division of ~~savings institutions~~ banking, or a company subject to
16 regulation by the public service commission, or the department of transportation ~~or~~
17 ~~the office of the commissioner of railroads~~, the division of securities shall promptly
18 furnish a copy of the registration statement filed under this chapter to the regulatory
19 agency having supervision of the target company. Any hearing under this chapter
20 involving any such target company shall be held jointly with the regulatory agency
21 having supervision, and any determination following the hearing shall be made
22 jointly with that regulatory agency.

 ***NOTE: This is reconciled s. 552.23 (1). This SECTION has been affected by drafts
with the following LRB numbers: LRB-1431 and LRB-1187.

1 **SECTION 43.** 813.16 (7) of the statutes is amended to read:

2 813.16 (7) If the person seeking the appointment of a receiver under sub. (1)
3 is a savings and loan association or savings bank supervised by the division of
4 banking or a corporation supervised by the division of savings institutions, home
5 loan bank board, U.S. federal office of thrift supervision, federal deposit insurance
6 corporation, or resolution trust corporation, the court, unless the opposing party
7 objects, shall appoint an officer of such corporation as receiver to act without
8 compensation and to give such bond as the court requires.

9 **SECTION 9120. Nonstatutory provisions; financial institutions.**

10 (1) REVIEW BOARD TRANSITIONAL PROVISIONS.

11 (a) *Current members of savings bank review board and savings and loan review*
12 *board.* Notwithstanding section 15.07 (1) (c) of the statutes and section 15.185 (3)
13 and (4), 2001 stats., the terms of office of all members of the savings bank review
14 board and all members of the savings and loan review board terminate on the
15 effective date of this paragraph.

16 (b) *Initial members of savings institutions review board.* Notwithstanding
17 section 15.185 (3) of the statutes, as affected by this act, the terms of office of the
18 members initially appointed to the savings institutions review board terminate as
19 follows:

- 20 1. Two members, on May 1, 2007.
21 2. Three members, on May 1, 2009.

22 (c) *Rules and orders.* All rules promulgated by the division of savings
23 institutions that are in effect on the effective date of this paragraph shall become
24 rules of the division of banking and shall remain in effect until their specified
25 expiration dates or until amended or repealed by the division of banking. All orders

1 issued by the division of savings institutions that are in effect on the effective date
2 of this paragraph shall become orders of the division of banking and shall remain in
3 effect until their specified expiration dates or until modified or rescinded by the
4 division of banking.

5 (d) *Contracts.* All contracts entered into by the division of savings institutions
6 in effect on the effective date of this paragraph remain in effect and are transferred
7 to the division of banking. The division of banking shall carry out any obligations
8 under such a contract until the contract expires or is modified or rescinded by the
9 division of banking to the extent allowed under the contract.

10 (e) *Pending matters.* Any matter pending with the division of savings
11 institutions on the effective date of this paragraph is transferred to the division of
12 banking and all materials submitted to or actions taken by the division of savings
13 institutions with respect to the pending matter are considered as having been
14 submitted to or taken by the division of banking.

15 (END)