

17-2242. Administrator's jurisdiction. (a) If it appears to the administrator that the board of directors, supervisory or credit committees, of any credit union has been dishonest, reckless or incompetent in the performance of their duties, the administrator: (1) May recommend the removal of such persons; and (2) may submit any such findings, reports or recommendations to any regularly or specially called meeting of the board of directors, credit and supervisory committees or, if the administrator has done this, after due notice given at least 10 days in advance, may submit the administrator's findings and recommendations and reports to a general meeting of the shareholders. Due notice shall be construed as being such notice as is provided in the bylaws of the credit union for calling such meetings. The administrator may give such additional notice to the members as the administrator deems advisable. The administrator and employees shall not be personally liable for such reports, recommendations and findings made in good faith. At any such meeting of the shareholders it shall be in order to call for a vote to remove such officers, board members, committee members, or employees. Such action by the shareholders to remove or not remove such persons from their positions shall be absolute and need not be based on any finding, concurrence or nonagreement with the administrator that such persons are or have been dishonest, reckless or incompetent in the performance of their duties. At any such meeting of the shareholders the board of directors, supervisory or credit committees may concur or not concur with a recommendation of removal whether or not they agree with the findings of the administrator.

(b) As an alternative to and notwithstanding subsection (a), the administrator may suspend from office and prohibit from further participation in any manner in the conduct of the affairs of a credit union any director, officer, committee member or employee who has committed any violation of a law, rules and regulations or of a cease and desist order or who has engaged or participated in any unsafe or unsound practice in connection with the credit union or who has committed or engaged in any act, omission or practice which constitutes a breach of that person's fiduciary duty as such director, officer, committee member or employee, when the administrator has determined that such action or actions have resulted or will result in substantial financial loss or other damage that seriously prejudices the interests of the members. The credit union board of directors or individuals named in the administrative action shall be given a hearing or an opportunity for a hearing in accordance with the provisions of the Kansas administrative procedures act.

History: L. 1968, ch. 160, § 28; L. 1987, ch. 86, § 5; L. 1992, ch. 225, § 21; L. 2007, ch. 187, § 1; July 1.