

SENATE FILE 2376
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3239)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to financial institutions including the
2 regulation of state banks, bank holding companies, and
3 industrial loan companies, and providing for penalties.

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

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SF 2376

1 Section 1. Section 12C.22, subsection 6, paragraph a, Code
2 2005, is amended to read as follows:

3 a. Investment securities and shares in which a bank is
4 permitted to invest under section 524.901, subsections 1, 2,
5 and 3, and 4.

6 Sec. 2. Section 524.217, subsection 2, Code 2005, is
7 amended to read as follows:

8 2. The superintendent may furnish to the federal deposit
9 insurance corporation, the federal reserve system, the office
10 of the comptroller of the currency, the office of thrift
11 supervision, national credit union administration, the federal
12 home loan bank, the financial crimes enforcement network of
13 the federal department of the treasury, the United States
14 internal revenue service, and financial institution regulatory
15 authorities of other states, or to any official or supervising
16 examiner of such regulatory authorities, a copy of the report
17 of any or all examinations made of any state bank and of any
18 affiliate of a state bank.

19 Sec. 3. Section 524.220, subsection 1, Code 2005, is
20 amended to read as follows:

21 1. A state bank shall render a full, clear, and accurate
22 statement of its condition to the superintendent, in a format
23 prescribed by the superintendent, ~~verified-by-the-oath-of-an~~
24 ~~officer-and-attested-by-the-signatures-of-at-least-three-of~~
25 ~~the-directors,~~ or verified by the oath of two of its officers,
26 and attested by at least two of the directors. The
27 superintendent may, in the superintendent's discretion, use
28 any form of statement of condition that is used by the federal
29 deposit insurance corporation or the federal reserve system.

30 Sec. 4. Section 524.220, subsection 3, Code 2005, is
31 amended by striking the subsection.

32 Sec. 5. Section 524.312, subsection 3, Code 2005, is
33 amended to read as follows:

34 3. If a change in the location of the principal place of
35 business of a state bank is proposed, application for approval

1 of the superintendent shall be made as required by the
2 superintendent pursuant to this section. A change in location
3 of the principal place of business of a state bank, including
4 a change from one municipal corporation to another municipal
5 corporation within an urban complex, requires an amendment to
6 the articles of incorporation pursuant to sections 524.1502,
7 524.1504, and 524.1506. A state bank seeking approval of a
8 change of location pursuant to this subsection shall publish
9 ~~once-each-week-for-two-consecutive-weeks~~ a notice of the
10 proposed change of location in a newspaper of general
11 circulation in the municipal corporation or unincorporated
12 area in which the state bank has its principal place of
13 business, or if there is none, in a newspaper of general
14 circulation in the county, or in a county adjoining the
15 county, in which the state bank has its principal place of
16 business, and in the municipal corporation in which it seeks
17 to establish its principal place of business, or if there is
18 none, in a newspaper of general circulation in the county, or
19 in a county adjoining the county, in which the municipal
20 corporation is located. The ~~notices~~ notice shall be published
21 within thirty days after the application to the superintendent
22 for approval of the change in location is accepted for
23 processing. The notice shall set forth the name of the state
24 bank, the present location of its principal place of business,
25 the location to which it proposes to move its principal place
26 of business, and the date upon which the application was
27 accepted for processing by the superintendent.

