

SENATE BILL NO. 97

103RD GENERAL ASSEMBLY

0676S.03C

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 362.020, 362.247, 362.275, 362.295, 362.490, and 447.200, RSMo, and to enact in lieu thereof seven new sections relating to financial institutions, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 362.020, 362.247, 362.275, 362.295,
2 362.490, and 447.200, RSMo, are repealed and seven new sections
3 enacted in lieu thereof, to be known as sections 362.020,
4 362.247, 362.275, 362.295, 362.424, 362.490, and 370.245, to
5 read as follows:

362.020. 1. The articles of agreement mentioned in
2 this chapter shall set out:

3 (1) The corporate name of the proposed corporation.
4 The corporate name shall not be a name, or an imitation of a
5 name, used within the preceding fifty years as a corporate
6 title of a bank or trust company incorporated in this state;

7 (2) The name of the city or town and county in this
8 state in which the corporation is to be located;

9 (3) The amount of the capital stock of the
10 corporation, the number of shares into which it is divided,
11 and the par value thereof; that the same has been subscribed
12 in good faith and all thereof actually paid up in lawful
13 money of the United States and is in the custody of the
14 persons named as the first board of directors or managers;

15 (4) The names and places of residences of the several
16 shareholders and number of shares subscribed by each;

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

- 17 (5) The number and the names of the first directors;
18 (6) The purposes for which the corporation is formed;
19 (7) Any provisions relating to the preemptive rights
20 of a shareholder as provided in section 351.305.

21 2. **The articles of agreement may provide for the**
22 **issuance of additional shares of capital stock or other**
23 **classes of stock pursuant to the same procedures and**
24 **conditions as provided under section 351.180, provided that**
25 **such terms and procedures are acceptable to the director of**
26 **finance and provided that any notice or other approval**
27 **required to be given or obtained from the state of Missouri**
28 **shall be given or obtained from the director of the division**
29 **of finance.**

30 3. The articles of agreement may designate the number
31 of directors necessary to constitute a quorum, and may
32 provide for the number of years the corporation is to
33 continue, or may provide that the existence of the
34 corporation shall continue until the corporation shall be
35 dissolved by consent of the stockholders or by proceedings
36 instituted by the state under any statute now in force or
37 hereafter enacted.

362.247. 1. A majority of the full board of directors
2 shall constitute a quorum for the transaction of business
3 unless another number is required by the articles of
4 agreement, the bylaws or by law. The act of a majority of
5 the directors present at a meeting at which a quorum is
6 present shall be the act of the board of directors unless
7 the act of a greater number is required by the articles of
8 agreement, the bylaws or by law.

9 2. Unless otherwise prohibited by statute or
10 **[regulation] an order or memorandum of understanding entered**
11 **into with the director of finance related to bank safety and**

12 **soundness**, directors may attend board meetings by telephonic
13 conference call or video conferencing, and the bank or trust
14 company may include in a quorum directors who are not
15 physically present but are allowed to vote[, provided the
16 bank or trust company has a composite rating of 1 or 2 under
17 the Uniform Financial Institutions Rating System of the
18 Federal Financial Institution Examination Counsel (FFIEC)].

19 3. Any director remotely attending a board meeting via
20 telephone or video conferencing may be counted toward a
21 quorum for such meeting and, if the director is not
22 otherwise prohibited, may vote on matters before the bank or
23 trust company's board so long as the meeting minutes
24 identify the director appearing remotely and reflect that
25 the remote director:

26 (1) Received formal notice of the board meeting for
27 which he or she is attending or waived such notice as
28 otherwise provided by law;

29 (2) Received the board meeting information required
30 for each board of director's meeting as provided by section
31 362.275;

32 (3) Was alone when participating in such board meeting
33 or was in the physical presence of no one not a director of
34 such bank or trust company; and

35 (4) Was able to clearly hear such board meeting
36 discussion from its beginning to end.

37 4. The director of the division of finance may
38 promulgate additional regulations, reasonable in scope, to
39 provide for the integrity of the board of directors'
40 operations when directors attend board meetings remotely,
41 the safety and soundness of the bank or trust company's
42 operation, and the bank or trust company's interest in
43 minimizing the cost of compliance with such regulation.

