

Approved

*Clyde Graeber* 2/3/87  
Date

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL ORGANIZATIONS

The meeting was called to order by Representative Clyde Graeber at  
Chairperson

3:30 ~~X~~m./p.m. on January 29, 1987 in room 527-S of the Capitol.

All members were present except: Kenneth Francisco, excused; Ivan Sand, excused;  
J. C. Long, L. V. Roper, Jim Russell and Mary Jane Johnson

Committee staff present: Bill Wolff, Research Department  
Myrta Anderson, Research Department  
Bruce Kinzie, Revisor of Statutes  
June Evans, committee secretary

Conferees appearing before the committee: Jim Turner, Kansas League of Savings  
Rita D'Angostino, General Counsel,  
Kansas State Banking Department

Chairman Clyde Graeber opened the meeting.

Rita D'Angostino, General Counsel, Kansas State Banking Department, requested a bill amending K.S.A. 9-701 (k) and K.S.A. 1986 Supp. 9-1101, K.S.A. 1987 Supp. 9-1713 and K.S.A. 9-1807 be incorporated with this bill Jim Maag, Kansas Bankers Association, asked in January 28th's meeting as a clean-up of the banking bill. (Attachment I, II,)

Representative Ott moved and Representative Wilbert seconded the requested bill amending these statutes be introduced as a committee bill.

Jim Turner, Kansas League of Savings, requested a bill be introduced and brought back to the committee for a hearing on state chartered savings and loans. Federally chartered savings and loans can cross state lines and state chartered savings and loans are requesting reciprocity to enable them to cross state lines. Representative Wilbert moved and Representative Flottman seconded that a bill be introduced. (Attachment III and IV)

Representative Kenneth Green moved that the minutes of January 22 and January 28, 1987, meeting be approved. Dick Eckert seconded the motion. The motion carried.

The meeting adjourned at 3:45 P.M.

The next meeting will be Tuesday, February 3, 1987.



PROPOSED LEGISLATIVE CHANGES

KANSAS STATE BANKING DEPARTMENT  
1987 SESSION

To: The House Committee on Commercial and Financial Institutions

Fr: Rita M. D'Agostino, General Counsel

Dt: January 29, 1987

I. K.S.A. 9-701(k). Definitions.

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:

- (a) "Bank" shall mean a state bank incorporated under the laws of Kansas.
- (b) "Trust company" shall mean a trust company incorporated under the laws of Kansas.
- (c) "Board" shall mean the Kansas State Banking Board.
- (d) "Commissioner" shall mean the Kansas State Bank Commissioner.
- (e) "Insured bank" shall mean a trust company or state bank whose deposits are insured through the Federal Deposit Insurance Corporation or other governmental agency or by an insurer approved by the State Commissioner of Insurance for such purpose.
- (f) "Item" shall mean any check, note, order, or other instrument or memorandum providing for the payment of money, or upon which money may be collected.
- (g) "Demand deposits" shall include every deposit which is not a "time deposit," "savings deposit," or "negotiable order of withdrawal deposit," as defined in this section.
- (h) "Time deposits" shall mean ~~"time certificates of deposit" and "time deposits, open account,"~~ as defined in this section. "time deposits" as defined by the Federal Reserve Board in Regulation D.

~~(i) "Time certificate of deposit" shall mean a deposit evidenced by a negotiable or non-negotiable instrument which provides on its face that the amount of such deposit is payable, upon presentation and surrender of the instrument, to bearer or to any specified person or to such persons' order; (1) on a certain date, specified in the instrument, not less than 7 days after the date of the deposit; or (2) at the expiration of a certain specified time not less than 7 days after the date of the instrument; or (3) upon notice in writing which is actually required to be given not less than 7 days before the date of repayment.~~

~~(j) "Time deposit, open account" shall mean a deposit, other than a "time certificate of deposit," with respect to which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn, by check or otherwise, prior to the date of maturity, which shall be not less than 7 days after the date of the deposit, or prior to the expiration of the period of notice which must be given by the depositor in writing not less than 7 days in advance of withdrawal.~~

(k) (i) "Savings deposit" shall mean a deposit: (1) Which consists of funds deposited to the credit of or in which the entire

beneficial interest is held by one or more individuals, or of a corporation, association or other organization operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes and not operated for profit; ~~or that consists of funds deposited to the credit of or in which the entire beneficial interest is held by the United States, any state of the United States or any county, municipality or political subdivision thereof; 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,~~ and (2) with respect to which the depositor is not required by the deposit contract but may at any time be required by the bank to give notice in writing of an intended withdrawal not less than 14 7 days before such withdrawal is made and which is not on a specified date or at the expiration of a specified time after the date of deposit.

