

ONE HUNDRED FIRST LEGISLATURE - SECOND SESSION - 2010
COMMITTEE STATEMENT
LB891

Hearing Date: Tuesday January 26, 2010
Committee On: Banking, Commerce and Insurance
Introducer: Pahls
One Liner: Provide for conditional bank charters

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye: 8 Senators Christensen, Gloor, Langemeier, McCoy, Pahls, Pankonin,
Pirsch, Utter

Nay:

Absent:

Present Not Voting:

Proponents:

Senator Rich Pahls
John Munn

Representing:

Introducer
NE Dept. of Banking and Finance

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB 891 (Pahls), introduced at the request of the Director of Banking and Finance, would provide for a conditional state bank charter that could be used to acquire a financial institution that has been determined to be failing or troubled by its primary state or federal regulator. The bill would provide, section by section, as follows:

Section 1 would amend section 8-101.01 of the Nebraska Banking Act to incorporate the provisions of the bill into the act.

Section 2 would enact a new section.

Subdivision (1)(a) would authorize the Director of the Department of Banking and Finance to grant a conditional state bank charter that may be inactive for a period of up to eighteen months.

Subdivision (1)(b) would provide that a conditional bank charter is limited to the acquisition of troubled or failing financial institutions which are located in Nebraska or operate a branch office in Nebraska.

Subsection (2) would require the submission of an application to the Department of Banking and Finance that includes draft articles of incorporation, complete biographical and financial information about the proposed stockholders, officers and directors of the proposed bank, the source and amounts of available capital, and a preliminary business plan that discusses the operations of the proposed bank.

Subsection (3) would authorize the Director of the Department of Banking and Finance to hold a public hearing on the

application, and sets publication, notice, and scheduling standards for the hearing.

Subsection (4) would provide publication and notice standards if the Director of the Department of Banking and Finance determines a hearing on the application is not necessary, and requires a hearing if the director receives a substantive objection to the application.

Subsection (5) would require that an applicant for a conditional bank charter pay the costs of publications and notices.

Subsection (6) would provide that the Department of Banking and Finance must determine that the proposed officers, directors, and shareholders for the conditional bank are persons of integrity and responsibility, that sufficient capital is available for the bank, and that the business plan shows a reasonable probability of usefulness and success, before it grants a conditional bank charter.

Subsection (7) would provide the requirements for conversion to a full bank charter. These would include obtaining a bond and FDIC insurance; paying in capital and surplus; and payment of charter fees. These are all current requirements in the act for a full bank charter.

Subsection (8) would allow the Department of Banking and Finance to issue successive one-year extensions of the initial eighteen-month charter period. The holder of the charter would be required to show that the requirements of subsection (6) continue to be met and pay a fee.

Subsection (9) would require the Department of Banking and Finance to issue a notice of expiration of the conditional charter if the holder of the charter has not requested an extension or the department has denied a request for an extension.

Section 3 would amend section 8-602 to provide for a conditional bank charter application fee of \$2,500.00 and an extension request fee of \$1,000.00.

Section 4 would provide the amendatory repeal provision for the bill.

Section 5 would provide for the emergency clause.

Rich Pahls, Chairperson