

1 HB316  
2 189284-3  
3 By Representative Butler  
4 RFD: Financial Services  
5 First Read: 25-JAN-18

2  
3  
4  
5  
6  
7  
8 SYNOPSIS: Existing law provides for the regulation of  
9 credit unions.

10 This bill would further provide voting and  
11 notice requirements for board meetings of credit  
12 unions.

13 This bill would also provide for conversion  
14 of credit unions chartered under the laws of other  
15 states to Alabama state chartered credit unions.

16 This bill would provide state chartered  
17 credit unions access to certain examination  
18 reports, audit reports, and other third-party  
19 reports under certain conditions.

20 This bill would provide for the  
21 circumstances when the Credit Union Board could  
22 enter into executive session and would clarify the  
23 authority to disclose certain information to the  
24 extent necessary to exercise enforcement authority  
25 under certain conditions.

26  
27 A BILL

1 TO BE ENTITLED

2 AN ACT

3  
4 To amend Sections 5-17-22, 5-17-40, 5-17-45,  
5 5-17-56, and 5-17-60, Code of Alabama 1975, relating to  
6 regulation of credit unions; to provide voting and notice  
7 requirements for board meetings; to provide for the conversion  
8 of credit unions chartered in other states to Alabama state  
9 chartered credit unions; to provide state chartered credit  
10 unions access to certain reports under certain conditions; to  
11 provide circumstances for the Credit Union Board to enter into  
12 executive session; and to provide for certain public  
13 disclosures.

14 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

15 Section 1. Sections 5-17-22, 5-17-40, 5-17-45,  
16 5-17-56, and 5-17-60, Code of Alabama 1975, are amended to  
17 read as follows:

18 "§5-17-22.

19 "Any credit union, with the approval of the  
20 Administrator of the Alabama Credit Union Administration, may  
21 merge with another credit union, under the existing  
22 certificate of organization of the other credit union,  
23 pursuant to any plan agreed upon by the majority of each board  
24 of directors of each credit union joining in the merger. In  
25 addition to approval by the administrator and each board of  
26 directors, the membership of the merging credit union must  
27 also approve the merger plan in the following manner:

1           "(1) At a meeting called for that purpose, notice of  
2 which purpose must be contained in the call, two thirds of  
3 those ~~in attendance~~ voting may vote to approve the merger  
4 plan. Voting must be conducted in accordance with the bylaws  
5 of the credit union. ~~Notice of the meeting must have been~~  
6 ~~mailed to the last known address of each member of the credit~~  
7 ~~union~~ The notice must be provided to the members at least 15  
8 days prior to the date of the meeting.

9           "(2) After agreement by the directors and approval  
10 by the members of the merging credit union, the president and  
11 secretary of the credit union shall execute a certificate of  
12 merger which shall set forth all of the following:

13           "a. The time and place of the meeting of the board  
14 of directors at which the plan was agreed upon.

15           "b. The vote in favor of the adoption of the plan.

16           "c. A copy of the resolution or other action by  
17 which the plan was agreed upon.

18           "d. The time and place of the meeting of the members  
19 at which the plan agreed upon was approved.

20           "e. The vote by which the plan was approved by the  
21 members.

22           "(3) Such certificate and a copy of the plan of  
23 merger agreed upon shall be forwarded to the administrator,  
24 certified by the administrator, and returned to both credit  
25 unions within 30 days.

26           "(4) Upon return of the certificate from the  
27 administrator, all property, property rights and members'

1 interest of the deed, endorsement, or other instrument of  
2 transfer, and all debts, obligations, and liabilities of the  
3 merged credit union shall be deemed to have been assumed by  
4 the surviving credit union under whose charter the merger was  
5 effected. The rights and privileges of the members of the  
6 merged credit union shall remain intact.

7 "(5) A copy of the certificate approved by the  
8 Administrator of the Alabama Credit Union Administration shall  
9 be filed with the judge of probate of the county in which each  
10 credit union's certificate of organization is recorded.

11 "(6) This section applies to credit unions organized  
12 under the laws of the State of Alabama. Federally chartered  
13 credit unions may be merged into Alabama organized credit  
14 unions, under the same conditions as Alabama credit unions;  
15 provided, that the merger plan is approved by the National  
16 Credit Union Administration or private insurance program or  
17 carrier.

18 "(7) Credit unions organized under the laws of the  
19 State of Alabama may be merged into federally chartered credit  
20 unions under the same conditions as provided in this section;  
21 provided, that the merger plan is approved by the National  
22 Credit Union Administration or private insurance program or  
23 carrier.

24 "(8) Credit unions organized under the laws of the  
25 State of Alabama may merge a state or federally chartered bank  
26 or thrift into the credit union under the same conditions as  
27 provided in this section, provided that the merger plan is

1 approved, if required, by the appropriate state or federal  
2 regulator of the bank or thrift and federal insurer, the  
3 Federal Deposit Insurance Corporation.