~~(i)~~ (j) "Public moneys" shall mean all moneys coming into the custody of the United States government or any board, commission or agency thereof, and also shall mean all moneys coming into the custody of any officer of any municipal or quasi-municipal or

public corporation, the state or any political subdivision thereof, pursuant to any provision of law authorizing any such official to collect or receive the same.

- ~~(m)~~ (k) "Municipal corporation" shall mean any city incorporated under the laws of Kansas.
- ~~(n)~~ (l) "Quasi-municipal corporation" shall mean any county, township, school district, drainage district, or any other governmental subdivision of the State of Kansas having authority to receive or hold moneys or funds.
- ~~(o)~~ (m) "Certificate of authority" shall mean a statement signed and sealed by the Commissioner evidencing the authority of a bank or trust company to transact a general business as such.
- ~~(p)~~ (n) "Transaction account" shall mean a deposit or account on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone transfers, or other similar device for the purpose of making payments or transfers to third persons or others.
- ~~(q)~~ (o) "Nonpersonal time deposit" shall mean a time deposit, include a savings deposit that is not a transaction account representing funds in which any beneficial interest is held by a depositor which is not a natural person.

~~(r)~~ (p) "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 consists solely of funds in which the entire beneficial interest is held by one or more individuals, an organization which is operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes and which is not operated for profit, and with respect to deposits of public funds by an officer, employee or agent of the United States, any state, county, municipality or political subdivision thereof, the District of Columbia, the commonwealth of Puerto Rico, American Samoa, Guam, any territory or possession of the United States or any political subdivision thereof.



II. K.S.A. 9-901a. Amount of capital.

- (a) For purposes of this section, the capital of a bank shall be the total of the aggregate par value of its outstanding shares of capital stock, its surplus and its undivided profits.
- (b) The minimum capital of a bank in existence on July 1, 1975, shall be \$250,000 or such lesser amount as such bank had on July 1, 1975. With respect to a bank in existence on July 1, 1975, which thereafter transfers its place of business from one city to another, the minimum capital shall be the amount required by subsection (c) of this section.
- (c) The minimum capital of a bank organized as a corporation after July 1, 1975, or which thereafter transfers its place of business from one city to another, shall be at least \$250,000 or at least an amount equal to 8% of its estimated deposits five years after its organization or transfer of place of business, whichever is greater, of which 60% shall be the aggregate par value of its outstanding shares of capital stock 30% its surplus and 10% its undivided profits. The state banking board may required that the bank have capital in excess of the amounts specified in this subsection if the board determines that the amount and character of the anticipated business of the bank and the safety of its depositors so require.
- (d) The minimum capital of a bank organized pursuant to subsection (b) of K.S.A. 9-1801, and amendments thereto, shall be determined by the commissioner, provided that the successor bank has obtained deposit insurance from the federal deposit insurance corporation or its

successor.

- (e) Except as may be provided elsewhere in this act, no bank shall reduce voluntarily its capital stock or surplus below the amounts required by this section.

### III. K.S.A. 9-906. Restoration of Impaired Capital.

Whenever it shall appear that the capital stock of any bank or trust company is impaired, the Commissioner shall notify such bank or trust company to restore the capital within 90 days of receipt of such notice. Within 15 days of receipt of such notice, the board of directors of such bank or trust company shall levy an assessment on the common stockholders sufficient to restore the capital stock; Provided, that such bank or trust company with its board approval may reduce its capital stock to the extent of the impairment, if such reduction will not reduce the capital stock below the amount required by this act.

