

Assembly Bill No. 2396

CHAPTER 529

An act to add Section 14406 to the Financial Code, relating to credit unions.

[Approved by Governor September 18, 2000. Filed
with Secretary of State September 19, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2396, Longville. Credit unions.

The California Credit Union Law provides for the regulation of credit unions by the Division of Credit Unions, within the Department of Financial Institutions, and makes the willful violation of the provisions of this law a crime.

This bill would require a credit union to deposit its savings capital, undivided profits, and reserve funds only in specified financial institutions or specified financial instruments. Because the willful violation of these provisions would be a crime, this bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 14406 is added to the Financial Code, to read:

14406. The savings capital, undivided profits, and reserve funds of a credit union shall be deposited only in the following:

(a) Commercial banks or trust companies, incorporated under the laws of this state.

(b) National banks doing business in this state.

(c) Shares or periodic certificates for funds received by or any form of evidence of interest or indebtedness issued by any credit union organized under this division or by any other credit union if its member accounts are insured as provided for by Subchapter II of the Federal Credit Union Act (12 U.S.C. Sec. 1781 et seq.), or, alternatively, are insured by other means determined acceptable by the commissioner.

(d) Accounts with, investment certificates or withdrawable shares of, any savings and loan association doing business in this state that



is an insured institution pursuant to the Federal Deposit Insurance Corporation Act (12 U.S.C. Sec. 1811 et seq.).

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