28 Sec. 6. Section 524.606, subsection 2, unnumbered
29 paragraph 1, Code 2005, is amended to read as follows:
30 If, in the opinion of the superintendent, any director of a
31 state bank or bank holding company has violated any law
32 relating to such state bank or bank holding company or has
33 engaged in unsafe or unsound practices in conducting the
34 business of such state bank or bank holding company, the
35 superintendent may cause notice to be served upon such

1 director, to appear before the superintendent to show cause
2 why the director should not be removed from office. A copy of
3 such notice shall be sent to each director of the state bank
4 or bank holding company affected, by registered or certified
5 mail. If, after granting the accused director a reasonable
6 opportunity to be heard, the superintendent finds that the
7 director violated any law relating to such state bank or bank
8 holding company or engaged in unsafe or unsound practices in
9 conducting the business of such state bank or bank holding
10 company, the superintendent, in the superintendent's
11 discretion, may order that such director be removed from
12 office, and that such director be prohibited from serving in
13 any capacity in any other bank, bank holding company, bank
14 affiliate, trust company, or an entity licensed under chapter
15 533A, 533C, 533D, 535B, 536, or 536A. A copy of the order
16 shall be served upon such director and upon the state bank or
17 bank holding company of which the person is a director at
18 which time the person shall cease to be a director of the
19 state bank or bank holding company. The resignation,
20 termination of employment, or separation of such director,
21 including a separation caused by the closing of the state bank
22 or bank holding company at which the person serves as a
23 director, does not affect the jurisdiction and authority of
24 the superintendent to cause notice to be served and proceed
25 under this subsection against the director, if the notice is
26 served before the end of the six-year period beginning on the
27 date the director ceases to be a director with the bank.

28 Sec. 7. Section 524.707, subsection 2, Code 2005, is
29 amended to read as follows:

30 2. Section 524.606, subsection 2, which provides for the
31 removal of directors by the superintendent, shall have equal
32 application to officers and employees of a bank, bank holding
33 company, bank affiliate, or trust company.

34 Sec. 8. Section 524.1201, Code Supplement 2005, is amended
35 by adding the following new subsection:

1 NEW SUBSECTION. 4. A bank shall not operate a loan
2 production office or deposit production office in this state
3 unless either the bank has received approval from the
4 superintendent or the bank operated the loan production office
5 or deposit production office before July 1, 2006.

6 Sec. 9. Section 524.1601, Code 2005, is amended to read as
7 follows:

8 524.1601 PENALTIES AND CRIMINAL PROVISIONS APPLICABLE TO
9 DIRECTORS, OFFICERS, AND EMPLOYEES OF STATE BANKS AND BANK
10 HOLDING COMPANIES.

11 1. A director, officer, or employee of a state bank or
12 bank holding company who willfully violates any of the
13 provisions of subsection 4 of section 524.612, section
14 524.613, subsection 2 of section 524.706, insofar as such
15 subsection incorporates subsection 4 of section 524.612, or
16 section 524.710, shall be guilty of a serious misdemeanor,
17 plus, in the following circumstances, an additional fine or
18 fines equal to:

19 a. The amount of money or the value of the property which
20 the director, officer, or employee received for procuring, or
21 attempting to procure, a loan, extension of credit, or
22 investment by the state bank or bank holding company, upon
23 conviction of a violation of subsection 1 of section 524.613,
24 or of subsection 1 of section 524.710.

25 b. The amount by which the director's, officer's, or
26 employee's deposit account in the state bank or bank holding
27 company is overdrawn, upon conviction of a violation of
28 subsection 2 of section 524.613, or of subsection 2 of section
29 524.710.

30 c. The amount of any profit which the director, officer,
31 or employee receives on the transaction, upon conviction of a
32 violation of subsection 4 of section 524.612, or of subsection
33 2 of section 524.706, insofar as each applies to purchases
34 from and sales to a state bank or bank holding company upon
35 terms more favorable to such director, or officer, or employee

1 than those offered to other persons.

2 d. The amount of profit, fees or other compensation
3 received, upon conviction of a violation of section 524.710,
4 subsection 1, paragraph "b".

