**Section 190.190 Liquidation**

A credit union may enter liquidation through actions initiated by its board of directors to voluntarily dissolve or by actions initiated by the Secretary of the Department to involuntarily dissolve and be liquidated by a Liquidating Agent of one person or a committee under the following procedures:

a) Voluntary Liquidation:

1) After completing the requirements in Section 62 of the Act, the Liquidating Agent must furnish a fidelity bond in compliance with section 190.120.

2) Upon receipt and approval of the fidelity bond, the Secretary shall issue a Certificate of Voluntary Dissolution attesting to compliance with Section 62 of the Act, stating the names of the Liquidating Agent and authorizing the taking of possession and control of the books, records and assets of the credit union for the purpose of conserving and collecting the assets, paying all indebtedness and distributing the remaining assets to the membership. Certified copies of the Certificate of Voluntary Dissolution shall be furnished to the Liquidating Agent for use in securing access to the credit union's funds in depositories, withdrawal of investments or for any other purpose to carry out the liquidation.

b) Involuntary Liquidation:

1) Under the provisions of Sections 61 and 62 of the Act, the Secretary shall issue to the credit union by certified mail, with a copy to each director, an order for Possession and Control for purpose of liquidation.

2) A Liquidating Agent (person or committee) shall be appointed by the Secretary to carry out liquidation under the direction and control of the Secretary. Except when the Liquidating Agent is the NCUA or other insurer or agent under the share insurance interest, the procedures listed in subsection (c) shall be followed.

c) The liquidation, whether voluntary or involuntary, shall be under the direction of the Secretary and shall proceed in the following manner:

1) The Certificate shall be promptly filed at the County Recorder's office in the county in which the main office of the credit union is located and the recording information shall be forwarded to the Division.

2) An itemized inventory, in duplicate, as of the date of the Certificate listing the following, shall be prepared to include:

A) all assets;

B) all known liabilities;

C) a list of all members accounts' by name, address, account numbers, share and loan balances, notes payable on file, and security offered;

D) a balance sheet as of the date of the Certificate;

E) a Statement of Income and Expenses as of the date of the Certificate;

F) the name and address of all depositories, including the credit union's account numbers and balance.

3) A signed and dated copy of the items listed in subsections (c)(1) and (c)(2) shall be forwarded to the Division. One copy of each of the items listed in subsections (c)(1) and (c)(2) is to be retained by the Liquidating Agent.

4) The books and records are to be kept posted currently throughout the liquidation.

5) All funds received shall be promptly deposited in the credit union's depositories. The Secretary shall approve a change in depositories upon receipt of written request from the agent stating the reason for the change.

6) All disbursement of funds shall have prior approval of the Division and be in accordance with the priority established in Section 62(7) of the Act. The Division shall approve in writing disbursement of funds during liquidation upon written request from the Liquidating Agent. Each request must contain a current financial statement and a total dollar amount to be distributed pro rata to the shareholders.

7) Monthly reports, consisting of a balance sheet, statement of income and expense, and an analysis of funds received and expended, shall be prepared on forms furnished by the Division as of each month's end and forwarded to the Division on or before the 15th of the subsequent month.

8) An initial report on all accounts turned over to an attorney and/or collection agency for collection is to be forwarded to the Division with subsequent periodic reports showing collection activity on these accounts.

9) Subject to the prior approval of the Secretary, the Liquidating Agent may prosecute and defend all suits or intervene and execute all necessary deeds, releases or other instruments necessary to consummate any sale of real estate or personal property, or compromise any debt or claim to the same effect as if the instruments were executed by the officers of the credit union. The agent shall request approval, in writing, detailing the specific instances. The Secretary shall base his or her approval on maximizing the return of funds and protecting the interests of the shareholders.

10) Compensation paid for the Liquidating Agent's services shall be determined by the Secretary, so as to maximize the return of shareholders' funds and to provide reasonable compensation for the professional services required.

11) All expenses incurred in the liquidation shall be paid out of the funds of the credit union.

12) Completion of the liquidation shall be in compliance with provisions of Section 62 of the Act.

(Source: Amended at 37 Ill. Reg. 12450, effective July 16, 2013)