

Committee Report

REGULAR CALENDAR

March 4, 2020

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Committee on Commerce and Consumer Affairs to
which was referred HB 1695-FN,**

**AN ACT relative to background checks for certain
persons under the banking law. Having considered the
same, report the same with the following amendment,
and the recommendation that the bill OUGHT TO PASS
WITH AMENDMENT.**

Rep. Kristina Fargo

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	Commerce and Consumer Affairs
Bill Number:	HB 1695-FN
Title:	relative to background checks for certain persons under the banking law.
Date:	March 4, 2020
Consent Calendar:	REGULAR
Recommendation:	OUGHT TO PASS WITH AMENDMENT 2020-0861h

STATEMENT OF INTENT

This bill was filed as a recommendation of the Committee to Study the Effects of Past New Hampshire Trust Code Legislation, established pursuant to 2019. 230:5. This bill is also at the request of the New Hampshire Banking Department. In order to ensure the safe and sound operation of a trust company, this amended bill requires that every director of said trust company shall submit to a background investigation and criminal history records check. This investigation shall take place not only at the time of a trust company application but also within 30 days of any change in directors. The cost of this investigation shall be borne by the trust company.

Vote 17-2.

Rep. Kristina Fargo
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Commerce and Consumer Affairs

HB 1695-FN, relative to background checks for certain persons under the banking law. **OUGHT TO PASS WITH AMENDMENT.**

Rep. Kristina Fargo for Commerce and Consumer Affairs. This bill was filed as a recommendation of the Committee to Study the Effects of Past New Hampshire Trust Code Legislation, established pursuant to 2019, 230:5. This bill is also at the request of the New Hampshire Banking Department. In order to ensure the safe and sound operation of a trust company, this amended bill requires that every director of said trust company shall submit to a background investigation and criminal history records check. This investigation shall take place not only at the time of a trust company application but also within 30 days of any change in directors. The cost of this investigation shall be borne by the trust company. **Vote 17-2.**

Original: House Clerk

Cc: Committee Bill File

HB 1695-FN – Relative to background checks for certain persons under the banking law. OUGHT TO PASS WITH AMENDMENT 0861h.

Reasons for Motion:

Rep. Kristina Fargo for Commerce and Consumer Affairs. HB 1695-FN is a recommendation from the committee to study the effects of past New Hampshire trust code legislation, established pursuant to 2019, 230:5. This bill is also at the request of the New Hampshire Banking Department. In order to ensure the safe and sound operation of a trust company, this amended bill requires that every director of said trust company shall submit to a background investigation and criminal history records check. This investigation shall take place not only at the time of a trust company application but also within 30 days of any change in directors. The cost of this investigation shall be borne by the trust company.

Amendment to HB 1695-FN

1 Amend RSA 383-C:6-601 as inserted by section 2 of the bill by replacing it with the following:

2
3 383-C:6-601 [~~Number of~~] Directors.

4 (a) The board of directors of a trust company shall be composed of at least 5 directors. A
5 director need not be a resident of New Hampshire or a citizen of the United States, unless otherwise
6 required by the commissioner in consideration of the trust company's safety and soundness.

7 (b) *Every new director shall submit to a background investigation and criminal
8 history records check, to include submission of financial and other information in
9 accordance with RSA 383-A:3-305(e). A trust company shall submit notice of any material
10 change related to the background investigation and criminal history records check of any
11 director or any new information related to the experience, ability, standing, competence,
12 trustworthiness, and integrity of a director that could jeopardize the safe and sound
13 operation of the trust company within 30 days of learning of such change. The cost of any
14 examination or investigation of the background information and criminal history shall be
15 paid by the trust company.*

16
17 Amend the bill by inserting after section 3 the following and renumbering the original section 4 to
18 read as 5:

19
20 4 Family Trust Company Act; Directors and Officers. Amend RSA 383-D:8-801(a) to read as
21 follows:

22 (a) A family trust company shall have a board of directors, and that board of directors
23 must have not less than three members. A director need not be a resident of New Hampshire or a
24 citizen of the United States, unless otherwise required by the commissioner in consideration of the
25 family trust company's safety and soundness. [~~RSA 383-C:6-601~~] *RSA 383-C:6-601(a)* shall not
26 apply to family trust companies.

