

Approved:

Date: 3-19-02

## MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on March 12, 2002 in Room 234 N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department  
Ken Wilke, Office of the Revisor of Statutes  
JoAnn Bunten, Committee Secretary

Conferees appearing before the committee:

Judi Stork, Office of State Bank Commissioner

Others attending: See attached list.

### **Approval of Minutes**

Senator Brungardt made a motion to approve the Committee minutes of February 26, March 6 and 7, 2002, seconded by Senator Teichman. The motion carried.

### **Hearing on HB 2694 - Trust companies, change of name**

Judi Stork, Office of State Bank Commissioner, testified before the Committee in support of **HB 2694** which would allow the State Bank Commissioner to approve a name change proposed by a trust company rather than having the State Banking board grant the approval. (Attachment 1)

There were no opponents to **HB 2694**,

Because of the noncontroversial nature of the bill, the Committee agreed to recommend **HB 2694** be placed on the consent calendar. Senator Teichman made a motion the Committee recommend **HB 2694** favorable for passage and the bill be placed on the consent calendar, seconded by Senator Corbin. The motion carried.

### **Hearing on HB 2695 - Banks and trust companies, board of directors, forfeiture of office**

Judi Stork, Office of State Bank Commissioner, expressed her support for **HB 2695** which would require any director of a bank or trust company whose indebtedness to the bank is forgiven to forfeit the person's position as a director. (Attachment 2)

There were no opponents to **HB 2695**.

Senator Teichman made a motion that the Committee recommend **HB 2695** favorable for passage, seconded by Senator Feleciano. The motion carried.

### **Comments**

Senator Feleciano complimented the Deputy Commissioner, Division of Consumer and Mortgage Lending, Kevin Glendening, in the Office of the State Bank Commissioner, for the professional manner in which an investigation of Consec was conducted that resulted in restitutions made to those citizens involved with the company.

### **Adjournment**

The meeting was adjourned at 9:50 a.m. The next meeting is scheduled for March 13, 2002.



STATE OF KANSAS  
BILL GRAVES  
GOVERNOR

Franklin W. Nelson  
*Bank Commissioner*

Judi M. Stork  
*Deputy Bank Commissioner*



Sonya L. Allen  
*General Counsel*

Kevin C. Glendening  
*Deputy Commissioner  
Consumer and Mortgage Lending*

OFFICE OF THE  
STATE BANK COMMISSIONER

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

March 12, 2002

Madame Chair and Members of the Committee:

My name is Judi Stork. I am the Deputy Bank Commissioner with the Office of the State Bank Commissioner. I am here today to request your favorable consideration of HB 2694. This bill would amend K.S.A. 9-2106, concerning names of trust companies. As you may recall, last year, as part of a review of the powers of the state banking board, many of the more routine functions of the board were transferred to the commissioner. This included name changes for state banks. However, we overlooked changing the approval process for name changes of independent trust companies. This proposed amendment would allow the commissioner to approve trust company name changes, rather than requiring banking board approval. The banking board was consulted about this issue, and is supportive of this change.

Thank you. I would be happy to answer any questions.

Senate Financial Inst. & Insurance  
Date: 3-12-02  
Attachment No. 1

STATE OF KANSAS  
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OFFICE OF THE  
STATE BANK COMMISSIONER

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

March 12, 2002

Madame Chair and Members of the Committee:

My name is Judi Stork. I am the Deputy Bank Commissioner with the Office of the State Bank Commissioner. I am here today to request your favorable consideration of HB 2695. This bill would amend K.S.A. 9-1114 of the Banking Code. This statute governs the qualifications and election of the directors of state-chartered banks. The statute currently requires that a director forfeit their office if they become indebted to the bank on a charged off obligation. We would like to add the provision that they must also forfeit their position if their debt with the bank is forgiven by the bank. We have had instances where a director has had a debt at a bank that is going to be charged off, and the bank has inquired as to whether forgiveness of such debt would correct the violation, and therefore allow the director to retain his or her position as a director. Our office is of the opinion that the intent of the statute is to ensure that directors are held to a high standard with regard to their financial dealings. We do not envision that forgiveness of a charged off obligation follows the intent of the statute. In 1996, we addressed the issue of forgiveness of debt at to officers of the bank, in K.S.A. 9-1115. That statute now requires forfeiture of the officer's position if the officer has forgiven debt at the bank. We believe the same principles and rules should apply to both officers and directors, and would ask for your favorable consideration of this bill.

Thank you. I would be happy to answer any questions.

Senate Financial Inst. & Insurance  
Date: 3-12-02  
Attachment No. 2