

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS
March 6, 2012

Mr. Chairman and Members of the Committee:

My name is Judi Stork, and I am the Deputy Bank Commissioner with the Office of the State Bank Commissioner. I am here today to speak in support of Substitute for Senate Bill 64.

Our agency requested the introduction of this bill during the last legislative session. As the bill was originally written, the language allowed our office to fingerprint applicants as part of the required statutory investigation and review into the character and qualifications of applicants desiring to purchase or charter a bank or trust company, a bank holding company, or a money transmitter company. The subject matter was referred to a legislative Interim Committee which met last fall.

As a result of the Interim Committee's work, our agency has worked with Ken Wilke to draft amendments to the bill to address the concerns and comments of the Interim Committee. The major changes are:

- 1) **BANKS** - All references to fingerprinting applicants desiring a new BANK charter or acquiring a bank or bank holding company have been removed from the original bill. Our agency will work with our national organization, the Conference of State Bank Supervisors, to facilitate dialogue on the federal level regarding the sharing of fingerprint results obtained for applications filed with federal banking agencies. This project may take some time, and we will return to this Committee at some point in the future if additional legislative authority is needed.
- 2) **TRUST COMPANIES** – We are still requesting authority for the Commissioner to fingerprint individuals who are involved with applications for a new trust company charter or who purchase an existing trust company. Trust companies are regulated solely by our agency and have no federal supervisory oversight.
- 3) **MONEY TRANSMITTER COMPANIES** – We are still requesting the authority for the Commissioner to fingerprint individuals involved with applications for money transmitter companies. An exception is included within the bill to exempt individuals from the fingerprint requirements if the company is a publicly traded company or a subsidiary of a publicly traded company. Our agency is the only regulatory body which supervises money transmitters in Kansas. Please note, our office has provided the language in this bill to the Money Services Roundtable, a national group representing several of the larger national money transmission companies, and they are agreeable to the language.

For the committee's benefit, the Commissioner and the Banking Board are required by statute to conduct a thorough review of an applicant's character and qualifications, their general business experience, activities and affiliations, their financial standing, any legal proceedings of which they are a party to, and any criminal indictments or convictions, prior to acting on certain applications that come before them. Allowing our agency the ability to request fingerprint checks would enhance our ability to meet these statutory requirements.

For purposes of reviewing certain applications, we currently obtain criminal background checks through the Kansas Bureau of Investigation (KBI). The KBI criminal background check is limited to searching for criminal convictions which have occurred in Kansas. As a result, it will not reveal any federal crime a person may have committed, or any crime they have committed in any other state. The KBI has advised our agency that in order to do a complete check of all criminal records throughout the United States, they would need to access the National Crime Information Center (NCIC) database, and that requires individuals to be fingerprinted. The NCIC database cannot be searched with just a name, social security number, and date of birth as the state database can.

In the current environment, we see the use of fingerprinting as an additional tool to ensure the Commissioner and the Banking Board are able to make the most educated decisions based on factual evidence. In all cases, whether it be granting a trust company charter or allowing companies to transmit monies on behalf of Kansas consumers, our agency wants to make certain individuals involved in these entities are fiscally responsible and are of the highest ethical standards. Allowing for fingerprinting of these individuals will assist the Commissioner and Banking Board in making informed decisions.

Thank you for your time and consideration. I would ask the Committee for your favorable support for the passage of this bill. I would be happy to answer any questions for the Committee.