

Sec. 2. *Minnesota Statutes 1965, Section 98.50, Subdivision 8, is repealed.*

Approved March 7, 1967.

CHAPTER 51—S. F. No. 146

[Coded in Part]

An act relating to credit unions; providing for an advisory council and for procedures relating to suspension, receivership, and winding up; amending Minnesota Statutes 1965, Section 52.06.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1965, Section 52.06, is amended to read:

52.06 Credit unions; regulation; reports; audits; fees. Credit unions shall be under the supervision of the commissioner of banks. Each credit union shall annually, on or before January 25, file a report with the commissioner of banks on forms supplied by him for that purpose giving such relevant information as he may require concerning the operations during the preceding calendar year. Additional reports may be required. Credit unions shall be examined, at least annually, by the commissioner of banks, except that; if a credit union has assets of less than \$25,000, he may accept the audit of a certified public accountant in place of this examination. *A report of such examination shall be forwarded to the president of the examined credit union within 60 days after completion of the examination. Within 30 days of the receipt of such report, a general meeting of the directors and committees shall be called to consider matters contained in the report.* For failure to file reports when due, unless excused for cause, the credit union shall pay to the state treasurer \$5 for each day of its delinquency. ~~If the commissioner of banks determines that a credit union is violating the provisions of this chapter; or is insolvent; or the share capital is impaired; or the interests of the members are in jeopardy, he may at once take possession of its books, records, and assets, which shall not be subject to any levy or attachment, nor shall any application for a receiver be entertained by any court during such reasonable time as may be necessary for further examination. If, upon this examination, it shall appear to the commissioner that its business is being conducted in a safe and lawful manner and that all creditors, including those holding~~

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shares, can be paid in full from the assets; he may relinquish possession of its assets to its directors and officers; otherwise he shall apply to a court for the appointment of a receiver, who if appointed by the court shall take possession of all its books, records, and assets and close up its office under the direction of the court; provided that if at any stage of the proceedings the directors shall satisfy the court that the credit union is able to pay all such creditors, and such showing is approved after investigation by the commissioner, or if a reorganization, merger, or consolidation with another credit union or credit unions is approved after investigation by the commissioner, the court may order the return of the assets to the credit union for liquidation or such other course as the members of the credit union in compliance with law may determine; and in such case the receiver shall be discharged; provided, that upon any reorganization, merger, or consolidation, the membership of the credit union or organization shall be consistent with the provisions of section 52.05.

Sec. 2. [52.061] **Credit union advisory council.** *There is established a credit union advisory council to consult with, advise, and make recommendations to the commissioner of banks in all matters pertaining to credit unions. The advisory council shall consist of five members who shall be appointed by the governor and who shall be persons who have had three or more years of experience as a credit union officer, director or committee member. To aid the governor in making a selection of the five advisory council members, the Minnesota league of credit unions may submit a list of not less than 15 names; however, the governor shall not be limited to such list in making his selections. Appointment to the advisory council shall be for terms of three years, except that initial appointment shall be: two members for terms of one year each, two members for terms of two years each, and one member for a term of three years. All members shall serve until their successors have been appointed and qualified. In the event a vacancy shall occur, the appointment to fill said vacancy shall be made in the manner of original appointment, but only for the unexpired term. The chairman of the advisory council shall be elected annually by and from the members thereof. The first meeting of the advisory council shall be called by the commissioner of banks and thereafter regular meetings shall be held at such times and places as shall be determined by the chairman and the commissioner of banks, but at least once each six months. Special meetings may be called by either the chairman or the commissioner of banks. Three members of the advisory council shall constitute a quorum. However at least three affirmative votes shall be needed to pass any motion. The authority and responsibility of the advisory council shall be to advise the governor and the commissioner of banks on problems concerning credit unions and to foster the interest and*

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co-operation of credit unions in improving their methods of operation. The commissioner of banks may review with the advisory council the records of the banking division concerning the supervision, regulation, and examination of credit unions.

Sec. 3. [52.062] Credit unions; suspension of operation.

Subdivision 1. Whenever the commissioner of banks shall find that a credit union is engaged in unsafe or unsound practices in conducting its business or that the shares of the members are impaired or are in immediate danger of becoming impaired, or that such credit union has knowingly or negligently permitted any of its officers, directors, committee members, or employees to violate any material provision of any law, bylaw, or regulation to which the credit union is subject, the commissioner of banks may proceed in the manner provided by either subdivision 2 or subdivision 3.