**IV. K.S.A. 9-907. Delinquent stockholders; public or private sale of stock.**

Whenever any stockholder of a bank or trust company or an assignee of such stockholder, fails to pay any assessment on his or her stock when the same is required to be paid, the directors of such bank or trust company may sell the stock of such delinquent stockholder, or so much thereof as shall be necessary, to satisfy the assessment and any expenses incident thereto, within 120 days of the bank or trust company's receipt of impairment notice, to any person paying the highest price therefor, which price shall be not less than the amount due upon such stock with any expense incident thereto, and such sale may be either public or private. If sold at private sale and the price offered by any nonstockholder shall not exceed the highest bid of any stockholder, then such stock shall be sold to the stockholder. If such sale shall be public, then 3 weeks' notice thereof, published in a newspaper of general circulation in the city or county where the bank or trust company is located, shall be given. The excess, if any, realized upon the sale of said stock shall be paid to the delinquent stockholder unless he or she is further indebted to the bank or trust company when it may be retained by the bank or trust company as an offset. If no purchaser can be found for such stock upon the terms herein stated the stock shall be forfeited to the bank or trust company to be disposed of within 6 months from the date of the public or private sale as the board of directors shall determine.

**V. K.S.A. 9-1712. Examination Records of Commissioner Confidential.**

All information which the commissioner shall gather or record in making an investigation and examination of any bank or trust company shall be deemed to be confidential information and shall not be disclosed by commissioner or any assistant, or examiner, or employee thereof, except to the attorney general when in the opinion of the commissioner the same should be disclosed, and except as otherwise provided in this act. No original report or <sup>any</sup> document generated by this department may be removed from the office of the Banking Department except as provided by K.S.A. 9-1301, et seq. and amendments thereto.

**VI. K.S.A. 9-1303. Exchange of examinations and reports.**

The state bank commissioner hereby is authorized to accept any report of examination of a state bank or trust company made within a reasonable period by the federal deposit insurance corporation or its successor, by the federal reserve bank or by the certified public accountant or independent auditor auditing the accounts of any bank or trust company insured by a private insurer, as authorized under the provisions of this act, but only one such report of examination shall be accepted in lieu of any examination required by this act in any 1 calendar year. ~~When the commissioner accepts any report of examination of a state bank or trust company made by their insurance corporation or its successor, by the federal reserve bank or by the certified public accountant or independent auditor auditing the accounts of any bank or trust company insured by a private insurer, as authorized under the provisions of this act, the commissioner shall collect 50% of the fee specified by law for a direct examination of such bank or trust company by the state.~~ The commissioner also may accept any report obtained by the federal insurance corporation, the federal reserve bank or private insurer within a reasonable time relative to the condition of any bank or trust company in lieu of any report required by this act.

The commissioner shall furnish to the insurance corporation or private insurer, or to any officer or examiner thereof, a copy of any or all

examination reports made by the Commissioner, or the Commissioner's examiners, of any bank or trust company insured by the corporation or insurer, and any or all reports made to the Commissioner by any bank or trust company insured by such corporation or insurer.

The commissioner may furnish to the bonding company of any bank or trust company, or any officer or employee of such bonding company, a copy of any or all examination reports made by the commissioner, or the commissioner's examiners, of any bonded bank or trust company, and any, or all reports made to the commissioner by any bonded bank or trust company.

The commissioner may furnish to the federal reserve bank, office of the comptroller of currency, the federal home loan bank, the Kansas savings and loan department, and other state bank and savings and loan regulatory agencies, or any officer or examiner thereof, a copy of any or all examination reports made by the commissioner, or the commissioner's examiners of any bank or trust company which is a member or nonmember of the federal reserve system and any or all reports made to the commissioner by any bank or trust company which is a member of the federal reserve system. The commissioner may disclose to the federal reserve bank, office of the comptroller of currency, the federal home loan bank, the Kansas savings and loan department, and other state bank and savings and loan regulatory agencies, or any officer or examiner

thereof, any and all information contained in the commissioner's office concerning the condition of affairs of any bank or trust company which is a member or nonmember of the federal reserve system. Nothing in this act shall be construed to limit the powers of the commissioner with reference to examinations and reports required by this act.



