such expenses cannot be denied unless the board of directors, by at least a two-thirds vote of the full board (the total number of current directors), denies the request. The institution must act on any request in a timely manner. For any denial of payment, the board must provide notice to the FCA within 1 business day of the denial, fully document the reasons for such a denial, and ensure that the institution discloses the nature of the request and the reasons for any denial to the terminating institution’s equity holders in the plan of termination.

§611.1219 Prohibited acts.

(a) Statements about termination. Neither the institution nor any director, officer, employee, or agent may make any untrue or misleading statement of a material fact, or fail to disclose any material fact, to the FCA or a current or prospective equity holder about the proposed termination and any related transactions.

(b) Representations regarding FCA approval. Neither the institution nor any director, officer, employee, or agent may make an oral or written representation to anyone that our approval of the plan of termination or the termination is, directly or indirectly, either a recommendation on the merits of the proposal or an assurance that the information you give to your equity holders is adequate or accurate.

§611.1220 Termination resolution.

No more than 1 week before you submit your plan of termination to us, your board of directors must adopt a termination resolution stating its support for terminating your status as a System institution and authorizing:

(a) Submission to us of a plan of termination and other required submissions that comply with §611.1223; and

(b) Submission of the plan of termination to the voting stockholders if we approve the plan of termination under §611.1230 or, if we take no action, after the end of our approval period.

§611.1221 Submission to FCA of plan of termination and disclosure information; other required submissions.

(a) Filing. Send us an original and five copies of the plan of termination, including the disclosure information, and other required submissions. You may not file the plan of termination until at least 30 days after you mail the equity holder notice under §611.1210(b). If you send us the plan of termination in electronic form, you must send us at least one hard copy with original signatures.

(b) Plan contents. The plan of termination must include your equity holder disclosure information that complies with §611.1223.

(c) Other submissions. You must also submit the following:

(1) A statement of how you will transfer assets to, and have your liabilities assumed by, the successor institution;

(2) A copy of the charter application for the successor institution, with any exhibits or other supporting information; and

(3) A statement, if applicable, whether the successor institution will continue to borrow from a Farm Credit bank and how such a relationship will affect your provision for payment of debts. You must also provide evidence of any agreement and plan for satisfaction of outstanding debts.

§611.1222 Plan of termination—contents.

(a) Disclaimer. Place the following statement in boldface type in the material to be sent to equity holders, either on the notice of meeting or the first page of the plan of termination:

The Farm Credit Administration has not determined if this information is accurate or complete. You should not rely on any statement to the contrary.

(b) Summary. The first part of the plan of termination must be a summary that concisely explains:

(1) Which stockholders have a right to vote on the termination and related transactions;

(2) The material changes the termination will cause to the rights of borrowers and other equity holders;

(3) The effect of those changes;

(4) The anticipated benefits and potential disadvantages of the termination;

(5) The right of certain equity holders to dissent and receive payment for their existing equities; and