
SENATE BILL 5147

State of Washington

53rd Legislature

1993 Regular Session

By Senator Winsley

Read first time 01/15/93. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to directors, officers, employees, and other agents
2 of credit unions; adding new sections to chapter 31.12 RCW; and
3 prescribing penalties.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 31.12 RCW
6 to read as follows:

7 Directors and officers of a credit union stand in a fiduciary
8 relationship to the credit union and shall discharge the duties of
9 their respective positions in good faith and with that diligence, care,
10 and skill that ordinary, prudent persons would exercise under similar
11 circumstances in like positions.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 31.12 RCW
13 to read as follows:

14 (1) No director, officer, employee, or other agent of a credit
15 union may purchase, or be interested in the purchase, directly or
16 indirectly, of any of its assets without the previous consent of a
17 majority of disinterested directors of the credit union. If the fair
18 market value of the asset or assets exceeds ten thousand dollars, the

1 credit union shall give not less than ten days' prior notice of the
2 sale to the supervisor.

3 (2) No director, officer, employee, or other agent of any credit
4 union may have an interest, direct or indirect, in the gains or profits
5 of the credit union or credit union service organization, except to
6 receive dividends, or interest upon share or deposit accounts nor may
7 the directors, officers, employees, or other agents have an ownership
8 interest in a credit union service organization or other partnership,
9 firm, or corporation doing business with the credit union or a credit
10 union service organization. However, nothing in this subsection
11 prevents an officer, employee, or other agent of the credit union from
12 receiving his or her authorized compensation, from participating in an
13 employee benefit plan, or prevents a director, officer, employee, or
14 other agent of the credit union from owning stock in a corporation
15 doing business with the credit union or credit union service
16 organization if after application to the supervisor, the supervisor
17 determines that the ownership or other interest in the corporation is
18 fair to the credit union. Nothing in this subsection prevents a
19 director from receiving reasonable compensation for expenses as
20 provided in RCW 31.12.365.

21 (3) No director, officer, employee, or other agent of any credit
22 union may, directly or indirectly, receive a bonus, commission,
23 compensation, remuneration, gift, speculative interest, or gratuity of
24 any kind from any person, firm, or corporation other than the credit
25 union (a) for granting, procuring, or endeavoring to procure, for any
26 person, firm, or corporation, a loan by or out of the funds of the
27 credit union; or (b) for the purchase or sale of a securities or
28 property for or on account of the credit union.

29 (4) A violation of this section is a gross misdemeanor.

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