

**FIRST ENGROSSMENT
with House Amendments**

Fifty-fifth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2118

Introduced by

Industry, Business and Labor Committee

(At the request of the Department of Banking and Financial Institutions)

1 A BILL for an Act to create and enact a new subsection to section 6-03-27 of the North Dakota
2 Century Code, relating to filing a list of bank holding company stockholders; and to amend and
3 reenact subsection 6 of section 6-01-04.1, section 6-01-07, if Senate Bill No. 2287 of the
4 fifty-fifth legislative assembly does not become effective, section 6-01-20, and subsection 1 of
5 section 6-03-02 and section 6-03-15.1 of the North Dakota Century Code, relating to removal of
6 a financial corporation's or institution's employees, confidentiality of bank and credit union
7 reports of examination, Bank of North Dakota access to examination and other information, a
8 banking association's period of existence, and temporary relocating of a bank office.

9 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

10 **SECTION 1. AMENDMENT.** Subsection 6 of section 6-01-04.1 of the 1995
11 Supplement to the North Dakota Century Code is amended and reenacted as follows:
12 6. When any officer, director, employee, or other person participating in the conduct
13 of the affairs of a financial corporation or institution is charged with a felony in state
14 or federal court, involving ~~conduct related to the financial corporation or institution~~
15 dishonesty or breach of trust, the commissioner may immediately suspend the
16 person from office or prohibit the person from any further participation in the
17 financial corporation's or institution's affairs. The order is effective immediately
18 upon service of the order on the financial corporation or institution and the person
19 charged, and remains in effect until the criminal charge is finally disposed of or
20 until modified by the board. If a judgment of conviction, a federal pretrial diversion,
21 or similar state order or judgment is entered, the board may order that the
22 suspension or prohibition be made permanent. A finding of not guilty or other
23 disposition of the charge ~~shall~~ does not preclude the commissioner or the board
24 from pursuing administrative or civil remedies.

1 **SECTION 2. AMENDMENT.** Section 6-01-07 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **6-01-07. Records of state banking board, state credit union board, and**
4 **commissioner.** The state banking board and state credit union board shall keep a full and
5 complete record of all their proceedings and of all orders made by them. The records and the
6 proceedings of the boards and commissioner ~~shall be~~ are open in accordance with sections
7 44-04-18 and 44-04-19. All reports, except supervisory reports of examination, made by or
8 filed with the board or the commissioner relating to any financial institution, must be open to
9 inspection and examination by stockholders, shareholders, depositors, creditors, and sureties
10 on any bonds of any such institution or on the bonds of any officer or employee thereof,
11 subject, however, to the following restrictions:

- 12 1. ~~Any~~ A stockholder, shareholder, depositor, creditor or surety of any institution
13 desiring to inspect the information specified above of any ~~such~~ institution shall
14 make a written request for ~~such~~ the inspection.
- 15 2. ~~Any such~~ A written request must:
 - 16 a. Specify the information to which access is requested; and
 - 17 b. Give the reasons for the request.
- 18 3. Upon ~~such~~ written request, the commissioner, or any person designated in writing
19 by the commissioner, may disclose information specified in subsection 1 of section
20 6-01-07.1 only upon determining and to the extent that good cause exists for the
21 disclosure.
- 22 4. Either prior to or at the time of any disclosure, the commissioner or designee shall
23 impose such terms and conditions as the commissioner deems necessary to
24 protect the confidential nature of the information, the financial integrity of the
25 financial institution to which the information relates, and the legitimate privacy
26 interests of any individual named in ~~such~~ the information.

27 **SECTION 3. AMENDMENT.** If Senate Bill No. 2287 of the fifty-fifth legislative
28 assembly does not become effective, section 6-01-20 of the North Dakota Century Code is
29 amended and reenacted as follows:

30 **6-01-20. Bank of North Dakota entitled to records.** The commissioner is authorized
31 and directed to permit the president of the Bank of North Dakota, or any other officer of the

1 Bank of North Dakota authorized by ~~said the~~ the president, to examine all reports, statements,
2 records, books, files, and documents of any state bank, savings and loan association, or credit
3 union in the possession of ~~said the~~ the commissioner, except as noted in this section. The
4 commissioner also is authorized and directed to give to ~~said the~~ the president of the Bank of North
5 Dakota, or to any ~~person~~ Bank of North Dakota officer designated by ~~said the~~ the president, upon
6 request, any ~~and all~~ information that ~~he~~ the commissioner may have concerning the solvency
7 and financial standing of any state bank, savings and loan association, or credit union. Any
8 record obtained from a federal or other state regulatory authority may not be disclosed to the
9 Bank of North Dakota unless specific authorization is received from the applicable federal or
10 state regulatory authority.

11 **SECTION 4. AMENDMENT.** Subsection 1 of section 6-03-02 of the 1995 Supplement
12 to the North Dakota Century Code is amended and reenacted as follows:

- 13 1. To have ~~succession for a period of twenty-five years from its organization a~~
14 perpetual existence, unless it is sooner dissolved according to the provisions of
15 this title, or unless its franchise becomes forfeited by ~~some~~ a violation of law.

16 **SECTION 5. AMENDMENT.** Section 6-03-15.1 of the 1995 Supplement to the North
17 Dakota Century Code is amended and reenacted as follows:

18 **6-03-15.1. Temporary relocation of bank operations.** In the event of an emergency,
19 a bank may apply to the commissioner to relocate its main banking house, ~~banking house or~~
20 ~~office, paying and receiving station, or drive-in and walk-up~~ facility until the former location is
21 repaired to allow bank operations to resume. No notice or public hearing need be held to act
22 upon the temporary relocation request.

23 **SECTION 6.** A new subsection to section 6-03-27 of the North Dakota Century Code is
24 created and enacted as follows:

25 The commissioner may request at least annually a list of all shareholders of a bank
26 holding company controlling a state-chartered banking institution.