

1989 Assembly Bill 849

Date of enactment: **April 16, 1990**  
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## 1989 WISCONSIN ACT 242

AN ACT *to repeal* 215.64 (1) (a); *to renumber and amend* 215.36 (1) (g), 215.53 (1), 215.64 (1) (b) and 215.73 (1); *to amend* 215.01 (17), 215.53 (title), 215.53 (2) (a) and (3), 215.58 (title) and (1) (a), (b) and (c) 1, 215.58 (2) (a) and (b) and (3) to (5), 215.58 (6) (intro.) and (j), 215.64 (title) and 215.73 (2) (a) and (b) and (3); and *to create* 215.01 (18m), 215.01 (27m), 215.53 (1) (a) 1 to 4, 215.59 and 215.73 (1) (a) 1 to 3 of the statutes, **relating to:** mutual savings and loan holding companies.

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

**SECTION 1.** 215.01 (17) of the statutes is amended to read:

215.01 (17) "Member" means a person owning a savings account in a mutual association or in a stock association if the stock association is a subsidiary of a mutual savings and loan holding company but does not include a person owning a savings account evidenced by a negotiable certificate of deposit which is not in registered form.

**SECTION 2.** 215.01 (18m) of the statutes is created to read:

215.01 (18m) "Mutual savings and loan holding company" means a holding company organized under s. 215.59.

**SECTION 3.** 215.01 (27m) of the statutes is created to read:

215.01 (27m) "Stock savings and loan holding company" means a savings and loan holding company organized as a capital stock corporation.

**SECTION 4.** 215.36 (1) (g) of the statutes is renumbered 215.01 (24m) and amended to read:

215.01 (24m) "Savings and loan holding company" includes a mutual savings and loan holding company or an equivalent mutual entity organized under the laws of another jurisdiction, a stock savings and loan holding company and includes any person, corporation, partner-

ship, trust, joint stock company, association, state or federal savings and loan association or state or national bank, which owns, holds or in any manner controls, directly or indirectly, 10% of the stock in a savings and loan association.

**SECTION 5.** 215.53 (title) of the statutes is amended to read:

**215.53 (title) Absorption.**

**SECTION 6.** 215.53 (1) of the statutes is renumbered 215.53 (1) (a) (intro.) and amended to read:

215.53 (1) (a) (intro.) A ~~With the consent of the commissioner and subject to any condition that the commissioner prescribes, a mutual association organized under this chapter may absorb a federal savings and loan association or a state chartered association, or be absorbed by a state chartered mutual association, with the consent of the commissioner and subject to any condition the commissioner prescribes, by an affirmative vote of at least two-thirds of the board of each association,~~ do any of the following:

(b) The absorbed association or mutual savings and loan holding company shall transfer its assets and liabilities to the absorbing association but not to defeat or defraud creditors.

**SECTION 7.** 215.53 (1) (a) 1. to 4. of the statutes are created to read:

215.53 (1) (a) 1. Absorb a federal savings and loan association or a state chartered association.

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2. Be absorbed by a state chartered mutual association.

3. Be absorbed by a state chartered stock association, if the stock association is a subsidiary of a mutual savings and loan holding company or of an equivalent mutual entity organized under the laws of a regional state, as defined in s. 215.36 (1) (f).

4. Absorb a mutual savings and loan holding company under a plan, approved by the commissioner, that provides that the mutual savings and loan holding company ceases to engage in activities that the absorbing association may not engage in and that provides that stock in a subsidiary association that is not held by the absorbed mutual savings and loan holding company is redeemed.

**SECTION 8.** 215.53 (2) (a) and (3) of the statutes are amended to read:

215.53 (2) (a) All the rights, franchises and property interests of the absorbed association or, subject to sub. (1) (a) 4., of the absorbed mutual savings and loan holding company shall be deemed to be transferred to the absorbing association, which shall hold and enjoy same and all rights of property, franchises and interest in the same manner and to the same extent as was held and enjoyed by the absorbed association. ~~The or mutual savings and loan holding company.~~ Except as provided in s. 215.01 (17), the savers of the absorbed association or of a subsidiary of an absorbed mutual savings and loan holding company shall be members of the absorbing association, except as provided in s. 215.01 (17) or, if the absorbing association is a subsidiary of a mutual savings and loan holding company, members of the mutual savings and loan holding company, and possess and be subject to all rights, privileges and duties as provided in the bylaws of the absorbing association or mutual savings and loan holding company.

