Legislative History for Connecticut Act

2003

Act Number:	196	
Bill Number:	985	
Senate Pages:	2607-2609, 2646-2649, 3646-3648, 3741-3742	**12**
House Pages:	4788-4803	**16**
Committee:	Banking: 234-235, 237-238, 240, 249, 250-251, 261, 262, 267, 284-290	**28**

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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

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absent and not voting, 3.

THE CHAIR:

The bill passes as amended. Will the Clerk please return to the Call.

THE CLERK:

Calendar Page 13, Calendar 144, Files 193 and 636, Substitute for S.B. 985 An Act Concerning Bank And Credit Union Transactions. Favorable Report of the Committees on Banks and Finance, Revenue and Bonding. The Clerk is in possession of one amendment.

THE CHAIR:

Senator Finch, you have the floor.

SEN. FINCH:

Thank you, Madam President. I would move for the Joint Committee's Favorable Report be approved and I thank the Clerk for listening to the number of amendments on this bill for me.

THE CHAIR:

The motion is acceptance and passage. We're only looking for one, Senator Finch. Will you remark, Sir?

SEN. FINCH:

Madam President, thank you. This is a relatively technical bill which would change some of the regulations of the banks, including but not limited to processing applications for relocating an office,

examining Connecticut banks organized defunction and fiduciary capacities, regulating state branches and banks and credit unions to streamline the application process for Connecticut banks to acquire real estate for use by the bank and it enables the Commissioner to adopt regulations that are consistent with the Office of Thrift Supervision and Regulations and moves the provisions concerning the transfer of assets of credit unions into the credit union statutes.

This is supported by the Commissioner and by the Committee and I would move for its approval.

I'd like the Clerk to call the amendment, LCO6027.

THE CHAIR:

The Clerk is in possession of LCO6027. Would the Clerk please call and the Senator has asked leave to summarize.

THE CLERK:

LCO6027 which will be designated Senate Amendment Schedule "A". It is offered by Senator Finch of the 22nd District.

THE CHAIR:

Senator Finch, you have the floor.

SEN. FINCH:

Thank you, Madam President. This amendment corrects a technical error that was causing the bill

with references to sections, they referenced the wrong sections of this technical amendment. It changes those references to the proper sections.

THE CHAIR:

And you move adoption?

SEN. FINCH:

I would move its adoption.

THE CHAIR:

Will you remark further? If not, all those in favor please indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay"? The ayes have it. The amendment is adopted. Will you remark further on the bill as amended?

SEN. FINCH:

I would move that the item be put on Consent Calendar if there are no objections.

THE CHAIR:

Seeing no objection, so ordered.

SEN. FINCH:

Thank you, Madam President.

Representative Looney, Senator Looney, my apology. I've lost my bearing. (LAUGHTER)

983.

Calendar Page 13, Calendar 144, Substitute for S.B. 985.

Calendar Page 15, Calendar 209, H.B. 6364.

Calendar Page 16, Calendar 260, Substitute for S.B. 521.

Calendar 267, Substitute for S.B. 691.

Calendar Page 17, Calendar 296, Substitute for S.B. 665.

Calendar Page 18, Calendar 311, Substitute for S.B. 1155.

Calendar Page 21, Calendar 423, Substitute for H.B. 6625.

Calendar 88, S.B. 905.

Calendar 114, S.B. 753.

Calendar 189, Substitute for S.B. 647.

Madam President, that completes those items previously placed on the Consent Calendar.

THE CHAIR:

Thank you, Mr. Clerk. The machine will be opened.

THE CLERK:

An immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber.

The Senate is now voting by roll call on the

Consent Calendar. Will all Senators please return to the Chamber.

THE CHAIR:

Senator Roraback.

SEN. RORABACK:

Thank you, Madam President. I guess we could call that a false start here. Madam President, I was rising for the purpose of asking that Calendar 114, S.B. 753 be removed from the Consent Calendar.

THE CHAIR:

What page do we have that on, Senator.

SEN. RORABACK:

That's Page 21, I'm sorry.

THE CHAIR:

Thank you, Sir. It is so removed. Thank you. The machine will now be opened.

SEN. LOONEY:

Madam President.

THE CHAIR:

Senator Looney.

SEN. LOONEY:

Yes, Madam President. Just for clarification on the item that is being requested to be removed from Consent, is that Calendar 114, S.B. 753? A question to Senator Roraback.

THE CHAIR:

Senator Roraback.

SEN. RORABACK:

Thank you, Madam President. Might the question please be repeated? Through you, Madam President.

THE CHAIR:

You have the floor, Senator Looney.

SEN. LOONEY:

Yes, thank you, Madam President. Just to clarify the item that's being removed. Is it Calendar 114, S.B. 753 on Page 21?

SEN. RORABACK:

Through you, Madam President, that would be it.

THE CHAIR:

Thank you, Sir.

SEN. LOONEY:

Thank you, Madam President.

THE CHAIR:

Have all the members voted and is your vote properly recorded? If so, the machine will be locked and the Clerk will please announce the tally.

THE CLERK:

Motion is on adoption of Consent Calendar No. 1.

Total number voting, 35. Necessary for adoption, 18. Those voting yea, 35; those voting nay, 0. Those

absent and not voting, 1.

THE CHAIR:

The Consent Calendar is adopted.

Senator Looney, you have the floor.

SEN. LOONEY:

Yes, thank you, Madam President. I believe the Clerk has Senate Agenda No. 3.

THE CLERK:

Madam President, the Clerk is in possession of Senate Agenda No. 3 for Wednesday, May 21, 2003, copies of which have been distributed.

SEN. LOONEY:

Madam President.

THE CHAIR:

You have the floor, Sir.

SEN. LOONEY:

Yes, thank you, Madam President. I move all items on Senate Agenda No. 3 dated Wednesday, May 21, 2003 to be acted upon as indicated and that the Agenda be incorporated by reference into the Senate Journal and the Senate Transcript.,

THE CHAIR:

So ordered.

SENATE AGENDA #3

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Cook have gotten up and spoken in favor of.

But seriously, let me just thank Senator Cook. I neglected to do so when I brought out the bill. This really is her brainchild and I think it represents an important breakthrough and step forward for our public policy and we, as always, gain so much on the Public Health Committee from Senator Cook's input on issues relating to people with mental retardation.

If there's no objection, Madam President, I would move this item to the Consent Calendar.

THE CHAIR:

Motion is to refer this item to the Consent Calendar. Without objection, so ordered.

THE CLERK:

Calendar Page 18, Disagreeing Actions, Calendar 144, Files 193, 636 and 787, Substitute for S.B. 985 An Act Concerning Bank and Credit Union Transaction, as amended by Senate Amendment Schedule "A" and House Amendment Schedule "A". Favorable Report of the Committee on Banks and Finance, Revenue and Bonding.

