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Chapter No. 357

14/HR12/R939CS

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# ***HOUSE BILL NO. 910***

Originated in House



Clerk

HOUSE BILL NO. 910

AN ACT TO AMEND SECTION 81-1-127, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT A BANK OFFICER OR EMPLOYEE WHO HAS BEEN PERMANENTLY REMOVED BY THE COMMISSIONER SHALL NOT BE ELIGIBLE TO HOLD A POSITION AT A BANK SUBSIDIARY, BANK HOLDING COMPANY OR ANY OTHER ENTITY REGULATED BY THE DEPARTMENT; TO AMEND SECTION 81-5-29, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT FROM AND AFTER JULY 1, 2014, ANY PROPOSED TRANSFER OF BANK ASSETS TO BE PURCHASED, HELD OR OWNED BY A BANK SECURITIES CORPORATION SHALL BE SUBJECT TO THE PRIOR CONSENT AND APPROVAL OF THE COMMISSIONER; TO CREATE NEW SECTION 81-1-137, MISSISSIPPI CODE OF 1972, TO AUTHORIZE THE DEPARTMENT OF BANKING AND CONSUMER FINANCE TO ESTABLISH PROGRAMS FOR THE EDUCATION OF THE PUBLIC WITH RESPECT TO FINANCIAL LITERACY, ANY PROVISION OF THIS TITLE 81 OF THE MISSISSIPPI CODE, OR ANY INDUSTRY REGULATED BY THE DEPARTMENT; TO AUTHORIZE THE DEPARTMENT AND THE OFFICE OF CONSUMER PROTECTION TO COORDINATE THEIR EFFORTS FOR THE EDUCATION PROGRAMS AUTHORIZED FOR THE DEPARTMENT; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

**SECTION 1.** Section 81-1-127, Mississippi Code of 1972, is amended as follows:

81-1-127. (1) If, in the commissioner's opinion, any director, officer or employee of any bank has participated in, or consented to, any violation of any law, rule, regulation or order, or any unsafe or unsound business practice in the operation of any

bank, or any insider loan not specifically authorized by law, or any repeated violation of, or failure to comply with, any bank's bylaws, the commissioner may serve a written notice of charges upon such director, officer or employee and the bank, stating his intent to remove such director, officer or employee. Such notice shall specify the alleged conduct of such director, officer or employee and shall state the place for a hearing before the commissioner. A hearing shall be held no earlier than fifteen (15) days, but no later than thirty (30) days, after the notice of charges is served. If, after the hearing, the commissioner determines that the charges asserted have been proven by a preponderance of the evidence, the commissioner may issue an order removing the director, officer or employee in question. Such an order shall be effective upon issuance and may include the entire board of directors or all of the officers of the bank.

(2) If it is determined that any director, officer or employee of any bank has knowingly participated in, or consented to, any violation of any law, rule, regulation or order, or engaged in any unsafe or unsound business practice in the operation of any bank, or any repeated violation of, or failure to comply with, any bank's bylaws, and that as a result, a situation exists requiring immediate corrective action, the commissioner may issue an order temporarily removing such person or persons pending a hearing. Such an order shall state its duration on its face and the words "Temporary Order of Removal" and shall be effective upon

issuance for a period of fifteen (15) days. Such order may be extended once for a period of fifteen (15) days. A hearing must be held within ten (10) days of the expiration of a temporary order, or any extension thereof, at which time a temporary order may be dissolved or converted to a permanent order.

(3) Any removal pursuant to subsection (1) or (2) of this section shall be effective in all respects as if such removal has been made by the board of directors and the members or stockholders of the bank in question.

(4) Without the prior written approval of the commissioner, no director, officer or employee permanently removed pursuant to this section or otherwise removed by a federal agency of proper authority shall be eligible to be elected, reelected or appointed to any position as a director, officer or employee of that bank, nor shall such director, officer or employee be eligible to be elected to or retain a position as a director, officer or employee of any other state bank, bank subsidiary, bank holding company or any other entity regulated by the department.

(5) The commissioner may promulgate rules or regulations and/or cooperate with any other state or federal administrative agencies in order to enforce the prohibitions of this section.

**SECTION 2.** Section 81-5-29, Mississippi Code of 1972, is amended as follows:

81-5-29. Corporations may be formed to purchase, hold and own bank assets. By and with the consent and approval of

the \* \* \* Commissioner of Banking and Consumer Finance, corporations may be formed in this state for the purpose of purchasing, holding, owning, dealing in, lending on and borrowing on assets of banks, either open or in liquidation. From and after July 1, 2014, any proposed transfer of bank assets to be purchased, held or owned by a corporation authorized by this section shall be subject to the prior consent and approval of the commissioner. By and with the consent and approval of the \* \* \* commissioner, banks and receivers of banks may purchase any stock issued by such corporations, which shall have all the general corporate powers of corporations created under the general corporation laws of this state. By and with the consent and approval of the \* \* \* commissioner, banks may purchase and deal in any obligations of indebtedness issued by such corporations. In addition to general power to issue stock and borrow money, such corporation shall have specific power to issue stocks, common or preferred, to all agencies of the federal government, and to borrow money from and pledge assets to all such agencies. The \* \* \* commissioner shall have general supervision of the organization, operation and business of such corporation, and may issue and enforce regulations with reference thereto. The name of all such corporations shall include the words "bank securities corporation."

**SECTION 3.** The following shall be codified as Section 81-1-137, Mississippi Code of 1972:

81-1-137. The department may establish programs for the education of the public with respect to financial literacy, any provision of this title, or any industry regulated by the department. The department and the Office of Consumer Protection under its authority to establish programs for the education of the public under Section 75-24-21 may coordinate their efforts for the education programs authorized for the department under this section.

**SECTION 4.** This act shall take effect and be in force from and after July 1, 2014.

PASSED BY THE HOUSE OF REPRESENTATIVES  
February 6, 2014

  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE  
March 5, 2014

  
PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR

  
GOVERNOR

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