5 2. A director or officer who willfully makes or receives a
6 loan in violation of subsection 1 of section 524.612, or
7 subsection 1 of section 524.706, shall be guilty of a serious
8 misdemeanor and shall be subject to an additional fine equal
9 to that amount of the loan in excess of the limitation imposed
10 by such subsections, and shall be forever disqualified from
11 acting as a director or officer of any state bank or bank
12 holding company. For the purpose of this subsection, amounts
13 which are treated as obligations of an officer or director
14 pursuant to subsection 5 of section 524.612, shall be
15 considered in determining whether the loan or extension of
16 credit is in violation of subsection 1 of section 524.612 and
17 subsection 1 of section 524.706.

18 3. A director, officer, or employee of a state bank or
19 bank holding company who willfully makes or receives a loan or
20 extension of credit of funds held by the state bank or bank
21 holding company as fiduciary, in violation of subsection 4 of
22 section 524.1002, shall be guilty of a serious misdemeanor and
23 shall be subject to a further fine equal to the amount of the
24 loan or extension of credit made in violation of subsection 4
25 of section 524.1002, and shall be forever disqualified from
26 acting as a director, officer, or employee of any state bank
27 or bank holding company.

28 4. A director, officer, or employee of a state bank or
29 bank holding company who willfully violates, or participates
30 in the violation of, section 524.814, or section 524.819,
31 shall be guilty of a serious misdemeanor.

32 Sec. 10. Section 524.1602, unnumbered paragraph 1, Code
33 2005, is amended to read as follows:

34 The superintendent may impose a penalty on a state bank of
35 up to one hundred thousand dollars for each day:

1 Sec. 11. Section 524.1603, subsection 2, Code 2005, is
2 amended to read as follows:

3 2. The superintendent may impose a penalty on a state bank
4 of up to one hundred thousand dollars for each day that it
5 violates the provisions of section 524.1201.

6 Sec. 12. Section 536A.2, Code 2005, is amended by adding
7 the following new subsections:

8 NEW SUBSECTION. 1A. "Affiliate" means the same as defined
9 in 12 U.S.C. § 1841(k).

10 NEW SUBSECTION. 1B. "Commercial activities" means
11 activities in which an industrial loan company is not
12 specifically authorized to engage under the provisions of this
13 chapter.

14 NEW SUBSECTION. 1C. "Control" means the same as provided
15 in 12 U.S.C. § 1841(a)(2).

16 Sec. 13. Section 536A.4, Code 2005, is amended to read as
17 follows:

18 536A.4 LIMITATIONS.

19 No A license shall not be issued to any individual,
20 partnership, nonprofit organization, or unincorporated
21 association. A license shall not be issued to an applicant
22 that engages in commercial activities directly or through an
23 affiliate. Not more than one place of business where loans
24 are made shall be maintained under the same license but the
25 superintendent may issue more than one license to the same
26 licensee upon compliance, for each such additional license,
27 with all the provisions of this chapter governing an original
28 issuance of a license.

29 Sec. 14. Section 536A.5, subsection 6, Code 2005, is
30 amended by striking the subsection.

31 Sec. 15. Section 536A.12, subsection 3, paragraph a, Code
32 2005, is amended to read as follows:

33 a. For purposes of this section, ~~"control" means control~~
34 ~~as defined in section 524.103. --However,~~ a change of control
35 does not occur when a majority shareholder of an industrial

1 loan company transfers the shareholder's shares of the
2 industrial loan company to a revocable trust, so long as the
3 transferor retains the power to revoke the trust and take
4 possession of such shares.

5 Sec. 16. Section 536A.21, Code 2005, is amended to read as
6 follows:

7 536A.21 OTHER BUSINESS IN SAME OFFICE.