THE CHAIR:

Senator Finch.

SEN. FINCH:

Thank you, Madam President. I would move for approval for the Joint Committee's Favorable Report and

passage of the legislation.

THE CHAIR:

The question is on passage. Will you remark?

SEN. FINCH:

Thank you, Madam President. This is a relatively lengthy and detailed bill but the highlights of this would be highlights that if you made a check list of all the things that we need to do now because banks and financial institutions have evolved, their forms of ownership have evolved, the terms and definitions have evolved, this would help to make the technical corrections in those areas.

Some of the highlights are that it would change some of the fees for out of state banks and other banks who wish to expand or to form branches, to have the fees charged more accurately reflect the cost of the work that the Banking Department must do.

Where there's sale of assets of a credit union, we changed that part of the legislation to be under the credit union portion of the banking act and not the part that relates to banks.

It allows the credit unions to form mobile branches as banks are allowed to and use the same regulations that we use for banks.

It has been amended by the House to add a

prerogative which we give to title companies, to finance companies. I would move for its approval.

THE CHAIR:

The question is on passage of the bill in concurrence. Will you remark? Would you remark? Senator Finch.

SEN. FINCH:

Madam President, if there are no further objections, I would ask that it be placed on the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Calendar 151, Files 230 and 790, Substitute for S.B. 1111 An Act Concerning The Sale Of Electric, Gas And Oil-Fired Heating Units, as amended by House Amendment Schedule "A". Favorable Report of the Committee on General Law.

THE CHAIR:

Senator Colapietro.

SEN. COLAPIETRO:

Thank you, Madam President. Madam President, I move the Joint Committee's Favorable Report and passage of the bill in concurrence with the House.

THE CHAIR:

Calendar Page 14, Calendar 135, Substitute for S.B. 934.

Calendar Page 15, Calendar 262, Substitute for S.B. 1011.

Calendar Page 16, Calendar 291, Substitute for H.B. 5515.

Calendar 330, Substitute for S.B. 409.

Calendar Page 17, Calendar 458, Substitute for H.B. 5059.

Calendar Page 18, Calendar 144, Substitute for S.B. 985.

Calendar 151, Substitute for S.B. 1111.

Calendar Page 19, Calendar 270, Substitute for S.B. 1024.

Calendar Page 20, Calendar 359, Substitute for S.B. 904.

Calendar 365, Substitute for S.B. 1066.

Calendar 452, H.B. 6298.

Madam President, I believe that completes those items previously placed on the First Consent Calendar.

THE CHAIR:

Thank you, Sir. Would you once again announce a roll call vote on the Consent Calendar. The machine will be opened.

THE CHAIR:

The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to the Chamber.

The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to the Chamber.

THE CHAIR:

Have all members voted? If all members have voted, the machine will be locked. The Clerk please announce the tally.

THE CLERK:

Motion is on adoption of Consent Calendar No. 1.

Total number voting, 35. Necessary for adoption, 18. Those voting yea, 35; those voting nay, 0. Those absent and not voting, 1.

THE CHAIR:

The Consent Calendar is adopted.

Senator Looney.

SEN. LOONEY:

Yes, thank you, Madam President. Madam President, I would move for immediate transmittal to the House of Representatives of all items acted upon today requiring additional action by that Chamber.

THE CHAIR:

Without objection, so ordered.

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Absent, not voting, 3.

DEPUTY SPEAKER HYSLOP:

The Consent Calendar passes.

Clerk, please call Calendar 548.

THE CLERK:

On Page 17, Calendar 548, Substitute for SB No. 985, An Act concerning bank and credit union transactions. Favorable report of the Committee on Finance, Revenue and Bonding.

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

Thank you, Mr. Speaker. I move acceptance of the Joint Committee's favorable report and passage of the bill.

DEPUTY SPEAKER HYSLOP:

The question is on acceptance and passage.

Will you remark?

REP. DOYLE: (28th)

Yes. Thank you, Mr. Speaker. This bill does a number of things, more technical in nature. It establishes a fee structure for the State Banking Department officials, review and make annual adjustments to the State -- I'm sorry -- state credit unions and banks.

In the past, they had a lump-sum fee. What this bill does is set it on an hourly rate or basically on the basis of the work done.

It also allows the -- it applies the current statutes for banks towards credit unions when they're transferring sales of assets in the credit union.

It also does another clean-up -- a few clean-up matters to the credit union modernization bill that we passed last year. For instance, it allows the Connecticut credit unions to establish mobile branches.

In addition, Mr. Speaker, the Clerk has an amendment, LCO No. 6027, previously designated Senate "A". May the Clerk please call and I be allowed to summarize?

DEPUTY SPEAKER HYSLOP:

Clerk, please call LCO 6027, previously designated Senate Amendment "A"? And the Representative has asked leave to summarize.

THE CLERK:

LCO No. 6027, Senate "A", offered by Senator Finch.

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

Yes. Thank you, Mr. Speaker. I move adoption of the amendment.

DEPUTY SPEAKER HYSLOP:

The question is on adoption of Senate "A".

Will you remark further?

REP. DOYLE: (28th)

Yes, Mr. Speaker. This is a technical amendment that just clarifies situations in which the credit union may transfer its -- transfer assets to the credit union organizations.

I move its adoption.

DEPUTY SPEAKER HYSLOP:

Will you remark on Senate "A"? Will you remark on Senate "A"? If not, we'll try your minds.

All those in favor signify by saying Aye?

VOICES:

Aye.

DEPUTY SPEAKER HYSLOP:

Those opposed?

VOICES:

No.

DEPUTY SPEAKER HYSLOP:

The Ayes have it. Senate "A" is adopted.

Will you remark further on the bill as amended? Will you remark further on the bill as amended?

Representative Chris Stone of the 9th.

REP. STONE: (9TH)

Thank you, Mr. Speaker. The Clerk has LCO No. 6802. I ask that he call and I be allowed to summarize.

DEPUTY SPEAKER HYSLOP:

Clerk, please call LCO 6802, to be designated House "A". And the Representative has asked leave to summarize.

THE CLERK:

LCO No. 6802, House "A", offered by Representatives Stone, Doyle, et al.

DEPUTY SPEAKER HYSLOP:

Representative Stone.

REP. STONE: (9TH)

Thank you, Mr. Speaker. In summary, this bill amends an existing part of our statute. The statute presently provides that attorneys and title company representatives can effect a release of a mortgage from the Land Records if they pay off an existing mortgage, receive a pay-off statement from the lending bank, confirm that, in fact, that lending bank has received the pay-off, request that a release be issued and, if they don't get a release within 30 days, an affidavit can be filed on the Land Records signed by either the attorney or a representative of the title insurance company. The effect of that affidavit and the effect of going through the process to secure or to make the pay-

off will effectively release that mortgage.

