



General Assembly

February Session, 2002

**Raised Bill No. 88**

LCO No. 290

Referred to Committee on Banks

Introduced by:

(BA )

**AN ACT CONCERNING THE COMMISSIONER OF BANKING AND  
DEPARTMENT OF BANKING EMPLOYEES.**

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

1 Section 1. Section 36a-11 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) In accordance with the provisions of sections 4-5 to 4-8, inclusive,  
4 the Governor shall appoint the commissioner who shall hold office for  
5 four years from the first day of March in the year of [his] the  
6 commissioner's appointment. The Governor may remove the  
7 commissioner for cause. Except as otherwise provided, the  
8 commissioner shall not while holding such office be an officer, [or] an  
9 employee, or a director, of any federal bank, federal credit union, out-  
10 of-state bank, [or] out-of-state credit union, holding company that has  
11 a wholly-owned subsidiary that is a capital stock Connecticut bank, or  
12 any person subject to the commissioner's general supervision, nor shall  
13 the commissioner have any financial interest in any such person, or  
14 engage or be interested in the sale of securities or in the negotiation of  
15 loans for others as a business. The commissioner shall not, while  
16 holding such office, be directly or contingently indebted to any

17 Connecticut bank, or Connecticut credit union, or any person licensed  
18 under parts I and III of chapter 668, provided this prohibition shall not  
19 extend to indebtedness to such persons resulting from the sale of the  
20 debt by the original lender. Any such person to whom a commissioner  
21 is or becomes so indebted in violation of this section shall give  
22 immediate notice thereof to the Governor. The commissioner may  
23 maintain an account with any person.

24 (b) Notwithstanding the provisions of subsection (a) of this section,  
25 the commissioner while holding office may have an indirect financial  
26 interest in any federal bank, federal credit union, out-of-state bank,  
27 out-of-state credit union, holding company that has a wholly-owned  
28 subsidiary that is a capital stock Connecticut bank, or any person  
29 subject to the commissioner's general supervision, which indirect  
30 interest arises through ownership of or beneficial interest in any  
31 investment in which the commissioner does not control the securities  
32 that are held in the portfolio, including a pension fund, mutual fund,  
33 deferred compensation plan, or similar investment.

34 (c) For purposes of this section, any financial interest of the spouse  
35 of the commissioner or the dependent children residing with the  
36 commissioner shall be considered a financial interest of the  
37 commissioner.

38 Sec. 2. Section 36a-12 of the general statutes is repealed and the  
39 following is substituted in lieu thereof (*Effective from passage*):

40 The commissioner may appoint and define the duties and authority  
41 of such employees as may be necessary to perform properly the  
42 functions of the commissioner's office. The deputy commissioner and  
43 any other employee of the Department of Banking shall have the same  
44 privileges and be subject to the same restrictions as the commissioner  
45 concerning relationships and transactions with any federal bank,  
46 federal credit union, out-of-state bank, [or] out-of-state credit union,  
47 holding company that has a wholly-owned subsidiary that is a  
48 Connecticut bank, or with any person subject to the general

49 supervision of the commissioner, except that any employee of the  
50 Department of Banking other than the deputy commissioner may be  
51 indebted to any person subject to the general supervision of the  
52 commissioner, provided the prior approval of the commissioner is  
53 obtained for any singular indebtedness or series of indebtedness in the  
54 aggregate of twenty-five thousand dollars or more to any such person.  
55 Such prior approval shall not be required for (1) indebtedness resulting  
56 from the sale of the debt by the original lender, (2) indebtedness  
57 incurred at least six months prior to appointment as an employee of  
58 the Department of Banking, provided, the commissioner may grant  
59 retroactive approval upon such appointment in the case of any  
60 singular indebtedness or series of indebtedness in the aggregate of  
61 twenty-five thousand dollars or more to any such person that is  
62 incurred, in whole or in part, within six months prior to such  
63 appointment, or (3) indebtedness incurred by any employee of the  
64 Department of Banking who is covered under the terms of the  
65 administrative clerical (NP-3) collective bargaining agreement. For  
66 purposes of this section, "indebtedness" shall include a line of credit  
67 extended to any employee by a person subject to the general  
68 supervision of the commissioner whether or not such line of credit has  
69 been drawn upon. Any information submitted by an employee to the  
70 commissioner for the commissioner's approval pursuant to this section  
71 shall be exempt from disclosure under section 1-210, as amended.