VII. K.S.A. 9-1102; K.S.A. 9-1101(b). **Holding of Real Estate.** (Repeal both statutes and replace with below)

Bank may own, purchase, lease, hold, encumber, or convey real property and certain personal property subject to the following:

- (a) own suitable building, furniture and fixtures, stock in a single non-depository trust company organized under the laws of the State of Kansas, and stock in a safe deposit company organized under the laws of the State of Kansas. If the trust company engages in the business of receiving deposits of banks, such stock shall be sold within six (6) months or removed as an asset of the bank. The trust company and the safe deposit company in which a bank owns stock shall be located at all times in the same city or township where the bank owning such stock is located, otherwise the bank shall dispose of such stock immediately;
- (b) Purchase, hold, encumber, and convey real estate or lease as lessor or lessee any building or buildings. Any real estate not necessary for the bank's accommodation in the transaction of its business shall be disposed of by the bank not later than seven (7) years after its acquisition unless the State Bank Commissioner shall authorize the bank to retain such real estate for a period not to exceed an additional 2 years.

(c) A bank's total investment or ownership at all times in any one or more of the following shall not exceed one-half (1/2) of its capital stock, surplus and capital notes and debentures, and any such excess shall be removed from the bank's books unless approval is granted by the State Bank Commissioner:

1. the book value of real estate plus all encumbrances then thereon;
2. the book value of furniture and fixtures;
3. the book value of stock in a safe deposit company;
4. the book value of stock in a trust company;
5. the book value of stock in a corporation organized under the laws of this state owning real estate occupied by the bank and advances to such corporation acquired or made after July 1, 1973.

Except that any real estate not necessary for the accommodation of the bank's business shall be disposed of according to subsection (b) of this section.

(d) Any bank may acquire real estate in satisfaction of any debts due it and may purchase real estate in satisfaction of any debts due it, and may purchase real estate at judicial sales, but no bank shall bid at any judicial sale a larger amount than is necessary to protect its debts and costs. No real estate, except for agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, acquired in the satisfaction of debtors or upon judicial

sales shall be carried as a book asset of the bank for more than 5 years. At the termination of the 5 years such real estate shall be charged off. No agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, acquired in satisfaction of debts or upon judicial sales shall be carried as a book asset of the bank for more than 10 years. At the termination of the 10 years such agricultural land shall be charged off. The Commissioner may grant an extension for an additional 4 years, or any portion thereof, if in the Commissioner's judgment it will be to the advantage of the bank to carry the real estate or agricultural land as an asset for such extended period.

**VIII.K.S.A. 9-1112. Unlawful transactions.**

No bank shall use its moneys, directly or indirectly by buying and selling tangible property as a business. No bank shall invest any of its funds in the stock of any other bank or corporation, except as provided in this act. No bank shall purchase any instrument, contract, security or other asset from any of its directors, executive or managing officers or employees or from the bank's parent company or a subsidiary of the bank's parent company, except upon approval of the commissioner. No bank shall sell or give any of its assets to any directors, executive or managing officer or employee or to the bank's parent company or a subsidiary of the bank's parent company, except upon approval of the commissioner. Approval of the commissioner need not be obtained for an assignment of third-party loans and security for the payment thereof to or from a subsidiary of the bank's parent company.

No bank shall make any loan or discount on the security of its own shares of stock, or the shares of stock of the bank's parent company or subsidiary of the bank's parent company, nor acquire any of such shares unless the same is necessary to prevent loss upon a debt previously contracted in good faith, in which event such stock must be disposed of within six months at public or private sale. After the expiration of six months no such stock shall be carried as a book asset. Any bank may hold and sell any kind of property coming into its ownership in the collection of debts, but such property which is not a legal investment for banks shall be disposed of as soon as possible. No personal property so acquired, except legal investments, shall be carried as a book asset after

the expiration of six months from the date it is acquired unless the commissioner shall authorize a bank to carry such property as a book asset for a longer period of time.

**IX. K.S.A. 9-2014. Violation of act; commissioner or deputy to inform county attorney.**

It shall be the duty of the bank commissioner or either of the deputies of the commissioner, to inform the county or district attorney of the county in which the bank is located, of any violation of any of the provisions of this act, which constitute a misdemeanor or felony, by the officers, directors, owners or employees of any bank, which shall come to his or her notice, and upon receipt of such information the county or district attorney ~~shall~~ may institute proceedings to enforce the provisions of this act.