What this amendment does is includes institutional payors as also another entity that would be entitled to effect the release on the Land Records through this process. It is supported by the title companies. It is supposed by the Connecticut Bar Association and the banking lobby.

I would ask that my colleagues join me in supporting this bill. It is consumer-friendly because it takes -- it enables the institution of payors who commonly will lend money pursuant to a home equity loan or second mortgage. There won't be attorneys involved. There won't be a title company representative at the closing ordering pay-offs. It will be this institutional payor who facilitates the loan, who orders the pay-off statement and who actually makes the payment to that existing mortgage holder in order to effect the release. It takes out of the consumer's responsibility.

I urge adoption.

DEPUTY SPEAKER HYSLOP:

Representative Stone, would you urge adoption?

REP. STONE: (9TH)

Thank you, Mr. Speaker. I move adoption.

DEPUTY SPEAKER HYSLOP:

The question is on adoption of House "A". Will you

remark on House "A"? Will you remark on House "A"? If not, we'll try your minds.

All those in favor signify by saying Aye?

VOICES:

Aye.

DEPUTY SPEAKER HYSLOP:

Those opposed?

VOICES:

No.

DEPUTY SPEAKER HYSLOP:

The Ayes have it. House "A" is adopted.

Will you remark further on the bill as amended? Will you remark further on the bill as amended?

Representative Tymniak.

REP. TYMNIAK: (133rd)

Yes. Thank you, Mr. Speaker. I rise in support of this bill. It is brought out by the Department of Banking and the Commissioner of Banking supports it. I urge your support, also. Thank you.

DEPUTY SPEAKER HYSLOP:

Representative Ken Green of the 1st.

REP. GREEN: (1st)

Thank you, Mr. Speaker. Mr. Speaker, this bill appears to me to be a very long and complicated bill. And I guess a couple of issues that I just want to try

to get a little bit more clarification on; is that it appears to talk about a sale of assets from banks and it changes some terms from "sale" and "purchase" to "transfer" and "acquisition". And I'm just wondering what is the -- a question, through you, Mr. Speaker, to the proponent of the bill.

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. GREEN: (1st)

What does the changing of the name of "sale" and "purchase" to allow banks to now call these actions "transfers" and "acquisitions"? Does that change in name mean anything in terms of what is required in terms of banks being responsible for their depositors?

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

Thank you, Mr. Speaker. Could -- through you, Mr. Speaker. Could I ask the Representative what particular section he's referencing? Through you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative Green.

REP. GREEN: (1st)

Thank you. It's included in the summary, Mr. Speaker. If the proponent of the bill may look in the

summary and look under Sale of Assets, where they define the bill --

DEPUTY SPEAKER HYSLOP:

Excuse me. I would ask those persons who are standing next to Representative Carter's seat if they would move. She cannot hear.

Representative Doyle.

REP. DOYLE: (28th)

Through you, Mr. Speaker. The reason for the change of the term is to broaden the activities of the disposition of the assets, to expand it to assignment, transfer and the like. So, basically, it does make a difference in the sense that -- because it's broadening the authority to transfer.

Through you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative Green.

REP. GREEN: (1st)

Thank you, Mr. Speaker. As the proponent of the bill said, it broadens the authority. And, through you, Mr. Speaker, could the proponent of the bill tell me what other additional authorities the banks may have?

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

Through you, Mr. Speaker. The expansion is basically, you know, broadening the authority to assign and transfer in a situation where the banks are dealing with sale of their assets. So, basically, rather than just a straight sale, you could assign it to another entity.

Through you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative Green.

REP. GREEN: (1st)

Thank you. Thank you, Mr. Speaker. My concern, I guess, would be any time the banks make certain kinds of transactions internally or through whatever mechanisms they do, obviously I want to make sure that depositors and those individuals doing business with those banks are protected.

Another question, through you, Mr. Speaker?

DEPUTY SPEAKER HYSLOP:

Proceed, sir.

REP. GREEN: (1st)

Through this change in names that allows these banks to have an expanded authority, do they -- are they required to give notification to the depositors in terms of what these changes may mean?

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

I think -- through you, Mr. Speaker. Assuming the situation is where a bank is in trouble, they would have to provide notice of the overall situation and their plan to remedy the problem, if it's a troubled bank.

Through you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative Green.

REP. GREEN: (1st)

Thank you, Mr. Speaker. Mr. Speaker, through you. When we look at some issues of credit unions, this bill would allow credit unions to transfer, rather than just sell, all or a significant part of their assets. And it appears that credit unions will be able to sell these assets to banks. Is this currently allowed the law? Would this be a new authority that the credit unions have?

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

Through you, Mr. Speaker. Well, it's not a new authority. It's a new means to achieve it. But it's not -- it's just the means to achieve the sale has changed slightly.

Through you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative Green.

REP. GREEN: (1st)

Thank you, Mr. Speaker. Mr. Speaker, through you. If the proponent could tell me what other powers that the Banking Commissioner either receives through this legislation and/or what other authorities does the Banking Commissioner lose, in a sense, or have -- no longer have authority over through this legislation?

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

Through you, Mr. Speaker. Well, I mean, to be honest, this is a broad bill. But, hypo-- it's really dealing with issues of the troubled banks. And in this situation, it gives more authority to the Commissioner to deal with the problems at hand.

Through you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative Green.

REP. GREEN: (1st)

Thank you, Mr. Speaker. Mr. Speaker, through you, to the proponent. Through some of these activities that will allow, I guess, some troubled banks to probably

sell or transfer some of their assets, and I would assume, to try to make sure that we protect depositors, is there anything in this legislation that in the transfer and possibly transferring to an out-of-state that would be a detriment to the depositors of the state of Connecticut?

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

Through you, Mr. Speaker. I believe the -- before any transfer were to take place, the majority of the members in the credit union have to vote on it and give permission.

Through you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative Green.

REP. GREEN: (1st)

Thank you, Mr. Speaker. Mr. Speaker, through you, another question. Currently, can a change or transfer from a bank -- can that happen through a vote of the majority of its members or do they need two-thirds of the members to vote for any kind of transfer or change?

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

Through you, Mr. Speaker. The majority is the current law. And this bill does not change that provision.

Through you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative Green.

REP. GREEN: (1ST)

Thank you, Mr. Speaker. I guess I'm a little confused then because I do see part of the -- in the summary, that the bill does allow a slight change where it would no longer be two-thirds that's needed for a change but only a majority of the holders -- of the members of the bank or credit union to agree to a change. Maybe the -- through you, Mr. Speaker. If the proponent can explain his response to what is written in the summary report?