362.275. 1. The board of directors of every bank and
2 trust company organized or doing business pursuant to this
3 chapter shall hold a regular meeting at least once each
4 month, or, upon application to and acceptance by the
5 director of finance, at such other times, not less
6 frequently than once each calendar quarter as the director
7 of finance shall approve, which approval may be rescinded at
8 any time. There shall be submitted to the meeting a list
9 giving the aggregate of loans, discounts, acceptances and
10 advances, including overdrafts, to each individual,
11 partnership, corporation or person whose liability to the
12 bank or trust company has been created, extended, renewed or
13 increased since the cut-off date prior to the regular
14 meeting by more than an amount to be determined by the board
15 of directors, which minimum amount shall not exceed five
16 percent of the bank's legal loan limit, except the minimum
17 amount shall in no case be less than ten thousand dollars; a
18 second list of the aggregate indebtedness of each borrower
19 whose aggregate indebtedness exceeds five times such minimum
20 amount, except the aggregate indebtedness shall in no case
21 be less than fifty thousand dollars; a third list showing
22 all paper past due thirty days or more or alternatively, the
23 third list shall report the total past-due ratio for loans
24 thirty days or more past due, nonaccrual loans divided by
25 total loans, and a listing of past-due loans in excess of
26 the minimum amount to be determined by the board of
27 directors, which minimum amount shall not exceed five
28 percent of the bank's legal loan limit, except the minimum
29 amount shall in no case be less than ten thousand dollars[;
30 and a fourth list showing the aggregate of the then-existing
31 indebtedness and liability to the bank or trust company of
32 each of the directors, officers, and employees thereof].

33 The information called for in the second[,] **and** third[, and
34 **fourth**] lists shall be submitted as of the date of the
35 regular meeting or as of a reasonable date prior thereto.
36 No bills payable shall be made, and no bills shall be
37 rediscounted by the bank or trust company except with the
38 consent or ratification of the board of directors; provided,
39 however, that if the bank or trust company is a member of
40 the federal reserve system, rediscounts may be made to it by
41 the officers in accordance with its rules, a list of all
42 rediscounts to be submitted to the next regular meeting of
43 the board. The director of finance may require, by order,
44 that the board of directors of a bank or trust company
45 approve or disapprove every purchase or sale of securities
46 and every discount, loan, acceptance, renewal or other
47 advance including every overdraft over an amount to be
48 specified in the director's order and may also require that
49 the board of directors review, at each monthly meeting, a
50 list of the aggregate indebtedness of each borrower whose
51 aggregate indebtedness exceeds an amount to be specified in
52 the director's order. The minutes of the meeting shall
53 indicate the compliance with the requirements of this
54 section. Furthermore, the debtor's identity on the
55 information required in this subsection may be masked by
56 code to conceal the actual debtor's identity only for
57 information mailed to or otherwise provided directors who
58 are not physically present at the board meeting. The code
59 used shall be revealed to all directors at the beginning of
60 each board meeting for which this procedure is used.

61 2. For any issue in need of immediate action, the
62 board of directors or the executive committee of the board
63 as defined in section 362.253 may enter into a unanimous
64 consent agreement as permitted by subsection 2 of section

65 351.340. Such consent may be communicated by facsimile
66 transmission or by other authenticated record, separately by
67 each director, provided each consent is signed by the
68 director and the bank has no indication such signature is
69 not the director's valid consent. When the bank or trust
70 company has received unanimous consent from the board or
71 executive committee, the action voted on shall be considered
72 approved.

362.295. 1. Within ten days after service upon it of
2 the notice provided for by section 361.130, every bank and
3 trust company shall make a written report to the director,
4 which report shall be in the form and shall contain the
5 matters prescribed by the director and shall specifically
6 state the items of capital, deposits, specie and cash items,
7 public securities and private securities, real estate and
8 real estate securities, and such other items as may be
9 necessary to inform the public as to the financial condition
10 and solvency of the bank or trust company, or which the
11 director may deem proper to include therein. In lieu of
12 requiring direct filing of reports of condition, the
13 director may accept reports of condition or their equivalent
14 as filed with federal regulatory agencies and may require
15 verification and the filing of supplemental information as
16 the director deems necessary.

17 2. Every report shall be verified by the oaths of the
18 president or vice president and cashier or secretary or
19 assistant cashier or assistant secretary, and the
20 verification shall state that the report is true and correct
21 in all respects to the best of the knowledge and belief of
22 the persons verifying it, and the report shall be attested
23 by three directors, and shall be a report of the actual
24 condition of the bank or trust company at the close of

25 business on the day designated and which day shall be prior
26 to the call. If the director of finance obtains the data
27 pursuant to subsection 3 of section 361.130, the director
28 may rely on the verification provided to the federal
29 regulatory agency.