72 Sec. 3. Subsection (f) of section 3-20 of the general statutes is  
73 repealed and the following is substituted in lieu thereof (*Effective from*  
74 *passage*):

75 (f) With the exception of refunding bonds, the proceeds of the sale  
76 of the bonds and any moneys held or otherwise set aside for the  
77 repayment of the bonds shall be deposited with the Treasurer or, at the  
78 direction of the Treasurer, with a commercial bank or trust company,  
79 in trust for the benefit of the state, pending the use or application  
80 thereof, for the purpose and projects specified in the bond act  
81 empowering the State Bond Commission to authorize such bonds. Any

82 expense incurred in connection with the carrying out of the provisions  
83 of this section, including the issuance of refunding bonds, shall be paid  
84 from the accrued interest and premiums or from the proceeds of the  
85 sale of such bonds or refunding bonds and in the same manner as  
86 other obligations of the state, except that expenses incurred in  
87 connection with the preparation, issuance and delivery of general  
88 obligation bonds issued in accordance with sections 3-17 and 10-183m,  
89 and delivered to the retirement fund provided for in section 10-183r  
90 shall be paid out of the General Fund if sufficient accrued interest and  
91 premiums are not available to pay such expenses. With the exception  
92 of the proceeds of refunding bonds deposited in a defeasance escrow  
93 fund, pending the use or application of any such bond proceeds or any  
94 such funds, such proceeds or funds may be deposited with the  
95 Treasurer in such fund or funds of the state as appropriate or at the  
96 direction of the Treasurer in a commercial bank or trust company with  
97 or without security to the credit of such fund or funds, or may be  
98 invested by, or at the direction of the Treasurer in bonds or obligations  
99 of, or guaranteed by, the state or the United States, or agencies or  
100 instrumentalities of the United States, in certificates of deposit,  
101 commercial paper, savings accounts and bank acceptances, in the  
102 obligations of any state of the United States or any political subdivision  
103 thereof or the obligations of any instrumentality, authority or agency  
104 of any state or political subdivision thereof, provided that at the time  
105 of investment such obligations are rated within one of the top two  
106 rating categories of any nationally recognized rating service or of any  
107 rating service recognized by the state [Commissioner of] Banking  
108 Commissioner, and applicable to such obligations, in the obligations of  
109 any regional school district in this state, of any municipality in this  
110 state or any metropolitan district in this state, provided that at the time  
111 of investment such obligations of such government entity are rated  
112 within one of the top three rating categories of any nationally  
113 recognized rating service or of any rating service recognized by the  
114 state [Commissioner of] Banking Commissioner, and applicable to  
115 such obligations, or in any fund in which a trustee may invest

116 pursuant to section 36a-353, or in investment agreements with  
117 financial institutions whose long-term obligations are rated within the  
118 top two rating categories of any nationally recognized rating service or  
119 of any rating service recognized by the state [Commissioner of]  
120 Banking Commissioner or whose short-term obligations are rated  
121 within the top rating category of any nationally recognized rating  
122 service or of any rating service recognized by the state [Commissioner  
123 of] Banking Commissioner, or investment agreements fully secured by  
124 obligations of, or guaranteed by, the United States or agencies or  
125 instrumentalities of the United States. Except as may be provided  
126 herein or in any other public or special act, net earnings of investments  
127 of proceeds of bonds and such funds, and accrued interest and  
128 premiums on the issuance of such bonds shall, after payment of  
129 expenses incurred by the Treasurer or State Bond Commission in  
130 connection with their issuance, if any, be deposited to the credit of the  
131 General Fund.

132 Sec. 4. Section 4-5 of the general statutes is repealed and the  
133 following is substituted in lieu thereof (*Effective from passage*):

134 As used in sections 4-6, 4-7 and 4-8, the term "department head"  
135 means Secretary of the Office of Policy and Management,  
136 Commissioner of Administrative Services, Commissioner of Revenue  
137 Services, [Commissioner of] Banking Commissioner, Commissioner of  
138 Children and Families, Commissioner of Consumer Protection,  
139 Commissioner of Correction, Commissioner of Economic and  
140 Community Development, State Board of Education, Commissioner of  
141 Environmental Protection, Commissioner of Agriculture,  
142 Commissioner of Public Health, Insurance Commissioner, Labor  
143 Commissioner, Liquor Control Commission, Commissioner of Mental  
144 Health and Addiction Services, Commissioner of Public Safety,  
145 Commissioner of Social Services, Commissioner of Mental Retardation,  
146 Commissioner of Motor Vehicles, Commissioner of Transportation,  
147 Commissioner of Public Works, Commissioner of Veterans' Affairs,  
148 Commissioner of Health Care Access, Chief Information Officer and

149 the chairperson of the Public Utilities Control Authority.

