



General Assembly

January Session, 2001

**Raised Bill No. 6605**

LCO No. 3283

Referred to Committee on Banks

Introduced by:

(BA )

**AN ACT IMPLEMENTING THE LEGISLATIVE COMMISSIONERS' RECOMMENDATIONS FOR TECHNICAL REVISIONS TO THE BANKING AND SECURITIES STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-42 of the general statutes is repealed and the  
2 following is substituted in lieu thereof:

3 A financial institution may not disclose to any person, except to the  
4 customer or the customer's duly authorized agent, any financial  
5 records relating to such customer unless the customer has authorized  
6 disclosure to such person or the financial records are disclosed in  
7 response to (1) a certificate signed by the Commissioner of  
8 Administrative Services or the Commissioner of Social Services  
9 pursuant to the provisions of section 17b-137, (2) a lawful subpoena,  
10 summons, warrant or court order as provided in section 36a-43, (3)  
11 interrogatories by a judgment creditor or a demand by a levying  
12 officer as provided in sections 52-351b and 52-356a, (4) a certificate  
13 issued by a medical provider or its attorney under subsection (b) of  
14 section 17b-124, provided nothing in this subsection shall require the  
15 provider or its attorney to furnish to the financial institution any

16 application for medical assistance filed under section 17b-259 or  
17 pursuant to an agreement with the IV-D agency under subsection [(e)]  
18 (c) of section 17b-137, or (5) a certificate signed by the Commissioner of  
19 Veterans' Affairs pursuant to section 27-117.

20 Sec. 2. Subdivision (2) of section 32-350 of the general statutes is  
21 repealed and the following is substituted in lieu thereof:

22 (2) ["Women-owned"] "Woman-owned business" means any business  
23 (A) of which fifty-one per cent or more of the capital stock, if any, or  
24 assets are owned by a woman who is active in the daily affairs of the  
25 business and has the power to direct the management and policies of  
26 the business, and (B) that is a small business having fifty or fewer  
27 employees.

28 Sec. 3. Section 32-351 of the general statutes is repealed and the  
29 following is substituted in lieu thereof:

30 (a) (1) There is established a micro-loan program for [women-  
31 owned] woman-owned businesses. The commissioner may enter into a  
32 contract with a quasi-public agency, financial institution or nonprofit  
33 corporation to provide for the administration and the state-wide  
34 promotion of the program. On or before July 1, 2001, the program shall  
35 be a self sustaining revolving loan fund. No loan or loan guarantee  
36 that is not in accordance with the provisions of such contract shall be  
37 made from the fund established under subdivision (2) of this  
38 subsection.

39 (2) There is established a fund to be known as the "Micro-Loan  
40 Revolving Fund for [Women-Owned] Woman-Owned Businesses".  
41 The fund shall contain (A) any moneys allocated pursuant to  
42 subdivision (3) of this subsection, and (B) any moneys required by law  
43 to be deposited into the fund, including, but not limited to, any  
44 moneys appropriated by the state and interest payments and principal  
45 payments on loans. Any balance remaining in the fund at the end of  
46 any fiscal year shall be carried forward in the fund for the next

47 succeeding fiscal year. The fund shall be used to make loans and loan  
48 guarantees pursuant to subsection (b) of this section and to pay  
49 reasonable and necessary expenses incurred in administering such  
50 loans and loan guarantees and the program established under this  
51 subsection.

52 (3) The commissioner may allocate moneys from the Economic  
53 Assistance Revolving Fund, established under section 32-231, to the  
54 fund established under subdivision (2) of this subsection.

55 (b) The state, acting by and in the discretion of the commissioner,  
56 may, pursuant to a contract entered into under subdivision (1) of  
57 subsection (a) of this section, provide funds to a quasi-public agency,  
58 financial institution or nonprofit corporation to be used by such quasi-  
59 public agency, financial institution or nonprofit corporation [,] to make  
60 loans, interest-free loans, deferred loans or loan guarantees to women-  
61 owned businesses. Any such loan or loan guarantee shall be used by  
62 [the women-owned] a woman-owned business for business start-up  
63 costs or the day-to-day operation of the business. The proceeds from  
64 any loan made pursuant to this subsection shall not be used for the  
65 refinancing of existing loans.