X. K.S.A. 17-2008. Board of directors; qualifications; election; term; vacancies.

The affairs and business of such company shall be managed by a board of not less than five nor more than twenty-five directors, a majority of whom shall be residents of the state of Kansas, each of whom shall be a ~~stockholder in the company to an amount not less than one thousand dollars~~ owner of record of common stock, having a par value of not less than \$500, in such trust company or in the parent corporation of such trust company. Such directors shall be elected at the annual meeting of the company for a term of one year and until their successors are elected and qualified. Whenever any director shall cease to own the amount of stock required by this section, he shall cease to be a member of the board, and an entry upon the records of the board reciting this fact shall be sufficient to create a vacancy. Any vacancy in the board created by death, resignation or otherwise shall be filled by the board until the next election, at its first meeting after the vacancy occurs.

**XI.K.S.A. 9-1719. Change of control; definitions.**

As used in K.S.A. 1984 Supp. 9-1719 to 9-1723, inclusive:

- (a) "Control" means the power directly or indirectly to direct the management or policies of a financial institution or to vote 25% or more of any class of voting shares of a bank.
- (b) "Bank" means a state bank incorporated under the laws of Kansas.
- (c) "Trust company" shall mean a trust company incorporated under the laws of Kansas.
- ~~(e)~~ (d) "Commissioner" means the Kansas state bank commissioner.
- ~~(d)~~ (e) "Person" means an individual or a corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization or any other form of entity not specifically listed in this subsection.
- ~~(e)~~ (f) "Board" means the Kansas banking board.



**XII. K.S.A. 9-1720. Change of control; approval of commissioner required.**

It shall be unlawful for a person, acting directly or indirectly or through concert with one or more persons, to acquire control of any bank or trust company through purchase, assignment, pledge or other disposition of voting shares of such bank or trust company, except with the approval of the commissioner or as otherwise allowed by this act.

**XIII. K.S.A. 9-1721. Change of control; procedure; judicial review; expenses.**

- (a) The commissioner shall be given at least 60 days' prior written notice of any proposed bank or trust company acquisition. If the commissioner does not issue a notice disapproving the proposed acquisition within that time or extend the period during which a disapproval may issue for another 30 days, the proposed acquisition shall stand approved. The period for disapproval may be further extended only if the commissioner determines that any acquiring party has not furnished all the information required under K.S.A. 1985 Supp. 9-1722 and amendments thereto or that in the commissioner's judgment any material information submitted is substantially inaccurate. An acquisition may be made prior to expiration of the disapproval period if the commissioner issues written notice of the commissioner's intent not to disapprove the action.
- (b) Within three days after the commissioner's decision to disapprove any proposed acquisition, the commissioner shall notify the acquiring party in writing of the disapproval. The notice shall provide a statement of the basis for the disapproval.
- (c) Within 10 days of receipt of such notice of disapproval, the acquiring party may request a hearing on the proposed acquisition with the board. At the conclusion, the board shall by order approve or disapprove the proposed acquisition on the basis of the record made at such hearing.

- (d) Any disapproval by the board of a proposed acquisition is subject to review in accordance with the act for judicial review and civil enforcement of agency actions.
- (e) Actual expense incurred by the commissioner or board in carrying out any investigation that may be necessary or required by statute shall be paid by the person submitting the proposed acquisition.

**XIV. K.S.A. 9-1722. Change of control; required information to be filed.**

(a) A notice of a proposed bank or trust company acquisition filed pursuant to K.S.A. 1985 Supp. 9-1721, and amendments thereto, shall contain the following information:

- (1) The identity, personal history, business background and experience of each person by whom or on whose behalf the acquisition is to be made, including such person's material business activities and affiliations during the past five years and a description of any material pending legal or administrative proceedings in which the person is a party and any criminal indictment or conviction of such person by a state or federal court;
- (2) a statement of the assets and liabilities of each person by whom or on whose behalf the acquisition is to be made, as of the end of the fiscal year for each of the five fiscal years immediately preceding the date of the notice, together with related statements of income and source and application of funds for each of the fiscal years then concluded and an interim statement of the assets and liabilities for each such person, together with related statements of income and source and application of funds, as of a date not more than 90 days prior to the date of the filing of the notice. Individuals who own 10% or more shares in an applicant bank holding company, as defined in K.S.A. 1985 Supp. 9-519, and amendments thereto, shall file the financial information required by this

paragraph;

- (3) the terms and conditions of the proposed acquisition and the manner in which the acquisition is to be made;
- (4) the identity, source and amount of the funds or other considerations used or to be used in making the acquisition and, if any part of these funds or other considerations has been or is to be borrowed or otherwise obtained for the purpose of making the acquisition, a description of the transaction, the names of the parties, and any arrangements, agreements or understandings with such persons;
- (5) any plans or proposals which any acquiring party making the acquisition may have to liquidate the bank or trust company to sell its assets or merge it with any company or to make any other major changes in its business or corporate structure or management;
- (6) the identification of any person employed, retained or to be compensated by the acquiring party or by any person on such person's behalf to make solicitations or recommendations to stockholders for the purpose of assisting in the acquisition and a brief description of the terms of such employment, retainer or arrangement for compensation;
- (7) copies of all invitations or tenders or advertisements making a tender offer to stockholders for purchase of their stock to be used in connection with the proposed acquisition; and
- (8) any additional relevant information in such form as the

department may require by specific request in connection with any particular notice.

- (b) The commissioner may accept an application filed with the federal reserve bank or federal deposit insurance corporation in lieu of a statement filed pursuant to subsection (a). The commissioner may, in addition to such application, request additional relevant information.

XV. K.S.A. 9-1723. Change of control; disapproval; reasons.

The commissioner may disapprove any proposed acquisition if:

- (a) The proposed acquisition of control would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking or trust companies in any part of this state;
- (b) the financial condition of any acquiring person is such as might jeopardize the financial stability of the bank or trust company or prejudice the interests of the depositors of the bank;
- (c) the competence, experience or integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the bank or trust company or in the interest of the public to permit such person to control the bank or trust company; or
- (d) any acquiring person neglects, fails or refuses to furnish the commissioner all the information required by the commissioner.

XVI. K.S.A. 9-1724. Merger, consolidation or transfer of assets and liabilities; information to be filed with commissioner; investigation.

Before any bank or trust company can merge, consolidate with or transfer its assets and liabilities to another bank or trust company or corporation under the provisions of ~~chapter~~ article 67 of ~~article~~ chapter 17 of the Kansas Statutes Annotated, each bank, trust company or corporation concerned in such merger, consolidation or transfer shall file, or cause to be filed, with the state banking commissioner, certified copies of all proceedings had by its directors and stockholders relating to such merger, consolidation or transfer. The stockholders' proceedings shall show that a majority of the stockholders voted in favor of the merger, consolidation or transfer. The stockholders' proceedings shall also contain a complete copy of the agreement made and entered into between the banks or trust companies or a bank or trust company and a corporation, with reference to such merger, consolidation or transfer. Upon the filing of the stockholders and directors' proceedings, the commissioner shall make an investigation of each bank or trust company or corporation to determine whether:

- (a) The interests of the depositors, creditors and stockholders of each bank, trust company or corporation are protected;
- (b) the merger, consolidation or transfer is in the public interest; and
- (c) the merger, consolidation or transfer is made for legitimate purposes.



The commissioner's consent to or rejection of such merger, consolidation or transfer shall be based upon such investigation. No merger, consolidation or transfer shall be made without the consent of the commissioner. The expense of the investigation shall be paid by the bank or trust company or the bank or trust company and the corporation.

Notice of the merger, consolidation or transfer shall be published at least once each week for three consecutive weeks before or after the merger, consolidation or transfer is to become effective, at the discretion of the commissioner, in a newspaper of general circulation published in each city or county in which the banks or trust companies or the bank or trust company and the corporation ~~is~~ are located and a certified copy of the notice shall be filed with the commissioner.