8 A licensee engaged in the business of operating an
9 industrial loan company under the provisions of this chapter
10 may not conduct its business within any office, room, suite,
11 ~~or place of business in which any other business is engaged in~~
12 ~~or conducted, unless specifically authorized to do so in~~
13 ~~writing by the superintendent upon the superintendent's~~
14 ~~finding that the character of the other business is such that~~
15 ~~its operation by the licensee would not facilitate evasions of~~
16 ~~this chapter or any other statute of the state of Iowa~~
17 ~~relating to the making of loans, or premises in which~~
18 commercial activities are conducted, unless the place where
19 its business is conducted by the industrial loan company is
20 physically separated from the location where commercial
21 activities are conducted and has a separate entrance. The
22 prohibition of this section shall not apply to the conduct of
23 business if, prior to January 1, 2006, the superintendent has
24 determined in writing that the character of the other business
25 is such that its operation by the licensee would not
26 facilitate evasions of the provisions of this chapter or any
27 other provision of the Code relating to the making of loans.

28 Sec. 17. Section 536A.22, unnumbered paragraph 3, Code
29 2005, is amended by striking the unnumbered paragraph.

30 Sec. 18. Section 536A.23, Code 2005, is amended by adding
31 the following new subsection:

32 NEW SUBSECTION. 6. Engage in commercial activities or
33 have an affiliate that engages in commercial activities. This
34 subsection shall not apply to an industrial loan company with
35 an affiliate that is engaged in commercial activities prior to

1 January 1, 2006, if control of the industrial loan company is
2 not thereafter transferred to an entity that engages in
3 commercial activities directly or through an affiliate.

4 Sec. 19. NEW SECTION. 536A.32 ACQUISITIONS.

5 Neither an out-of-state bank nor an out-of-state bank
6 holding company shall directly or indirectly acquire control
7 of, or directly or indirectly acquire all or substantially all
8 of the assets of, an industrial loan company located in this
9 state, unless the industrial loan company has been in
10 continuous existence and operation for at least five years.

11 Sec. 20. NEW SECTION. 536A.33 ACQUISITIONS AND BRANCHES
12 BY OUT-OF-STATE COMPANIES.

13 An out-of-state industrial loan company, industrial bank,
14 or similar institution as provided in 12 U.S.C. §
15 1841(c)(2)(H), shall not do any of the following:

- 16 1. Establish or operate a branch in this state.
- 17 2. Directly or indirectly acquire control of an industrial
18 loan company located in this state.
- 19 3. Directly or indirectly acquire all or substantially all
20 of the assets of an industrial loan company in this state.

21 Sec. 21. NEW SECTION. 536A.34 ACTIVITIES OF BRANCHES OF
22 OUT-OF-STATE COMPANIES.

23 A branch of an out-of-state industrial loan company,
24 industrial bank, or similar institution as provided in 12
25 U.S.C. § 1841(c)(2)(H), shall not engage in any activity in
26 this state in which an industrial loan company is not
27 specifically permitted to engage under the provisions of this
28 chapter, and shall not conduct operations at any location
29 where an industrial loan company is not permitted to conduct
30 operations under this chapter.

31 Sec. 22. Section 524.1803, Code 2005, is repealed.

32 EXPLANATION

33 This bill relates to financial institutions including the
34 regulation of state banks, bank holding companies, and
35 industrial loan companies. The bill provides that banks may

1 use as collateral to secure public deposits any investment
2 securities and shares registered under the Federal Investment
3 Company Act of 1940. The bill permits the superintendent to
4 provide copies of examinations or reports to the financial
5 crimes enforcement network of the U.S. department of the
6 treasury and the internal revenue service. The bill changes
7 the verification and attestation requirements for reports to
8 the superintendent by requiring two officers to verify and at
9 least two directors to attest to the report rather than
10 allowing an alternative verification by one officer and
11 attestation by at least three directors. The bill repeals the
12 requirement that a state bank publish the bank's statement of
13 condition in a local newspaper. The bill reduces the number
14 of times a state bank must publish a notice of a proposed
15 change of location of its principal place of business in a
16 local newspaper.

