

MINUTES OF THE Senate COMMITTEE ON Commercial & Financial Institutions

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

9:00 a.m. ~~pm~~ on January 26, 1983 in room 529-S of the Capitol.

All members were present except:

Senators McCray and Reilly - Excused

Committee staff present:

Bill Wolff, Legislative Research  
Bruce Kinzie, Revisor's Office

Conferees appearing before the committee:

Marvin Steinert, Savings and Loan Department

The minutes of January 20 were approved.

Marvin Steinert, Savings and Loan Department, appeared to give his testimony in support of SB 56. (See Attachment I). After several questions from the committee concerning the F.S.L.I.C, the use of the word "deputy", and the order referred to in lines 22 and 23 of the bill, the bill was taken under advisement.

Mr. Steinert began his testimony in support of SB 57. (See Attachment II). Sen. Pomeroy asked questions as to how this bill could give authority to establish a new home office. Staff explained that this could be handled in the same manner as was done for the Bank Commissioner. The Bank Commissioner can issue an immediate charter and submit it for the board's approval at their next meeting. Meanwhile, the bank would have been operating. Sen. Werts asked if a new association is the successor, who decides if it is federal or state chartered. Mr. Steinert answered that it is up to the individuals who form the association. A short discussion followed on the bidding process for the offices that may be up for bid if the Federal Home Loan Bank Board decides on a liquidation. Mr. Steinert requested that both SB 56 and SB 57 be put in the Kansas register. The hearing on SB 57 was concluded.

The chairman asked the committee if it wished to act on SB 56 and SB 57.

Sen. Pomeroy made a motion to amend line 107 of SB 56 to change the publication date. Sen. Hess seconded the motion. The motion carried.

Sen. Pomeroy made a motion to report SB 56 favorably as amended. Sen. Gordon seconded the motion. The motion carried.

Sen. Pomeroy made a motion to amend SB 57 conceptually to give the Savings and Loan Commissioner the authority to grant a charter to be approved by the board similar to the Banking Commissioner. Sen. Hess seconded the motion. The motion carried.

Sen. Pomeroy made a motion to amend line 50 of SB 57 to change the publication date. Sen. Feleciano seconded the motion. The motion carried.

Sen. Pomeroy made a motion to report SB 57 favorably as amended. Sen. Feleciano seconded the motion. The motion carried.

The next meeting will be held on January 27.

The meeting was adjourned.

COMBEECH AND FINANCIAL DIRECTORIES

MEMBERS  
(Please print)

NAME

ADDRESS

REPRESENTATION

Jimmie Smith

Fopaka

Budget

M.C. Umholtz

typeks

KCU

Lloyd A. Davidson

Ottawa

self

Jim Masz

Fopaka

KBA

Conny Grookay

Lawrence

Sen Tom Renora

Tom Wilcox

Fopaka

KSL

SENATE BILL NO. 56

Testimony concerning revision of K.S.A. 17-5615 to 5622 presented to the Senate Commercial and Financial Institutions Committee, January 26, 1983.

I. Reasons for changing from "trustee" to "special deputy savings and loan commissioner."

A. The term trustee is associated in the minds of the general public with the taking charge of the affairs of a person or organization that can no longer be trusted to continue as a self-directing entity.

1. This creates doubt in the public mind that the association can continue to be trusted with funds.
2. One of the purposes of naming a trustee in contrast to naming a receiver to investigate a problem in an association is to enable the association to operate normally while the problem is investigated and remedial steps taken as needed under close supervision of the Commissioner, with the hope that the association can be returned to control of the Directors if problems are found to be not critical or can quickly be remedied without major disruption in ongoing operations.
3. The duties and function of the "special deputy savings and loan commissioner" would be unchanged from existing statutes and it is believed that public anxiety would be appreciably lessened by the use of this term.
4. Since the Commissioner has no statutory power comparable to the "Cease and Desist" order of the federal supervisory authorities, the appointment of a deputy to take temporary charge of an association is an important tool in enforcing compliance. The use of the new term would make for less undesirable local psychological impact when the tool needs to be used.

Attachment I

SENATE BILL NO. 57

Testimony concerning revision of K.S.A. 17-5225 and 17-5630

- I. Circumstances that would necessitate quick action by the Commissioner in giving permission for an association to operate a branch office without going through the procedure of approval by the Savings and Loan Board which requires a 30-day notice period before the hearing date.
  - A. If a decision is made to place an existing association into receivership and the Federal Home Loan Bank Board under its powers as insurer of accounts (F.S.L.I.C.), decides on an expedited liquidation, the existing offices may be up for bid. If a state-chartered association has the best bid, they would need to start operating the offices as their branches on very short notice.
  - B. The recent innovative liquidation procedure of North Kansas Savings Association of Beloit is an example where this power would have been necessary if a state-chartered association had submitted the best bid. The F.S.L.I.C. liquidated this association by assuming all the loans and transferring the savings and deposit accounts together with the offices of the association on a bid basis. A federally-chartered association had the best bid, so the problem did not arise.
  - C. A similar situation might ensue if a liquidation or reorganization under control of the Commissioner were being implemented and it was determined that it would be desirable to have the offices operated either temporarily or permanently as branches of another association on a very short notice basis.

Attachment II