

# State of Wisconsin



2003 Assembly Bill 2

Date of enactment: **October 22, 2003**  
Date of publication\*: **November 5, 2003**

## 2003 WISCONSIN ACT 63

AN ACT *to repeal* 186.235 (16) (b), 186.41 (1) (d), 186.41 (6) (b) and 186.41 (8); *to renumber* 186.41 (6) (a); *to renumber and amend* 109.09 (2) (c), 186.02 (2) (d), 186.11 (4) (a), 186.113 (11), 186.235 (16) (a), 186.41 (1) (a) and 186.41 (1) (c); *to amend* 93.01 (1m), 109.01 (1r), 186.01 (2), 186.02 (2) (a) 1., 186.02 (2) (b) 2., 186.02 (2) (c), 186.06 (4), 186.11 (4) (title), 186.11 (4) (c), 186.113 (1), 186.113 (1m) (a) (intro.), 186.113 (6) (b) and (c), 186.22 (12m), 186.235 (7) (a) (intro.), 186.36, 186.41 (title), 186.41 (2) and (3), 186.41 (4) (intro.), (a) to (d) and (f), 186.41 (5) (a), (b), (c) and (cr), 220.04 (9) (a) 2. and 409.617 (1) (c); *to repeal and recreate* 186.11 (4) (b) and 186.17 (1); and *to create* 109.09 (2) (c) 1., 109.09 (2) (c) 2., 109.09 (2) (c) 3., 186.02 (2) (b) 2m., 186.02 (2) (d) 2., 186.07 (3m), 186.11 (4) (a) 1., 186.11 (4) (bd) and (bh), 186.113 (11) (b), 186.113 (24), 186.113 (25), 186.20, 186.235 (7) (c), 186.235 (7m), 186.235 (16m), 186.45, 186.80, 220.14 (5) and chapter 222 of the statutes; **relating to:** credit union membership, powers, operation, and regulation; the application of agriculture, trade, and consumer protection statutes to credit unions; the creation of a new type of financial institution; the powers of and requirements applicable to the new type of financial institution; the discharge of governmental liens under the Uniform Commercial Code; the priority of certain wage claim liens over a prior lien of a commercial lending institution; providing an exemption from emergency rule procedures; granting rule-making authority; and providing a penalty.

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

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

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

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

**SECTION 2.** 109.01 (1r) of the statutes is amended to read:

109.01 (1r) "Employee" means any person employed by an employer, except that "employee" does not include an officer or director of a corporation, a member or manager of a limited liability company, a partner of a partnership or a joint venture or the owner of a sole proprietorship, an independent contractor, or a person employed in a managerial, executive, or commissioned sales capacity or in a capacity in which the person is privy to confidential matters involving the employer-employee relationship.

**SECTION 3.** 109.09 (2) (c) of the statutes is renumbered 109.09 (2) (c) 1m. and amended to read:

\* Section 991.11, WISCONSIN STATUTES 2001-02 : Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

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

**SECTION 3m.** 109.09 (2) (c) 1. of the statutes is created to read:

109.09 (2) (c) 1. In this paragraph:

a. "Commercial lending institution" has the meaning given for "financial institution" in s. 234.01 (5k).

b. "Financial institution" has the meaning given in s. 69.30 (1) (b).

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

109.09 (2) (c) 2. Except as provided in this subdivision, a lien under par. (a) does not take precedence over a lien of a commercial lending institution against the employer that originates before the lien under par. (a) takes effect. Subject to subd. 3., a lien under par. (a) takes precedence over a lien of a commercial lending institution against the employer that originates before the lien under par. (a) takes effect only as to the first \$3,000 of unpaid wages covered under the lien that are earned by an employee within the 6 months preceding the date on which the employee files the wage claim under sub. (1) or brings the action under s. 109.03 (5) or the date on which the department receives the wage claim under s. 109.10 (4) (a), whichever is applicable.

**SECTION 5.** 109.09 (2) (c) 3. of the statutes is created to read:

109.09 (2) (c) 3. Notwithstanding subd. 2., a lien of a financial institution that exists on the day before the effective date of this subdivision .... [revisor inserts date], and that originates before a lien under par. (a) takes effect takes precedence over the lien under par. (a), and a lien of a financial institution for any amount advanced by the financial institution after a lien under par. (a) takes effect under a contract entered into before the effective date of this subdivision .... [revisor inserts date], including any extension or renewal of such a contract, takes precedence over the lien under par. (a). Notwithstanding subd. 2., a lien under par. (a) that exists on the day before the effective date of this subdivision .... [revisor inserts date], takes precedence over a lien of a commercial lending institution that is not a financial institution, regardless of

whether the lien of the commercial lending institution originates before or after the lien under par. (a) takes effect.