(3) WITHDRAWAL REQUESTS OF OWNERS OF SAVINGS ACCOUNTS OF ABSORBED ASSOCIATION. Any saver in an absorbed association or in a subsidiary of an absorbed mutual savings and loan holding company, who intends to file a written withdrawal request for savings accounts within one year after the date of approval of such absorption by the commissioner, may do so by giving 90 days' written notice of such intention, and the savings accounts shall be withdrawn as provided in s. 215.17. Any person who has filed such written withdrawal request shall remain a member and be subject to all rights, privileges and duties under this chapter and the bylaws and the rules and regulations of the absorbing association or, if the absorbing association is a subsidiary of a mutual savings and loan holding company, of the mutual savings and loan holding company, until the withdrawal value of the savings accounts has been paid to the person.

**SECTION 9.** 215.58 (title) and (1) (a), (b) and (c) 1. of the statutes are amended to read:

**215.58 (title) Organizational conversion from mutual to stock form.** (1) (a) A state chartered mutual association may convert to a stock association or a mutual savings and loan holding company may convert to a stock savings and loan holding company under this section. The board shall adopt a plan of conversion which complies with this section and the rules of the commissioner. The plan of conversion is subject to the approval of the commissioner.

(b) Conversion of a mutual association or a mutual savings and loan holding company under this section is effective only if done according to a plan of conversion approved by the commissioner under par. (a) and if the plan is approved by an affirmative vote of the majority of all votes entitled to be cast by members. Notice of a meeting to vote on the plan of conversion shall be sent to each member at least 10 days prior to such meeting. The notice shall state the time, place and purpose of the meeting, and provide a summary of the plan of conversion and such other information as the commissioner requires.

(c) 1. A copy of the minutes of the meeting adopting the plan. The minutes shall be certified by the secretary or president, and shall show that, by an affirmative vote as required under par. (b), the members voted to convert the association to a capital stock association or to convert the mutual savings and loan holding company to a stock savings and loan holding company.

**SECTION 10.** 215.58 (2) (a) and (b) and (3) to (5) of the statutes are amended to read:

215.58 (2) (a) The plan of conversion is fair and equitable to all savers in ~~the a~~ converting association or to all savers in each subsidiary association of a converting mutual savings and loan holding company.

(b) The plan protects the interest of depositors and owners of savings accounts of the prospective ~~capital~~ stock association or of each subsidiary association of the prospective stock savings and loan holding company.

(3) CERTIFICATE OF CONVERSION; EFFECTIVE DATE. The commissioner may issue ~~to a mutual association~~ a certificate of conversion from a mutual association to a ~~capital~~ stock association or from a mutual savings and loan holding company to a stock savings and loan holding company if the commissioner determines the plan of conversion has been implemented as approved and the association or holding company has complied with this section and any conditions to the approval. The date specified in the certificate is the effective date of conversion. The certificate shall be recorded with the register of deeds in the county where the home office of the association or the registered office of the holding company is located.

(4) RETENTION OF DIRECTORS. Unless the plan of conversion provides otherwise, the directors of the converted mutual association or the converted mutual savings and loan holding company shall continue to serve as directors

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of the ~~capital stock association~~ or stock savings and loan holding company for the duration of the term to which they were elected.