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

For the credit unions it is a change from two-thirds to majority vote.

Through you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative Green.

REP. GREEN: (1st)

Okay. So then for the credit unions that is a change.

DEPUTY SPEAKER HYSLOP:

Representative Doyle.

REP. DOYLE: (28th)

Through you, Mr. Speaker. Yes.

REP. GREEN: (1st)

Okay. Thank you.

DEPUTY SPEAKER HYSLOP:

Representative Green.

REP. GREEN: (1st)

Thank you, sir. I admire the work of the Banking Committee and its Chairs and its committee. However, I always get concerned when it appears that this is some technical changes and, as the proponent of the bill stated, this is quite extensive legislation. And I would be very concerned, obviously, with some of the history of bank mergers and Connecticut-owned banks and some of the things that I think have happened in the banking community in the state of Connecticut in the past few years. And I think we probably should not want to, in a sense, loosen the requirements of banks in Connecticut or have the Banking Commissioner be less involved. I think we probably should go the other direction.

So I'm very concerned about this bill. And I thank the proponent of the bill for responding to my questions.

Thank you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Will you remark further on the bill as amended? Will you remark further on the bill as amended? If not, staff and guests to the well of the House. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber. The House is voting by Roll Call. Members to the Chamber please.

DEPUTY SPEAKER HYSLOP:

Have all members voted? Have all members voted? If all members have voted, please check the machine. Make sure your vote is properly recorded. The machine will be locked and the Clerk will take a tally.

The Clerk will announce the tally.

THE CLERK:

SB 985, as amended by Senate "A" and House "A",

Total number voting, 147;

Necessary for passage, 74;

Those voting Yea, 143;

Those voting Nay, 4;

Absent, not voting, 3.

DEPUTY SPEAKER HYSLOP:

The bill as amended passes, in concurrence with the Senate -- oop. Not in concurrence with the Senate. Sorry about that. The bill passes as amended.

Any announcements, points of personal privilege?

Representative Roy.

REP. ROY: (119th)

Thank you, Mr. Speaker. Mr. Speaker, for the purposes of transcript notations? It was a long day and much business inside and outside the Chamber. And with that in mind, the following missed votes today due to legislative business outside the Chamber.

Representatives Abrams, Backer, Barry, Boukus, Cardin, Caruso, Davis, Diamantis, Dillon, Doyle, Feltman, Fritz, Godfrey, Gonzalez, Green, Jarmoc, Johnston, Kirkley-Bey, Lawlor, Lewis, Lyons, Martinez, Merrill, Moukawsher, Mushinsky, Panaroni, Pawelkiewicz, Thompson, Tonucci, Villano and Wallace.

Thank you, Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

So noted.

Representative Collins.

REP. COLLINS: (117TH)

Thank you, Mr. Speaker. For transcript notations?

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PRESIDING CHAIRMEN: Representative Doyle

SENATORS: Finch

REPRESENTATIVES: Guerrera, Duff, Mazurek, McMahon, Merrill, Serra, Tymniak, Caron, D'Amelio, Heagney, Stripp

REPRESENTATIVE DOYLE: Hello, I'd like to call the Banks Committee meeting to order. Public hearing I should day. Just for the information for the people that want to testify and the Committee members. As you know, the House is coming in at 2:00 o'clock and it's come to my attention that it's going to be a firm 2:00 o'clock because they apparently have executive nominations that need to be done before we hear the Governor's address. So apparently it will be a sharp 2:00 o'clock.

That being the case, if this meeting goes beyond the hour, this public hearing will be recessed to 2:00 o'clock this Thursday, March 6th from 2:00 o'clock to 6:00 P.M. Hopefully we can finish today in room 1B. So again we will recess this and the Committee will do so at 2:00 o'clock approximately.

At this point in time I'd like to ask anyone testifying to please keep their testimony to a firm three-minutes because it is our intention to try to get done before the House goes into session.

At this point in time, as in normal procedure, the first hour is chosen for the legislature and agency heads. The first person to speak is Commissioner John Burke, the Commissioner of Banking. Commissioner?

SB982 SB983 SB984 SB985 SB986

COMMISSIONER BURKE: Good afternoon Mr. Chairman, I heard your warning. I have five bills in three-minutes so I'll try to be as brief as I can.

REP. DOYLE: Thank you.

COMMISSIONER BURKE: You have all received, I assume, copies of not only the bills but our old (inaudible) bill, which explains why we're doing this and what impact this, has on current legislation. So hopefully a lot of that will be self-explanatory enough so therefore gives me an opportunity to be very brief on our bills.

I will take them in numerical order. Savings, that's an old habit, S.B. 982 - An Act Concerning the Commissioner of Banking and Department of Banking Employees. This was a bill that was raised last year and it's my understanding that there was no problems, it just kind of died at the end and it wasn't able to be acted on. It is essential because of two things.

The stationary (inaudible - background noise) devoted to this department are eliminated into to what they can personally invest in banks that we regulated, and that's appropriate. However, the employees and the Commissioner and in this case the Deputy Commissioner also have, through their IRA's or their pension fund, funds invested in banks. Technically they are operating illegally and obviously there is no intention to do this. And what this bill does, it gives them, it allows them to use, have those funds invested in banks since it's out of their control essentially.

It does tighten up the rules for the Commissioner we add holding companies that I am not nor is Deputy Commissioner to investments. We view it as a tightening development.

The other item is just a change of title. As things evolved over the years, I am known in two, well I am known by lots of things, I'm sure but, officially Commissioner of Banking or Banking Commissioner and it's spread throughout the statutes. As you can see by the size of the bill presented, we had to go through every statue and try to make it consistent. And what we've done is make a recommendation that, that in order to, we have a stamp that the Seal, the State Seal uses.

ability to do, and in the event that there's any money left over, currently would have to go back to the home countries. What we can do now if this bill is passed, is use the excess funds after all the creditors are paid in Connecticut. And if there is another bank, for example, and I'll pick on UBS because they're in great shape, but they have a location in Chicago, if that had gone, had declared bankruptcy or whatever into the receivership, we could forward whatever we had left over into Illinois and help them out. So it kind of keeps the money in the country.

The next bill is banking licenses. An Act Concerning Department of Bank Licensees, S.B. 984. And from what we've done is money transmitters and particularly after we require bonding, which they're not bonded anymore. Also as I've indicated, we're doing something with the (inaudible) that they recall in the future in lending bill. We had required that on if there is any insurance sold as part of the loan, that life insurance that the customer be notified after the fact that it was cancelable. We have an ad in this condition, in this bill, that that provision sent to the consumer would be done in twelve-point type and sent separately by mail.

