

HOUSE No. 1106

By Ms. Spiliotis of Peabody, petition of Joyce A. Spiliotis relative to the conversion of credit unions to federal charters. Financial Services.

The Commonwealth of Massachusetts

In the Year Two Thousand and Seven.

AN ACT RELATIVE TO THE CONVERSION BY A MASSACHUSETTS CHARTERED CREDIT UNION TO A FEDERAL CHARTER.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 171 of the General Laws, as appearing in the 2004
2 Official Edition, is hereby amended by inserting after section 80A
3 the following section:—

4 Section 80B. Upon the affirmative vote of a majority of the
5 members who vote on the proposal, a credit union may convert,
6 subject to this section, into a credit union chartered under the laws of
7 the United States.

8 The board of directors, by an affirmative vote of two-thirds of the
9 entire board, shall approve any plan of conversion and submit the
10 plan to the commissioner for his review. Included with the plan
11 shall be an information statement to be sent to members which shall
12 fully and fairly disclose all significant terms and steps to be taken
13 for the conversion and shall include but not be limited to:

14 (a) a statement as to why the board is considering the conversion.

15 (b) a statement of the major positive and negative business effects
16 of the proposed conversion.

17 (c) the impact on the member's financial and other interests in the
18 credit union.

19 The commissioner may require changes to the plan of conversion
20 and information statement. The commissioner may also require any
21 equitable disclosure he determines applicable to the transaction. The
22 commissioner may specify the form, type and other material aspects
23 of the plan of reorganization and information statement to be sent to
24 members.

25 The commissioner shall review the contents of the plan before the
26 credit union board presents the conversion plan to the members for a
27 vote. The commissioner shall approve the contents of the conver-
28 sion plan and information statement only if the commissioner is sat-
29 isfied of all of the following:

30 (a) The plan discloses to the members information concerning the
31 advantages and disadvantages of the proposed conversion.

32 (b) The information statement discloses the impact on the mem-
33 ber's financial and other interests in the credit union.

34 (c) The conversion would not be made to circumvent a pending
35 supervisory action that is initiated by the commissioner or other reg-
36 ulatory agency because of a concern over the safety and soundness
37 of the credit union.

38 Upon approval of the contents of the conversion plan and infor-
39 mation statement by the commissioner, the credit union shall call a
40 special meeting of the members to vote on the conversion plan. At
41 least fourteen days before the meeting, the credit union shall mail to
42 each member a notice of the meeting, the conversion plan and infor-
43 mation statement.

44 Certified copies of records of all proceedings held by the board of
45 directors and members of the credit union shall be filed with the
46 commissioner. In addition, the credit union shall furnish a certified
47 copy of consent or approval of the federal regulatory authority.
48 Upon acceptance of such charter, the credit union's charter from the
49 Commonwealth shall cease to exist.

50 Any person who willfully violates the disclosure provisions of
51 this section knowing the disclosure made to be false or misleading in
52 any material respect shall upon conviction be fined not more than
53 five thousand dollars or imprisoned not more than three years or
54 both.