

286.6-296 Suspension and removal of officers -- Review of such actions -- Injunction.

- (1) The supervisory committee by a unanimous vote may suspend any member of the credit committee and shall report such action to the board of directors for appropriate action.
- (2) The supervisory committee by a unanimous vote may suspend any officer or member of the board of directors until the next members' meeting, which shall be held not less than seven (7) nor more than twenty-one (21) days after such suspension. At such meeting the suspension shall be acted upon by the members.
- (3) Any member of the supervisory committee may be removed by the board of directors for failure to perform his duties in accordance with this subtitle, the articles of incorporation, or the bylaws.
- (4) If the commissioner shall determine that any officer or director of a credit union has committed any violation of law, administrative regulation, or of a cease and desist order which has become final, or has engaged in or participated in any unsafe or unsound practice in connection with the credit union, or has committed or engaged in any act, omission, or practice which constitutes a breach of his fiduciary duty as such officer or director, and the commissioner determines that the credit union has suffered or will probably suffer substantial financial loss or other damages or that the interests of its members could be seriously prejudiced by reason of such violation or practice or breach of fiduciary duty, or that the director or officer has received financial gain by reason of the violation or practice or breach of fiduciary duty, the commissioner may serve upon such director or officer a written notice of intention to remove him or her from office. The violation, practice, or breach must be one involving personal dishonesty on the part of such director or officer, or one which demonstrates a willful or continuing disregard for the safety or soundness of the credit union. The written notice shall serve to suspend the officer or director from office. Such suspension shall become effective upon service of such notice and, unless stayed by a court in proceedings authorized by subsection (6) of this section, shall remain in effect pending the completion of the administrative proceedings under subsection (5) of this section and until such time as the commissioner shall dismiss the charges specified in such notice or, if an order of removal is issued against the officer or director, the effective date of any such order.
- (5) A notice of intention to remove an officer or director from office shall contain a statement of the facts constituting grounds therefor, and shall fix a time and place at which a hearing will be held thereon. Such hearing shall be fixed for a date not earlier than thirty (30) days nor later than sixty (60) days after the date of service of such notice, unless an earlier date is set by the commissioner at the request of such officer or director and for good cause shown. Unless such officer or director shall appear at the hearing in person or by duly authorized representative, he or she shall be deemed to have consented to the issuance of an order of removal. In the event of such consent, or if upon the record made at any such hearing the commissioner shall find that any of the grounds specified in such notice have been established, the

commissioner may issue such orders of suspension or removal from office as he or she deems appropriate.

- (6) Within ten (10) days after an officer or director has been suspended from office, such officer or director may apply to the Circuit Court of the residence of the individual or of the principal office of the credit union for a stay of such suspension pending the completion of the administrative proceedings pursuant to the notice served upon such officer or director, and such court shall have jurisdiction to grant such stay.
- (7) Any person aggrieved by a final order of the commissioner under subsection (5) of this section may obtain a review of the order by filing in the Circuit Court of the residence of the individual or of the principal office of the credit union a petition of appeal within ten (10) days after the rendition of a final order. A copy of the petition shall be served upon the commissioner and thereupon the commissioner or the commissioner's agent shall certify and file in court a copy of the record or other evidence upon which the order is entered. No objection to the order may be considered by the court unless it was argued before the commissioner or there were reasonable grounds for failure to do so.
- (8) The commissioner may apply to the Circuit Court of the residence of the individual or of the principal office of the credit union for an injunction to enforce any order under subsection (5) of this section and it shall be the duty of the court to issue such injunction.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 731, effective July 15, 2010. -- Amended 1988 Ky. Acts ch. 195, sec. 3, effective July 15, 1988. -- Created 1984 Ky. Acts ch. 408, sec. 30, effective July 13, 1984.

Formerly codified as KRS 290.296.

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.