And we feel, at least I, I think I mentioned this at an earlier meeting. We had to clear up the statutes with this kind of detail but we are concerned that if we don't define what should be standard it would be very difficult to read some of the notices that come out with some of these lending companies. So that's why it's in there.

The next bill is S.B. 985 concerning banks and credit union transactions. Here we are updating some of our statutes particularly in the branching area. One of the things that has all of the conversions of mutual stock form, which we have had in the past. We still have some mutual banks left in the state. If the OTS is the Office of the Thrift Supervision that regulates federally chartered savings banks, we are trying to keep out regulations in tune with theirs. It doesn't give away anything but it makes it easier to deal with

that and it also makes us, it doesn't put us in any disadvantage from dealing with the federal regulators. And it doesn't provide any evidence for the banks to convert from state charter to federal since our regulations would be in concert with those of the Office of Thrift Supervision. And also it clarifies our statute when a bank sells assets, they have to come to us for permission.

We need to clarify that because if they sell deposits, technically, there are no assets. They are deposits, they're liabilities. So we had to clarify that. This is what it does so that if they are to sell any significant part of their business, they have to come to us for permission under the proposal that you have in front of you.

And also provides, as you know, two-years ago we did a major renovation of the credit union statutes and we're still kind of working on it as a work in progress, and we provide with this bill, the ability of credit unions to open mobile branches with appropriate information and also gives us more control of out-of-state credit unions. We had a specific situation of an out-of-state credit union operating in the state that we didn't even know about. So we felt it was important that they notify us if they're going to do business in the State of Connecticut. So that essentially is what that bill does.

The last bill, the comment is An Act Concerning the Community Reinvestment Act, S.B. 986. Just a couple of things. One, we had some uninsured banks in the state. We do not take any consumer deposits that are uninsured. We don't feel obviously that in that case they should be subject to CRA regulations because the concept of CRA was if you were going to take community deposits, you must reinvest in the community. So if these banks are going to do that but because they are called banks, certainly they would be required to file a CRA class but yet they have no need to do so. So this exempts them from that.

And the second element is something we have discussed before and that's for our own state

REP. GUERRERA: On S.B. 985, you talked about the selling of deposits, that wasn't your intention of doing that, that you could not do that? You were just going to sell in S.B. 985?

COMMISSIONER BURKE: Well yes, on the sale of the bonds?

REP. GUERRERA: Yes.

COMMISSIONER BURKE: Well, the way the current statute reads, it talks about sale of assets.

REP. GUERRERA: Right.

COMMISSIONER BURKE: And deposits are not assets.

REP. GUERRERA: Exactly.

COMMISSIONER BURKE: We had to redefine, what were doing here is redefining them by saying if you sell any part of your business, it could be a part of your business, you've got to come to us for approval.

REP. GUERRERA: Okay, and how do you monitor that?

COMMISSIONER BURKE: Well, well in the meantime if you sell, the law says they must come to us and in this case sale of assets. They then coming to us even for the sale of deposits, although there is strict ruling that they have to do that. This clarifies that. And we look at that and see if that there's an appropriate transaction. There are specific characteristics for the transaction that we look at, you know, why they are doing it, what's the impact on the community, where's it going to be, how's it going to be serviced and the purpose of doing it.

REP. GUERRERA: Okay. Thank you.

REP. DOYLE: Any other questions? Representative Stripp.

REP. STRIPP: Thank you Mr. Chairman. Good afternoon, Commissioner.

COMMISSIONER BURKE: Good afternoon.

service contracts, that a lot of confusion is starting to come forward and the consumer is starting to react to that and I don't think the concerns of bills like this are not necessarily against your bank. Because I know you service it and it's continuous and it's relatively easy for the customer to figure out.

But when these things are traded back and forth across state lines and sometimes international lines, it does get a little confusing and there may be some requirement to redress that at some point in time. I don't know what the answer is. It's probably not this bill but something that should be kept in mind. And if there are some suggestions, if folks like yourselves have, they would be greatly appreciated at least by myself.

Thank you.

REP. DOYLE: Thank you.

(TAPE STOPPED - DIALOGUE LOST)

REP. DOYLE: Any other questions. Thank you very much.

JOAN BERESFORD: Thank you.

REP. DOYLE: Next up is Kevin Stewart , then Raphael Podolsky, Michael Ciaburri.

KEVIN STEWART: Good afternoon Representative Doyle and members of the Banks Committee. My name is Kevin Stewart, I'm president of the Connecticut Credit Union Association and I'd like to comment today on six bills but I'll have to go pretty quickly in order to stay within my allotted time frame.

REP. DOYLE: Thank you.

KEVIN STEWART: W- h-v- -b-t-d -itt- t-ti- y this so I will kind of summarize those comments here today.

I would first like to speak in support of three bills.

(SB889)
SB890 SB985
HB6498
HB6500

(TAPE STOPPED DIALOGUE LOST)

--Institutions including credit unions relative to the federally chartered counterparts, they're currently able to provide this type of access under federal regulations. (SB889)

S.B. 890 - An Act Concerning Directors of Credit Unions, seeks to amend the statutes and would clarify and correct the current statutory language used to describe the role of appointed directors within the organizational structure of a Connecticut credit union, It would also insure that the governing board of a Connecticut credit union consists only of directors that are elected by and from the credit union's membership. At the request of the Banking Department, we have also mended this bill to include the term "appointed director" in other portions of the statute as needed or applicable.

I would also like to comment on a couple of other bills that are being considered today and ask your support for two bills subject to the amendments that we have proposed. Those being S.B. 985 and H.B. 6498.

S.B. 985 - An Act Concerning Bank and Credit Union Transactions, is something that CCUA supports. We appreciate the Commissioner's efforts in this area. We would, however, like to amend that bill to remove a provision in Section 14 that would allow the Commissioner of Banking to deny an application of a single or multiple group credit union to establish a branch if the proposed branch would result in an over-saturation of credit unions in the town in which the proposed branch is to be located.

We believe this language is unnecessary and is not applicable to a single or multiple group credit union, which serves a very specific, limited group of people rather than a geographic area. We believe it's important for these credit unions to establish branches as needed to meet the service requirements of their members without regard to the presence of other credit union branches in the same town that

have been established to serve different in unrelated groups of credit union members.

H.B. 6498, - An Act Concerning State Support of Community Banks. We support the State Treasurer's Office initiative to provide a program for smaller financial institutions to enhance their ability to compete for the Treasurer's investment funds.

As noted earlier, this proposal seeks to ultimately to provide underserved communities with additional access to needed financial services. The intent of this initiative is consistent with the historical practice of credit unions, which have a well-deserved reputation of providing access to affordable financial services to people of modest means and to those who reside in underserved markets.