**SECTION 6.** 186.01 (2) of the statutes is amended to read:

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

**SECTION 7.** 186.02 (2) (a) 1. of the statutes is amended to read:

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

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

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

**SECTION 9.** 186.02 (2) (b) 2m. of the statutes is created to read:

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

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

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

**SECTION 11.** 186.02 (2) (d) of the statutes is renumbered 186.02 (2) (d) 1. and amended to read:

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

**SECTION 12.** 186.02 (2) (d) 2. of the statutes is created to read:

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

**SECTION 13.** 186.06 (4) of the statutes is amended to read:

186.06 (4) FISCAL YEAR. The fiscal year of every credit union shall end at the close of business on December 31 and the credit union shall, at least semiannually, transfer funds as provided in s. 186.17.

**SECTION 14.** 186.07 (3m) of the statutes is created to read:

186.07 (3m) WRITTEN CONSENT IN LIEU OF MEETING.

(a) Unless the articles of incorporation or bylaws provide otherwise, any action required or permitted by this chapter to be authorized at a board of directors' meeting may be authorized without a meeting if that action is authorized by all directors and is evidenced by one or more written statements, signed by each director, describing and consenting to the action. Such an action has the same effect as an action authorized by unanimous vote at a meeting at which all directors are present and may be described as such in any document.

(b) Any action authorized under par. (a) is effective when the last director signs the statement evidencing his or her consent, unless the statement specifies a different effective date.

(c) A credit union shall retain all statements signed by its directors under par. (a).

**SECTION 15.** 186.11 (4) (title) of the statutes is amended to read:

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

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

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

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

**SECTION 17.** 186.11 (4) (a) 1. of the statutes is created to read:

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

**SECTION 18.** 186.11 (4) (b) of the statutes is repealed and recreated to read:

186.11 (4) (b) A credit union service organization under par. (a) may provide any of the following services related to the routine daily operations of credit unions:

1. Checking and currency services, check cashing services, money order services, savings bond services, traveler's check services, and services regarding the purchase and sale of U.S. mint commemorative coins.

2. Clerical, professional, and management services, including, but not limited to, accounting, courier, credit analysis, facsimile transmission and copying, internal credit union audit, locator, management and personnel training and support, marketing, research, and supervisory committee audit services.

3. Consumer mortgage loan origination services.

4. Electronic transaction services, including, but not limited to, remote terminal, credit and debit card, data processing, electronic fund transfer, electronic income tax filing, payment item processing, wire transfer, and Internet financial services.

5. Tax preparation services, services regarding the development and administration of individual retirement accounts, Keogh plans, deferred compensation plans, and other personnel benefit plans, and financial counseling services, including, but not limited to, estate planning.

6. Fixed asset services, including, but not limited to, the management, development, sale, or lease of fixed assets and the sale, lease, or servicing of computer hardware or software.

7. Insurance brokerage or agency services, including, but not limited to, providing vehicle warranty programs, providing group insurance purchasing programs, and acting as an agent for the sale of insurance.

8. Services with regard to the leasing of real property owned by the credit union service organization or personal property.

9. Loan support services, including, but not limited to, debt collection and loan processing, servicing, and sales services and services regarding the sale of repossessed collateral.

10. Record retention, security, and disaster recovery services, including, but not limited to, alarm monitoring, data storage and retrieval, and record storage services and providing forms and supplies.

11. Securities brokerage services.

12. Shared credit union branch operations.

13. Student loan origination services.

14. Travel agency services.

15. Trust and other fiduciary services, including, but not limited to, acting as an administrator for prepaid legal services plans or acting as a trustee, guardian, conservator, estate administrator, or in any other fiduciary capacity.

16. Real estate brokerage services.

**SECTION 19.** 186.11 (4) (bd) and (bh) of the statutes are created to read:

186.11 (4) (bd) The office of credit unions may expand the list of services under par. (b) that are related to the routine daily operations of credit unions. Any ser-

vice approved under this paragraph shall be authorized for all credit union service organizations under par. (a). A credit union may file a written request with the office of credit unions to exercise its authority under this paragraph and may include, along with the request, a description of any proposed service and an explanation of how that service is related to the routine daily operations of credit unions. Within 60 days after receiving a request under this paragraph, the office of credit unions shall approve or disapprove the request.

