

MINUTES OF THE _____ HOUSE _____ COMMITTEE ON _____ COMMERCIAL & FINANCIAL INSTITUTIONS

The meeting was called to order by _____ VICE-CHAIRMAN DAVID MILLER _____ at
Chairperson

_____ 3:30 ~~am~~ ^{pm} /p.m. on _____ February 2 _____, 19⁸⁴ in room 527-S _____ of the Capitol.

All members were present except: Representative Harold Dyck, excused
Representative Kenneth King, excused

Committee staff present: Bill Wolff, Research Department
Myrta Anderson, Research Department
Bruce Kinzie, Revisor of Statutes Office
Mitchell Lousch, Intern
Virginia Conard, Committee Secretary

Conferees appearing before the committee: Eugene C. Hegarty, Bank Commissioner
Ron Smith

Vice-Chairman Miller called the meeting to order.

Bank Commissioner Hegarty testified on HB2733, proposing that the bill as drafted be amended. (See Attachment I)

Because of lack of clarity in the issue, Vice-Chairman Miller suggested that the Staff do a workup on the proposed bill and the proposed amendments and a subsequent hearing would be held on HB2733.

Mr. Hegarty testified next on HB2734. Vice-Chairman Miller asked the Staff to do a workup also on this proposed bill and the proposed amendments. (See Attachment I) as presented by Mr. Hegarty. Vice-Chairman Miller stated that a subsequent hearing would also be held on this bill.

On HB2735 Commissioner Hegarty also asked for some amendments to the bill as drafted. (See Attachment I)

The second and last conferee to appear before the committee was Ron Smith, who stated that he actually was not appearing on behalf of the Kansas Independent Bankers Association but at the request of some fellow lawyers. In his testimony, he stated that "The definition under current law of what constitutes 'control' of a Kansas bank is the subject of a lawsuit in Shawnee County District Court" and that the "Counsel for KIBA have not had time to review HB2735 as to whether it has any impact on this ongoing lawsuit." He stated that they would like to reserve time to discuss these ramifications, if any, should their counsel decide the bill has an impact. (See Attachment II for Mr. Smith's written testimony.)

Representative Davis Louis moved that the minutes of the January 31 meeting be approved. Representative Dorothy Nichols seconded the motion. Motion carried.

Vice-Chairman Miller announced that there will be a reconsideration and rehearing at next Thursday's meeting (February 9) of HB2733, HB2734 and HB2735, subject to the approval of the Chairman.

Meeting adjourned shortly after 4:00 o'clock.

Next scheduled meeting of the Committee is February 7.

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TESTIMONY OF: STATE BANK COMMISSIONER EUGENE C. HEGARTY
KANSAS BANKING DEPARTMENT ON HB 2733, HB
2734 AND HB 2735.

Attachment I

PRESENTED TO: THE HOUSE COMMERCIAL & FINANCIAL INSTITUTION
COMMITTEE

FEBRUARY 2, 1984

HB 2733

MR. CHAIRMAN, WE ARE SUGGESTING THAT LINE 31 BE AMEND-
ED TO READ "OR A CORRESPONDENT BANK MAINTAINING A BALANCE
IN A PASS-THROUGH ACCOUNT WITH A FEDERAL RESERVE BANK".
ALSO, THAT LINE 33 THAT READS "A BANK SHALL BE" AND ALL OF
LINE 34, 35, 36 AND 37 NOT BE DELETED.

SINCE THE ENACTMENT OF PUBLIC LAW 96-221 RESERVE RE-
QUIREMENTS FOR ALL MEMBERS AND NON-MEMBER BANKS HAVE BEEN
ESTABLISHED BY REGULATION D. RESERVE REQUIREMENTS OF DE-
POSITORY INSTITUTIONS AND THE BANKING BOARD, AFTER ENACT-
MENT OF HB 2125, 1981 SESSION, DID ON APRIL 16, 1981, ELIM-
INATE THE DUAL COMPUTATION OF RESERVE REQUIREMENTS AND STATE
BANKS WERE ADVISED STATE RESERVES SHALL NOT EXCEED THOSE AS
REQUIRED IN REG. D.

IN VIEW OF THE ABOVE SECTIONS 2, 3 AND 4, ARE OBSOLETE
AND SHOULD BE RESCINDED.

HB 2734

MR. CHAIRMAN, WE RECOMMEND A CHANGE IN LINE 22 TO READ
"CONVICTED OF ANY FELONY OR ANY CRIME INVOLVING DISHONESTY
OR A BREACH OF TRUST".