(5) CONTINUATION OF CORPORATE EXISTENCE AFTER CONVERSION; ASSUMPTION OF PRIVILEGES AND OBLIGATIONS. (a) Upon conversion of a mutual association or mutual savings and loan holding company under this section, the legal existence of the association or holding company shall not terminate. The stock association shall be a continuation of the mutual association, and ~~all the stock savings and loan holding company shall be a continuation of the mutual savings and loan holding company.~~ All property of the mutual association or mutual savings and loan holding company and every right, privilege, interest and asset of every conceivable value or benefit then existing or pertaining to it, or which would inure to it, shall immediately, without any conveyance, transfer or further act, remain and vest in the stock association or stock savings and loan holding company. The stock association or stock savings and loan holding company shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed by the mutual association or mutual savings and loan holding company.

(b) The stock association or stock savings and loan holding company resulting from a conversion under this section shall continue to have and succeed to all the rights, obligations and relations of the mutual association or mutual savings and loan holding company. No pending action or judicial proceeding to which the mutual association or mutual savings and loan holding company is a party shall be abated or discontinued by reason of the conversion. Such an action or proceeding may be prosecuted to final judgment, order or decree in the same manner as if the conversion had not been made, and the stock association or stock savings and loan holding company resulting from the conversion may continue the action in its corporate name as a mutual association or mutual savings and loan holding company. Any judgment, order or decree may be rendered for or against the stock association which or stock savings and loan holding company that might have been rendered for or against the mutual association or mutual savings and loan holding company previously involved in the proceedings. Each owner of a savings account in the mutual association or a subsidiary association of the mutual savings and loan holding company continues ownership of the account in the stock association or the subsidiary association of the stock savings and loan holding company under the same terms applicable to the account prior to conversion.

**SECTION 11.** 215.58 (6) (intro.) and (j) of the statutes are amended to read:

215.58 (6) RESERVED AUTHORITY OF COMMISSIONER. (intro.) The commissioner may issue rules governing the conversion of ~~a mutual associations~~ association or mutual savings and loan holding company, including:

(j) Such ~~Any~~ other requirements requirement for converting a mutual association to a ~~capital stock association as deemed necessary~~ or a mutual savings and loan holding company to a stock savings and loan holding company.

**SECTION 12.** 215.59 of the statutes is created to read:  
**215.59 Mutual savings and loan holding companies.** (1) FORMATION. (a) *Reorganization.* A mutual association may reorganize as a mutual savings and loan holding company under this section.

(b) *Plan.* A reorganizing mutual association shall prepare a reorganization plan. Under a reorganization plan, a mutual association shall do all of the following:

1. Charter a stock association.
2. Transfer to the stock association a substantial part of its assets and liabilities, including all of its savings account liabilities.
3. Prepare articles of incorporation and bylaws for the mutual savings and loan holding company.

(c) *Capital asset retention.* Subject to the approval of the commissioner, if the net worth of the stock association chartered under the reorganization plan exceeds the minimum net worth under s. 215.24, a plan may permit a mutual savings and loan holding company to retain capital assets of the reorganizing mutual association.

(d) *Approval required.* A mutual association may not implement a reorganization plan unless the plan is approved by all of the following:

1. Two-thirds of the directors of the mutual association.
2. The members of the mutual association under par. (e).
3. The commissioner under par. (f).

(e) *Member approval.* 1. Notice of a meeting to vote on a reorganization plan shall be sent to members at least 10 days before the meeting. The notice shall state the time, place and purpose of the meeting, shall provide a summary of the reorganization plan and shall provide any other information that the commissioner requires.

2. An affirmative vote by a majority of all votes entitled to be cast by members shall be required to approve a reorganization plan.

3. Within 10 days after a reorganization plan receives member approval, the mutual association shall submit to the commissioner a copy of the minutes of the meeting at which the plan is approved. The secretary of the mutual association shall certify that the minutes show that the members approved the reorganization plan.

(f) *Commissioner approval.* The commissioner may approve a reorganization plan if the commissioner finds that all of the following conditions exist:

1. The reorganization plan is fair to all members in the reorganizing mutual association.
2. The reorganization plan protects the interest of savers whose savings accounts are transferred to the stock association.

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3. The reorganization plan complies with rules promulgated by the commissioner governing the reorganization of a mutual association into a mutual savings and loan holding company and the operation of a mutual savings and loan holding company.