(bh) A credit union service organization under par. (a) may provide any service described under par. (b) or approved under par. (bd) through an investment by the credit union service organization in a third-party service provider. The amount that a credit union service organization may invest in a third-party service provider under this paragraph may not exceed the amount necessary to obtain the applicable services, or a greater amount if necessary for the credit union service organization to obtain the services at a reduced cost.

**SECTION 20.** 186.11 (4) (c) of the statutes is amended to read:

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

**SECTION 21.** 186.113 (1) of the statutes is amended to read:

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

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

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

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

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

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

**SECTION 24.** 186.113 (11) of the statutes is renumbered 186.113 (11) (a) and amended to read:

186.113 (11) (a) ~~Have~~ Offer deposit accounts to members.

**SECTION 25.** 186.113 (11) (b) of the statutes is created to read:

186.113 (11) (b) Offer deposit accounts to any person if the credit union satisfies the requirements specified in 12 CFR 701.34 (a) for designation as a low-income credit union and files a statement with the office of credit unions agreeing to be bound by requirements and conditions that are substantially identical to those imposed by the national board and the national credit union administration on federal credit unions designated under 12 CFR 701.34 (a).

**SECTION 26.** 186.113 (24) of the statutes is created to read:

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

**SECTION 27.** 186.113 (25) of the statutes is created to read:

186.113 (25) SALE OF INSURANCE PRODUCTS. Sell insurance, annuities, and related products.

**SECTION 28.** 186.17 (1) of the statutes is repealed and recreated to read:

186.17 (1) REGULAR RESERVES. A credit union shall establish and maintain a regular reserve account and shall transfer amounts to the regular reserve account as required by the national board.

**SECTION 29.** 186.20 of the statutes is created to read:

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

**SECTION 30.** 186.22 (12m) of the statutes is amended to read:

186.22 (12m) MEETINGS OF DIRECTORS. Section 186.07 (3) and (3m) applies to a credit union finance corporation.

**SECTION 31.** 186.235 (7) (a) (intro.) of the statutes is amended to read:

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

**SECTION 32.** 186.235 (7) (c) of the statutes is created to read:

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

**SECTION 33.** 186.235 (7m) of the statutes is created to read:

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

**SECTION 34.** 186.235 (16) (a) of the statutes is renumbered 186.235 (16) and amended to read:

186.235 (16) ANNUAL PERIODIC EXAMINATION. At least once each year every 18 months, the office of credit unions shall examine the records and accounts of each credit union. For that purpose the office of credit unions shall have full access to, and may compel the production of, each credit union's records and accounts. They ~~The~~ office of credit unions may administer oaths to and examine each credit union's officers and agents.

**SECTION 35.** 186.235 (16) (b) of the statutes is repealed.

**SECTION 36.** 186.235 (16m) of the statutes is created to read:

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

**SECTION 37.** 186.36 of the statutes is amended to read:

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

**SECTION 38.** 186.41 (title) of the statutes is amended to read:

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

**SECTION 39.** 186.41 (1) (a) of the statutes is renumbered 186.41 (1) (bm) and amended to read:

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

**SECTION 40.** 186.41 (1) (c) of the statutes is renumbered 186.41 (1) (am) and amended to read:

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

**SECTION 41.** 186.41 (1) (d) of the statutes is repealed.

**SECTION 42.** 186.41 (2) and (3) of the statutes are amended to read:

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

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

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

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

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

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

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

**SECTION 43.** 186.41 (4) (intro.), (a) to (d) and (f) of the statutes are amended to read:

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

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

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

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

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

(f) With regard to an acquisition of assets of ~~an in-state~~ a Wisconsin credit union that is chartered on or after May 9, 1986, the ~~in-state~~ Wisconsin credit union has

been in existence for at least 5 years before the date of acquisition.