17 The bill provides the superintendent with authority to
18 remove a director, officer, or employee of a bank holding
19 company for engaging in unsafe or unsound practices in
20 conducting the business of the bank holding company and
21 prohibit the director from serving in any capacity for another
22 entity regulated by the superintendent. The bill provides
23 that a bank is prohibited from operating a loan production
24 office or deposit production office without approval from the
25 superintendent unless the bank operated the office before July
26 1, 2006. The bill makes the criminal provisions of Code
27 chapter 524 applicable to a director, officer, or employee of
28 a bank holding company.

29 The bill increases the penalty the superintendent may
30 impose on a state bank from \$100 per day to \$1,000 per day.

31 The bill provides for definitions of "affiliate",
32 "commercial activities", and "control" concerning regulation
33 of industrial loan companies. The bill restricts the ability
34 of an industrial loan company or an affiliate to engage in
35 commercial activities as defined by the bill. The bill

1 removes persons engaged in the mercantile business from the
2 exemption from regulation as an industrial loan lender. The
3 bill prohibits an out-of-state bank or bank holding company
4 from acquiring control of an industrial loan company unless
5 the industrial loan company has been in continuous existence
6 and operation for at least five years. The bill restricts the
7 ability of an out-of-state industrial loan company or
8 industrial bank from establishing, operating, controlling, or
9 acquiring an industrial loan company in this state.

10 The bill repeals the provision restricting the ability of a
11 bank holding company to purchase stock of a state or national
12 bank.

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Rielly co-chair
Kettering co-chair
Stewart
Ziemann

SSB# 3239

Succeeded By
SF HF 2376

Commerce

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CO-CHAIRPERSONS BEHN AND
WARNSTADT)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the regulation of state banks and bank holding
2 companies including attestation and publication requirements,
3 the removal and service of officers, directors, and employees,
4 and offers to purchase stock, and increasing civil penalties.

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

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1 Section 1. Section 524.217, subsection 2, Code 2005, is
2 amended to read as follows:

3 2. The superintendent may furnish to the federal deposit
4 insurance corporation, the federal reserve system, the office
5 of the comptroller of the currency, the office of thrift
6 supervision, national credit union administration, the federal
7 home loan bank, the financial crimes enforcement network of
8 the federal department of the treasury, the United States
9 internal revenue service, and financial institution regulatory
10 authorities of other states, or to any official or supervising
11 examiner of such regulatory authorities, a copy of the report
12 of any or all examinations made of any state bank and of any
13 affiliate of a state bank.

14 Sec. 2. Section 524.220, subsection 1, Code 2005, is
15 amended to read as follows:

16 1. A state bank shall render a full, clear, and accurate
17 statement of its condition to the superintendent, in a format
18 prescribed by the superintendent, ~~verified-by-the-oath-of-an~~
19 ~~officer-and-attested-by-the-signatures-of-at-least-three-of~~
20 ~~the-directors,-or~~ verified by the oath of two of its officers,
21 and attested by at least two of the directors. The
22 superintendent may, in the superintendent's discretion, use
23 any form of statement of condition that is used by the federal
24 deposit insurance corporation or the federal reserve system.

25 Sec. 3. Section 524.220, subsection 3, Code 2005, is
26 amended by striking the subsection.

27 Sec. 4. Section 524.312, subsection 3, Code 2005, is
28 amended to read as follows:

29 3. If a change in the location of the principal place of
30 business of a state bank is proposed, application for approval
31 of the superintendent shall be made as required by the
32 superintendent pursuant to this section. A change in location
33 of the principal place of business of a state bank, including
34 a change from one municipal corporation to another municipal
35 corporation within an urban complex, requires an amendment to

