

By the Committee on Banking and Insurance; and Senator Laurent

311-1723-99

1 A bill to be entitled
2 An act relating to financial institutions;
3 amending s. 655.0385, F.S.; revising the time
4 period within which state financial
5 institutions must notify the department
6 concerning the appointment or employment of
7 certain individuals; authorizing the Department
8 of Banking and Finance to exempt certain
9 financial institutions from reporting
10 requirements relating to directors and
11 executive officers; providing for the adoption
12 of rules; amending s. 655.948, F.S.; revising
13 notice and disclosure requirements; exempting
14 certain financial institutions from reporting
15 requirements; amending s. 658.26, F.S.;
16 providing for certain financial institutions to
17 establish branches by filing a written notice;
18 providing an effective date.

19
20 Be It Enacted by the Legislature of the State of Florida:

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22 Section 1. Section 655.0385, Florida Statutes, is
23 amended to read:

24 655.0385 Disapproval of directors and executive
25 officers.--

26 (1) Each state financial institution shall notify the
27 department of the proposed appointment of any individual to
28 the board of directors or the employment of any individual as
29 an executive officer or equivalent position at least 60 ~~30~~
30 days before such appointment or employment becomes effective,
31 if the state financial institution:

1 (a) Has been chartered for less than 2 years;
2 (b) Has undergone a change in control or conversion
3 within the preceding 2 years. The department may exempt a
4 financial institution from this paragraph if it operates in a
5 safe and sound manner;
6 (c) Is not in compliance with the minimum capital
7 requirements applicable to such financial institution; or
8 (d) Is otherwise operating in an unsafe and unsound
9 condition, as determined by the department, on the basis of
10 such financial institution's most recent report of condition
11 or report of examination.
12 (2) A state financial institution may not appoint any
13 individual to the board of directors, or employ any individual
14 as an executive officer or equivalent position, if the
15 department issues a notice of disapproval with respect to that
16 person.
17 (3) The department shall issue a notice of disapproval
18 if the competence, experience, character, or integrity of the
19 individual to be appointed or employed indicates that it is
20 not in the best interests of the depositors, the members, or
21 the public to permit the individual to be employed by or
22 associated with the state financial institution.
23 (4) The department may adopt rules to implement this
24 section.
25 Section 2. Section 655.948, Florida Statutes, is
26 amended to read:
27 655.948 Significant events; notice required.--
28 (1) Unless exempted by the department pursuant to
29 subsection (4), every financial institution shall notify the
30 department of the occurrence of any of the events listed in
31 subsection (2) by filing with the department a disclosure in a

1 form to be specified by the department. The form shall
2 include the number and caption of all applicable events, along
3 with a summary of each. Completed forms shall be certified
4 for authenticity and accuracy by the chief executive officer
5 of the financial institution.

6 (2) Events for which disclosure forms must be filed
7 and the filing schedule for each are as follows:

8 (a) To be disclosed within 30 days of the occurrence
9 of the event:

10 1. The addition, resignation, or termination of a
11 director, executive officer, independent internal auditor, or
12 independent credit review officer;

13 2. The acquisition or divestiture of an asset or
14 assets the value of which exceeds 20 percent of capital as of
15 the date of the most recent call report. Any assets listed in
16 s. 657.042(1) or s. 658.67(1) are excluded from such
17 disclosure requirements;

18 3. Any change in general counsel or outside auditors
19 who are used to certify financial statements;

20 4. Any interruption of fidelity insurance coverage;

21 5. Any credit extension to an executive officer and
22 his or her related interests that, when aggregated with the
23 amount of all other extensions of credit to that executive
24 officer and his or her related interests, exceeds 15 percent
25 of the capital accounts of the financial institution;

26 6. The failure to meet the minimum daily liquidity
27 required of s. 658.68;

28 7. Any suspected criminal act perpetrated against a
29 financial institution, subsidiary, or service corporation.
30 However, no liability shall be incurred by any financial
31 institution, subsidiary, service corporation, or financial

1 institution-affiliated party as a result of making a good
2 faith effort to fulfill this disclosure requirement; or
3 8. The acquisition or divestiture of a wholly owned or
4 majority owned subsidiary or service corporation.

5 (b) Every financial institution shall notify the
6 department within 30 days of the existence of any asset which
7 is defined as a nonaccrual asset and which is in excess of 15
8 percent of total assets.

9 (3) A financial institution which fails to file a
10 disclosure form within 30 days after the occurrence shall be
11 subject to the fines provided in s. 655.041.

12 (4)(a) The department must ~~will~~ exempt a financial
13 institution from any of the provisions of this section if the
14 department determines that such financial institution is
15 operating in a safe and sound manner pursuant to departmental
16 rules relating to safe and sound operations. The department,
17 prior to granting any such exemption, shall adopt rules
18 defining the term "safe and sound" and explicitly stating the
19 criteria which shall constitute operating in a safe and sound
20 manner.

21 (b) Notwithstanding paragraph(a)~~this section~~, all
22 newly chartered financial institutions ~~and financial~~
23 ~~institutions which have undergone a change in ownership which~~
24 ~~is not the result of a merger, consolidation or acquisition by~~
25 ~~a financial institution exempted in paragraph (a)~~, shall be
26 subject to the requirements of subsections (1) and (2)~~these~~
27 ~~provisions~~ for 3 years.

28 Section 3. Paragraph (c) of subsection (2) of section
29 658.26, Florida Statutes, is amended to read:

30 658.26 Places of transacting business; branches;
31 facilities.--

1 (2)
2 (c) As provided by departmental rule, a financial
3 institution operating in a safe and sound manner may establish
4 a branch by filing a written notice with the department at
5 least 30 days before opening that branch. In such case, the
6 financial institution need not file a branch application or
7 pay a branch application fee.~~A branch application, filed by a~~
8 ~~strong, well-managed state bank or trust company, which is not~~
9 ~~denied within 10 working days after receipt of the application~~
10 ~~shall be deemed approved unless the department notifies the~~
11 ~~financial institution in writing that the application was not~~
12 ~~complete.~~

13 Section 4. This act shall take effect July 1, 1999.

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15 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
16 COMMITTEE SUBSTITUTE FOR
17 Senate Bill 1280

18 Requires a state financial institution to provide 60 days'
19 advance notice to the Department of Banking and Finance,
20 rather than 30 days required under current law, before the
21 appointment of a proposed member to the board of directors or
22 executive officer, for a state financial institution which has
23 been chartered for less than 2 years, has undergone a change
24 in control or conversion within the preceding 2 years, is not
25 in compliance with the minimum capital requirements applicable
26 to such financial institutions, or is otherwise operating in
27 an unsafe and unsound condition.
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