**SECTION 44.** 186.41 (5) (a), (b), (c) and (cr) of the statutes are amended to read:

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

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

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

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

**SECTION 45.** 186.41 (6) (a) of the statutes is renumbered 186.41 (6).

**SECTION 46.** 186.41 (6) (b) of the statutes is repealed.

**SECTION 47.** 186.41 (8) of the statutes is repealed.

**SECTION 48.** 186.45 of the statutes is created to read:

**186.45 Non-Wisconsin credit union, Wisconsin offices.** (1) **DEFINITIONS.** In this section:

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

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

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

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

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

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

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

(e) It has received approval to open an office and conduct business as a credit union in this state from the credit union authorities of the state in which it is organized.

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

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

(3) **REQUIREMENTS.** A non-Wisconsin credit that opens an office and conducts business as a credit union in this state shall do all of the following:

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

(b) Comply with this state's laws.

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

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

**SECTION 49.** 186.80 of the statutes is created to read:

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

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

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

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

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

**SECTION 50.** 220.04 (9) (a) 2. of the statutes is amended to read:

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

**SECTION 51.** 220.14 (5) of the statutes is created to read:

220.14 (5) Contain a statement of the total number of orders issued by the division during the year under s. 222.0203 (2).

**SECTION 52.** Chapter 222 of the statutes is created to read:

## CHAPTER 222

### UNIVERSAL BANKS

#### SUBCHAPTER I

#### GENERAL PROVISIONS

**222.0101 Title.** This chapter may be cited as the "Wisconsin universal bank law."

**222.0102 Definitions.** In this chapter:

(1) “Capital” of a universal bank means the sum of the following, less the amount of intangible assets that is not considered to be qualifying capital by a deposit insurance corporation or the division:

(a) For a universal bank organized as a stock organization, the universal bank’s capital stock, preferred stock, undivided profits, surplus, outstanding notes and debentures approved by the division, other forms of capital designated as capital by the division, and other forms of capital considered to be qualifying capital of the universal bank by a deposit insurance corporation.

(b) For a universal bank organized as a mutual organization, the universal bank’s net worth, undivided profits, surplus, outstanding notes and debentures approved by the division, other forms of capital designated as capital by the division, and other forms of capital considered to be qualifying capital by a deposit insurance corporation.

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

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

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

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

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

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

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

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

**222.0105 Fees.** The division may establish such fees as it determines are appropriate for documents filed with

the division under this chapter and for services provided by the division under this chapter.

**222.0107 Administration.** (1) **POWERS OF DIVISION.** The division shall administer this chapter for all universal banks.

(2) **RULE-MAKING AUTHORITY.** The division may promulgate rules to administer and carry out this chapter. The division may establish additional limits or requirements on universal banks, if the division determines that the limits or requirements are necessary for the protection of depositors, members, investors, or the public.

#### SUBCHAPTER II CERTIFICATION

**222.0201 Procedure.** (1) **APPLICATION.** A financial institution may apply to become certified as a universal bank by filing a written application with the division. The application shall include all information required by the division. The application shall be on the forms and in accordance with the procedures prescribed by the division.

(2) **REVIEW BY DIVISION.** An application submitted by a financial institution under sub. (1) shall either be approved or disapproved by the division, in writing, within 60 days after the date on which application is filed with the division. The division and the financial institution may mutually agree to extend the application period for an additional period of 60 days. The division shall approve an application if all of the applicable requirements under s. 222.0203 (1) are met.

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

(a) The financial institution has been in existence and continuous operation for a minimum of 3 years before the date of the application.

(b) The financial institution is well-capitalized.

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

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

(e) The most current evaluation prepared under [12 USC 2906](#) that the financial institution has received rates the financial institution as “outstanding” or “satisfactory” in helping to meet the credit needs of its entire community, including low-income and moderate-income

neighborhoods, consistent with the safe and sound operation of the financial institution.

(f) If the financial institution has received from its federal functional regulator, as defined in 15 USC 6809 (2), a consumer compliance examination that contains information regarding the financial institution's compliance with 15 USC 6801 to 6803 and any applicable regulations prescribed under 15 USC 6804, the most recent such examination indicates, in the opinion of the division, that the financial institution is in substantial compliance with those statutes or regulations.

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

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

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

### SUBCHAPTER III ORGANIZATION

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

**222.0303 Name.** (1) **USE OF "BANK."** Notwithstanding ss. 214.035, 215.40 (1) (c), and 215.60 (1) (c) and subject to subs. (2) and (3) (b), a universal bank may use the word "bank" in its name, without having to include the word "savings." Notwithstanding ss. 215.40 (1) (a) and 215.60 (1) (a) and subject to subs. (2) and (3) (b), a universal bank that is organized under ch. 215 and that uses the word "bank" in its name in accordance with this

section need not include the words "savings and loan association" or "savings association" in its name.

