

Commerce 4/3

Senate File 400
Commerce
Jenkins, Chairman
Curtis
Briles

FILED APR 2 1975

SENATE FILE 400

By COLEMAN, PRIEBE and MURRAY

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the operation of bank holding companies
2 and prohibiting the formation of new bank holding companies
3 without certificates of authority from the state banking
4 board.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section five hundred twenty-four point one
2 thousand eight hundred one (524.1801), unnumbered paragraph
3 one (1), Code 1975, is amended to read as follows:

4 As used in this ~~section-and-sections-524-1802-through~~
5 ~~524-1807~~ division, "Bank Holding Company" means any cor-
6 poration, business trust, voting trust, association, part-
7 nership, joint venture, or similar organization, other than
8 an individual, which directly or indirectly owns or controls
9 twenty-five percent or more of the voting shares of each of
10 two or more banks or of a company which is a bank holding
11 company by virtue of this section, or which controls in any
12 manner the election of a majority of the directors of each
13 of two or more banks, or for the benefit of whose shareholders
14 or members twenty-five percent or more of the voting shares
15 of each of two or more banks or of a company which is a bank
16 holding company by virtue of this section is held by trustees.
17 However, no company shall be a bank holding company solely
18 by virtue of its ownership or control of shares:

19 Sec. 2. Chapter five hundred twenty-four (524), Code 1975,
20 is amended by adding to Division eighteen (XVIII) sections
21 three (3) through seven (7) of this Act.

22 Sec. 3. NEW SECTION. No company shall become a bank
23 holding company without first securing from the superintendent
24 authority to conduct business as a bank holding company in
25 Iowa. The grant of authority shall be evidenced by a
26 certificate which shall not be issued by the superintendent
27 without the approval of the board of governors of the fed-
28 eral reserve system as required by the federal bank holding
29 company Act of 1956 as amended. The superintendent shall
30 issue certificates of authority without application to any
31 company which was conducting business as a bank holding company
32 in Iowa on January 31, 1975 or which had on or before that
33 date taken affirmative action to secure approval of the board
34 of governors of the federal reserve system of the transaction
35 to become a bank holding company.

1 Sec. 4. NEW SECTION. Each application for a certificate
2 of authority to become a bank holding company filed with the
3 superintendent shall be accompanied by a fee in an amount
4 to be established by the superintendent on the basis of the
5 probable cost of processing, examination and investigation
6 of such applications. Within ten days after filing of the
7 application the applicant shall publish a notice of the filing
8 describing the proposed transaction, in a form prescribed
9 by the superintendent, in a newspaper of general circulation
10 in each county which is the site of the principal place of
11 business of a bank which will be controlled by the proposed
12 bank holding company. The applicant shall at the time of
13 publication of the notice send a copy of the notice by ordinary
14 United States mail to each bank holding a charter in the
15 county where the notice is published.

16 Sec. 5. NEW SECTION. The applicant or any objector to
17 the application may within thirty days after filing of the
18 application request a hearing before the superintendent, which
19 shall be held within sixty days after the filing. The hearing
20 shall be reported and transcribed at the expense of the party
21 requesting the hearing.

22 Sec. 6. NEW SECTION. The superintendent shall conduct
23 an investigation of each application for a certificate of
24 authority to become a bank holding company, and shall make
25 a record of each investigation which shall include the
26 transcribed record of the hearing, if one is requested. The
27 superintendent shall reach a decision granting or denying
28 the application within sixty days after the application is
29 filed or, if a hearing on the application is requested, within
30 fifteen days after the hearing is closed. The superintendent
31 shall not approve issuance of a certificate of authority,
32 with or without a hearing, unless satisfied that:

33 1. The subsequent operation of each of the banks which
34 will be controlled by the proposed bank holding company will
35 be in accord with the declarations of legislative purpose

1 expressed in section five hundred twenty-four point one hundred
2 two (524.102), subsections one (1) through seven (7) of the
3 Code.

4 2. There is reasonable assurance that adequate banking
5 facilities will be provided in the future in the communities
6 directly affected.

7 3. The subsequent operation of the proposed bank holding
8 company will not impede the economic progress of the
9 communities directly involved.

10 4. The subsequent operation of the proposed bank holding
11 company will not adversely affect the banking industry in
12 the communities directly involved.

13 5. The effect of the proposed transaction will not be
14 to substantially lessen competition or tend to create a banking
15 monopoly in any part of this state, unless the anticompetitive
16 effects are clearly outweighed by the public interest, con-
17 venience and needs.

18 6. The character and fitness of the managerial personnel
19 of the applicant is such as to command the confidence of the
20 public and to warrant the belief that the business of the
21 proposed bank holding company will be honestly and efficiently
22 conducted.

23 7. The capital structure of the proposed bank holding
24 company will adequately support the subsequent operation.

25 8. The proposed bank holding company will have sufficient
26 personnel with adequate knowledge and experience to serve
27 the banks which will be controlled by the proposed company.

28 Sec. 7. NEW SECTION. The decision of the superintendent
29 granting or denying any application for a certificate of
30 authority to become a bank holding company shall be subject
31 to review by the district court of Polk county upon petition,
32 filed within thirty days after the decision is announced,
33 by the applicant or by any objector who appeared at the hearing
34 on the application if one was requested. The court shall
35 hear the appeal in equity and review shall be de novo,

1 additional evidence may be introduced and there shall be no
2 presumption of the correctness of the superintendent's
3 determinations.

4 Sec. 8. Section five hundred twenty-four point one thousand
5 eight hundred seven (524.1807), Code 1975, is amended to read
6 as follows:

7 524.1807 PENALTIES. Any bank holding company which will-
8 fully violates any provision of ~~sections-524.1801-through~~
9 ~~524.1806~~ this division shall, upon conviction, be fined not
10 less than one hundred dollars nor more than one thousand
11 dollars for each day during which the violation continues.
12 Any individual who willfully participates in a violation of
13 any provisions of ~~sections-524.1801-through-524.1806~~ this
14 division shall be guilty of a misdemeanor and, upon conviction
15 thereof, shall be subject to imprisonment in the county jail
16 for a period not exceeding one year or a fine not exceeding
17 one thousand dollars, or both. Any violation of this division
18 may be enjoined.

19 EXPLANATION

20 Legislation passed in 1972 added to the Iowa Banking Act
21 of 1969 what now appears as Division XVIII (sections 524.1801-
22 524.1807, Code 1975), which regulates the activities of firms
23 meeting the definition of a bank holding company established
24 by section 524.1801. This bill adds to Division XVIII the
25 requirement that before becoming a bank holding company in
26 Iowa, a firm must apply for and obtain a certificate of
27 approval from the Superintendent of Banking. Standards are
28 established for the Superintendent to apply in evaluating
29 each application. Applicants are required to pay a fee to
30 the Superintendent to cover the cost of administering this
31 Act.

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