SECTION 1 OF THE HB IS BEING REQUESTED AS BANKING LAWS
ARE NOW SILENT ON THIS SUBJECT. KSA 9-1114 AND KSA 9-1115
ADDRESSES DIRECTORS, OFFICERS AND EMPLOYEES. AN EXTRACT OF
A PORTION OF SECTION 1115 DEALS WITH BONDING OF OFFICERS
AND EMPLOYEES. "THE BOARD OF DIRECTORS SHALL REQUIRE ALL
OFFICERS AND EMPLOYEES HAVING THE CARE OF HANDLING OF THE

(SEE PAGE #2)

*Attch. I
2/2/84*

HB 2734 (CONT.)

FUNDS OF THE BANK TO GIVE A GOOD AND SUFFICIENT BOND TO BE EXECUTED BY AN APPROVED SURETY AUTHORIZED TO DO BUSINESS IN THIS STATE". IF A SURETY CORPORATION WILL BOND AN INDIVIDUAL WHO HAS BEEN CONVICTED OF ANY OF THESE CRIMES, THIS OFFICE HAS NO AUTHORITY TO REFRAIN THE INDIVIDUAL FROM BEING ACTIVE IN THE BANK AS AN OFFICER, EMPLOYEE OR DIRECTOR.

SECTION II - THIS IS BEING REQUESTED IN ORDER THAT THIS DEPARTMENT MAY KEEP CLOSER CONTROL AND BE KEPT CURRENT ON ANY MAJOR CHANGES THAT OCCUR DURING THE YEAR AFTER THE ANNUAL REPORT IS SUBMITTED IN JANUARY OF EACH YEAR. WE NEED CURRENT RECORDS ON THESE "KEY" INDIVIDUALS.

HB 2735

MR. CHAIRMAN, WE ARE REQUESTING SOME CHANGES IN THIS BILL AS DRAFTED.

LINE 27(d) TO READ (e) AND THAT (d) READ "BOARD" MEANS THE KANSAS BANKING BOARD.

LINE 56 TO READ "ACQUISITION WITH THE BOARD. AT THE CONCLUSION, THE BOARD SHALL BY ORDER."

LINE 60 AND 61 TO READ "BY THE BOARD MAY APPEAL TO THE DISTRICT COURT OF THE PROPER COUNTY WITHIN SIXTY (60) DAYS FROM THE DATE OF THE BOARD'S".

THIS BILL IS BEING REQUESTED IN ORDER THAT THE STATE BANKING COMMISSIONER HAS SOME CONTROL AND INPUT INTO THE CHANGE OF CONTROL OF STATE BANKS. THIS DEPARTMENT, THRU THE STATE BANKING BOARD, IS THE CHARTERING AGENCY, SURELY WE SHOULD HAVE AS MUCH INPUT INTO THIS MATTER AS THE FEDERAL DEPOSIT INSURANCE CORPORATION UNDER THE CHANGE IN BANK CONTROL ACT 1978, AS AMENDED. FORMS WHICH ANY BANK HAS TO SUBMIT TO THE FDIC TO BE COMPLETED IN SUCH A CHANGE WILL BE ACCEPTED BY THIS DEPARTMENT.



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STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612

ROBERT T. STEPHAN
ATTORNEY GENERAL

July 23, 1981

MAIN PHONE (913) 296-2215
CONSUMER PROTECTION 296-3791

Mr. Carl R. Sandstrom
Assistant Bank Commissioner
State Bank Department
Suite 600, 818 Kansas Avenue
Topeka, Kansas 66612

Re: State Bank
Kansas

Dear Mr. Sandstrom:

This letter will confirm our telephone conversation earlier this week regarding your letter of July 9, 1981.

The material submitted with your letter indicates that the regional director of the Federal Deposit Insurance Corporation has requested your office to review and make recommendations on the application of the above-referenced bank for consent of the FDIC to that bank's employment of

In turn, you have forwarded the application and accompanying material to this office for our "review and comments."

As I indicated to you in our earlier conversation, I am unaware of any state statute having relevance to this situation. Thus, absent any pertinent statute, it would be inappropriate for this office to counsel you as to your response to the FDIC's inquiry, since your response is discretionary and necessarily involves policy considerations of your office.

I trust that the foregoing adequately responds to your inquiry. If this office can be of any further assistance, please let me know.

Very truly yours,

OFFICE OF THE ATTORNEY GENERAL
ROBERT T. STEPHAN

W. Robert Alderson
First Deputy Attorney General

WRA:jm

Testimony by Ron Smith 2-2-84

"The definition under current law of what constitutes "control" of a Kansas bank is the subject of a lawsuit in ~~Shannon~~ State court, Shannon Co.

Counsel for KIBA have not had time to review HB 2735 as to whether it has any impact on this ongoing lawsuit.

Would like to reserve time next week to discuss these ramifications, if any, should our counsel decide the bill has an impact."

Atch. II
2/2/84