

Appropriation 5964, En. P. 1/2 (p. 1046)

FILED APR 6 1990

SENATE FILE 2434  
BY HUTCHINS AND HULTMAN

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to bank holding companies, subsidiaries, and  
2 affiliates, providing an appropriation from the banking  
3 revolving fund to the banking division of the department of  
4 commerce, and providing a penalty and an effective date.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

SF 2434

1 Section 1. Section 524.1213, subsection 9, Code Supplement  
2 1989, is amended to read as follows:

3 9. The resulting bank of a merger or consolidation shall  
4 not retain any united community bank office or any other bank  
5 office within the municipality ~~or-urban-complex~~ in which the  
6 principal office of the resulting bank is located if the  
7 resulting bank then would have a greater number of bank  
8 offices within that municipality ~~or-urban-complex~~ than is  
9 expressly permitted by section 524.1202, subsection 2.

10 Sec. 2. 1990 Iowa Acts, House File 685, section 3,  
11 subsection 1, is amended to read as follows:

12 1. ~~"Acquire" except in section 524.1802, subsection 1,~~  
13 means to ~~directly or indirectly~~ acquire ~~twenty-five percent or~~  
14 ~~more of the voting securities or other capital stock of, or~~  
15 ~~power to control in any manner the election of a majority of~~  
16 ~~the directors of,~~ over one or more banks conducting a banking  
17 business in this state or one or more bank holding companies  
18 located in this state or controlling one or more banks  
19 conducting a banking business in this state.

20 Sec. 3. 1990 Iowa Acts, House File 685, section 3, is  
21 amended by adding the following new subsections:

22 NEW SUBSECTION. 1A. "Bank conducting a banking business  
23 in this state" means a state bank or national bank that has  
24 its principal place of business in this state and that is  
25 authorized to engage and actually is engaged in receiving  
26 money for demand deposit, receiving money for time deposit,  
27 paying checks, and making commercial loans.

28 NEW SUBSECTION. 4A. "Control" means control as defined  
29 and described in the federal Bank Holding Company Act of 1956,  
30 12 U.S.C. § 1841(a)(2)(A) and (B), as amended to January 1,  
31 1990.

32 Sec. 4. 1990 Iowa Acts, House File 685, is amended by  
33 adding the following new section:

34 SEC. \_\_\_\_ . NEW SECTION. 524.1851A RIGHTS RESERVED.

35 Notwithstanding any other provision of this division, a

1 bank holding company described in section 524.1805 may engage  
2 in any acquisition or transaction in which it could lawfully  
3 engage in the absence of this division.

4 Sec. 5. 1990 Iowa Acts, House File 685, section 4, is  
5 amended to read as follows:

6 SEC. 4. NEW SECTION. 524.1852 ACQUISITIONS.

7 1. A regional bank holding company may directly or  
8 indirectly ~~acquire an interest in the voting securities or~~  
9 ~~other capital stock of, or power to control in any manner the~~  
10 ~~election of any of the directors of~~ obtain interests not  
11 constituting control in, one or more banks conducting a  
12 banking business in this state or in one or more bank holding  
13 companies located in this state or controlling one or more  
14 banks conducting a banking business in this state.

15 2. ~~Notwithstanding subsection 1, a~~ A regional bank holding  
16 company shall not ~~directly or indirectly acquire twenty-five~~  
17 ~~percent or more of the voting securities or other capital~~  
18 ~~stock of, or power to control in any manner the election of a~~  
19 ~~majority of the directors of,~~ acquire one or more banks  
20 conducting a banking business in this state or one or more  
21 bank holding companies located in this state or controlling  
22 one or more banks conducting a banking business in this state  
23 without except upon the prior approval of the superintendent  
24 and compliance with the application procedures and acquisition  
25 conditions, limitations, and requirements of this division.