150 Sec. 5. Subsection (a) of section 4-33 of the general statutes is  
151 repealed and the following is substituted in lieu thereof (*Effective from*  
152 *passage*):

153 (a) Any person, with the approval of the Treasurer and the  
154 Comptroller, may deposit any funds or moneys in such person's hands  
155 belonging to the state or held by such person as a custodian or trustee  
156 or in an official capacity, in any qualified public depository, as defined  
157 in section 36a-330, or any bank authorized pursuant to section 3-24,  
158 provided such deposit shall only be made in such person's name as an  
159 official of the state, custodian or trustee or in the name of the state. In  
160 no case shall the deposit by such person in any one such qualified  
161 public depository or bank exceed in the aggregate at any one time  
162 seventy-five per cent of the total capital of such depository or bank, as  
163 determined in accordance with applicable federal regulations and  
164 regulations adopted by the [Commissioner of] Banking Commissioner  
165 under section 36a-332, provided: (1) Any such qualified public  
166 depository or bank is required to disclose such information relating to  
167 public deposits as the [Commissioner of] Banking Commissioner may  
168 require by regulations which [he] the Banking Commissioner shall  
169 adopt in accordance with the provisions of chapter 54. The regulations  
170 shall include, but not be limited to, disclosure of the most current  
171 quarterly statement of condition and statement of income; and (2)  
172 whatever interest or other pecuniary consideration such depository or  
173 bank allows for or upon such deposit or payment shall belong to and  
174 accrue to the benefit of the state.

175 Sec. 6. Section 7-400 of the general statutes, as amended by section  
176 108 of public act 01-195, is repealed and the following is substituted in  
177 lieu thereof (*Effective from passage*):

178 The treasurer of any municipality, as defined in section 7-359, upon  
179 approval by the budget-making authority, as defined in said section, of  
180 any metropolitan district, of any regional school district, of any district

181 as defined in section 7-324, and of any other municipal corporation or  
182 authority authorized to issue bonds, notes or other obligations under  
183 the provisions of the general statutes or any special act may invest the  
184 proceeds received from the sale of bonds, notes or other obligations, or  
185 other funds, including the general fund, as hereinafter provided:

186 (1) In (A) the obligations of the United States of America, including  
187 the joint and several obligations of the Federal Home Loan Mortgage  
188 Corporation, the Federal National Mortgage Association, the  
189 Government National Mortgage Association, the Federal Savings and  
190 Loan Insurance Corporation, obligations of the United States Postal  
191 Service, all the federal home loan banks, all the federal land banks, all  
192 the federal intermediate credit banks, the Central Bank for  
193 Cooperatives, The Tennessee Valley Authority, or any other agency of  
194 the United States government, or (B) shares or other interests in any  
195 custodial arrangement, pool or no-load, open-end management-type  
196 investment company or investment trust registered or exempt under  
197 the Investment Company Act of 1940, 15 USC Section 80a-1 et seq. as  
198 from time to time amended, provided (i) the portfolio of such custodial  
199 arrangement, pool, investment company or investment trust is limited  
200 to obligations described in subparagraph (A) of this subdivision and  
201 repurchase agreements fully collateralized by any such obligations; (ii)  
202 such custodial arrangement, pool, investment company or investment  
203 trust takes delivery of such collateral either directly or through an  
204 authorized custodian; (iii) such custodial arrangement or pool is  
205 managed to maintain its shares at a constant net asset value or such  
206 investment company or investment trust is rated within one of the top  
207 two credit rating categories and, for any investment company or  
208 investment trust not managed to maintain its shares at a constant net  
209 asset value, within one of the top two risk rating categories of any  
210 nationally recognized rating service or of any rating service recognized  
211 by the [Commissioner of] Banking Commissioner; and (iv) the  
212 municipal corporation or authority only purchases and redeems shares  
213 or other interests in such investment company or investment trust  
214 through the use of, or the custodian of such custodial arrangement or

215 pool is, a bank, as defined in section 36a-2, as amended by this act, or  
216 an out-of-state bank, as defined in said section, having one or more  
217 branches in this state.

218 (2) In the obligations of any state of the United States or of any  
219 political subdivision, authority or agency thereof, provided that at the  
220 time of investment such obligations are rated within one of the top two  
221 rating categories of any nationally recognized rating service or of any  
222 rating service recognized by the [Commissioner of] Banking  
223 Commissioner.

224 (3) In the obligations of the state of Connecticut, or any regional  
225 school district, town, city, borough or metropolitan district in the state  
226 of Connecticut, provided that at the time of investment the obligations  
227 of such government entity are rated within one of the top three rating  
228 categories of any nationally recognized rating service or of any rating  
229 service recognized by the [Commissioner of] Banking Commissioner.

