

# HB0188



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

**HB0188**

Introduced 1/22/2021, 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.

LRB102 04283 BMS 14301 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  
13 unions, various educational institutions and other interested  
14 parties. A credit union which fails to file any report when due  
15 shall pay to the Department a late filing fee for each day the  
16 report is overdue as prescribed by rule. The Secretary may  
17 extend the 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  
20 union 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

1 the safety of a credit union's operation or its solvency. The  
2 cost to the Department of the aforesaid special examinations  
3 shall be borne by the credit union being examined as  
4 prescribed by 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,  
16 securities and accounts of any credit union. A special  
17 examination shall be made by the Department or by a public  
18 accountant approved by the Department upon written request of  
19 5 or more members, who guarantee the expense of the same. Any  
20 credit union refusing to submit to an examination when ordered  
21 by the Department shall be reported to the Attorney General,  
22 who shall institute proceedings to have its charter revoked.  
23 If the Secretary determines that the examination of a credit  
24 union is to be conducted by a public accountant registered by  
25 the Department of Financial and Professional Regulation and  
26 the examination is done in conjunction with the credit union's

1 external independent audit of financial statements, the  
2 requirements of this Section and subsection (3) of Section 34  
3 shall be deemed 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  
8 process and (ii) clarify examination items to be resolved. The  
9 rules, formal guidance, interpretive ~~interpretative~~ letters,  
10 or 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.)