**XVII.K.S.A. 75-3135. Salary of bank commissioner; appointment of deputy commissioner; assistants and employees.**

The bank commissioner shall receive an annual salary to be fixed by the governor with the approval of the state finance council. The bank commissioner is hereby authorized to appoint a deputy commissioner who shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the bank commissioner. The deputy commissioner shall perform such duties as may be required by the commissioner. If the office of the commissioner is vacant or if the commissioner is absent or unable to act, the deputy commissioner shall be the acting commissioner. The deputy commissioner shall have at least five years' experience as a state bank officer or five years' experience as a state or federal deposit insurance corporation bank examiner. The bank commissioner is also authorized to appoint or contract for, in accordance with the civil service law, such special assistants and other employees as are necessary to properly discharge the duties of the office.

Section 1. K.S.A. 1986 Supp. 9-1101 is hereby amended to read as follows:

9-1101. Any bank hereby is authorized to ...

(15) to subscribe to, acquire, hold and dispose of stock of ~~any class of the KBA Mortgage Corporation,~~ a corporation having as its purpose the acquisition, holding and disposition of loans secured by real estate mortgages, and to acquire, hold and dispose of the debentures and capital notes of such corporation. No bank's investment in such stock, debentures and capital notes shall exceed two percent of its capital stock, surplus and undivided profits and such investment shall be carried on the books of the bank as directed by the commissioner; ...

New Section 1. (a) Subject to subsection (b), banks may engage in any activity, exercise any power or offer any financially related product or service in this state that any other provider of financial products or services may engage in, exercise or provide, or that the commissioner, with the approval of the state banking board, may approve as financially related.

(b) The activities, powers, products and services that may be engaged in, exercised or offered by a bank under subsection (a) are limited to those specified by rules and regulations adopted by the state bank commissioner pursuant to K.S.A. 1987 Supp. 9-1713, and amendments thereto, and with respect to such activities, powers, products and services of banks that are limited by other laws of this state, banks may engage in, exercise or offer such activities, powers, products and services only subject to the limitations of such laws.

(c) The state bank commissioner and the state banking board, pursuant to the provisions of K.S.A. 9-1807, may order any bank to cease and desist from any activity, the exercise of any power or the offering of any product or service authorized by rule and regulation pursuant to subsection (b) as an unsafe and unsound practice by the bank. Among the factors which may be considered in determining if such an order shall be issued are the bank's capital, assets, management, and liquidity.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

**KLSI** Kansas  
League of  
Savings  
Institutions

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JAMES R. TURNER, President • Suite 512 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

January 28, 1987

TO: House Committee on Commercial and Financial Institutions  
FROM: Jim Turner, Kansas League of Savings Institutions  
RE: Request for Introduction of a Bill

The Kansas League of Savings Institutions appreciates the opportunity to appear before the House Commercial and Financial Institution Committee to request introduction of a bill that would create equity between state-chartered and federally-chartered savings and loan associations in the area of interstate banking.

Presently, a federally-chartered association is allowed to acquire branches across state lines in supervisory cases and to also branch into two additional states as a reward. The attached bill would grant similar authority for state-chartered institutions.

We would respectfully request that the attached bill be introduced and referred back to the committee for hearings and deliberation.

James R. Turner  
President

JRT:lw

ATCH III

\_\_\_\_\_ BILL NO. \_\_\_\_\_

An Act relating to savings and loan associations;  
establishment and operation of branches within and without the  
State of Kansas by state chartered associations.

Be it enacted by the Legislature of the State of Kansas

Section 1. Subject to such prohibitions, limitations and conditions as the commissioner may by regulation prescribe, any state chartered savings and loan association having its home office in this state may establish and operate a branch office in a state other than Kansas if the law of that state in which the branch is to be located permits the establishment and operation of such branch office by an association with its home office located in Kansas.

Section 2. Subject to such prohibitions, limitations and conditions as the commissioner may by regulation prescribe, the commissioner may allow any state chartered savings and loan association having its home office in a state other than Kansas to establish and operate a branch office in the State of Kansas if the law of the state where the home office of the association is located permits the establishment and operation of such branch offices in that state by associations with home offices in Kansas.

Section 3. This Act shall take effect and to be in force from and after its publication in the statute book.

ATCH IV