

MINUTES OF THE Senate COMMITTEE ON Commercial and Financial Institutions

The meeting was called to order by Sen. Neil H. Arasmith at
Chairperson

9:00 a.m./~~p.m.~~ on January 19, 1983 in room 529-S of the Capitol.

All members were present except:

Committee staff present:

Bill Wolff, Legislative Research
Bruce Kinzie, Revisor of Statues

Conferees appearing before the committee:

Jim Maag, Kansas Bankers Association

The minutes of January 12 were approved.

Jim Maag, Kansas Bankers Association, appeared to request that a bill or bills be introduced to allow four changes to be made as clean-up measures in Chapter 9 of the banking code. He passed out copies of the proposed changes. (See Attachment I). He said that the changes could be put in separate bills or incorporated into one bill. After a brief explanation of the proposed changes, committee members asked several questions pertaining to the changes.

Sen. Pomeroy made a motion to introduce the bill, with the exception of subsection (10) on page 2, as one bill. Sen. McCray seconded the motion. The motion carried.

The chairman announced that the Savings and Loan Commissioner had requested that two bills be introduced. Bruce Kinzie, Revisor's Office, had copies of the two bills which he had drafted after working with the Savings and Loan Commissioner. (See Attachments II and III). Mr. Kinzie explained the bills briefly.

Sen. Pomeroy made a motion that the first bill pertaining to the appointment of a special deputy savings and loan commissioner be introduced and referred back to the committee. Sen. Harder seconded the motion. The motion carried.

Sen. Pomeroy made a motion that the second bill pertaining to the establishment of offices of savings and loan associations be introduced and referred back to the committee. Sen. Hess seconded the motion. The motion carried.

Sen. Werts had a request from the State Bank Commissioner that a bill be introduced that would establish the office of Deputy Commissioner to act in the absence of the Commissioner. There was a brief discussion concerning the effect of the bill.

Sen. Hess made a motion that the bill be introduced. Sen. Harder seconded the motion. The motion carried.

The chairman announced that the next meeting will be held on January 20.

The meeting was adjourned.

SENATE COMMITTEE

ON

COMMERCIAL AND FINANCIAL INSTITUTIONS

OBSERVERS
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
1-19-83	Marvin Cherkovitz	Toronto	KUCL
"	Jim Mang	"	KBA
"	Ed Jones	"	Kane Assoc of Prop & Cash. Co.
"	Bud Grant	"	KACJ
"	Tom W. Lee	"	KSL

Section 1. K.S.A. 1982 Supp. 9-701 is hereby amended to read as follows: 9-701. Unless otherwise clearly indicated by the context, the following words when used in this act, for the purposes of this act, shall have the meanings respectively ascribed to them in this section:...

(k) "Savings deposit" shall mean a deposit . . . or that consists of funds deposited to the credit of, or in which any beneficial interest is held by a corporation, partnership, association or other organization not qualifying above to the extent such funds do not exceed \$150,000 per such depositor;...

(r) "Negotiable order of withdrawal deposit" shall mean a deposit on which interest is paid and which is subject to withdrawal by the owner by negotiable or transferable instruments for the purpose of making transfers to third parties, and which consist of funds in which the entire beneficial interest is held by one or more individuals or by a corporation, association, or other organization which is operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes and which is not operated for profit, or by a public unit operated primarily for charitable, educational or other similar purposes.

Sec. 2. K.S.A. 1982 Supp. 9-701 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

Attachment I

Section 1. K.S.A. 1982 Supp. 9-1101 is hereby amended to read as follows: 9-1101. Any bank hereby is authorized...

(10) to subscribe to, buy and own stock in any agricultural credit corporation or livestock loan company, or its affiliate, ~~organized~~ operating pursuant to the provisions of the laws of the United States. . . .

(16) to purchase and sell securities and stock without recourse solely upon the order, and for the account, of customers.

(17) to subscribe to, acquire, hold and dispose of any class of stock, debentures and capital notes of MABSCO Agricultural Services, Inc. or any similar corporation having as its purpose the acquisition, holding and disposition of agricultural loans originated by Kansas banks. No bank's investment in such stock, debentures and capital notes shall exceed 2% of its capital stock, surplus and undivided profits. Such investment shall be carried on the books of the bank as directed by the commissioner.

Sec. 2. K.S.A. 1982 Supp. 9-1101 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

Section 1. K.S.A. 1982 Supp. 9-1114 is hereby amended to read as follows: 9-1114. The business of any bank shall be managed and controlled by its board of directors and this shall include the authority to provide for bonus payments, in addition to ordinary compensation for any or all of its officers and employees. Such board shall consist of not less than five (5) nor more than twenty-five (25) ~~numbers~~ all of whom shall be stockholders of the bank or of the parent corporation of the bank, and who shall be elected by the stockholders at any regular annual meeting. . . .

Sec. 2. K.S.A. 1982 Supp. 9-1114 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

Section 1. K.S.A. 9-1116 is hereby amended to read as follows: 9-1116. The board of directors shall hold at least four (4) regular meetings each year, ~~the same to be held during the months of January, April, July and October.~~ at least one of which shall be held during each calendar quarter. The board of directors, or an auditor selected by said board, and who shall report his or her findings directly to the board, shall make a thorough examination of the books, records, funds and securities held by the bank at each of such quarterly meetings and the result of such examination shall be recorded in detail. In lieu of the required four (4) quarterly examinations, the board of directors may accept one annual audit by a certified public accountant or an independent auditor approved by the commissioner.