30 3. [Every report, exclusive of the verification,
31 shall, within thirty days after it shall have been filed
32 with the director, be published by the bank or trust company
33 in one newspaper of the place where its place of business is
34 located, or if no newspaper is published there, in a
35 newspaper of general circulation in the town and community
36 in which the bank or trust company is located; the newspaper
37 to be designated by the board of directors and a copy of the
38 publication, with the affidavit of the publisher thereto,
39 shall be attached to the report; provided, if the bank or
40 trust company is located in a town or city having a
41 population exceeding ten thousand inhabitants, then the
42 publication must be in a daily newspaper, if published in
43 that city; but if the bank or trust company is located in a
44 town or city having a population of ten thousand inhabitants
45 or less, then the publication may be in either a daily or
46 weekly newspaper published in the town or city as aforesaid;
47 and in all cases a copy of the statement shall be posted in
48 the banking house accessible to all.

49 4.] The bank and trust company shall also make such
50 other special reports to the director as he may from time to
51 time require, in such form and at such date as may be
52 prescribed by him, and the report shall, if required by him,
53 be verified in such manner as he may prescribe.

54 [5.] 4. If the bank or trust company shall fail to
55 make any report required by this section on or before the
56 day designated for the making thereof, or shall fail to

57 include therein any matter required by the director, the
58 bank or trust company shall forfeit to the state the sum of
59 one hundred dollars for every day that the report shall be
60 delayed or withheld, and for every day that it shall fail to
61 report any omitted matter, unless the time therefor shall
62 have been extended by the director. Should any president,
63 cashier or secretary of the bank or trust company or any
64 director thereof fail to make the statement so required of
65 him or them, or willfully and corruptly make a false
66 statement, he or they, and each of them, shall be deemed
67 guilty of a misdemeanor, and, upon conviction thereof, upon
68 information, punished by a fine for each offense not
69 exceeding five hundred dollars and not less than one hundred
70 dollars, or by imprisonment not less than one or more than
71 twelve months in the city or county jail, or by both such
72 fine and imprisonment.

73 [6.] 5. A bank or trust company [may provide each
74 written] **shall provide a paper or electronic copy of any**
75 **regular periodic** report required to be [published free of
76 charge to the public; and when each bank or trust company
77 notifies their customers that such information is available;
78 and when one copy of such information is available to each
79 person that requests it, the newspaper publication
80 provisions of this section shall not be enforced against
81 such bank or trust company] **filed under section 361.130 to**
82 **each customer that requests it.**

362.424. 1. For purposes of this section, the
2 following terms mean:

3 (1) "Bank", includes any state or federally chartered
4 bank, savings bank, or savings and loan association
5 providing banking services to Missouri customers;

6 (2) "Trusted contact", any adult person designated by
7 a bank customer that a bank may contact in the event of an
8 emergency or loss of contact with the customer, or in the
9 event of suspected third-party fraud or financial
10 exploitation targeting the customer.

11 2. Notwithstanding any other provision of law to the
12 contrary, any bank may report suspected fraudulent activity
13 or financial exploitation targeting any of its customers to
14 a federal, state, county, or municipal law enforcement
15 agency or any appropriate public protective agency and shall
16 be immune from civil liability in doing so.

17 3. Notwithstanding any other provision of law to the
18 contrary, any bank, on a voluntary basis, may offer a
19 trusted contact program to customers who may designate one
20 or more trusted contacts for the bank to contact in the
21 event a customer is not responsive to bank communications,
22 the bank is presented with an urgent matter or emergency
23 involving the customer and the bank is unable to locate the
24 customer, or the bank suspects fraudulent activity or
25 financial exploitation targeting the customer or the account
26 has been deemed dormant and the bank is attempting to verify
27 the status and location of the customer. The bank may
28 establish such procedures, requirements, and forms as it
29 deems appropriate and necessary should the bank decide to
30 implement a trusted contact program.

31 4. Notwithstanding any other provision of law to the
32 contrary, any bank may voluntarily offer customers an
33 account with convenience and security features that set
34 transaction limits and permit limited access to view account
35 activity for one or more trusted contacts designated by the
36 customer.

37 5. No bank shall be liable for the actions of a
38 trusted contact.

39 6. No bank shall be liable for declining to interact
40 with a trusted contact when the bank, in good faith and
41 exercising reasonable care, determines that a trusted
42 contact is not acting in the best interests of the customer.

43 7. A person designated by a customer as a trusted
44 contact who acts in good faith and exercises reasonable care
45 shall be immune from liability.

46 8. A customer may withdraw any appointment of a person
47 as trusted contact at any time and any trusted contact may
48 withdraw from status as a trusted contact at any time. The
49 bank may require such documentation or verification as it
50 deems necessary to establish the withdrawal or termination
51 of a trusted contact.

