

## CHAPTER 110

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**FINANCIAL INSTITUTIONS**


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**HOUSE BILL 14-1274**

BY REPRESENTATIVE(S) Kraft-Tharp and Holbert, Fields, Ginal, Hullinghorst, Labuda, Priola, Rosenthal, Schafer, Tyler;  
also SENATOR(S) Jahn, Heath, King.

**AN ACT**

**CONCERNING THE MODIFICATION OF CERTAIN LIMITATIONS ON THE MANAGERS OF A BANK  
CHARTERED BY COLORADO.**

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

**SECTION 1. Legislative declaration.** (1) The general assembly hereby:

- (a) Finds that to preserve the value of a state-issued banking charter, Colorado's banking laws should be consistent with those of other states;
- (b) Determines that this consistency will encourage bank owners to establish their banking headquarters in Colorado; and
- (c) Declares that this act is intended to thereby provide additional jobs and revenue for the state.

**SECTION 2.** In Colorado Revised Statutes, 11-103-501, **amend** (1) and (6) as follows:

**11-103-501. Directors and officers.** (1) The affairs of a state bank shall be managed by a board of directors, which shall exercise its powers and be responsible for the discharge of its duties. The number of directors, not ~~less~~ FEWER than three nor more than twenty-five, shall be as fixed by the bylaws, and the number so fixed shall be the board, regardless of vacancies. At least three-fourths of the directors shall be citizens of the United States ~~two-thirds~~ AND A MAJORITY shall be residents of this state, ~~and a majority shall reside within one hundred miles of the place of business of the bank; except that, if the bank is organized solely to do business with other financial institutions, is owned primarily by the financial institutions with which it does business, and does not do business with the general public, at least~~

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

~~three-fourths of the directors shall be citizens of the United States and a majority shall be residents of this state.~~ A director need not own shares. No director may serve who has been convicted of fraud involving any financial institution or of a felony, but the banking board may waive this provision regarding a felony if it determines that the particular felony does not jeopardize the person's ability to act as a director. A director who is disqualified may be removed by the board of directors or by the banking board. No action taken by a director prior to his or her resignation or removal shall be subject to attack on the ground of his or her disqualification.

(6) The officers designated by the bylaws shall be elected by the board of directors. A member of the board of directors shall be elected president. No officer shall be elected ~~or a contract executed for the officer's employment,~~ for a period longer than one year. No person may be employed as an officer of a state bank who has been convicted of fraud involving any financial institution or of a felony, but the banking board may waive this provision regarding a felony if it determines that the particular felony does not jeopardize the person's ability to act as an officer. An officer may be removed by the board of directors at any time, but removal shall not prejudice any rights that the officer may have to damages for breach of contract of employment, unless the officer falsely answered any question or made any material misstatement of facts relating to any matter leading to or constituting any inducement to such employment.

**SECTION 3. Act subject to petition - effective date - applicability.** (1) This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2014 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) This act applies to conduct occurring on or after the applicable effective date of this act.

Approved: April 7, 2014