CCUA support of H.B. 6498, however, is conditioned upon the adoption of an amendment to include Connecticut credit unions with community fields of membership and less than $500 million in assets. If adopted, and as amended, H.B. 6498 would allow all small financial institutions to participate in this program by competing equally for any investment funds.

The last bill that I would like to comment is H.B. 6500 - An Act Concerning Disclosure of Principal and Interest Balances on Certain Loans. We are very strongly opposed to this bill. We believe that it would result in a significant increase in administrative burdens and costs associated with processing and mailing the proposed monthly statements. Such information is currently available in a variety of ways from most financial institutions and we are not aware of any recorded complaints concerning access to this information from credit unions.

We also believe that the passage of this bill would place state chartered institutions including Connecticut credit unions at a competitive disadvantage since it is likely the law would be preempted by federal law and therefore be only applicable to state chartered institutions.

March 4, 2003

The Honorable Senator Finch
The Honorable Representative Doyle
Co-Chairmen, Joint Committee on Banks
Legislative Office Building, Room 2400
Capitol Avenue
Hartford, Connecticut 06106

RE: Testimony for Bank's Committee Public Hearing March 4, 2003.

The Connecticut Credit Union Association Supports:

SB 888 – *An Act Concerning Credit Union Shared Service Centers*
SB 889 – *An Act Concerning Consumer Revolving Loans*

The Connecticut Credit Union Association Supports if Amended:
(All amendment language attached.)

SB 890 – *An Act Concerning Directors of Credit Unions*
SB 985 – *An Act Concerning Bank and Credit Union Transactions*
HB 6498 - *An Act Concerning State Support of Community Banks*

The Connecticut Credit Union Association Opposes:

HB 6500 - *An Act Concerning Disclosure of Principal and Interest Balances on Certain Loans.*

Senator Finch, Representative Doyle and Members of the Banks Committee:

Thank you very much for the opportunity to testify on behalf of Connecticut's 174 credit unions and their 932,538 members. The following three proposals were originally the concepts of the Connecticut Credit Union Association, drafted with the approval of the Department of Banking, and kindly raised by this Committee.

SB 888- An *Act Concerning Credit Union Shared Service Centers* amends sections 36a-435b and 36a-435a to 472a of the General Statutes in two ways. First it will ensure that Connecticut credit unions will have the authority to establish and operate shared branches, which are also known as shared service centers, in cooperation with other credit unions in order to provide their members with more convenient access to their accounts. And second, it will help protect Connecticut residents who belong to, or are eligible for membership in, an out-of state credit union by ensuring that shared service centers established by out-of-state credit unions are subject

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to the same regulatory scrutiny and approval process that currently exists for the establishment of branches in Connecticut by these credit unions.

SB 889 - *An Act Concerning Consumer Revolving Loans,* seeks to bring Connecticut in-line with the home equity line of credit access laws of 48 other states by removing the provision in Connecticut law that currently prohibits access to home equity lines of credit by a credit or plastic card. If passed, SB 889 will provide Connecticut consumers with more convenient access to their home equity line of credit and will also create parity between Connecticut state chartered financial institutions, including credit unions, relative to their federally chartered counterparts that are currently able to provide this type of access under federal regulations.

SB 890 - *An Act Concerning Directors of Credit Unions,* as amended, seeks to make technical changes to Public Act 02-73, An Act Concerning Credit Union Modernization, which was passed last year. SB 890, if passed, will clarify and correct the current statutory language used to describe the role of appointed directors within the organizational structure of a Connecticut credit union and it will also ensure that the governing board of a Connecticut credit union consists only of directors that are elected by and from the credit union's membership. At the request of the Department of Banking, SB 890 also includes the term "appointed director" in other sections of the statute as necessary or applicable.

CCUA would also like to comment on the following bill being also being heard in this Committee today.

SB 985 – *An Act Concerning Bank and Credit Union Transactions.* CCUA supports SB 985 subject to the adoption of an amendment to remove a provision in Section 14 which would allow the Commissioner of Banking to deny an application of a single or multiple group credit union to establish a branch if the proposed branch would result in an oversaturation of credit unions in the town in which the proposed branch is to be located. This language is unnecessary and would not be applicable to single or multiple group credit unions which serve very specific, limited groups of people rather than a geographic area. CCUA believes it is important for these credit unions to establish branches as needed to meet the service requirements of their members without regard to the presence of other credit union branches in the same town that have been established to serve different and unrelated groups of credit union members.

HB 6498 - *An Act Concerning State Support of Community Banks.* CCUA supports the State Treasurer's Office initiative to provide a program to smaller financial institutions to enhance their ability to compete for the Treasurer's investment funds. This proposal seeks to ultimately provide underserved communities with additional access to needed financial services. The intent of this initiative is consistent with the historical practice of credit unions, which have a well-deserved reputation of providing access to affordable financial services to people of modest means to those who reside in underserved markets. CCUA's support of HB 6498 is conditioned upon the adoption of an amendment to include Connecticut credit unions with community field of memberships and with less than $500 million in assets. If adopted, as amended, HB 6498 would allow all small financial institutions to participate in this proposed program by competing equally for any available investment funds.

Raised Bill No.985

AN ACT CONCERNING BANK AND CREDIT UNION TRANSACTIONS

Beginning with line 1483, strike section "(C)" "in the case of a Connecticut credit union whose membership is limited to persons with a single common bond or multiple common bond, "the establishment of the proposed branch will result in an oversaturation of credit unions in the town in which the branch is to be located;"

In line 1489, strike "(D)" and insert "(C)" in lieu thereof

In line 1496, strike "(E)" and insert "(D)" in lieu thereof

STATE OF CONNECTICUT
DEPARTMENT OF BANKING
260 CONSTITUTION PLAZA • HARTFORD, CT 06103-1800

John P. Burke
Commissioner

BANKS COMMITTEE PUBLIC HEARING, MARCH 4, 2003

MEMORANDUM RE: An Act Concerning Bank and Credit Union Transactions (S.B. 985)

STATEMENT OF PURPOSE: To update the application and examination fees charged by the Department of Banking; to make the requirements governing the conversion of mutual institutions to stock form similar to the requirements of the Office of Thrift Supervision; to permit branch consolidations and simplify the procedures for branch and main office relocations and the establishment of certain branches by requiring notice to the commissioner instead of an application; to clarify, and eliminate overlap in, the provisions concerning the sale of assets of Connecticut-chartered banks and credit unions; to increase the amount of eligible collateral that is required to be maintained by a qualified public depository that is an uninsured bank or a bank or credit union under a supervisory order or agreement; to replace one of the criteria for disapproval of a branch of a Connecticut credit union with a more appropriate criterion; to authorize Connecticut credit unions to establish and close mobile branches; to require the commissioner's approval for an out-of-state credit union's expansion of its field of membership in Connecticut; and to include a provision regarding the effective date of a merger involving a Connecticut credit union.