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

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

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

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

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

1. Merged with the other institution.
2. Been formed by reorganization of the other institution.
3. Acquired all or substantially all of the assets, including the name, of the other institution.

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

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

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

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

(a) For universal banks organized under ch. 214, the standards described in ss. 214.09, 214.62 to 214.64, and 214.665, and subch. III of ch. 214.

(b) For universal banks organized under ch. 215, the standards described in ss. 215.35, 215.36, 215.53, and 215.73.

(c) For universal banks chartered under ch. 221, the standards described in subchs. VII and IX of ch. 221.



SUBCHAPTER IV  
POWERS

**222.0401 Federal financial institution powers. (1)**

IN GENERAL. (a) *Powers exercised by universal bank.* Subject to any applicable requirements of sub. (2), a universal bank may exercise any power that may be directly exercised by a federally chartered savings bank, a federally chartered savings and loan association, or a federally chartered national bank.

(b) *Powers exercised by subsidiary of universal bank.* Subject to any applicable requirements of sub. (2), a universal bank, through a subsidiary, may exercise any power that a federally chartered savings bank, a federally chartered savings and loan association, or a federally chartered national bank may exercise through a subsidiary.

(2) APPROVAL REQUIRED FOR EXERCISE OF FEDERAL POWER. Except as otherwise provided in this subsection, a universal bank shall file with the division a written request to exercise a power under sub. (1). The division shall determine whether the requested power is permitted under sub. (1). Within 60 days after receiving a request under this subsection, the division shall approve the request, if the power is permitted under sub. (1), or shall disapprove the request if the power is not permitted under sub. (1). The division and the universal bank may mutually agree to extend this 60-day period for an additional period of 60 days. The division shall periodically publish, in the Wisconsin administrative register, a list of all powers approved under this subsection and, upon publication, shall mail a copy of the list to all universal banks. A universal bank need not request the permission of the division under this subsection to exercise any power described in the most current list published under this subsection.

(3) EXERCISE OF FEDERAL POWERS THROUGH A SUBSIDIARY. The division may require that certain powers exercisable by a universal bank under sub. (1) (a) be exercised through a subsidiary of the universal bank with appropriate safeguards to limit the risk exposure of the universal bank.

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

(2) IN GENERAL. (a) *Percentage limitation.* Except as provided in subs. (3) to (8), the total liabilities of any person, other than a municipal corporation, to a universal bank for a loan or extension of credit may not exceed 20% of the universal bank's capital at any time.

(b) *Partnership liabilities.* In determining compliance with this section, liabilities of a partnership include the liabilities of the general partners, computed individually as to each general partner on the basis of his or her direct liability.

(3) INCREASED LIMIT FOR CERTAIN SECURED LIABILITIES. The total liabilities of any person, other than a municipal corporation, to a universal bank for a loan or extension of credit may not exceed 50% of the universal bank's capital at any time, if the liabilities consist entirely of any of the following types of liabilities:

(a) *Warehouse receipts.* A liability secured by warehouse receipts issued by warehouse keepers who are licensed and bonded in this state under ss. 99.02 and 99.03 or under the federal Bonded Warehouse Act or who are licensed under s. 126.26, if all of the following requirements are met:

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

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

1. The note or bond is secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States.
2. The note or bond is secured or covered by guarantees or by commitments or agreements to take over, or to purchase, the bonds or notes, and the guarantee, commitment, or agreement is made by a federal reserve bank, the federal small business administration, the federal department of defense, or the federal maritime commission.
3. The note or bond is secured by mortgages or trust deeds insured by the federal housing administration.

(4) OBLIGATIONS OF LOCAL GOVERNMENTAL UNITS. (a) *Definition.* In this subsection, "local governmental unit" has the meaning given in s. 22.01 (7).

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

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

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

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

(5) OBLIGATIONS OF CERTAIN INTERNATIONAL ORGANIZATIONS; OTHER FOREIGN BONDS. A universal bank may purchase bonds offered for sale by the International Bank for Reconstruction and Development and the Inter-American Development Bank or any other foreign bonds approved under rules established by the division. The aggregate investment in any of these bonds issued by a single issuer may not exceed 10% of the capital of the universal bank.