Voting Sheets



2020 SESSION

Commerce and Consumer Affairs

Bill #: HB 1695 Motion: Adopt AM #: 0861h Exec Session Date: 3/3/20

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Butler, Edward A. Chairman	✓		
Williams, Kermit R. Vice Chairman	✓		
Gidge, Kenneth N.	✓		
Abel, Richard M.	✓		
McBeath, Rebecca Susan Clerk	✓		
Bartlett, Christy D.	✓		
Herbert, Christopher J.	✓		
Van Houten, Constance	✓		
Fargo, Kristina M.	✓		
Andruk, Greg L.	✓		
Muscatal, Garrett D.	✓		
Veston, Joyce	✓		
Hunt, John B.	✓		
Dianborn, Laurie J.	✓	✓	
Osborne, Jason M.	✓		
Costabile, Michael <i>Lucelles</i>	✓		
Flumer, John R.	✓		
Jarnes, Arthur E.	✓		
Dotucek, John M.	✓		
Varden, Mark			✓
TOTAL VOTE:	18	1	



2020 SESSION

Commerce and Consumer Affairs

Bill #: HB 1695 Motion: Interim Study AM #: _____ Exec Session Date: 3/3/20

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Butler, Edward A. Chairman	✓		
Williams, Kermit R. Vice Chairman	✓		
Sidge, Kenneth N.	✓		
Abel, Richard M.	✓		
Bartlett, Christy D.	✓		
Herbert, Christopher J.	✓		
McBeath, Rebecca Susan	✓		
Van Houten, Constance	✓		
Fargo, Kristina M.	✓		
Andruk, Greg L.	✓		
Muscatel, Garrett D.	✓		
Weston, Joyce	✓		
Hunt, John B.	✓		
Sanborn, Laurie J.		✓	
Osborne, Jason M.	✓		
Costabile, Michael <i>Lescullee</i>	✓		
Plumer, John R.		✓	
Barnes, Arthur E.	✓		
Potucek, John M.	✓		
Warden, Mark			✓
TOTAL VOTE:	17	2	

Sub-Committee Actions

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

SUBCOMMITTEE WORK SESSION on HB 1695-FN

BILL TITLE: relative to background checks for certain persons under the banking law.

DATE: 2/24/2020

Subcommittee Members: Reps. Williams, Butler, Abel, Herbert, Indruk, Sanborn, Costable, Plumer and Warden *Gidge, Bartlett, VanHouten, McBeath, Weston, Potucak*

Comments and Recommendations:

Amendment suggested. Needs official amendment.

MOTIONS: OTP, OTP/A, ITL, Retained (1st Yr), Interim Study (2nd Yr)
(Please circle one)

Moved by Rep. Butler Seconded by Rep. Fargo AM Vote: 3095

Adoption of Amendment # _____

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

_____ Amendment Adopted _____ Amendment Failed

MOTIONS: OTP, OTP/A, ITL, Retained (1st Yr), Interim Study (2nd Yr)
(Please circle one)

Moved by Rep. _____ Seconded by Rep. _____ AM Vote: _____

Adoption of Amendment # _____

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

_____ Amendment Adopted _____ Amendment Failed

Respectfully submitted,

Rep. J. Weston
Subcommittee Chairman/Clerk

Hearing Minutes

Rep
VanHouten

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

PUBLIC HEARING ON HB 1695-FN

BILL TITLE: relative to background checks for certain persons under the banking law.

