

March 21, 1979

LB 334

LB 334, gives the Director of Banking and Finance authority to regulate in the area of penalty on withdrawal of certificate of indebtedness before maturity. Number 336 which is included herein gives the tighter regulation in terms of directors, officers and employees of the industrial borrowing from their own industrial loan and investment company. There has apparently been some abuse in this area and the Banking Department feels they want tighter regulation and they should have some specific statutory provisions and so they do have tighter control under that. Number 337 which is incorporated herein applies to applications for a license to operate an industrial loan and investment company and under the present provisions there is apparently no showing that you actually have any other capital in there. You just allege it. Here it would make that at the time of filing the application you have to actually have 20% of the amount of capital has been actually paid in. Number 338 which is incorporated herein provides that the industrial loan and investment company applicant provides that capital stock and surplus funds have to have a minimum of paid in undivided profits equalling at least 20% of the amount of paid up capital stock. This, for purposes of comparison, this compares to what is required for banks so and then LB 340 is included herein and it amends the provisions of section 8-407.01 of the industrial loan investment act in defining what cash reserves must consist of. Industrial loan investment companies require by section 8-407.01 to maintain cash reserves to provide liquid funds, to meet withdrawal of certificates of indebtedness. This amendment merely defines what these cash reserves shall consist of and further provides for a penalty similar to that of banks again for failure to maintain the required cash reserve. The amendment, as I say, is very similar to that as provided for banks. All these are regulations by the Banking Department that they feel were necessary to tighten up the entire structure of industrial loan and investment companies and get a better handle on controlling these. They have grown as everybody in the Legislature knows exceedingly and there are allegations there have been some abuses. The Banking Committee unanimously felt, all the members there felt that these were proper controls that the Banking Department should have. Move adoption of the amendments.

SPEAKER MARVEL: The motion is on the adoption of the committee amendments. Senator Wesely, do you want to speak to the committee amendments?

SENATOR WESELY: Not particularly but I will arise at this time to ask some questions of Senator DeCamp. I just