

HOUSE BILL NO. 1062

Introduced by

Industry, Business and Labor Committee

(At the request of the Department of Financial Institutions)

1 A BILL for an Act to amend and reenact subsection 1 of section 6-01-03, subsection 4 of
2 section 6-01-07.1, and sections 6-01-09 and 6-08.4-03 of the North Dakota Century Code,
3 relating to per diem of state banking board and state credit union board members, information
4 and sharing agreements with other entities, the timeframe of examinations of financial
5 institutions, and approval of interstate branches by state banks.

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

7 **SECTION 1. AMENDMENT.** Subsection 1 of section 6-01-03 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 1. The state banking board consists of the commissioner and six members to be
10 appointed by the governor, four of whom must each have had at least five years'
11 experience in an executive capacity in the management of a state bank in the state
12 of North Dakota, one of whom must have at least five years' experience in an
13 executive capacity in the management of any state or national bank in North
14 Dakota, and one of whom must be a laymember from the public at large. The term
15 of office of the members of the board, other than the commissioner, is for a period
16 of five years. In case of a vacancy in the board, by death, resignation, or removal
17 of an appointed member, the vacancy must be filled by appointment by the
18 governor for the unexpired term. The commissioner is the chairperson of the board
19 and the attorney general is, ex officio, the attorney for the board. The assistant
20 commissioner shall serve as its secretary. The board shall hold regular meetings
21 in January, March, May, July, September, and November of each year and special
22 meetings at the call of the commissioner in such place as the commissioner may
23 designate within the state of North Dakota. The members of the board, other than
24 the commissioner, shall receive ~~fifty~~ one hundred dollars per day while attending

1 meetings, or in the performance of such special duties as the board may direct.
2 Expense reimbursements for meals, lodging, and transportation must be at the
3 same rate as those allowed state employees.

4 **SECTION 2. AMENDMENT.** Subsection 4 of section 6-01-07.1 of the North Dakota
5 Century Code is amended and reenacted as follows:

6 4. The commissioner may furnish information and enter into sharing agreements as to
7 matters of mutual interest to an official or examiner of the federal reserve system,
8 federal deposit insurance corporation, federal home loan bank board, national
9 credit union administration, office of thrift supervision, comptroller of the currency,
10 any other federal government agency, insurance commissioner, office of the
11 securities commissioner, regulatory trade associations, or any state bank or credit
12 union supervisors or supervisors of other licensed entities of other states.

13 **SECTION 3. AMENDMENT.** Section 6-01-09 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **6-01-09. Supervision and examination by commissioner of financial institutions.**

16 The commissioner shall exercise a constant supervision over the business affairs of all financial
17 corporations and institutions, out-of-state branches of financial corporations and institutions,
18 and branches of out-of-state state-chartered banks, savings and loan associations, or savings
19 banks within the jurisdiction of the board. Either the commissioner or one or more examiners
20 shall visit each of the state banking associations and other corporations, associations, and
21 branches under the commissioner's jurisdiction at least once each ~~thirty~~ thirty-six months to
22 examine their affairs and ascertain their financial condition. The commissioner shall inspect
23 and verify the assets and liabilities of the institution and branches to ascertain with reasonable
24 certainty that the value of the assets and the amounts of the liabilities are correctly carried on its
25 books. The commissioner shall examine the validity of mortgages held by savings institutions
26 and shall see that all of the mortgages are properly recorded. The commissioner shall
27 investigate the method of operation and conduct of the corporations and institutions and their
28 systems of accounting to ascertain whether the methods conform to the law and sound banking
29 usage and principles. The commissioner shall inquire into and report any infringement of the
30 laws governing those corporations and institutions, and for that purpose the commissioner may
31 examine the officers, agents, and employees of the corporations and institutions and all

1 persons doing business therewith. The commissioner may examine, or cause to be examined,
2 or review the books and records of any subsidiary corporation of a bank under the
3 commissioner's supervision and may require the bank to provide information on the holding
4 company that owns the bank. The commissioner shall report the condition of the corporations
5 and institutions, together with the commissioner's recommendations or suggestions in
6 connection therewith, to the state banking board, and the board may take such action as the
7 exigencies may demand.

8 **SECTION 4. AMENDMENT.** Section 6-08.4-03 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **6-08.4-03. Authority of state banks to establish interstate branches.**

11 Notwithstanding section 6-08.4-02, a North Dakota state-chartered bank, with approval of the
12 commissioner or board, may establish, acquire, retain, and operate one or more branches in a
13 state other than this state. An application must be filed with the commissioner or board at the
14 time an application is filed with the responsible federal regulatory authority. The North Dakota
15 state-chartered bank must also comply with section 6-03-11 or 6-03-13.3, as applicable. The
16 commissioner or board may approve the transaction if the commissioner or board finds that:

- 17 1. The proposed transaction will not be detrimental to the safety and soundness of
18 the North Dakota state-chartered bank;
- 19 2. Any new officers and directors are qualified, and possess appropriate experience
20 and financial responsibility; and
- 21 3. The proposed transaction is consistent with the convenience and needs of the
22 communities to be served by the bank in this state and is otherwise in the public
23 interest.

24 If the commissioner's decision with respect to an application is unfavorable, the applicant bank
25 may appeal the decision to the board by filing a notice of appeal with the commissioner within
26 twenty days after the commissioner has notified the applicant bank of the decision.