



STATE OF IOWA

KIM REYNOLDS, GOVERNOR
ADAM GREGG, LT. GOVERNOR

IOWA DEPARTMENT OF COMMERCE
DIVISION OF CREDIT UNIONS
KATIE AVERILL, SUPERINTENDENT

December 12, 2018

Iowa Division of Credit Unions Regulatory Advisory Bulletin

Recently, the Iowa Division of Credit Unions was advised of incidents of serious disruptions and bad behavior (including threats and verbal abuse) by credit union members and asked to provide guidance regarding how to respond.

Restrictions of Services:

Iowa Code Section 533.211 permits a credit union to immediately suspend or restrict services provided to members. If a member has caused a loss to the credit union, has violated the membership agreement or any policy adopted by the board, or has been physically or verbally abusive to credit union members or staff, then the credit union may suspend or deny services to the member. Iowa Code § 533.211 (2018). The member is still permitted to maintain a share account, and vote at the annual meeting (and any special meetings) and must fulfil applicable debt obligations. Iowa Code § 533.211 (2018).

Expulsion Process:

In addition to immediately suspending services, the credit union may expel a member, by majority vote of the board of directors, if the member has failed to carry out the obligations of membership or failed to comply with the bylaws or policies. Iowa Code § 533.210(1) (2018). The Board of Directors may call a special meeting via telephone conference or in person and vote to expel the particular member. After a member has been expelled by majority vote of the board of directors, the member has the right to request a hearing before the membership. Iowa Code § 533.210(2) (2018). The membership hearing is not required prior to a member being expelled under Iowa Code. The expelled member must affirmatively request the hearing. Iowa Code § 533.210(2)(a) (2018).

If there is a hearing requested, the membership may confirm the expulsion or reinstate the expelled member by majority vote. However, the membership may articulate the terms and conditions with which the previously expelled member must now comply. Iowa Code § 533.210(2)(b) (2018). If the expelled member requests a hearing before the membership, the hearing must be held within sixty days of the request. Iowa Code § 533.210(2) (2018).

An expelled member has no further rights in the credit union; however, the member is not released from any liability owed to the credit union because of the expulsion. Iowa Code § 533.210(6) (2018).

Iowa Code is silent regarding the manner in which the request must be made, the allowable timeframe between the expulsion and the hearing request, or the required length and location of the membership hearing. The specifics of the request and particulars of the membership hearing may be set forth in the Credit Union Membership Agreement, including what constitutes a quorum of the membership, the length of the hearing, the time permitted for the member to speak, location, manner of voting, etc.

In those cases in which a member has made threats or behaved violently toward credit union staff, security and safety concerns should be the paramount considerations when planning the membership hearing. The required membership hearing need not take place within the credit union, but may be held in a location with security services or law enforcement officers on site.

Questions and concerns regarding safety procedures can be directed to the local police or sheriff's departments. Questions and concerns regarding proper procedure under Iowa law can be directed to the Iowa Division of Credit Unions.



Katie Averill
Superintendent of Credit Unions

KA/jcp