1 the articles of incorporation pursuant to sections 524.1502,
2 524.1504, and 524.1506. A state bank seeking approval of a
3 change of location pursuant to this subsection shall publish
4 ~~once-each-week-for-two-consecutive-weeks~~ a notice of the
5 proposed change of location in a newspaper of general
6 circulation in the municipal corporation or unincorporated
7 area in which the state bank has its principal place of
8 business, or if there is none, in a newspaper of general
9 circulation in the county, or in a county adjoining the
10 county, in which the state bank has its principal place of
11 business, and in the municipal corporation in which it seeks
12 to establish its principal place of business, or if there is
13 none, in a newspaper of general circulation in the county, or
14 in a county adjoining the county, in which the municipal
15 corporation is located. The ~~notices~~ notice shall be published
16 within thirty days after the application to the superintendent
17 for approval of the change in location is accepted for
18 processing. The notice shall set forth the name of the state
19 bank, the present location of its principal place of business,
20 the location to which it proposes to move its principal place
21 of business, and the date upon which the application was
22 accepted for processing by the superintendent.

23 Sec. 5. Section 524.606, subsection 2, unnumbered
24 paragraph 1, Code 2005, is amended to read as follows:

25 If, in the opinion of the superintendent, any director of a
26 state bank or bank holding company has violated any law
27 relating to such state bank or bank holding company or has
28 engaged in unsafe or unsound practices in conducting the
29 business of such state bank or bank holding company, the
30 superintendent may cause notice to be served upon such
31 director, to appear before the superintendent to show cause
32 why the director should not be removed from office. A copy of
33 such notice shall be sent to each director of the state bank
34 or bank holding company affected, by registered or certified
35 mail. If, after granting the accused director a reasonable

1 opportunity to be heard, the superintendent finds that the
2 director violated any law relating to such state bank or bank
3 holding company or engaged in unsafe or unsound practices in
4 conducting the business of such state bank or bank holding
5 company, the superintendent, in the superintendent's
6 discretion, may order that such director be removed from
7 office, and that such director be prohibited from serving in
8 any capacity in any other bank, bank holding company, bank
9 affiliate, trust company, or an entity licensed under chapter
10 533A, 533C, 533D, 535B, 536, or 536A. A copy of the order
11 shall be served upon such director and upon the state bank or
12 bank holding company of which the person is a director at
13 which time the person shall cease to be a director of the
14 state bank or bank holding company. The resignation,
15 termination of employment, or separation of such director,
16 including a separation caused by the closing of the state bank
17 or bank holding company at which the person serves as a
18 director, does not affect the jurisdiction and authority of
19 the superintendent to cause notice to be served and proceed
20 under this subsection against the director, if the notice is
21 served before the end of the six-year period beginning on the
22 date the director ceases to be a director with the bank.

23 Sec. 6. Section 524.707, subsection 2, Code 2005, is
24 amended to read as follows:

25 2. Section 524.606, subsection 2, which provides for the
26 removal of directors by the superintendent, shall have equal
27 application to officers and employees of a bank, bank holding
28 company, bank affiliate, or trust company.

29 Sec. 7. Section 524.1601, Code 2005, is amended to read as
30 follows:

31 524.1601 PENALTIES AND CRIMINAL PROVISIONS APPLICABLE TO
32 DIRECTORS, OFFICERS, AND EMPLOYEES OF STATE BANKS AND BANK
33 HOLDING COMPANIES.

34 1. A director, officer, or employee of a state bank or
35 bank holding company who willfully violates any of the

1 provisions of subsection 4 of section 524.612, section
2 524.613, subsection 2 of section 524.706, insofar as such
3 subsection incorporates subsection 4 of section 524.612, or
4 section 524.710, shall be guilty of a serious misdemeanor,
5 plus, in the following circumstances, an additional fine or
6 fines equal to:

7 a. The amount of money or the value of the property which
8 the director, officer, or employee received for procuring, or
9 attempting to procure, a loan, extension of credit, or
10 investment by the state bank or bank holding company, upon
11 conviction of a violation of subsection 1 of section 524.613,
12 or of subsection 1 of section 524.710.

13 b. The amount by which the director's, officer's, or
14 employee's deposit account in the state bank or bank holding
15 company is overdrawn, upon conviction of a violation of
16 subsection 2 of section 524.613, or of subsection 2 of section
17 524.710.

