

March 6, 1996

LB 1053

SENATOR LANDIS: I would be delighted to treat it as if it was on Select File.

SENATOR COORDSEN: If you wish to go through the General File process, I think that would be appropriate this morning. Senator Landis.

SENATOR LANDIS: Thank you, Mr. President. This is the annual bill from the Department of Banking in which they go through their statutes and try to catch things that are anomalies and the like. For example, in Section 1, there is a current state law that prohibits a Banking Department employee from borrowing from a state chartered financial institution, because those are the institutions that they regulate. However, what this does, it says that in the event there is the sale of a loan, and the department employee does not have prior knowledge of the sale of the loan, but that the loan ultimately winds up in a state chartered financial institution, there is no wrongdoing on the part of the employee. At the time of the original statute, the sale of loans was not common. Today it's very common and it's possible for an employee to wind up in hot water without any prior knowledge or intent because of the sale of a loan. The department rule on nepotism is stricter than the state rule on nepotism, and they had a situation in which two employees got married during their tenure in the department and there was some chance that that would be a violation of the current statute on nepotism in the Banking Department. So this amendment says that the nepotism standard applies, and it's a higher standard than normal for state employees, that it applies at the time of hire, at the time of hire. And in this case, love among the Banking Department occurred after hire and we didn't want to stop the course of true love, so this Section 2 allows for that to happen. There are a couple of hearings which would be allowed to be remained confidential, one of them is to codify a departmental rule right now which authorizes the closing of hearings to protect reputation of an individual or entity under the department's jurisdiction. For example, you could have a case in which there is, there is a hearing about a bank director's behavior in which if you were to make it public you could foster a run on the bank. This allows the department to do that work on a confidential basis, repair the damage, and yet not endanger the public confidence of the institution. There is a Section 4 which amends our current statute which sets the aggregate limits of a bank's borrowing and investments and it