(g) *Certificate of reorganization.* If the commissioner determines that the mutual association has complied with the requirements of this subsection and has implemented the reorganization plan as approved, the commissioner shall issue a certificate of reorganization evidencing that the mutual association has been reorganized into a mutual savings and loan holding company. The date specified in the certificate shall be the effective date of reorganization. On the date specified in the certificate, the mutual association ceases to exist but its legal existence continues as a mutual savings and loan holding company. The certificate shall be recorded with the register of deeds in the county in which the home office of the mutual association was located and in the county in which the registered office of the mutual savings and loan holding company is located.

(h) *Retention of directors, proxies.* 1. Unless the reorganization plan provides otherwise, a director of a mutual association continues to serve as a director of the mutual savings and loan holding company for the duration of the director's term.

2. Unless the reorganization plan or the proxy provides otherwise, a proxy that may be cast on behalf of a mutual association member may be cast on behalf of a mutual savings and loan holding company member until the proxy is revoked or superseded under sub. (2) (d).

(2) MEMBER AND MEMBER RIGHTS. (a) *Effect of reorganization or absorption.* When a mutual association reorganizes under sub. (1) or is absorbed by a subsidiary of a mutual savings and loan holding company under s. 215.53, a member of the mutual association becomes a member of the mutual savings and loan holding company. On the effective date of the reorganization or absorption, a member's rights in the mutual association end and a member's rights in the mutual savings and loan holding company begin.

(b) *Who may be a member.* A person becomes a member of a mutual savings and loan holding company by owning a savings account in an association that is a subsidiary of the savings and loan holding company, unless the savings account is evidenced by a negotiable certificate of deposit that is not in registered form.

(c) *Voting rights.* A member of a mutual savings and loan holding company shall have one vote for each \$100 or additional fraction of \$100 of the withdrawal value of each of the member's savings accounts in a subsidiary association of the mutual savings and loan holding company, as the savings accounts appear on the books of an association at the end of a day selected by the board of directors of the mutual savings and loan holding company. The board may not select a day to determine the

withdrawal value of savings accounts that is more than 60 days before the day at which a vote is taken.

(d) *Proxies.* Members of a mutual savings and loan holding company may vote in person or by proxy at any meeting. A proxy shall be in writing and signed by the member or the member's authorized attorney. A proxy filed with the secretary shall, unless specified in the proxy, continue in force until revoked by a written notice to the secretary or until superseded by another proxy.

(e) *Member termination.* Membership in a mutual savings and loan holding company ends if the member withdraws the full withdrawal value of all savings accounts in subsidiary associations. A member who requests the full withdrawal value of the member's savings accounts remains a member until the withdrawal value is paid in full.

(3) POWERS. (a) *Powers of holding company.* A mutual savings and loan holding company may do any of the following:

1. Invest in or acquire an association.
2. Acquire an association by the absorption of the association by a subsidiary association of the savings and loan holding company.
3. Acquire or merge with a mutual savings and loan holding company.
4. Invest in securities an association may invest in under s. 215.13 (26).
5. Engage in activities an association may engage in under s. 215.13 (27) to (29).
6. Convert to a stock savings and loan holding company under s. 215.58.
7. Furnish or perform management services for a subsidiary.
8. Hold, manage or liquidate assets owned by or acquired from a subsidiary.
9. Hold or manage property used by the mutual savings and loan holding company or a subsidiary.
10. Unless limited or prohibited by the commissioner, engage in any activity that the federal reserve board permits a bank holding company to engage in under 12 CFR 225, subpart C, promulgated pursuant to 12 USC 1843 (c) or any activity that the federal savings and loan insurance corporation authorized a multiple savings and loan holding company to engage in directly on March 5, 1987.
11. Be absorbed by a mutual association under s. 215.53 (1) (a) 4.
12. Dissolve itself and the stock association chartered under sub. (1) (b) 1. and convert itself and the stock association into a mutual association under a plan, approved by the commissioner, that provides that the converting mutual savings and loan holding company ceases to engage in activities that the converted association may not engage in and that provides that stock in a subsidiary association that is not held by the converting mutual savings and loan holding company is redeemed.