18 c. The amount of any profit which the director, officer,
19 or employee receives on the transaction, upon conviction of a
20 violation of subsection 4 of section 524.612, or of subsection
21 2 of section 524.706, insofar as each applies to purchases
22 from and sales to a state bank or bank holding company upon
23 terms more favorable to such director, or officer, or employee
24 than those offered to other persons.

25 d. The amount of profit, fees or other compensation
26 received, upon conviction of a violation of section 524.710,
27 subsection 1, paragraph "b".

28 2. A director or officer who willfully makes or receives a
29 loan in violation of subsection 1 of section 524.612, or
30 subsection 1 of section 524.706, shall be guilty of a serious
31 misdemeanor and shall be subject to an additional fine equal
32 to that amount of the loan in excess of the limitation imposed
33 by such subsections, and shall be forever disqualified from
34 acting as a director or officer of any state bank or bank
35 holding company. For the purpose of this subsection, amounts

1 which are treated as obligations of an officer or director
2 pursuant to subsection 5 of section 524.612, shall be
3 considered in determining whether the loan or extension of
4 credit is in violation of subsection 1 of section 524.612 and
5 subsection 1 of section 524.706.

6 3. A director, officer, or employee of a state bank or
7 bank holding company who willfully makes or receives a loan or
8 extension of credit of funds held by the state bank or bank
9 holding company as fiduciary, in violation of subsection 4 of
10 section 524.1002, shall be guilty of a serious misdemeanor and
11 shall be subject to a further fine equal to the amount of the
12 loan or extension of credit made in violation of subsection 4
13 of section 524.1002, and shall be forever disqualified from
14 acting as a director, officer, or employee of any state bank
15 or bank holding company.

16 4. A director, officer, or employee of a state bank or
17 bank holding company who willfully violates, or participates
18 in the violation of, section 524.814, or section 524.819,
19 shall be guilty of a serious misdemeanor.

20 Sec. 8. Section 524.1602, unnumbered paragraph 1, Code
21 2005, is amended to read as follows:

22 The superintendent may impose a penalty on a state bank of
23 up to one hundred thousand dollars for each day:

24 Sec. 9. Section 524.1603, subsection 2, Code 2005, is
25 amended to read as follows:

26 2. The superintendent may impose a penalty on a state bank
27 of up to one hundred thousand dollars for each day that it
28 violates the provisions of section 524.1201.

29 Sec. 10. Section 524.1803, Code 2005, is repealed.

30

EXPLANATION

31 This bill relates to the regulation of state banks. The
32 bill permits the superintendent to provide copies of
33 examinations or reports to the financial crimes enforcement
34 network of the U.S. department of the treasury and the
35 internal revenue service. The bill changes the verification

1 and attestation requirements for reports to the superintendent
 2 by requiring two officers to verify and at least two directors
 3 to attest to the report rather than allowing an alternative
 4 verification by one officer and attestation by at least three
 5 directors. The bill repeals the requirement that a state bank
 6 publish the bank's statement of condition in a local
 7 newspaper. The bill reduces the number of times a state bank
 8 must publish a notice of a proposed change of location of its
 9 principal place of business in a local newspaper:

10 The bill provides the superintendent with authority to
 11 remove a director, officer, or employee of a bank holding
 12 company for engaging in unsafe or unsound practices in
 13 conducting the business of the bank holding company and
 14 prohibit the director from serving in any capacity for another
 15 entity regulated by the superintendent. The bill makes the
 16 criminal provisions of Code chapter 524 applicable to a
 17 director, officer, or employee of a bank holding company.

18 The bill increases the penalty the superintendent may
 19 impose on a state bank from \$100 per day to \$1,000 per day.
 20 The bill repeals the provision restricting the ability of a
 21 bank holding company to purchase stock of a state or national
 22 bank.

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