52 9. No bank shall be civilly liable for implementing or
53 not implementing a trusted contact program or for actions or
54 omissions related to providing or administering a trusted
55 contact program.

362.490. 1. Notwithstanding any provision of law of
2 this state or of any political subdivision thereof requiring
3 security for deposits in the form of collateral, surety bond
4 or in any other form, security for such deposits shall not
5 be required to the extent said deposits are insured under
6 the provisions of an act of congress creating and
7 establishing the Federal Deposit Insurance Corporation or
8 similar agency created and established by the Congress of
9 the United States.

10 2. (1) As an alternative to the requirements for
11 direct pledging of security for deposit of public funds in
12 excess of the amount that is federally insured or guaranteed
13 pursuant to sections 110.010, 110.020, and 110.060, a

14 banking institution authorized as legal depository for
15 public funds may secure the deposits of any governmental
16 entity by granting a security interest in a single pool of
17 securities to secure the repayment of all public funds
18 deposited in the banking institution by such governmental
19 entities and not otherwise federally insured or secured
20 pursuant to law.

21 (2) A banking institution may secure the deposit of
22 public funds using the direct method as provided in chapter
23 110, or the single bank pooled method provided in this
24 section, or may elect to offer government entities the
25 choice of either method to secure the deposit of public
26 funds.

27 (3) Under the direct method, a banking institution may
28 secure the deposit of public funds of each government entity
29 separately by furnishing securities pursuant to sections
30 110.010, 110.020, and 110.060.

31 (4) Under the single bank pooled method a banking
32 institution may secure the deposit of public funds of one or
33 more government entities through a pool of eligible
34 securities held in custody and safekeeping with one or more
35 other banking institutions or safe depositories, to be held
36 subject to the order of the director of the division of
37 finance or the administrator appointed pursuant to
38 subsection 3 of this section for the benefit of the
39 government entities having public funds deposited with such
40 banking institution as set forth in this section.

41 3. (1) The director of the division of finance shall
42 have exclusive authority to appoint a bank, trust company,
43 or association for Missouri banks which is chartered or
44 incorporated in Missouri to serve as the administrator with
45 respect to a single bank pooled method. The administrator

46 shall act as an agent for banking institutions and as the
47 nominee of the government entities for purposes of
48 administering the pool of securities pledged to secure
49 uninsured public fund deposits. The fees and expenses of
50 such administrator shall be paid by the banking institutions
51 utilizing the single bank pooled method. The single bank
52 pooled method shall not be utilized by any banking
53 institution unless an administrator has been appointed by
54 the director pursuant to this section and is acting as the
55 administrator. The director may require the administrator
56 to post a surety bond or security to the director in an
57 amount up to one hundred thousand dollars to assure the
58 faithful performance of the duties of the administrator.

59 (2) At all times the aggregate market value of the
60 pool of securities so deposited, pledged, or in which a
61 security interest is granted shall be at least equal to one
62 hundred two percent of the amount on deposit which is in
63 excess of the amount so insured.

64 (3) Each banking institution shall carry on its
65 accounting records at all times a general ledger or other
66 appropriate account of the total amount of all public funds
67 to be secured by the pool of securities as determined at the
68 opening of business each day, and the aggregate market value
69 of the pool of securities pledged, or in which a security
70 interest is granted to secure such public funds.

71 (4) If a banking institution elects to secure the
72 deposit of public funds through the use of the single bank
73 pooled method, such banking institution shall notify the
74 administrator in writing that it has elected to utilize the
75 single bank pooled method and the proposed effective date
76 thereof and enter such agreement as the administrator may
77 require.

78 (5) A banking institution may not retain any deposit
79 of public funds which is required to be secured unless it
80 has secured the deposits for the benefit of the government
81 entities having public funds with such banking institution
82 pursuant to this section.

83 (6) Only the securities and collateral described or
84 listed pursuant to section 30.270 for the safekeeping and
85 payment of deposits by the state treasurer may be provided
86 and accepted as security for the deposit of public funds and
87 shall be eligible as collateral. The administrator shall
88 not accept any securities which are not described or listed
89 pursuant to section 30.270.

90 (7) The administrator may establish such procedures
91 and reporting requirements as necessary for depository
92 banking institutions and their safekeeping banks or
93 depositaries to confirm the amount of insured public fund
94 deposits, the pledge of securities to the administrator to
95 secure the deposit of public funds, as agent for each
96 participating banking institution, and to monitor the market
97 value of pledged securities as reported by the custody
98 agents, and to add, substitute, or remove securities held in
99 the single bank pool as directed by the depository banking
100 institution.

