

286.6-700 Suspension of credit union operations.

- (1) If it appears that any credit union is bankrupt or insolvent, or that it has willfully violated this subtitle, or is operating in an unsafe or unsound manner, the commissioner may issue an order temporarily suspending the credit union's operations for not less than thirty (30) nor more than sixty (60) days. The board of directors shall be given notice by registered mail of such suspension, which notice shall include a list of the reasons for such suspension, or a list of the specific violations of this subtitle, or both. The commissioner shall also notify any government agency or other organization insuring the accounts of the credit union of any suspension.
- (2) Upon receipt of such suspension notice, the credit union shall cease all operations, except those authorized by the commissioner. The board of directors shall then file with the commissioner a reply to the suspension notice, and may request a hearing to present a plan of corrective actions proposed if it desires to continue operations. The board may request that the credit union be declared insolvent and a liquidating agent be appointed.
- (3) Upon receipt from the suspended credit union of evidence that the conditions causing the order of suspension have been corrected, the commissioner may revoke the suspension notice, permit the credit union to resume normal operations, and notify any interested insuring agency of such action.
- (4) If the commissioner, after issuing notice of suspension and providing an opportunity for a hearing, rejects the credit union's plan to continue operations, the commissioner may issue a notice of involuntary liquidation and appoint a liquidating agent. The credit union may request the appropriate court to stay execution of such action. Involuntary liquidation may not be ordered prior to the conclusion of suspension procedures outlined in this section.
- (5) If, within the suspension period, the credit union fails to answer the suspension notice or request a hearing, the commissioner may then revoke the credit union's charter, appoint a liquidating agent and liquidate the credit union.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 742, effective July 15, 2010. --
Created 1984 Ky. Acts ch. 202, sec. 1, effective July 13, 1984.

Formerly codified as KRS 290.700.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286, and KRS references within this statute have been adjusted to conform with the 2006 renumbering of that code.