4 "(9) Credit unions organized under the laws of the  
5 State of Alabama may merge into a state or federally chartered  
6 bank or thrift under the same conditions as provided in this  
7 section, provided that the merger plan is approved by the  
8 resultant institution's chartering regulator and the federal  
9 insurer, the Federal Deposit Insurance Corporation.

10 "(10) A federal credit union may be converted to a  
11 credit union chartered under the laws of Alabama and a state  
12 credit union may be converted to a federal credit union by  
13 adhering to the requirements for the conversion of a federal  
14 credit union to a state credit union as specified by the  
15 Federal Credit Union Act, presently 12 U.S.C. §1771(a) (1).

16 "(11) A credit union chartered under the laws of  
17 another state may be converted to an Alabama state chartered  
18 credit union under state law and regulation. Conversion to an  
19 Alabama state chartered credit union shall be effective upon  
20 the written approval of the administrator. Notice of  
21 conversion shall be filed with the Secretary of State and the  
22 judge of probate of the county in which the credit union  
23 maintains its principal office.

24 "§5-17-40.

25 "(a) There shall be an Alabama Credit Union  
26 Administration which shall administer the laws of this state  
27 which regulate or otherwise relate to credit unions in the

1 state. The authority of the Alabama Credit Union  
2 Administration to perform such functions shall be exclusive  
3 and all authority regarding credit unions which was previously  
4 vested in the State Banking Department is hereby vested in the  
5 Alabama Credit Union Administration.

6 "(b) If any of the provisions of Chapter 17 of this  
7 title are inconsistent with any other general or special law,  
8 Chapter 17 of this title shall be controlling.

9 "§5-17-45.

10 "(a) The Legislature finds as fact and determines  
11 that the credit unions having their principal place of  
12 business in Alabama must keep pace with technological and  
13 other improvements constantly being made throughout the United  
14 States so as to enable Alabama credit unions to render better  
15 and more efficient services to their members. It is necessary  
16 and desirable that the administrator be given additional  
17 authority in these fields.

18 "(b) The administrator is hereby authorized to  
19 expand powers of Alabama credit unions in order to accomplish  
20 both of the following:

21 "(1) Accommodate or take advantage of changing  
22 technologies.

23 "(2) Assure the ability of Alabama credit unions to  
24 be responsive in their business to the needs and conveniences  
25 demanded by credit union members through on-premises as well  
26 as off-premises operations; provided, that nothing in this  
27 section shall enable the administrator to authorize credit

1 unions to engage in activities which are not properly incident  
2 to the business of credit unions nor to enable the  
3 administrator to authorize credit unions to engage in the  
4 business of offering financial services which are now  
5 prohibited to them.

6 "No credit union having its principal place of  
7 business outside of Alabama may engage in credit union  
8 business in Alabama under the provisions of this section;  
9 provided that the administrator is authorized to enter into  
10 agreements with the appropriate regulatory authorities of  
11 other states; provided credit unions having their principal  
12 place of business in Alabama are given and may exercise  
13 reciprocal rights.

14 "(c) The administrator is authorized to issue  
15 regulations under subsection (b) in the same manner as other  
16 regulations of the Alabama Credit Union Administration are  
17 adopted. Any Alabama credit union covered by the provisions of  
18 subsection (b) desiring to exercise any such expanded power  
19 must secure in advance written permission of the  
20 administrator. The administrator may prescribe the form or  
21 forms for such applications for permission and may impose  
22 reasonable conditions in granting such permission.

23 "(d) The administrator may enter into supervisory or  
24 other agreements, some of which may be confidential in nature,  
25 with the Federal Reserve; the U.S. Treasury Department; the  
26 National Credit Union Administration; state credit union,  
27 banking, and other regulators; approved private insurance



1 carriers; and other state or federal agencies and furnish to  
2 them for their use such reports of examination and other  
3 information in taking enforcement and other supervisory  
4 actions.

5 "(e) Upon request by a state chartered credit union  
6 or its designee, any service provider or vendor providing  
7 mission critical services to the credit union shall provide  
8 any requested reports of examination, audit reports, or other  
9 third party reports of the service provider or vendor  
10 to the credit union or its designee. The credit union shall  
11 make the reports available for review by the administration.  
12 Mission critical services shall include those services defined  
13 by regulation as mission critical, and those services that  
14 involve access by the service provider or vendor to personally  
15 identifiable information as defined by the Gramm-Leach-Bliley  
16 Act, 15 U.S.C. Section 6809.

17 "§5-17-56.