FROM: John P. Burke, Commissioner of Banking

PRESENT LAW: Section 36a-2 contains definitions of various terms used in Title 36a.

Section 36a-3 contains cross-references to various definitions contained in Title 36a.

Section 36a-65 authorizes the Commissioner to annually collect from Connecticut banks and credit unions an amount sufficient to meet the expenses of the Department; establishes the fees for trust department examinations, the examination of a Connecticut credit union service organization and the examination of certain consumer credit licensees. This section also establishes the fees for investigating and processing applications in connection with various types of Connecticut bank and credit union transactions.

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Section 36a-136, which sets forth the requirements for conversion of banks from mutual to stock, contains definitions for the terms "eligible account holder", "deposit account" and "qualifying deposit"; provides for subscription rights for each eligible account holder; and requires the Commissioner to approve such conversions if the Commissioner makes certain determinations.

Section 36a-145 requires a branch of a Connecticut bank to maintain minimum banking hours from 9 a.m. until 3 p.m.; and requires the Commissioner's approval for a Connecticut bank to establish any branch or limited branch, even if such branch or limited branch were approved as part of such bank's application to organize.

Section 36a-210 governs the sale of all or a significant part of the assets and business of Connecticut banks and Connecticut credit unions and the purchase by such institutions of all or a significant part of the assets and business of certain banks and credit unions.

Section 36a-412 authorizes the Commissioner to examine and supervise the Connecticut branch of any out-of-state bank that enters this state through merger, consolidation, asset acquisition or the establishment in this state of a de novo branch, or the out-of-state branches of a Connecticut bank, and to enter into agreements with other state or federal banking regulators or similar regulators in a foreign country concerning such examination or supervision. It also makes the provisions of the section applicable to the acquisition of assets of any bank from the receiver of such bank by an out-of-state bank.

Section 36a-296 governs the establishment of trust accounts by a bank, Connecticut credit union or federal credit union.

Section 36a-333(a) establishes the amount of eligible collateral that a qualified public depository must maintain and segregate from its other assets based upon such depository's risk-based capital ratio.

Section 36a-139b(b) governs which documents a Connecticut bank that is converting to an uninsured bank must file with the Commissioner.

Section 36a-435b contains definitions of various terms used in Sections 36a-435a to 36a-472a, inclusive, concerning Connecticut credit unions.

Section 36a-455a sets forth the powers of a Connecticut credit union.

Section 36a-455b provides that a Connecticut credit union may sell all or a significant part of its assets in accordance with Section 36a-210.

Section 36a-462a prohibits a Connecticut credit union from establishing a branch in this state or outside this state unless prior to such establishment the credit union has filed with the Commissioner an application to establish a branch and such application has not been

disapproved by the Commissioner not later than 30 days after the application has been filed, and establishes the standards upon which the Commissioner may disapprove such application, which includes in the case of a Connecticut credit union whose membership is limited to persons within a single common bond or multiple common bond that establishment of the proposed branch will result in an impermissible overlap with the field of membership of other credit unions. This section also authorizes the Commissioner to examine and supervise the out-of-state branches of any Connecticut credit union and to enter into agreements with other state or federal credit union regulators concerning such examination or supervision.

Section 36a-462b authorizes an out-of-state, state-chartered credit union, with the prior approval of the Commissioner, to establish a branch in Connecticut, and authorizes the Commissioner to examine and supervise the Connecticut branches of any such credit union and to enter into agreements with other state credit union regulators concerning such examination and supervision.

Section 36a-468a(b)(3) prescribes the documents that the resulting Connecticut credit union must file with the Secretary of the State to consummate a merger.

Section 36a-469c(a)(4) requires that the notice, disclosure statement and mail ballot used in connection with the conversion of a Connecticut credit union to a mutual savings bank, a mutual savings and loan association or a mutual community bank must comply with the requirements of Appendix A to 12 CFR Part 708a.

Section 35-2 prohibits the use of a trade name that includes various terms including the use of the term "savings", and provides that no provision of this section shall prevent an association organized under the provisions of Section 36a-85 from using the term "savings".

EFFECT OF S.B. 985:

Section 1. This section amends Section 36a-2 to add a definition for the term "share account holder".

Section 2. This section amends Section 36a-3 to add cross-references to the definitions for the terms "consolidate" and "mobile branch", and to delete cross-references to the definitions of the terms "eligible account holder", "transaction" and "troubled financial institution".

Section 3. This section reorganizes and amends Sections 36a-65(b) and 36a-65(c) for clarity and to authorize fees for the examination of an out-of-state branch of a Connecticut bank or Connecticut credit union and of a Connecticut branch of an out-of-state bank or out-of-state credit union in the amount of the actual cost of the examination, and to authorize sharing

of these fees pursuant to agreements with other regulatory agencies. It further amends Section 36a-65(b) to authorize a fee for the examination of a Connecticut bank organized to function solely in a fiduciary capacity. The proposal also amends Section 36a-65(d)(1)(C) to reduce the fee for relocation of a main office of a Connecticut bank from $2,000 to $500, and to eliminate the branch relocation fee. In addition, this proposal amends Section 36a-65(d)(1)(K) to eliminate the application fee for acquiring, altering or improving real estate under Section 36a-250(a)(33) if such application is filed in connection with a branch or limited branch application filed pursuant to Section 36a-145.

Section 4. This section amends Section 36a-136 to: (1) delete the definitions of "eligible account holder", "deposit account" and "qualifying deposit", (2) provide for subscription rights for each account holder deemed eligible under regulations instead of for each eligible account holder, and (3) provide that the Commissioner may approve the conversion only if the Commissioner makes certain determinations instead of mandating approval if those determinations are made.

Section 5. This section amends Section 36a-145 to add a definition of "consolidate" and permit, with 30 days prior written notice to the Commissioner, a Connecticut bank to establish a branch or limited branch during the first three years of its existence that was approved as part of its application to organize, unless the Commissioner requires approval. The proposal also permits a Connecticut bank to relocate or consolidate any branch, limited branch or main office with 30 days prior written notice to, instead of approval of, the Commissioner. The proposal amends the definition of "branch" in Section 36a-145 to eliminate the requirement that a branch maintain banking hours from 9 a.m. to 3 p.m., Monday through Friday.

