

**1975 Assembly Bill 235**

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**CHAPTER 13, Laws of 1975**

AN ACT to create 186.38 of the statutes, relating to authorization to create an American share deposit guarantee corporation.

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

186.38 of the statutes is created to read:

**186.38 American share deposit guarantee corporation.** (1) DEFINITIONS. In this section:

(a) "Corporation" means the American share deposit guarantee corporation.

(b) "State credit union share or deposit corporation" means any state or regional credit union share or deposit insurance or guarantee corporation that is insuring or guaranteeing credit union share or deposit accounts against loss.

(2) ORGANIZATION. The corporation may be organized under this section by the duly authorized representatives of both the Wisconsin credit union share insurance corporation and one or more other credit union share or deposit corporations. The articles of incorporation shall require the approval of the commissioner and shall be filed with the commissioner and the register of deeds of the county in which the principal office of the corporation is located. Amendments to the articles, adopted by a vote of two-thirds of the voting shares represented at an annual meeting or at a special meeting called for that purpose, shall be filed with the commissioner upon payment of a fee of \$5 and if approved by him shall become effective upon being recorded in the office of the register of deeds in the same manner as the original articles. This corporation shall be under the exclusive supervision of the commissioner under sub. (9) and the commissioner shall, with the approval of the credit union review board, fix and assess the corporation a fair amount for such supervision and examination of the corporation.

(3) PURPOSES. The general purposes of the corporation shall be to:

(a) Preserve and strengthen the systems of state chartering of credit unions.

(b) Aid and assist state credit union share or deposit corporations.

(c) Cooperate with state credit union share or deposit corporations and the credit union supervisory authorities in their respective states for the purpose of providing financial stability for state chartered credit unions.

(4) POWERS. If any of the powers in this subsection conflict with other provisions in this chapter, the powers granted in this subsection shall prevail. The corporation may:

(a) Incur obligations for and participate in losses to member state credit union share or deposit corporations resulting from their services to their member credit unions and advance funds to aid member state credit union share or deposit corporations to operate and meet liquidity requirements.

(b) Make contracts.

(c) Assist in the liquidation of credit unions with the cooperation of appropriate supervisory authorities.

(d) Sue and be sued.

(e) Adopt, use and display a corporate seal.

(f) Receive money or property.

(g) Invest its funds in excess of those used for its services as follows:

1. In bonds, notes, or securities of the federal government or its agencies, or other evidences of indebtedness of any county, city, town, village, school district, or of any other subdivision within the United States or the District of Columbia, which are a direct obligation of the county, city, town, village, school district, or other subdivision issuing the same.

2. Not more than 10% of such funds in other categories of investments as are deemed prudent under the "prudent man rule" of s. 881.01 by the board of directors.

(h) Make arrangements and commitments for additional sources of financial liquidity from the U.S. government, any state government, their agencies or private organizations.

(i) Borrow money from any source, upon such terms and conditions as the board of directors determines.

(j) Purchase in its own name, hold and convey real and personal property.

(k) Receive by assignment or purchase, any notes, mortgages, real estate, securities and other assets owned by state credit union share or deposit corporations.

(L) Sell, assign, mortgage, encumber or transfer any notes, mortgages, real estate, securities and other assets.

(m) Declare dividends for its stockholders.

(n) Have and exercise all powers necessary or convenient to effect its purposes including such other powers as set forth in ch. 180 which are not in conflict with this subsection.

(5) **MEMBERSHIP.** Any state credit union share or deposit corporation may become a member of the corporation upon approval of the board of directors. Authority is hereby granted for the Wisconsin credit union share insurance corporation to become a member of and to purchase reinsurance from the corporation.

(a) The corporation shall bill and collect from each member state credit union share or deposit corporation a membership fee of one-tenth of one percent of the outstanding credit union shares and deposits, as of December 31 of the year prior to membership, of those credit unions guaranteed or insured by such state credit union share or deposit corporation. The corporation shall annually declare and collect additions to the membership fee so that the fee of any member never is less than one-tenth of one percent of the outstanding credit unions shares and deposits of its insured credit unions. This membership fee shall be received by the corporation as capital for which capital stock shall be issued as provided in the articles of incorporation or bylaws. The membership fee or a portion thereof of each then existing member state credit union share or deposit corporation will be proportionately refunded when the unencumbered capital of the corporation exceeds 2% of the aggregate total outstanding credit union shares and deposits of those credit unions guaranteed or insured by all such members, but no such refund shall reduce the unencumbered capital of the corporation below 2%.

(b) In addition to the membership fee under par. (a), the corporation shall make periodic assessments, but not more often than annually, on each member state credit union share or deposit corporation based on the services provided to such member and other risk factors involved in insuring such member, as set forth in the corporation bylaws.

(c) The terms of withdrawal from membership and restrictions on sale of capital stock shall be as prescribed in the articles of incorporation as approved by the commissioner, and such terms shall be binding on all members and shareholders.

(6) **SHAREHOLDERS.** Any state credit union share or deposit corporation which becomes a member of the corporation shall become a shareholder of the corporation.

(7) **RESERVES.** The corporation shall maintain reserves for its liabilities, including contingent liabilities, and the commissioner shall have authority to order a change in reserves if he deems them to be unacceptable.

(8) **BOARD OF DIRECTORS.** The corporation's business shall be conducted by the initial board of directors named in the articles of incorporation who shall serve until

the first shareholders' meeting of the corporation, at which time not less than 7 members of the board of directors shall be elected by the stockholders of the corporation in accordance with the articles or bylaws.

(9) SUPERVISION OF CORPORATION. The corporation shall be subject to supervision and an annual examination by the office of the commissioner, who may invite participation by credit union supervisory authorities from other states.

(10) EXAMINATIONS. The office of the commissioner shall promptly forward to the corporation a copy of its examination report of the Wisconsin credit union share insurance corporation, if it becomes a member of the corporation, and shall cooperate with the corporation in obtaining similar examination reports from other state credit union supervisory authorities where member state credit union share or deposit corporations are domiciled.

(11) BYLAWS. The board of directors shall subscribe and submit to the commissioner, for filing and approval, the bylaws and any amendments thereto under which the corporation shall operate. These bylaws may be amended at any regular or special meeting of the board of directors or at any annual or special meeting of the shareholders.

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