



## 93RD GENERAL ASSEMBLY

### State of Illinois

### 2003 and 2004

Introduced 02/09/04, by Eddie Washington

#### SYNOPSIS AS INTRODUCED:

|                    |                           |
|--------------------|---------------------------|
| 205 ILCS 205/9015  | from Ch. 17, par. 7309-15 |
| 205 ILCS 205/11003 | from Ch. 17, par. 7311-3  |

Amends the Savings Bank Act. Provides that a violation of the Investments Article of the Act is deemed to be an unsafe and unsound practice. In provisions pertaining to the Commissioner's ability to remove or prohibit current or former officers, directors, employees, or agents of a savings bank operating under this Act who are the subject of final orders, adds the Board of Governors of the Federal Reserve, a Federal Reserve Bank, the U.S. Office of Thrift Supervision, the National Credit Union Administration, or other federal financial institution regulators to the list of regulated entities that issue final orders.

LRB093 18473 SAS 44187 b

FISCAL NOTE ACT  
MAY APPLY

1 AN ACT concerning financial regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Savings Bank Act is amended by changing  
5 Sections 9015 and 11003 as follows:

6 (205 ILCS 205/9015) (from Ch. 17, par. 7309-15)

7 Sec. 9015. Unsafe and unsound practices; orders of  
8 prohibition and removal.

9 (a) The violation of any of the following provisions of  
10 this Act: Article 5, Article 6, subsection (b) of Section 4009,  
11 Section 7006, Section 9005, and Section 9014 is deemed to be an  
12 unsafe and unsound practice and creates an unsafe and unsound  
13 condition in the savings bank. The savings bank or the  
14 institution affiliated party responsible for the violation may  
15 be subject to the assessment of civil money penalties and other  
16 enforcement powers of the Commissioner, as specified in this  
17 Article, in Article 11, and by regulation of the Commissioner.

18 (b) Continued violation of any of those provisions after  
19 the Commissioner issues formal notice to correct shall subject  
20 the directors of the savings bank at fault to immediate removal  
21 from the board and to a permanent order of prohibition from  
22 direct or indirect participation in the affairs of any  
23 financial institution subject to this Act, the Illinois Savings  
24 and Loan Act of 1985, or the Residential Mortgage License Act  
25 of 1987.

26 (c) The Commissioner shall promulgate rules and  
27 regulations to implement this Section.

28 (Source: P.A. 90-301, eff. 8-1-97.)

29 (205 ILCS 205/11003) (from Ch. 17, par. 7311-3)

30 Sec. 11003. Removal and prohibition authority.

31 (a) In addition to other provisions of this Act concerning

1 officers and directors, the Commissioner may remove or suspend  
2 from any savings bank operating under this Act any officer,  
3 director, employee, or agent of a savings bank, and the  
4 Commissioner may prohibit participation in the affairs of any  
5 savings bank by any current, former, or prospective officer,  
6 director, employee, or agent of a savings bank, if he finds  
7 that:

8 (1) The person or persons have directly or indirectly  
9 violated any law, regulation, or order including orders,  
10 conditions, and agreements between the savings bank and the  
11 Commissioner or between the savings bank and its federal  
12 regulators.

13 (2) The person or persons have breached their fiduciary  
14 or professional responsibilities to the savings bank.

15 (3) The person or persons have similarly behaved  
16 towards any other insured depository institution or  
17 otherwise regulated entity or that the person or persons  
18 are the subject of any final order issued by the federal  
19 insurer, the Office of the Comptroller of the Currency, the  
20 Board of Governors of the Federal Reserve Board, a Federal  
21 Reserve Bank, the U.S. Office of Thrift Supervision, the  
22 National Credit Union Administration, a state financial  
23 institutions regulator, the Securities and Exchange  
24 Commission, other federal or state financial institution  
25 regulators, or by a state or federal court of law.

26 (b) The Commissioner may serve upon a party a written  
27 notice of the Commissioner's intention to remove or suspend the  
28 party from office in the savings bank or to prohibit any  
29 participation in any manner by the party in the affairs of any  
30 savings bank, if the Commissioner finds because of a violation  
31 of subsection (a) that:

32 (1) Any savings bank, other insured depository  
33 institution, or other regulated entity has or probably will  
34 suffer financial loss or other damage.

35 (2) The interests of savings bank's depositors or other  
36 insured depository institution's depositors have been or

1           could be prejudiced.

2           (3) The party has received financial gain or other  
3           benefit by reason of the violation.

4           (4) The violation or breach involves personal  
5           dishonesty on the part of the party or demonstrates willful  
6           or continuing disregard by the party for the safety and  
7           soundness of the savings bank or other insured depository  
8           institution.

9           (Source: P.A. 92-483, eff. 8-23-01.)