

# SENATE BILL REPORT

## HB 1036

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As Reported By Senate Committee On:  
Labor, Commerce & Financial Institutions, March 27, 2001

**Title:** An act relating to the investigation of alien banks.

**Brief Description:** Investigating alien banks.

**Sponsors:** By Representatives Benson and Hatfield; by request of Department of Financial Institutions.

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 3/22/01, 3/27/01 [DP].

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

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**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Franklin, Honeyford, Rasmussen, Regala, West and Winsley.

**Staff:** Dave Cheal (786-7576)

**Background:** An alien bank— is a bank that is organized under the laws of a foreign country and having its principal place of business in that country, and has an office located and doing business in this state. Current law requires the Department of Financial Institutions to examine the office at least once every 12 months.

The Federal Reserve and other federal banking agencies have issued a joint rule making some alien banks eligible for an 18 month examination cycle.

The Department of Financial institutions coordinates financial examinations with its federal regulatory agency counterparts. Having the same examination cycle requirements as the federal agencies would facilitate effective coordination with those agencies. The director would continue to have the authority to make more frequent examinations if necessary.

**Summary of Bill:** The requirement that the director examine the office of an alien bank at least once every 12 months is changed to 18 months.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This change will make our [Department of Financial Institutions] examination period consistent with the federal examination cycle, and allow us to collaborate and share resources with federal regulators in examining alien banks.

**Testimony Against:** None.

**Testified:** John Bley, DFI (pro).