

HB4403



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB4403

Introduced 1/29/2020, by Rep. La Shawn K. Ford

SYNOPSIS AS INTRODUCED:

205 ILCS 305/9

from Ch. 17, par. 4410

Amends the Illinois Credit Union Act. Provides that the Director of the Division of Financial Institutions of the Department of Financial and Professional Regulation may accept an examination of a credit union made by the credit union's share insurer as an alternative to the biennial examination of a credit union conducted by the Department of Financial and Professional Regulation or a public accountant registered by the Department.

LRB101 16225 BMS 65598 b

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Credit Union Act is amended by
5 changing Section 9 as follows:

6 (205 ILCS 305/9) (from Ch. 17, par. 4410)

7 Sec. 9. Reports and examinations.

8 (1) Credit unions shall report to the Department on forms
9 supplied by the Department, in accordance with a schedule
10 published by the Department. A recapitulation of the annual
11 reports shall be compiled and published annually by the
12 Department, for the use of the General Assembly, credit unions,
13 various educational institutions and other interested parties.
14 A credit union which fails to file any report when due shall
15 pay to the Department a late filing fee for each day the report
16 is overdue as prescribed by rule. The Secretary may extend the
17 time for filing a report.

18 (2) The Secretary may require special examinations of and
19 special financial reports from a credit union or a credit union
20 organization in which a credit union loans, invests, or
21 delegates substantially all managerial duties and
22 responsibilities when he determines that such examinations and
23 reports are necessary to enable the Department to determine the

1 safety of a credit union's operation or its solvency. The cost
2 to the Department of the aforesaid special examinations shall
3 be borne by the credit union being examined as prescribed by
4 rule.

5 (3) All credit unions incorporated under this Act shall be
6 examined at least biennially by the Department or, at the
7 discretion of the Secretary, by a public accountant registered
8 by the Department of Financial and Professional Regulation;
9 however, as an alternative to that examination, the Director
10 may accept an examination made by the credit union's share
11 insurer. The costs of an examination shall be paid by the
12 credit union. The scope of all examinations by a public
13 accountant shall be at least equal to the examinations made by
14 the Department. The examiners shall have full access to, and
15 may compel the production of, all the books, papers, securities
16 and accounts of any credit union. A special examination shall
17 be made by the Department or by a public accountant approved by
18 the Department upon written request of 5 or more members, who
19 guarantee the expense of the same. Any credit union refusing to
20 submit to an examination when ordered by the Department shall
21 be reported to the Attorney General, who shall institute
22 proceedings to have its charter revoked. If the Secretary
23 determines that the examination of a credit union is to be
24 conducted by a public accountant registered by the Department
25 of Financial and Professional Regulation and the examination is
26 done in conjunction with the credit union's external

1 independent audit of financial statements, the requirements of
2 this Section and subsection (3) of Section 34 shall be deemed
3 met.

4 (3.5) Pursuant to Section 8, the Secretary shall adopt
5 rules that ensure consistency and due process in the
6 examination process. The Secretary may also establish
7 guidelines that (i) define the scope of the examination process
8 and (ii) clarify examination items to be resolved. The rules,
9 formal guidance, interpretive ~~interpretative~~ letters, or
10 opinions furnished to credit unions by the Secretary may be
11 relied upon by the credit unions.

12 (4) A copy of the completed report of examination and a
13 review comment letter, if any, citing exceptions revealed
14 during the examination, shall be submitted to the credit union
15 by the Department. A detailed report stating the corrective
16 actions taken by the board of directors on each exception set
17 forth in the review comment letter shall be filed with the
18 Department within 40 days after the date of the review comment
19 letter, or as otherwise directed by the Department. Any credit
20 union through its officers, directors, committee members or
21 employees, which willfully provides fraudulent or misleading
22 information regarding the corrective actions taken on
23 exceptions appearing in a review comment letter may have its
24 operations restricted to the collection of principal and
25 interest on loans outstanding and the payment of normal
26 expenses and salaries until all exceptions are corrected and

1 accepted by the Department.

2 (Source: P.A. 97-133, eff. 1-1-12; 98-784, eff. 7-24-14;

3 revised 8-23-19.)