(6) FOREIGN NATIONAL GOVERNMENT BONDS. A universal bank may purchase general obligation bonds issued by any foreign national government if the bonds are payable in United States funds. The aggregate investment in these foreign bonds may not exceed 3% of the capital of the universal bank, except that this limitation does not apply to bonds of the Canadian government and Canadian provinces that are payable in United States funds.

(7) LIMITS ESTABLISHED BY BOARD. (a) *When financial statements required.* A universal bank may not make or renew a loan or loans, the aggregate total of which exceeds the level established by the board of directors without being supported by a signed financial statement of the borrower, unless the loan is secured by collateral having a value in excess of the amount of the loan. A signed financial statement furnished by the borrower to a universal bank in compliance with this paragraph must be renewed annually as long as the loan or any renewal of the loan remains unpaid and is subject to this paragraph.

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

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

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

(b) *Certain federal and state obligations or guaranteed obligations.* A liability that is a direct obligation of the United States or this state, or an obligation of any gov-

ernmental agency of the United States or this state, that is fully and unconditionally guaranteed by the United States or this state.

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

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

(e) *Certain other federal or federally guaranteed obligations.* Obligations of, or obligations that are fully guaranteed by, the United States and obligations of any federal reserve bank, federal home loan bank, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Export-Import Bank of Washington, or the Federal Deposit Insurance Corporation.

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

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

(10) EXERCISE OF LOAN POWERS; PROHIBITED CONSIDERATIONS. In determining whether to make a loan or extension of credit, no universal bank may consider any health information obtained from the records of an affili-

ate of the universal bank that is engaged in the business of insurance, unless the person to whom the health information relates consents.

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

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

(3) HOUSING ACTIVITIES. With the prior written consent of the division, a universal bank may invest in the initial purchase and development, or the purchase or commitment to purchase after completion, of home sites and housing for sale or rental, including projects for the reconstruction, rehabilitation, or rebuilding of residential properties to meet the minimum standards of health and occupancy prescribed for a local governmental unit, the provision of accommodations for retail stores, shops, and other community services that are reasonably incident to that housing, or the stock of a corporation that owns one or more of those projects and that is wholly owned by one or more financial institutions. The total investment in any one project may not exceed 15% of the universal bank's capital, nor may the aggregate investment under this subsection exceed 50% of the universal bank's capital. A universal bank may not make an investment under this subsection unless it is in compliance with the capital requirements set by the division under s. 222.0305 (1) and with the capital maintenance requirements of its deposit insurance corporation.

(4) PROFIT-PARTICIPATION PROJECTS. A universal bank may take equity positions in profit-participation projects, including projects funded through loans from the universal bank, in an aggregate amount not to exceed 20% of the universal bank's capital. The division may suspend the investment authority under this subsection. If the division suspends the investment authority under this subsection, the division may specify how outstanding investments under this subsection shall be treated by the universal bank or its subsidiary. Among the factors that the division may consider in suspending authority under this subsection are the universal bank's capital adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity, sensitivity to market risk, and the

ability of the universal bank's management. This subsection does not authorize a universal bank, directly or indirectly through a subsidiary, to engage in the business of underwriting insurance.

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

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

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

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

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

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

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

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

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

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

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

(i) *Agricultural credit corporations.* An agricultural credit corporation, except that if the universal bank owns less than 80% of the stock of the agricultural credit corporation, the universal bank may not invest more than 20% of the universal bank's capital in the agricultural credit corporation.

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

(k) *Certain federal obligations.* Obligations of, or obligations that are fully guaranteed by, the United States

and stocks or obligations of any federal reserve bank, federal home loan bank, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Federal Deposit Insurance Corporation.

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

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

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

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

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

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

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

**222.0409 Stock in bank-owned banks.** With the approval of the division, a universal bank may acquire and hold stock in one or more banks chartered under s.

221.1202 or national banks chartered under [12 USC 27](#) (b) or in one or more holding companies wholly owning such a bank. Aggregate investments under this section may not exceed 10% of the universal bank's capital.

**222.0411 General deposit powers.** (1) IN GENERAL. A universal bank may set eligibility requirements for, and establish the types and terms of, deposits that the universal bank solicits and accepts. The terms set under this subsection may include minimum and maximum amounts that the universal bank may accept and the frequency and computation method of paying interest.