Sec. 2. K.S.A. 9-1116 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

SENATE BILL NO. _____

By Committee on Commercial and Financial Institutions

AN ACT relating to savings and loan associations; concerning the appointment of a special deputy savings and loan commissioner; amending K.S.A. 17-5614 through 17-5622 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 17-5614 is hereby amended to read as follows: 17-5614. If an association shall refuse or neglect to comply with such order within the time specified therein, or if it shall appear to the commissioner that any association is in an unsafe condition or is conducting its business in an unsafe manner, or if ~~he~~ the commissioner shall find that an impairment of capital exists to such an extent that it threatens loss to the members, or if any association refuses to submit its books, papers, and accounts to the inspection of the commissioner or ~~his~~ the commissioner's representative, the commissioner may appoint a trustee special deputy savings and loan commissioner to take charge of the association and manage its business until the commissioner shall permit the board of directors to resume management of the business or shall reorganize the association, or until a receiver shall be appointed by the commissioner to liquidate its affairs. The commissioner shall fix the compensation of such trustee special deputy commissioner.

Sec. 2. K.S.A. 17-5615 is hereby amended to read as follows: 17-5615. Any trustee special deputy commissioner appointed by the commissioner shall have all the rights, powers and privileges possessed by the officers, board of directors and members of the association.

Sec. 3. K.S.A. 17-5616 is hereby amended to read as follows: 17-5616. The trustee special deputy commissioner shall

Attachment II

not retain special counsel or other experts, incur any expenses other than normal operating expenses, or liquidate assets except in the ordinary course of operations without written approval of the commissioner.

Sec. 4. K.S.A. 17-5617 is hereby amended to read as follows: 17-5617. The directors and officers shall remain in office and the employees shall remain in their respective positions, but the trustee special deputy commissioner may remove any director, officer or employee provided the order of removal of a director or officer shall be approved in writing by the commissioner.

Sec. 5. K.S.A. 17-5618 is hereby amended to read as follows: 17-5618. While the association is in charge of a trustee special deputy commissioner, members of such association shall continue to make payments to the association in accordance with the terms and conditions of their contracts, and the trustee special deputy commissioner, in ~~his~~ the special deputy commissioner's discretion, may permit shareholders to repurchase their shares from the association pursuant to the provisions of this act, or under, and subject to, such rules and regulations as the commissioner may prescribe. The trustee special deputy commissioner shall have power to accept payments upon such shares and such payments when received by the trustee special deputy commissioner may be segregated if the commissioner shall so order in writing; if so ordered, such payments shall not be subject to offset, and shall not be used to liquidate any indebtedness of such association existing at the time the trustee special deputy commissioner was appointed for it or any subsequent indebtedness incurred for the purpose of liquidating the indebtedness of any such association existing at the time such trustee special deputy commissioner was appointed. All expenses of the association including salary and expenses of the ~~trustee--during--such trusteeship~~ special deputy commissioner shall be paid by the association.

Sec. 6. K.S.A. 17-5619 is hereby amended to read as

follows: 17-5619. The appointment of a ~~trustee~~ special deputy commissioner shall be evidenced by the commissioner issuing a certificate under the seal of ~~his~~ the commissioner's office delivered to the board of directors of the association, certifying that a ~~trustee~~ special deputy commissioner has been appointed pursuant to this act and such certificate shall state the compensation to be received by such ~~trustee~~ special deputy commissioner.

Sec. 7. K.S.A. 17-5620 is hereby amended to read as follows: 17-5620. Within ~~twelve~~ 12 months from the date upon which the ~~trustee~~ special deputy commissioner shall take charge of an association the commissioner shall determine whether or not ~~he~~ the commissioner shall restore the management of the association to the board of directors.

Sec. 8. K.S.A. 17-5621 is hereby amended to read as follows: 17-5621. In the event the commissioner determines to restore the management such determination shall be evidenced by the commissioner's certificate under ~~his~~ the commissioner's seal delivered to the board of directors of the association reciting that the ~~trustee--forthwith~~ special deputy commissioner is redelivering the management of the association to the board of directors of the association then in office.

Sec. 9. K.S.A. 17-5622 is hereby amended to read as follows: 17-5622. After the management of the association shall have been redelivered to the board of directors of an association, the association shall ~~thereforth~~ be managed and operated as if no ~~trustee~~ special deputy commissioner had been appointed.

Sec. 10. K.S.A. 17-5614 through 17-5622 are hereby repealed.

Sec. 11. This act shall take effect and be in force from and after its publication in the statute book.

SENATE BILL NO. _____

By Committee on Commercial and Financial Institutions

AN ACT relating to savings and loan associations; concerning the establishment of offices; amending K.S.A. 17-5225 and 17-5630 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 17-5225 is hereby amended to read as follows: 17-5225. No home office or branch of an association shall be established, opened, moved or relocated without first applying for and obtaining from the savings and loan board, written approval thereof, except that a home office or branch established by a savings and loan association located at the home office or branch of a liquidated association, shall not be required to obtain written approval from the board, if the commissioner certifies in writing that such action is in the best interest of the members of the liquidated association.

Sec. 2. K.S.A. 17-5630 is hereby amended to read as follows: 17-5630. Upon such recordation of such order all the property of the association including its rights, titles and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action and every right, privilege, interest and asset of any conceivable value, or benefit, then existing or pertaining to it, or which would inure to it, shall immediately by act of law and without any conveyance or transfer and without any further act or deed, become vested in and ~~continue~~ continues to be the property of the receiver of such association who shall have, hold and enjoy the same as receiver as fully and to the same extent as the same was possessed, held and enjoyed by the association of which ~~he~~ such person was appointed receiver. The receiver, upon written order of the commissioner, in accordance with the provisions of K.S.A.

Attachment III

17-5225, and amendments thereto, may authorize the operation of a home office or branch of another association at the office or offices of the association for which the receiver was appointed.

Sec. 3. K.S.A. 17-5225 and 17-5630 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.