Section 6. This section amends Section 36a-210 to: (1) replace the terms "sell" or "sold" with "transfer" and "transferred" and the terms "purchase" and "purchasing" with "acquire" and "acquiring", (2) make its provisions applicable to the transfer and acquisition of all or a significant part of the transferring institution's "assets or business" instead of "assets and business", (3) delete the provisions concerning the sale by a Connecticut credit union of its assets and business and the purchase by such credit union of the assets and business of a federal credit union, (4) except the liquidation of retail deposits pursuant to the provisions governing the conversion of an insured bank to an uninsured bank from its provisions, and (5) require the Commissioner's approval for an acquisition by a bank or out-of-state bank of "all or a significant part" of the "assets or business" of a Connecticut bank or Connecticut credit union from its receiver instead of for the acquisition of its "assets and business".

Section 7. This section amends Section 36a-412 to clarify that agreements between the Commissioner and other banking regulators may include provisions relating to the assessment or sharing of fees for supervising and examining out-of-state branches of Connecticut banks and Connecticut branches of out-of-state banks. It also gives the Commissioner the

authority to waive the applicability of the provisions of this section to the acquisition of the assets of any bank from the receiver of such bank by any out-of-state bank.

Section 8. This section amends Section 36a-296 to make technical changes by adding the term "share account holder" when describing persons who maintain a share account in a credit union.

Section 9. This section amends Section 36a-333(a) concerning public deposits to require a qualified public depository that does not accept retail deposits and for which insurance of deposits by the Federal Deposit Insurance Corporation is not required, or is subject to an order to cease and desist or is under a supervisory agreement, to collateralize its public deposits in a sum equal to 120 percent of all public deposits held by such depository.

Section 10. This section amends Section 36a-139b(b) to make a technical change by adding the term "amended" to certificate of incorporation.

Section 11. This section amends Section 36a-435b to add a definition for the term "mobile branch".

Section 12. This section amends Section 36a-455a to specify that the sale of certain assets of a Connecticut credit union are subject to the provisions of Section 36a-455b, as amended by the proposal.

Section 13. This section amends Section 36a-455b to add, with certain changes, the provisions concerning the transfer of assets of a Connecticut credit union to a bank, a Connecticut credit union or a federal credit union, and the acquisition by a Connecticut credit union of the assets of a federal credit union, which are being deleted from Section 36a-210 in Section 6 of the proposal.

Section 14. This section amends Section 36a-462a to (1) delete as a ground for disapproval of the establishment of a branch by a Connecticut credit union, that establishment of the proposed branch will result in an impermissible overlap with the field of membership of other credit unions, and replace it with the ground that establishment of the proposed branch will result in an oversaturation of credit unions in the town in which the branch is to be located, (2) prohibit a Connecticut credit union from establishing a mobile branch in this state or outside of this state unless prior to such establishment the credit union has filed with the Commissioner an application to establish a mobile branch listing each predetermined location, and to allow the Connecticut credit union to establish such mobile branch unless the Commissioner disapproves the application, (3) establish a procedure to close a mobile branch and to close any predetermined location of a mobile branch, and (4) clarify that agreements between the Commissioner and other state or federal credit union regulators may include provisions relative to the assessment or sharing of fees for supervising and examining out-of-state branches of Connecticut credit unions.

Section 15. This section amends Section 36a-462b to establish a procedure for an out-of-state credit union to expand its field of membership to add members in Connecticut with the Commissioner's approval; to authorize the Commissioner to enter into agreements with federal credit union regulators concerning the Connecticut branches of out-of-state, state-chartered credit unions; and to clarify that agreements between the Commissioner and other state or federal credit union regulators may include provisions relative to the assessment or sharing of fees for supervising and examining Connecticut branches of out-of-state credit unions.

Section 16. This section amends Section 36a-468a(b)(3) to provide that in a merger involving a Connecticut credit union, the merger agreement may provide for the effective date of the merger, which shall not be earlier than the filing of the agreement and the Commissioner's approval of such merger in the office of the Secretary of the State. This section also provides that if the agreement does not provide for an effective date, the merger shall become effective on the date of the filing of the agreement and approval in the office of the Secretary of the State.

Section 17. This section amends Section 36a-469c(a)(4) to delete an obsolete reference to Appendix A to 12 CFR Part 708a.

Section 18. This section amends Section 35-2 to make correct the incorrect reference to Section 36a-85.

COMMISSIONER OF BANKING'S POSITION: This is a Department of Banking proposal. The amendments to the statutory fee provisions more accurately reflect the costs incurred by the Department in processing an application to relocate a main office of a Connecticut bank, examining Connecticut banks organized to function solely in a fiduciary capacity, regulating interstate branches of banks and credit unions on a shared basis and the streamlining of the application process for certain applications filed by Connecticut banks to acquire real estate for use by the bank.

The statute governing the conversion of banks from mutual to stock form provides for the adoption of regulations governing conversions that are similar in scope and content to the regulations of the Office of Thrift Supervision ("OTS"). The deletion of definitions of terms that relate to the subscription rights of account holders from the statute would enable the Commissioner to adopt regulations that are consistent with the OTS regulations governing such rights.

The amendments to the branching statute to eliminate core banking hours, to authorize consolidations and to eliminate or replace the approval requirements with notice requirements provide greater flexibility for Connecticut banks and reduce the regulatory burden on such banks.

The amendments to the provisions concerning agreements between the Commissioner and other banking and credit union regulators are necessary to clarify that such agreements may include provisions regarding fees for supervising interstate branches of banks and credit unions.

The amendments to the provisions concerning the sale of assets and business of banking institutions are necessary for several reasons. The substitution of "or" for "and" clarifies that the Commissioner's approval is required for a transaction that does not involve the sale of assets but involves the sale of a significant part of the business of the Connecticut bank, such as its depository business or trust business. The substitution of the broader terms "transfer" and "acquire" for "sale" and "purchase" more accurately reflects the fact that the provision applies to liabilities which, technically, are assigned or transferred by one party and assumed by the other and also to transactions where there is an exchange of assets or business. The proposal moves the provisions concerning the transfer of assets of Connecticut credit unions into the credit union statutes and eliminates overlap with existing provisions.

The proposed amendments to the public deposit statutes are necessary to address the added risk to public deposits held by uninsured banks and banks and credit unions that are under supervisory orders or agreements.

The amendment to the statutes authorizing Connecticut credit unions to establish mobile branches with predetermined locations provides credit unions greater flexibility in providing services to their members.

The amendment to the provisions authorizing an out-of-state, state-chartered credit union to establish a branch in this state to add a requirement that such credit unions obtain the Commissioner's approval to expand its field of membership in Connecticut provides a mechanism for the Commissioner to regulate such expansion.

The amendment to the provisions governing a merger involving a Connecticut credit union is necessary to clarify the effective date of such merger.