

# SENATE BILL REPORT

## HB 2140

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As Reported by Senate Committee On:  
Financial Institutions, Housing & Insurance, February 20, 2014

**Title:** An act relating to credit unions' mergers.

**Brief Description:** Concerning credit unions' mergers.

**Sponsors:** Representatives Ryu, Stanford, Kirby, Moscoso and Vick.

**Brief History:** Passed House: 2/11/14, 98-0.

**Committee Activity:** Financial Institutions, Housing & Insurance: 2/20/14 [DP].

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

**Majority Report:** Do pass.

Signed by Senators Angel, Co-Chair; Hobbs, Co-Chair; Benton, Vice Co-Chair; Mullet, Vice Co-Chair; Fain, Hatfield, Nelson and Roach.

**Staff:** Edward Redmond (786-7471)

**Background:** The Washington State Credit Union Act (WSCUA) provides the statutory framework for credit union organization, governance, and investments in the state. Credit unions are nonprofit corporations that promote thrift among their members and create a source of credit for their members at competitive rates of interest. Seven or more natural persons who reside in Washington may apply to the Department of Financial Institutions for permission to organize as a credit union.

In 2013 numerous updates concerning corporate governance and investments were made to WSCUA to create parity between state and federal laws. However, whereas Section 708b of the National Credit Union Administration Rules and Regulations requires a simple majority of applicable credit union members to approve a merger, current state law requires a two-thirds majority vote.

**Summary of Bill:** Current laws concerning voting requirements for credit union mergers are amended to conform to federal requirements. A simple majority, rather than a two-thirds majority, vote of the merging credit union members is required in order for such mergers to be approved.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill creates parity between the state and federal credit union laws regarding merger requirements. The Northwest Credit Union Association is in full support of the bill. To reiterate, this is a parity bill; it simply provides our state credit unions with the same merger voting requirements that our federal credit unions have.

CON: I apologize but I did not read the bill. I do not have a computer because the perpetrators will not let me have one. When I hear the word merger I get very concerned because I have an engineering degree and an MBA in finance with honors, which all means nothing because what has been happening over time, very slowly, is a monopoly of banking and a monopoly of insurance all looking as though they are competing. When credit unions start to merge, I do not know what that means but I will leave that up to you; I am just voicing this as a concern. The institutions that claim to serve us are actually violating our Constitution and have literally harassed me for six years and have blocked me from getting my truth to power. It is vast and it includes financial and insurance organizations. They use them to actually manipulate us and to destroy things and buy new things that have more electronic control, etcetera etcetera. There was a big push to get us to go from banking to credit unions during the great deception. What that was was three crashes, not one, and the purpose of that was to get to know all the people who did not like banks, to know who they were and get all their detail. If there is pressure now to merge them from somewhere, then they too will follow the lead. Perhaps they will not be as independent as they seemed. It is a small body today but I would love the committee to look at my evidence. No one has seen it yet, and the truth to power; the police and the federal help are not working. Right now I am in a period where they are surveilling and helping, and all I need is a group of intelligent caring lawmakers to look at my evidence. You could be the group if you have the time today.

OTHER: The Northwest Credit Union Association did provide the Department of Financial Institutions (DFI) with a list of their proposed amendments. The language in the bill provides parity with federally chartered credit unions to approve a merger by majority vote. If the Legislature approves the bill, state-chartered credit unions will not be disadvantaged in comparison to federally chartered credit unions. If the bill passes, DFI can successfully implement it.

**Persons Testifying:** PRO: Representative Ryu, prime sponsor; Mark Minickiello, NW Credit Union Assn.

CON: Lucy Luddington, citizen.

OTHER: Doug Lacy-Roberts, citizen.