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(b) *Powers of subsidiaries.* This subsection does not limit the powers of an association that is a subsidiary of a mutual savings and loan holding company.

(4) STOCK IN SUBSIDIARY. Under a plan approved by the commissioner, a stock association that is a subsidiary of a mutual savings and loan holding company may issue any number of nonvoting shares and less than 50% of the voting shares of the stock association to persons other than the mutual savings and loan holding company.

**SECTION 13.** 215.64 (title) of the statutes is amended to read:

**215.64** (title) **Control of association by holding company.**

**SECTION 14.** 215.64 (1) (a) of the statutes is repealed.

**SECTION 15.** 215.64 (1) (b) of the statutes is renumbered 215.64 (1) and amended to read:

215.64(1) A savings and loan holding company shall be deemed to be engaged in the savings and loan business and shall be subject to the supervision and control of the office of the commissioner. Such savings and loan holding company shall file reports of its financial condition when requested by the commissioner, and the commissioner may order an examination of its solvency and economic condition whenever, in ~~his~~ the commissioner's opinion, an examination is required. The cost of the examination shall be paid by the savings and loan holding company. Whenever in the opinion of the commissioner, the condition of the savings and loan holding company shall endanger the safety of the savings capital of any savings and loan association which it owns or in any manner controls, or the operation of such savings and loan holding company shall be carried on in a manner which endangers the safety of such savings and loan association or its savers, or is contrary to the public interest, the commissioner may order the savings and loan holding company to remedy such condition or policy within 90 days. If the commissioner's order is not complied with, ~~he shall have the power to~~ the commissioner may fully direct the operation of such savings and loan association or savings and loan holding company until the order is complied with, and may withhold all dividends from the institution whose operation ~~he~~ the commissioner directs during the period in which ~~he~~ the commissioner exercises such authority.

**SECTION 16.** 215.73 (1) of the statutes is renumbered 215.73 (1) (a) (intro.) and amended to read:

215.73 (1) (a) (intro.) ~~A~~ With the consent of the commissioner and subject to any condition that the commissioner prescribes, a stock association organized under this chapter may absorb ~~a federal stock savings and loan association or a state chartered stock association, or be absorbed by a state chartered stock association,~~ with the consent of the commissioner and subject to any condition ~~the commissioner prescribes,~~ by an affirmative vote of at least two-thirds of the board of each association, do any of the following:

(b) The absorbed association shall transfer its assets and liabilities to the absorbing association but not to defeat or defraud creditors.

**SECTION 17.** 215.73 (1) (a) 1. to 3. of the statutes are created to read:

215.73 (1) (a) 1. Absorb a federal stock savings and loan association or a state chartered stock association.

2. Be absorbed by a state chartered stock association.

3. Absorb a federal mutual savings and loan association or a state chartered mutual association, if the absorbing association is a subsidiary of a mutual savings and loan holding company or an equivalent mutual entity organized under the laws of a regional state, as defined in s. 215.36 (1) (f).

**SECTION 18.** 215.73 (2) (a) and (b) and (3) of the statutes are amended to read:

215.73 (2) (a) Upon absorption the rights, franchises and property interests of the absorbed ~~stock~~ association shall be deemed to be transferred to the absorbing stock association, which shall hold and enjoy same, in the same manner and to the same extent as the absorbed association.

(b) Stockholders of ~~an~~ a stock association absorbed under this section may be compensated by converting the shares of the absorbed association into, in whole or in part: shares, obligations or other securities of the absorbing association or of any other association or corporation; or cash or other thing of value.

(3) WITHDRAWAL REQUESTS OF SAVERS IN ABSORBED STOCK ASSOCIATION. Any saver in an absorbed ~~stock~~ association, who intends to file a written withdrawal request for savings accounts within one year after the date of approval of such absorption by the commissioner, may do so by giving 90 days' written notice of such intention, and the savings accounts shall be withdrawn as provided in s. 215.17.