

CHAPTER 157

FINANCIAL INSTITUTIONS

SENATE BILL 03-016

BY SENATOR(S) Lamborn, Evans, Grossman, Isgar, Kester, and Nichol;
also REPRESENTATIVE(S) Wiens.

AN ACT**CONCERNING THE PROHIBITION OF CERTAIN PERSONS CONTROLLING AN INDUSTRIAL BANK.**

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. (1) The general assembly finds and determines the following:

(a) The economic strength and welfare of Colorado depends on strong and sound financial institutions that command public confidence;

(b) Colorado financial institutions are closely monitored and supervised by federal and state regulatory agencies imposing strict compliance standards and conducting frequent examinations of financial institutions;

(c) Industrial banks are regulated by the Colorado banking board;

(d) The chairman of the federal reserve board and many noted economists, experts, and government officials in congressional testimony and elsewhere have noted the danger of mixing banking and general commerce; and

(e) Colorado should clarify public policy concerning banking and general commerce, including the acquisition and control of Colorado industrial banks, leading to greater confidence in these institutions.

(2) The general assembly intends to address these concerns by harmonizing state and federal law.

SECTION 2. 11-22-109.5, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

11-22-109.5. Requirements for acquiring control of industrial banks.

(8) (a) EXCEPT FOR THE ACQUISITIONS APPROVED BY THE BANKING BOARD PRIOR TO THE EFFECTIVE DATE OF THIS SUBSECTION (8), AS AMENDED, A COMPANY SHALL NOT DIRECTLY OR INDIRECTLY ACQUIRE OR RETAIN CONTROL OF AN INDUSTRIAL BANK, INCLUDING THROUGH MERGER, CONSOLIDATION, SUBSIDIARY OR AFFILIATE ARRANGEMENT, OR ANY OTHER TYPE OF BUSINESS COMBINATION, UNLESS THE COMPANY IS ENGAGED ONLY IN THE ACTIVITIES PERMITTED FOR A FINANCIAL HOLDING COMPANY PURSUANT TO 12 U.S.C. SEC. 1843 (k) (1). THIS SUBSECTION (8) SHALL NOT BE CONSTRUED TO PROHIBIT ACQUISITION OR RETENTION OF CONTROL OF AN INDUSTRIAL BANK BY A NATURAL PERSON OR THE RETENTION OF CONTROL OF AN INDUSTRIAL BANK BY A PERSON WHO CONTROLLED AN INDUSTRIAL BANK PRIOR TO THE EFFECTIVE DATE OF THIS SUBSECTION (8).

(b) FOR THE PURPOSES OF THIS SUBSECTION (8):

(I) "COMPANY" MEANS A COMPANY AS DEFINED IN 12 U.S.C. SEC. 1841 (b).

(II) "FINANCIAL HOLDING COMPANY" MEANS A FINANCIAL HOLDING COMPANY AS DEFINED IN 12 U.S.C. SEC. 1841 (p).

SECTION 3. Effective date - applicability. This act shall take effect July 1, 2003, and shall apply to acts committed on or after said date.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 22, 2003