DATE: 1/28/2020

ROOM: 302

Time Public Hearing Called to Order: 9:35
~~9:30 AM~~

Time Adjourned: 9:41

(please circle if present)

Committee Members: Reps. Butler, Williams, McBeath, Gidge, Abel, Bartlett, Herbert, Van Houten, Fargo, Indruk, Muscatel, Weston, Hunt, Sanborn, J. Osborne, Costable, Plumer, Barnes, Potucek and Warden

Bill Sponsors:

Rep. Butler

Rep. Fargo

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

- ① Butler - sponsor
 from study committee on trusts
 about background investigations of directors - new
 now possible to charge for those investigations
- ② Chiara Dolano, Nancy Daigle - Renaud, Banking dept
 in support
 allow com. to remove director
 cost, by ^{borne} entity appt director
 one issue for subcom, lang. doesn't
 apply to family trusts & show
- ③ Abel - corresponds w/ other types of institutions
 in banking arena or just trusts
 If banks & credit unions have provisia

Bill as
Introduced

HB 1695-FN - AS INTRODUCED

2020 SESSION

20-3095

11/03

HOUSE BILL ***1695-FN***

AN ACT relative to background checks for certain persons under the banking law.

SPONSORS: Rep. Butler, Carr. 7; Rep. Fargo, Straf. 14

COMMITTEE: Commerce and Consumer Affairs

ANALYSIS

This bill requires banks to pay the cost of background investigations and criminal history records checks, requires trust company directors to submit to such checks, and provides for the removal of trust company directors and officers by the bank commissioner.

This bill is a recommendation of the committee to study the effects of past New Hampshire trust code legislation, established pursuant to 2019, 230:5.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears [~~in brackets and struck through~~].
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty

AN ACT relative to background checks for certain persons under the banking law.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Organization of State Banks; Application. Amend RSA 383-A:3-305(e)(6) to read as follows:

2 (6) *In addition to paying the cost for any examination or investigation of the*
3 *background and criminal history of any person pursuant to this section, [The commissioner*
4 *may require] the organizer [to] shall pay the actual costs of each background investigation and*
5 *criminal history records check.*

6 2 Trust Company Act; Number of Directors. Amend RSA 383-C:6-601 to read as follows:

7 383-C:6-601 [~~Number of~~] Directors. The board of directors of a trust company shall be composed
8 of at least 5 directors. A director need not be a resident of New Hampshire or a citizen of the United
9 States, unless otherwise required by the commissioner in consideration of the trust company's safety
10 and soundness. *Every director shall submit to a background investigation and criminal*
11 *history records check, to include submission of financial and other information in*
12 *accordance with RSA 383-A:3-305(e). A trust company shall submit notice of any material*
13 *change related to the background investigation and criminal history records check of any*
14 *director within 30 days of learning of such change. The cost of any examination or*
15 *investigation of the background information and criminal history shall be paid by the*
16 *trust company.*

17 3 New Section; Trust Company Act; Removal of Directors or Officers by Commissioner. Amend
18 RSA 383-C by inserting after section 6-603 the following new section:

19 383-C:6-604 Removal of Directors or Officers by Commissioner. In addition to the grounds for
20 removal set forth in RSA 383-A:9-902, the commissioner may also remove a director or officer of a
21 trust company if, in the opinion of the commissioner, the director or officer does not possess the
22 experience, ability, standing, competence, trustworthiness, and integrity to ensure the safe and
23 sound operation of the trust company. The commissioner shall act in accordance with the procedure
24 described in RSA 383-A:9-902 for any such removal.

25 4 Effective Date. This act shall take effect 60 days after its passage.

LBAO
20-3095
12/20/19

**HB 1695-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to background checks for certain persons under the banking law.

FISCAL IMPACT:

Due to time constraints, the Office of Legislative Budget Assistant is unable to provide a fiscal note for this bill, as introduced, at this time. When completed, the fiscal note will be forwarded to the House Clerk's Office.

AGENCIES CONTACTED:

Banking Department