66 (c) The amount of any loan made pursuant to subsection (b) of this  
67 section shall not exceed fifty thousand dollars. The amount of any loan  
68 guarantee made pursuant to subsection (b) of this section shall not  
69 exceed thirty per cent of the principal amount.

70 (d) Each [women-owned] woman-owned business applying for a  
71 loan or loan guarantee under subsection (b) of this section shall submit  
72 an application in such form and containing such information as the  
73 commissioner shall require. Security for such loan may include a  
74 security interest, an assignment of a lease or the subordination of a  
75 mortgage. In addition to any other conditions of default under such  
76 loan or loan guarantee, the [women-owned] woman-owned business  
77 shall be in default if such loan or loan guarantee is not used for the  
78 purposes set forth in subsection (b) of this section or if the [women-

79 owned] woman-owned business fails to participate in the business  
80 management training program required under section 32-352.

81 (e) Payments of principal and any interest on loans, interest-free  
82 loans and deferred loans made pursuant to subsection (b) of this  
83 section shall be deposited into the Micro-Loan Revolving Fund for  
84 Women-Owned Businesses established under subdivision (2) of  
85 subsection (a) of this section.

86 (f) The commissioner may adopt regulations, in accordance with  
87 chapter 54, to carry out the provisions of this section. Such regulations  
88 may provide for loan procedures, repayment terms, interest and  
89 security requirements, default and remedy provisions, and such other  
90 terms and conditions as the commissioner deems appropriate.

91 Sec. 4. Section 32-352 of the general statutes is repealed and the  
92 following is substituted in lieu thereof:

93 Each [women-owned] woman-owned business that receives a loan  
94 or loan guarantee pursuant to section 32-351 shall participate in a  
95 business management training program as designated by the  
96 commissioner. The commissioner may establish a business  
97 management training program to be administered by either the Office  
98 of Small Business Affairs or a nonprofit corporation, as determined by  
99 the commissioner, and may arrange for the participation of such other  
100 programs as the commissioner deems appropriate in implementing the  
101 business management training program. The commissioner may enter  
102 into a contract with a nonprofit corporation to provide for the  
103 administration of the business management training program  
104 pursuant to this section.

105 Sec. 5. Subsection (b) of section 32-354 of the general statutes is  
106 repealed and the following is substituted in lieu thereof:

107 (b) The state, acting by and in the discretion of the commissioner,  
108 may, pursuant to a contract entered into under subdivision (1) of

109 subsection (a) of this section, provide funds to a quasi-public agency,  
110 financial institution or nonprofit corporation to be used by such quasi-  
111 public agency, financial institution or nonprofit corporation [.] to make  
112 loans, interest-free loans, deferred loans or loan guarantees to  
113 minority-owned businesses. Any such loan or loan guarantee shall be  
114 used by the minority-owned business for business start-up costs or the  
115 day-to-day operation of the business. The proceeds from any loan  
116 made pursuant to this subsection shall not be used for the refinancing  
117 of existing loans.

118 Sec. 6. Subsection (f) of section 36a-252a of the general statutes is  
119 repealed and the following is substituted in lieu thereof:

120 (f) After receipt of the commissioner's approval, the uninsured bank  
121 shall promptly file such approval and its certificate of incorporation  
122 with the Secretary of the State and with the town clerk of the town in  
123 which its principal office is located. Upon such filing, the bank shall  
124 cease to be an uninsured bank subject to the provisions of subdivisions  
125 (3) and (4) of subsection (t) of section 36a-70 and shall be a Connecticut  
126 bank subject to all of the requirements and limitations and possessed  
127 of all rights, privileges and powers granted to it by its certificate of  
128 incorporation and by the provisions of the general statutes applicable  
129 to its type of Connecticut bank. Such Connecticut bank shall not  
130 commence business unless its insurable accounts and deposits are  
131 insured by the Federal Deposit Insurance Corporation or its successor  
132 agency. Upon such filing with the Secretary of the State and with the  
133 town clerk, all of the assets, business and good will of the uninsured  
134 bank shall be transferred to and vested in such Connecticut bank  
135 without any deed or instrument of conveyance, provided the  
136 Connecticut bank may execute any deed or instrument of conveyance  
137 as is convenient to confirm such transfer. Such Connecticut bank shall  
138 be subject to all of the duties, relations, obligations, trusts and  
139 liabilities of the uninsured bank, whether as debtor, depository,  
140 registrar, transfer agent, executor, administrator or otherwise, and  
141 shall be liable to pay and discharge all such debts and liabilities, and to