18 "(a) The administrator shall comply with the  
19 provisions of the Alabama Open Meetings Law, Chapter 25A of  
20 Title 36. The ~~board~~ Credit Union Board shall meet not less  
21 than once every calendar year. Any meeting of the ~~board~~ Credit  
22 Union Board may be held at any place in the state where it is  
23 called to meet by the administrator.

24 "(b) In order to comply with state and federal  
25 confidentiality requirements, at any meeting, the Credit Union  
26 Board may enter executive session to do any of the following:

1           "(1) Protect the confidentiality of reports or  
2 information under Section 5-17-60 and any other provisions of  
3 this title.

4           "(2) Review information concerning the condition and  
5 affairs of any proposed credit union, any credit union, any  
6 subsidiary or affiliate of a credit union, or several credit  
7 unions or their subsidiaries, or to review the personal or  
8 financial information of individuals or credit union members.

9           "(3) Undertake any purpose for which a governmental  
10 body is permitted to go into executive session under the  
11 Alabama Open Meetings Act.

12           "(4) Accomplish any other purpose of the Credit  
13 Union Board that requires it to receive or consider  
14 information that is confidential under this title.

15           "(5) Comply with any other state or federal law  
16 requiring confidentiality.

17           "(c) Confidential information under this title  
18 includes all information set forth in subsection (b), as well  
19 as other information designated as confidential in this title  
20 or under state or federal law, and any other information as  
21 determined by the administrator.

22           "§5-17-60.

23           "(a) Except as otherwise provided in this ~~section~~  
24 title or under state or federal law, the administrator, a  
25 member of the Credit Union Board, or an examiner or other  
26 state employee may not disclose the condition and affairs of  
27 any credit union, its supervisory committee, or subsidiaries

1 or other affiliates, ascertained by an examination of such  
2 credit union or affiliates, or report or give out nonpublic  
3 personal information of credit union members, except as  
4 authorized or required by law; provided that this section  
5 shall not be construed to prevent examiners and other  
6 employees from reporting such information to the administrator  
7 or such persons as the administrator may lawfully designate.

8 "(b) Notwithstanding subsection (a), the  
9 administrator, at the administrator's discretion, may disclose  
10 any information otherwise protected under this section to the  
11 members of the Credit Union Board and confer with the members  
12 of the Credit Union Board regarding the same and may also  
13 disclose publicly such information as is and to the extent  
14 necessary to the exercise of enforcement authority or the  
15 taking of other supervisory actions pursuant to this title.

16 "(c) The administrator may furnish to the National  
17 Credit Union Administration, or to any other supervisory  
18 agency of the United States, or to a private share insurance  
19 carrier presently providing deposit share insurance to the  
20 subject credit union, or to other federal or state agencies  
21 with which the administrator has entered into an agreement  
22 pursuant to subsection (d) of Section 5-17-45, reports of  
23 examination and other data as the administrator deems  
24 advisable.

25 "(d) No disclosure may be made by any agency or  
26 entity furnished with reports of examination or other data  
27 pursuant to subsection (c) to any third parties without the

1 prior consent of the administrator. Any disclosure permitted  
2 by the administrator shall be subject to such conditions and  
3 restrictions as the administrator may require or as otherwise  
4 required by this title.

5 "(e) The administrator may also furnish copies of  
6 his or her reports of examination and any other information to  
7 the board of directors of the credit union, its supervisory  
8 committee, subsidiary, or affiliate.

9 "(f) Any reports or information furnished or  
10 disclosed under this section shall remain the property of the  
11 Alabama Credit Union Administration and, except as provided in  
12 this section, may not be disclosed to any person other than  
13 the officers, directors, attorneys, and auditors of the credit  
14 union, its supervisory committee, subsidiary, affiliate,  
15 consultants, or advisors to the credit union or affiliate,  
16 and, subject to appropriate confidentiality agreements,  
17 persons considering the possible acquisition of, merger with,  
18 or investment in the credit union or affiliate. A person  
19 receiving such reports or information may not:

20 "(1) Use the report or information other than in  
21 connection with the credit union or affiliate, and its  
22 business and affairs.

23 "(2) Retain that report or information or copies  
24 thereof.

25 "(3) Except as expressly permitted by law, disclose  
26 such report or information to any person not authorized to  
27 receive the same under this subsection.

1           "(g) All reports of examination, records reflecting  
2           action of a credit union, its supervisory committee,  
3           subsidiary, or affiliate, taken pursuant thereto, and records  
4           and minutes of meetings of the Credit Union Board relating to  
5           a credit union or several credit unions, supervisory  
6           committee, subsidiary, or affiliate, shall be confidential and  
7           shall not be subject to subpoena or inspection except by  
8           subpoena from a grand jury served on the administrator."

9           Section 2. This act shall become effective on the  
10          first day of the third month following its passage and  
11          approval by the Governor, or its otherwise becoming law.