Subd. 2. The commissioner of banks may suspend the operation of the credit union by giving notice to its board of directors by registered mail with a copy to the advisory council. Said notice shall include a list of reasons for said suspension and a list of any specific violations of law, bylaw, or regulation, and shall specify which operations of the credit union may be continued during the period of suspension. The notice shall also fix a time and place for a hearing before the commissioner of banks or such person or persons as the commissioner of banks may designate. The hearing shall be held within 60 days of the notice of suspension, and the advisory council shall sit at such hearing for the purpose of providing advice and counsel to the commissioner of banks or his representative. Evidence may be produced at said hearing by any party thereto, and the commissioner of banks shall base his decision as to the continued suspension of operation of the credit union upon said evidence. If the commissioner of banks decides to continue the suspension, he shall give notice of his decision to the board of directors of the credit union.

Subd. 3. In lieu of immediate suspension of the operation of the credit union, the commissioner of banks may submit to the advisory council, with a copy to the affected credit union, a statement with respect to said practices or violations for the purpose of investigation and review by the advisory council so that it may attempt to cause the correction of said practices or violations. Unless said corrections shall be made within 60 days of the notice to the advisory council and the credit union, the commissioner of banks, if he shall determine to proceed further, shall give to the affected credit union written notice of his intention to suspend the operation of the credit union, and shall fix a time and place for a hearing

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before the commissioner of banks, or such person or persons as the commissioner of banks may designate. The advisory council shall sit at such hearing for the purpose of providing advice and counsel to the commissioner of banks or his representative. Evidence may be produced at said hearing by any party thereto, and the commissioner of banks shall base his decision as to the suspension of operation of the credit union upon said evidence. If the commissioner of banks decides to suspend operation of the credit union, the board of directors shall be given notice by registered mail of such suspension, which notice shall include a list of reasons for such suspension and a list of any specific violations of law, bylaw, or regulation, and shall specify which operations of the credit union may continue during the period of suspension.

Sec. 4. [52.063] Proceedings following suspension or continuation of suspension. *Upon receipt of the suspension notice or the notice of the continuation of suspension, the credit union shall immediately cease or continue cessation of all operations except those operations specifically authorized by the commissioner of banks. If the notice is given pursuant to determination by the commissioner of banks after a hearing, the board of directors shall have 60 days from the receipt of said notice in which to file with the commissioner of banks a proposed plan of corrective actions or to request that a receiver be appointed for the credit union. The commissioner of banks shall have 30 days from the receipt of the proposed plan of corrective actions to determine if the proposed corrective actions are sufficient to correct the deficiencies which formed the basis for the suspension. If the commissioner of banks determines that the proposed corrective actions are sufficient, the suspension shall be lifted and the credit union returned to normal operations under its board of directors. If the commissioner of banks believes the proposed corrective actions insufficient, or if the board has failed to answer the suspension notice, or has requested that a receiver be appointed, then the commissioner of banks shall apply to the district court for appointment of a receiver. The credit union shall have the right, within six months of the receipt of any notice of suspension or continuation of suspension pursuant to a determination by the commissioner of banks after hearing, to appeal to the district court for a ruling as to the validity of such notice.*

Sec. 5. [52.064] Receivership. *Subdivision 1. A receiver shall take possession and control of all the books, assets, and records of the credit union, which shall not be subject to any levy or attachment, and shall cease or continue cessation of all operations except those which have been authorized by the court. For a period of 90 days after the appointment of the receiver, or such*

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longer time as the court may prescribe, the receiver, the board of directors of the credit union, or any group of 15 members of the credit union may apply to the court for permission to file, and if permitted may file, a plan of reorganization, merger, or consolidation for the credit union. If such plan is approved by the commissioner of banks and the court, the books, assets and records of the credit union shall be returned to the members pursuant to the plan, and the receiver shall be discharged.

Subd. 2. If a plan of reorganization, merger, or consolidation is not submitted during the 90 day period, or such other period allowed by the court, or if any such plan is not approved by the commissioner of banks and the court, the receiver shall proceed to collect and distribute the assets of the credit union, discharge its debts, and do such other acts required in order to wind up its business, and may sue and be sued for the purpose of enforcing its claims, debts, and obligations until its affairs are completed and the receiver discharged. The receiver shall use the assets of the credit union to pay first, expenses incidental to the receivership and liquidation proceedings; second, any creditors other than depositors; and third, depositors. Assets then remaining shall be distributed to the members proportionately to shares held by each member as of the date the receiver is appointed.

Approved March 8, 1967.

CHAPTER 52—S. F. No. 408

An act relating to the Minnesota soldiers home; setting requirements for admission, providing for the administration of funds, repealing obsolete sections and changing obsolete language; amending Minnesota Statutes 1965, Sections 198.01; 198.06; 198.07; 198.09; 198.12; 198.14; 198.15; 198.18; 198.20; and 198.22; and repealing Minnesota Statutes 1965, Sections 198.04; 198.13; 198.17; 198.19; and 198.21.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1965, Section 198.01, is amended to read:

198.01 **Minnesota Soldiers Home; administration.** The Minnesota Soldiers Home shall be maintained at Minneapolis, under the management of nine trustees, one of whom shall be a woman,

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