26 Sec. 6. 1990 Iowa Acts, House File 685, section 6,  
27 subsection 5, paragraph 1, is amended to read as follows:

28 1. Will on balance have a positive effect upon the  
29 community interests of the communities served by the bank or  
30 banks to be acquired. In considering community interest  
31 factors, the superintendent may investigate in addition to the  
32 effects of the acquisition on shareholders or depositors, the  
33 effects of the acquisition on employees, suppliers, creditors,  
34 and community development. ~~The superintendent shall consider~~  
35 ~~the short-term and long-term impact upon community interests~~

1 ~~of-the-proposed-acquisition,-including-the-possibility-that~~  
2 ~~community-interests-may-be-best-served-by-the-continued~~  
3 ~~independence-of-the-bank-or-bank-holding-company-to-be~~  
4 ~~acquired:~~

5 Sec. 7. 1990 Iowa Acts, House File 685, section 6,  
6 subsection 8, is amended by striking the subsection and  
7 inserting in lieu thereof the following:

8 8. Approval shall be conditioned upon the applicant  
9 entering into a contract with the superintendent providing  
10 that any bank located in this state and owned or controlled by  
11 the applicant will be operated in a manner that conforms to  
12 any actions, promised to be undertaken by the applicant in its  
13 application, to correct any deficiencies in the procedures or  
14 operations of the acquired bank, which promises were necessary  
15 to allow the superintendent to approve the application. As  
16 part of such contract, the applicant shall agree that the  
17 applicant, as well as any Iowa bank or Iowa bank holding  
18 company acquired by the applicant, shall provide reports to  
19 and permit examinations of its records by the superintendent  
20 to the extent necessary to ensure compliance with the promises  
21 referred to in the application.

22 Sec. 8. 1990 Iowa Acts, House File 685, section 8,  
23 subsection 3, is amended to read as follows:

24 3. The superintendent may assess a civil penalty to a bank  
25 holding company in violation of a condition up to five  
26 ~~thousand~~ hundred dollars per violation, but not to exceed a  
27 total of ~~two-hundred-fifty~~ ten thousand dollars per year.

28 Sec. 9. 1990 Iowa Acts, House File 685, section 13,  
29 subsection 2, is amended by striking the subsection.

30 Sec. 10.

31 There is appropriated from the banking revolving fund to  
32 the banking division of the department of commerce for the  
33 fiscal year beginning July 1, 1990, and ending June 30, 1991,  
34 the following amount, or so much thereof as is necessary, for  
35 the purpose designated:

1 For salaries, support, maintenance, miscellaneous purposes,  
2 and for not more than the following full-time equivalent  
3 positions, in connection with the implementation,  
4 administration, and enforcement of interstate banking:

5 .....	\$	50,000
6 .....	FTEs	2.00

7 Sec. 11.

8 Section 1 of this Act, being deemed of immediate  
9 importance, takes effect upon enactment.

10 Sec. 12.

11 Sections 2 through 9 of this Act shall have the same effect  
12 as if originally enacted in 1990 Iowa Acts, House File 685.

13 EXPLANATION

14 This bill contains revisions to 1990 Iowa Acts, House File  
15 685, which authorizes interstate banking under certain  
16 conditions. A civil penalty provision is modified. The bill  
17 also amends the united community bank office limitations  
18 enacted in 1989 to permit the merger of affiliates in certain  
19 circumstances.

20 The bill appropriates money from the banking revolving fund  
21 for the implementation, administration, and enforcement of  
22 interstate banking.

23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

SENATE FILE 2434

S-5984

1 Amend Senate File 2434 as follows:  
2 1. Page 2, by inserting after line 25, the  
3 following:  
4 "Sec. \_\_\_\_ . 1990 Iowa Acts, House File 685, is  
5 amended by adding the following new section:  
6 NEW SECTION. 524.1852A PROHIBITED ACQUISITIONS.  
7 Unless expressly authorized by federal law in the  
8 absence of the enactment of this division, a foreign  
9 bank, as defined in 12 U.S.C. § 3101, or an out-of-  
10 state bank holding company that is directly or  
11 indirectly owned or controlled by a foreign bank shall  
12 not make any type of acquisition described or referred  
13 to in section 524.1852, and shall divest itself of any  
14 interests acquired in violation of this section. The  
15 superintendent may prosecute any action or proceeding  
16 necessary to compel compliance with this section."  
17 2. By renumbering and correcting references as  
18 necessary.

By COMMITTEE ON APPROPRIATIONS  
JOE WELSH, Chairperson

S-5984 FILED APRIL 6, 1990

SENATE FILE 2434

S-5989

1 Amend the amendment, S-5984, to Senate File 2434,  
2 as follows:  
3 1. Page 1, line 6, by striking the figure  
4 "524.1852A" and inserting the following: "524.1851".  
5 2. By renumbering as necessary.

By CALVIN O. HULTMAN

S-5989 FILED APRIL 7, 1990