

286.5-750 Conservator appointed -- When -- Procedure.

- (1) If the commissioner, as a result of any examination or from any report made to the commissioner, believes that the public interest may be served by the appointment of a conservator, applies to a court of general jurisdiction in the county in which the home office of the association is located for the appointment of a conservator court may appoint a conservator if it finds that the association:
 - (a) Is in an impaired condition, or
 - (b) Is in violation of an order or injunction, as authorized by this section, which has become final in that the time to appeal has expired without appeal, or a final order entered from which there can be no appeal.
- (2) The commissioner, the commissioner's examiner, or another person may be appointed by the court as conservator, and a certified copy of the order of the court making the appointment shall be evidence thereof. The conservator shall have the power and authority provided in this subtitle and such other power and authority as is expressed in the order of the court. The conservator shall endeavor promptly to remedy the situations complained of in the petition for his or her appointment.
- (3) Within six (6) months of the date of the appointment, or within twelve (12) months if the court extends the six (6) months' period, the association shall be returned to its board of directors and thereafter shall be managed and operated as if no conservator had been appointed, or a receiver shall be appointed as provided in KRS 286.5-760.
- (4) If the commissioner, or examiner, is appointed conservator he or she shall receive no additional compensation, but if another person is appointed, then the compensation of the conservator, as determined by the court, shall be paid by the association.
- (5) A certified copy of the order of the court discharging the conservator and returning such association to its directors shall be sufficient evidence thereof.
- (6) Any conservator appointed shall have all the rights, powers, and privileges possessed by the officers, board of directors, and members of the association.
- (7) The conservator shall not retain special counsel or other experts, incur any expense other than normal operating expenses, or liquidate assets except in the ordinary course of operations.
- (8) The directors and officers shall remain in office and the employees shall remain in their respective positions, but the conservator may remove any director, officer, or employee, if the order of removal of a director or officer is approved in writing by the commissioner.
- (9) While the association is in the charge of a conservator, members of such association shall continue to make payments to the association in accordance with the terms and conditions of their contracts, and the conservator, in his discretion, may permit savings account members to withdraw their accounts, from the association pursuant to the provisions of this subtitle or under such rules and regulations as the commissioner may prescribe. The conservator shall have power to accept savings accounts and additions to savings accounts, but any amounts received by the conservator may be segregated if the commissioner so orders in writing; if so

ordered, such amounts shall not be subject to offset and shall not be used to liquidate any indebtedness of such association existing at the time the conservator was appointed for it or any subsequent indebtedness incurred for the purposes of liquidating the indebtedness of any such association existing at the time such conservator was appointed. All expenses of the association during such conservatorship shall be paid by the association.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 707, effective July 15, 2010. -- Amended 1966 Ky. Acts ch. 255, sec. 233, effective June 16, 1966. -- Created 1964 Ky. Acts ch. 138, sec. 54(2) to (10), effective June 18, 1964.

Formerly codified as KRS 289.750.

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.