

By: Representative Zuber

To: Banking and Financial Services

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 910

1 AN ACT TO AMEND SECTION 81-1-127, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE THAT A BANK OFFICER OR EMPLOYEE WHO HAS BEEN  
3 PERMANENTLY REMOVED BY THE COMMISSIONER SHALL NOT BE ELIGIBLE TO  
4 HOLD A POSITION AT A BANK SUBSIDIARY, BANK HOLDING COMPANY OR ANY  
5 OTHER ENTITY REGULATED BY THE DEPARTMENT; TO AMEND SECTION  
6 81-5-29, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT FROM AND AFTER  
7 JULY 1, 2014, ANY PROPOSED TRANSFER OF BANK ASSETS TO BE  
8 PURCHASED, HELD OR OWNED BY A BANK SECURITIES CORPORATION SHALL BE  
9 SUBJECT TO THE PRIOR CONSENT AND APPROVAL OF THE COMMISSIONER; TO  
10 CREATE NEW SECTION 81-1-137, MISSISSIPPI CODE OF 1972, TO  
11 AUTHORIZE THE DEPARTMENT OF BANKING AND CONSUMER FINANCE TO  
12 ESTABLISH PROGRAMS FOR THE EDUCATION OF THE PUBLIC WITH RESPECT TO  
13 FINANCIAL LITERACY, ANY PROVISION OF THIS TITLE 81 OF THE  
14 MISSISSIPPI CODE, OR ANY INDUSTRY REGULATED BY THE DEPARTMENT; TO  
15 AUTHORIZE THE DEPARTMENT AND THE OFFICE OF CONSUMER PROTECTION TO  
16 COORDINATE THEIR EFFORTS FOR THE EDUCATION PROGRAMS AUTHORIZED FOR  
17 THE DEPARTMENT; AND FOR RELATED PURPOSES.

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

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

21 81-1-127. (1) If, in the commissioner's opinion, any  
22 director, officer or employee of any bank has participated in, or  
23 consented to, any violation of any law, rule, regulation or order,  
24 or any unsafe or unsound business practice in the operation of any  
25 bank, or any insider loan not specifically authorized by law, or



26 any repeated violation of, or failure to comply with, any bank's  
27 bylaws, the commissioner may serve a written notice of charges  
28 upon such director, officer or employee and the bank, stating his  
29 intent to remove such director, officer or employee. Such notice  
30 shall specify the alleged conduct of such director, officer or  
31 employee and shall state the place for a hearing before the  
32 commissioner. A hearing shall be held no earlier than fifteen  
33 (15) days, but no later than thirty (30) days, after the notice of  
34 charges is served. If, after the hearing, the commissioner  
35 determines that the charges asserted have been proven by a  
36 preponderance of the evidence, the commissioner may issue an order  
37 removing the director, officer or employee in question. Such an  
38 order shall be effective upon issuance and may include the entire  
39 board of directors or all of the officers of the bank.

40 (2) If it is determined that any director, officer or  
41 employee of any bank has knowingly participated in, or consented  
42 to, any violation of any law, rule, regulation or order, or  
43 engaged in any unsafe or unsound business practice in the  
44 operation of any bank, or any repeated violation of, or failure to  
45 comply with, any bank's bylaws, and that as a result, a situation  
46 exists requiring immediate corrective action, the commissioner may  
47 issue an order temporarily removing such person or persons pending  
48 a hearing. Such an order shall state its duration on its face and  
49 the words "Temporary Order of Removal" and shall be effective upon  
50 issuance for a period of fifteen (15) days. Such order may be



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

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

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

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

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

73 81-5-29. Corporations may be formed to purchase, hold and  
74 own bank assets. By and with the consent and approval of  
75 the \* \* \* Commissioner of Banking and Consumer Finance,



76 corporations may be formed in this state for the purpose of  
77 purchasing, holding, owning, dealing in, lending on and borrowing  
78 on assets of banks, either open or in liquidation. From and after  
79 July 1, 2014, any proposed transfer of bank assets to be  
80 purchased, held or owned by a corporation authorized by this  
81 section shall be subject to the prior consent and approval of the  
82 commissioner. By and with the consent and approval of the \* \* \*  
83 commissioner, banks and receivers of banks may purchase any stock  
84 issued by such corporations, which shall have all the general  
85 corporate powers of corporations created under the general  
86 corporation laws of this state. By and with the consent and  
87 approval of the \* \* \* commissioner, banks may purchase and deal in  
88 any obligations of indebtedness issued by such corporations. In  
89 addition to general power to issue stock and borrow money, such  
90 corporation shall have specific power to issue stocks, common or  
91 preferred, to all agencies of the federal government, and to  
92 borrow money from and pledge assets to all such agencies.  
93 The \* \* \* commissioner shall have general supervision of the  
94 organization, operation and business of such corporation, and may  
95 issue and enforce regulations with reference thereto. The name of  
96 all such corporations shall include the words "bank securities  
97 corporation."

98       **SECTION 3.** The following shall be codified as Section  
99 81-1-137, Mississippi Code of 1972:



100           81-1-137. The department may establish programs for the  
101 education of the public with respect to financial literacy, any  
102 provision of this title, or any industry regulated by the  
103 department. The department and the Office of Consumer Protection  
104 under its authority to establish programs for the education of the  
105 public under Section 75-24-21 may coordinate their efforts for the  
106 education programs authorized for the department under this  
107 section.

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