101 (8) In the event of the failure and insolvency of a
102 banking institution using the single bank pooled method,
103 subject to any order of the director pursuant to powers
104 vested under chapter 361, the administrator shall direct the
105 safekeeping banks or depositaries to sell the pledged
106 securities and direct proceeds to the payment of the
107 uninsured public fund deposits or to transfer the pledged
108 securities to that banking institution's primary supervisory
109 agency or the duly appointed receiver for the banking

110 institution to be liquidated to pay out the uninsured public
111 fund deposits.

370.245. 1. For purposes of this section, the
2 following terms mean:

3 (1) "Credit union", any state or federally chartered
4 credit union providing financial services to members;

5 (2) "Trusted contact", any adult person designated by
6 a credit union member that a credit union may contact in the
7 event of an emergency or loss of contact with the member, or
8 suspected third party fraud or financial exploitation
9 targeting the member.

10 2. Notwithstanding any other provision of law to the
11 contrary, any credit union may report suspected fraudulent
12 activity or financial exploitation targeting any of its
13 members to a federal, state, county, or municipal law
14 enforcement agency or any appropriate public protective
15 agency and shall be immune from civil liability in doing so.

16 3. Notwithstanding any other provision of law to the
17 contrary, any credit union, on a voluntary basis, may offer
18 a trusted contact program to members who may designate one
19 or more trusted contacts for the credit union to contact in
20 the event a member is not responsive to credit union
21 communications, the credit union is presented with an urgent
22 matter or emergency involving the member and the credit
23 union is unable to locate the member, or the credit union
24 suspects fraudulent activity or financial exploitation
25 targeting the member or the account has been deemed dormant
26 and the credit union is attempting to verify the status and
27 location of the member. The credit union may establish such
28 procedures, requirements, and forms as it deems appropriate
29 and necessary should the credit union opt to implement a
30 trusted contact program.

31 4. Notwithstanding any other provision of law to the
32 contrary, any credit union may voluntarily offer members an
33 account with convenience and security features that set
34 transaction limits and permit limited access to view account
35 activity for one or more trusted contacts designated by the
36 member.

37 5. No credit union shall be liable for the actions of
38 a trusted contact.

39 6. No credit union shall be liable for declining to
40 interact with a trusted contact when the credit union, in
41 good faith and exercising reasonable care, determines that a
42 trusted contact is not acting in the best interests of the
43 member.

44 7. A person designated by a member as a trusted
45 contact who acts in good faith and exercises reasonable care
46 shall be immune from liability.

47 8. A member may withdraw any appointment of a person
48 as a trusted contact at any time and any trusted contact may
49 withdraw from status as a trusted contact at any time. The
50 credit union may require such documentation or verification
51 as it deems necessary to establish the withdrawal or
52 termination of a trusted contact.

53 9. No credit union shall be civilly liable for
54 implementing or not implementing or for actions or omissions
55 related to providing or administering a trusted contact
56 program.

2 [447.200. 1. If any consumer deposit
3 account with a banking organization or financial
4 organization, as such terms are defined in and
5 under section 447.503, is determined to be or to
6 have been inactive for a period of twelve or
7 more months and if inactivity fees apply to such
8 account, such banking organization, bank or
financial organization shall notify the person

9 or depositor named on such inactive account of
10 such inactivity. Notice may be delivered by
11 first class mail, with postage prepaid, and
12 marked "Address Correction Requested", or
13 alternatively, the notice may be sent or
14 delivered electronically if the consumer has
15 consented to receiving electronic disclosures in
16 accordance with the federal Truth in Savings
17 Act, 12 U.S.C. Sections 4301 to 4313, and the
18 regulations promulgated pursuant thereto.

19 2. Notwithstanding any provision of law to
20 the contrary, for any consumer deposit account
21 with a banking organization, bank or financial
22 organization that is or that has been inactive
23 for twelve months or more, such bank or
24 financial organization shall issue annual
25 statements to the person or depositor named on
26 the account. The organization or a bank may
27 charge a service fee of up to five dollars for
28 any statement issued under this subsection,
29 provided that such fee shall be withdrawn from
30 the inactive account.

31 3. If any consumer deposit account with a
32 banking organization, bank or financial
33 organization is determined to be or to have been
34 inactive for a period of five years, the funds
35 from such account shall be remitted to the
36 abandoned fund account established under section
37 447.543.

38 4. For purposes of this section, the word
39 "inactive" means a prescribed period during
40 which there is no activity or contact initiated
41 by the person or depositor named on the account,
42 which results in an inactivity fee or fees being
43 charged to the account.]

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