142 perform all such duties in the same manner and to the same extent as if  
143 the Connecticut bank had itself incurred the obligation or liability or  
144 assumed the duty or relation. All rights of creditors of the predecessor  
145 uninsured bank and all liens upon the property of such bank shall be  
146 preserved unimpaired and the Connecticut bank shall be entitled to  
147 receive, accept, collect, hold and enjoy any and all gifts, bequests,  
148 devises, conveyances, trusts and appointments in favor of or in the  
149 name of the uninsured bank and whether made or created to take  
150 effect prior to or after the expansion of powers.

151 Sec. 7. Subsection (e) of section 36b-65 of the general statutes is  
152 repealed and the following is substituted in lieu thereof:

153 (e) The following business opportunities are exempt from  
154 subsections (a) and (b) of section 36b-62; sections 36b-63 and 36b-64;  
155 subsections (a), (b), (c), (d) and (f) of this section; section 36b-66 and  
156 subdivisions (1), (2) and (3) of section 36b-67: (1) (A) Subject to the  
157 provisions of subparagraph (B) of this subdivision, any business  
158 opportunity for which the initial payment made by the purchaser-  
159 investor per business opportunity does not exceed two hundred  
160 dollars, if no representations are made that the seller guarantees, either  
161 conditionally or unconditionally, that the purchaser-investor will  
162 derive income from the business opportunity. For purposes of this  
163 subparagraph, "initial payment" means the total amount the  
164 purchaser-investor becomes obligated to pay to the seller or to any  
165 third party either prior to or at the time of delivery of the products,  
166 equipment, supplies or services or within one year of the  
167 commencement of operation of the business by the purchaser-investor.  
168 If payment is over a period of time, "initial payment" shall include the  
169 sum of the down payment and the total periodic payments. "Initial  
170 payment" does not include periodic payments where the amount or  
171 rate of the payment is based on net revenue or gross revenue  
172 generated by the business. (B) The commissioner may, by regulation or  
173 order as to any business opportunity or type of business opportunity  
174 or transaction exempt under subdivision (1) (A) of this subsection,

175 modify, withdraw, further condition or waive such conditions, in  
176 whole or in part, conditionally or unconditionally, on a finding that  
177 such regulation or order is necessary and appropriate, in the public  
178 interest or for the protection of purchaser-investors; (2) any business  
179 opportunity sold in this state exclusively to purchaser-investors each  
180 of whom has a net worth of not less than one million dollars exclusive  
181 of principal residence, home furnishings, and personal automobiles;  
182 and (3) any other business opportunity that the commissioner by  
183 regulation or order may exempt, conditionally or unconditionally, if he  
184 finds that enforcement of all the provisions of sections 36b-60 to 36b-  
185 80, inclusive, with respect to such business opportunity is not  
186 necessary to protect the public interest, and for the protection of  
187 purchaser-investors due to the limited character of the business  
188 opportunity, or because such business opportunity is, in the judgment  
189 of the commissioner, adequately regulated by federal law. [(4)] The  
190 commissioner may by order deny, suspend or revoke any exemption  
191 with respect to a particular offering of one or more business  
192 opportunities in accordance with the provisions of section 36b-68. No  
193 order under this subdivision may operate retroactively. No person  
194 may be considered to have violated any order issued under this  
195 subdivision by reason of any offer or sale effected after the entry of  
196 such order if he sustains the burden of proof that he did not know, and  
197 in the exercise of reasonable care could not have known, of such order.  
198 [(5)] In any proceeding under this subsection, the burden of proving an  
199 exemption is upon the person claiming it.

***Statement of Purpose:***

To make technical changes recommended by the Legislative Commissioners' Office.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*