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

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

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

**222.0413 Necessary or convenient powers, reasonably related or incidental activities, and other approved activities.** (1) NECESSARY OR CONVENIENT POWERS. Unless otherwise prohibited or limited by this chapter, a universal bank may exercise all powers necessary or convenient to effect the purposes for which the universal bank is organized or to further the businesses in which the universal bank is lawfully engaged.

(2) REASONABLY RELATED AND INCIDENTAL ACTIVITIES. (a) Subject to any applicable state or federal regulatory or licensing requirements, a universal bank may engage, directly or indirectly through a subsidiary, in activities reasonably related or incident to the purposes of the universal bank. Activities reasonably related or incident to the purposes of the universal bank are those activities that are part of the business of financial institu-

tions, or closely related to the business of financial institutions, or convenient and useful to the business of financial institutions, or reasonably related or incident to the operation of financial institutions, or financial in nature. Activities that are reasonably related or incident to the purposes of a universal bank include the following:

1. Business and professional services.
2. Data processing.
3. Courier and messenger services.
4. Credit-related activities.
5. Consumer services.
6. Real estate-related services, including real estate brokerage services.
7. Insurance and related services, other than insurance underwriting.
8. Securities brokerage.
9. Investment advice.
10. Securities and bond underwriting.
11. Mutual fund activities.
12. Financial consulting.
13. Tax planning and preparation.
14. Community development and charitable activities.
15. Debt cancellation contracts.
16. Any activities that are reasonably related or incident to activities under subds. 1. to 15., as determined by the division.

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

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

(4) STANDARDS FOR DENIAL. The division may deny the authority of a universal bank to engage in an activity under this section, other than those activities described in sub. (2) (a) 1. to 15., if the division determines that the activity is not an activity reasonably related or incident to the purposes of a universal bank. The division may deny the authority of a universal bank to engage in an activity under this section if the division determines that the universal bank is not well-capitalized, that the universal bank is the subject of an enforcement action, or that the universal bank does not have satisfactory management expertise for the proposed activity.

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

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

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

(8) LIMITATIONS ON INVESTMENTS THROUGH SUBSIDIARIES. The amount of the investment in any one subsidiary that engages in an activity under this section may not exceed 20% of a universal bank's capital or, if approved by the division, a higher percentage. The aggregate investment in all subsidiaries that engage in an activity under this section may not exceed 50% of a universal bank's capital or, if approved by the division, a higher percentage.

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

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

**SECTION 53.** 409.617 (1) (c) of the statutes is amended to read:

409.617 (1) (c) Discharges any subordinate security interest or other subordinate lien ~~other than liens held by this state or a local governmental unit, as defined in s. 49.42 (7u).~~

**SECTION 54. Nonstatutory provisions.**

(1) EMERGENCY RULES; UNIVERSAL BANKING. Except as otherwise provided in this subsection, using the procedure under section 227.24 of the statutes, the division of banking may promulgate rules authorized under chapter 222 of the statutes, as created by this act, for the period before permanent rules become effective, but not to exceed the period authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the division of banking is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this subsection.

**SECTION 55. Initial applicability.**

(1) WAGE CLAIM LIENS.

(a) *Employees covered.* The treatment of section 109.01 (1r) of the statutes first applies to wages, as defined in section 109.01 (3) of the statutes, earned by an employee, as defined in section 109.01 (1r) of the statutes, as affected by this act, on the effective date of this paragraph.

(b) *Wage claim lien priority.* The renumbering and amendment of section 109.09 (2) (c) of the statutes and the creation of section 109.09 (2) (c) 1. and 2. of the statutes first apply to a lien under section 109.09 (2) (a) of the statutes that takes effect on the effective date of this paragraph.

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**SECTION 56. Effective dates.** This act takes effect on the day after publication, except as follows:

(1) UNIVERSAL BANKS. The treatment of sections 220.04 (9) (a) 2. and 220.14 (5) and chapter 222 of the statutes takes effect on the first day of the 3rd month beginning after publication.

(2) WAGE CLAIM LIENS. The treatment of section 109.01 (1r) of the statutes, the renumbering and amendment of section 109.09 (2) (c) of the statutes, the creation of section 109.09 (2) (c) 1., 2., and 3. of the statutes and SECTION 55 (1) (a) and (b) of this act take effect on the first day of the first month beginning after publication.