

**SENATE BILL 5033**

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**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** Senator Rasmussen.

Read first time January 16, 1991. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to the disclosure of credit union audit reports;  
2 and amending RCW 31.12.565.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 31.12.565 and 1984 c 31 s 58 are each amended to read  
5 as follows:

6 (1) Examination reports and information obtained by the  
7 supervisor's staff in conducting examinations of credit unions and  
8 credit union service organizations are confidential and privileged  
9 information and not subject to public disclosure under chapter 42.17  
10 RCW.

11 (2) Notwithstanding subsection (1) of this section, the supervisor  
12 may furnish examination reports prepared by the supervisor's office to:

13 (a) Federal agencies empowered to examine state-chartered credit  
14 unions;

1 (b) Officials empowered to investigate criminal charges. The  
2 supervisor may furnish only that part of the report which is necessary  
3 and pertinent to the investigation, and only after notifying the  
4 affected credit union and members of the credit union who are named in  
5 that part of the examination report that the report is being furnished  
6 to the officials, unless the officials requesting the report obtain a  
7 waiver of the notice requirement for good cause from a court of  
8 competent jurisdiction;

9 (c) The examined credit union, solely for its confidential use;

10 (d) The attorney general in his role as legal advisor to the  
11 supervisor;

12 (e) Prospective merger partners or liquidating agents of a  
13 distressed credit union;

14 (f) Credit union administrators in other states regarding an  
15 out-of-state chartered credit union doing business in this state under  
16 this chapter, or regarding a credit union chartered under this chapter  
17 doing business in another state;

18 (g) Accounting firms under contract with the credit union;

19 (h) Companies that have bonded the credit union to the extent that  
20 information is relevant to the renewal of the bond coverage or to a  
21 claim under the bond coverage; or

22 (i) Companies, associations, or agencies insuring or guaranteeing  
23 the shares of or deposits in the credit union.

24 (3) (a) Examination reports furnished under subsection (2) of this  
25 section remain the property of the supervisor's office and, except  
26 under (b) of this subsection, no person, agency, or authority to whom  
27 reports are furnished or any officer, director, or employee thereof may  
28 disclose or make public the reports or information contained in the  
29 reports except in published statistical information that does not  
30 disclose the affairs of an individual or corporation, except that

1 nothing prevents the use in a criminal prosecution of reports furnished  
2 under subsection (2)(b) of this section.

3 (b) Examination reports must be made available to credit union  
4 members, upon request, if the request is made more than thirty days  
5 after receipt of the report by any member of the board of directors.

6 (4) In a civil action in which the reports are sought to be  
7 discovered or used as evidence, a party upon notice to the supervisor,  
8 may petition the court for an in-camera review of the reports. The  
9 court may permit discovery and introduction of only those portions of  
10 the report which are relevant and otherwise unobtainable by the  
11 requesting party. This subsection does not apply to an action brought  
12 or defended by the supervisor.

13 (5) This section does not apply to investigation reports prepared  
14 by the supervisor and the supervisor's staff concerning an application  
15 for a new credit union or a notice of intent to establish a branch of  
16 a credit union, except that the supervisor may adopt rules making  
17 confidential portions of the reports if in the supervisor's opinion the  
18 public disclosure of that portion of the report would impair the  
19 ability to obtain information the supervisor considers necessary to  
20 fully evaluate the application.

21 (6) Any person who knowingly violates a provision of this section  
22 is guilty of a gross misdemeanor.