230 Sec. 7. Subsection (a) of section 7-402 of the general statutes is  
231 repealed and the following is substituted in lieu thereof (*Effective from*  
232 *passage*):

233 (a) Any public official of any municipality may deposit any public  
234 funds received, held or controlled by [him] such public official and  
235 belonging to such municipality, or otherwise held by [him] such public  
236 official as such public official or as a custodian or trustee on behalf of  
237 such municipality, (1) in any qualified public depository, or (2) in an  
238 amount not exceeding the Federal Deposit Insurance Corporation  
239 insurance limit, in any out-of-state bank which is not a qualified public  
240 depository, designated by such public official; provided such deposit  
241 shall only be made in [his] such public official's name as such public  
242 official, custodian or trustee or in the name of the municipality to  
243 which the money belongs. The interest or other pecuniary  
244 consideration such depository allows for or upon such deposit of  
245 public funds shall belong to and accrue to the benefit of such  
246 municipality. In no case shall the deposit by such public official in any

247 one such depository exceed in the aggregate at any one time seventy-  
248 five per cent of the total capital of such depository, as determined in  
249 accordance with applicable federal regulations and regulations  
250 adopted by the [Commissioner of] Banking Commissioner under  
251 section 36a-332. Any qualified public depository receiving deposits of  
252 public funds pursuant to this section is required to disclose such  
253 information relating to public deposits as the [Commissioner of]  
254 Banking Commissioner may require by regulations which [he] the  
255 commissioner shall adopt in accordance with the provisions of chapter  
256 54. The regulations shall include, but not be limited to disclosure of the  
257 most current quarterly statement of condition and statement of  
258 income. Nothing in this section shall affect additional restrictions on  
259 the deposit of public funds imposed by the provisions of the charter of  
260 any municipal corporation.

261 Sec. 8. Subsection (a) of section 8-244 of the general statutes is  
262 repealed and the following is substituted in lieu thereof (*Effective from*  
263 *passage*):

264 (a) There is created a body politic and corporate to be known as the  
265 "Connecticut Housing Finance Authority". Said authority is constituted  
266 a public instrumentality and political subdivision of this state and the  
267 exercise by the authority of the powers conferred by this chapter shall  
268 be deemed and held to be the performance of an essential public and  
269 governmental function. The Connecticut Housing Finance Authority  
270 shall not be construed to be a department, institution or agency of the  
271 state. The board of directors of the authority shall consist of fifteen  
272 members as follows: (1) The Commissioner of Economic and  
273 Community Development, the Secretary of the Office of Policy and  
274 Management, the [Commissioner of] Banking Commissioner and the  
275 State Treasurer, ex officio, with the right to vote, (2) seven members to  
276 be appointed by the Governor, and (3) four members appointed as  
277 follows: One by the president pro tempore of the Senate, one by the  
278 speaker of the House of Representatives, one by the minority leader of  
279 the Senate and one by the minority leader of the House of

280 Representatives. The member initially appointed by the speaker of the  
281 House of Representatives shall serve a term of five years; the member  
282 initially appointed by the president pro tempore of the Senate shall  
283 serve a term of four years. The members initially appointed by the  
284 Senate minority leader shall serve a term of three years. The member  
285 initially appointed by the minority leader of the House of  
286 Representatives shall serve a term of two years. Thereafter, each  
287 member appointed by a member of the General Assembly shall serve a  
288 term of five years. The members appointed by the Governor and the  
289 members of the General Assembly shall be appointed in accordance  
290 with section 4-9b and among them be experienced in all aspects of  
291 housing, including housing design, development, finance,  
292 management and state and municipal finance, and at least one of  
293 whom shall be selected from among the officers or employees of the  
294 state. At least one shall have experience in the provision of housing to  
295 very low, low and moderate income families. On or before July first,  
296 annually, the Governor shall appoint a member for a term of five years  
297 from said July first to succeed the member whose term expires and  
298 until [his] such member's successor has been appointed, except that in  
299 1974 and 1995 and quinquennially thereafter, the Governor shall  
300 appoint two members. The chairperson of the board shall be appointed  
301 by the Governor, with the advice and consent of both houses of the  
302 General Assembly. The board shall annually elect one of its appointed  
303 members as vice-chairperson of the board. Members shall receive no  
304 compensation for the performance of their duties hereunder but shall  
305 be reimbursed for necessary expenses incurred in the performance  
306 thereof. The Governor or appointing member of the General Assembly,  
307 as the case may be, shall fill any vacancy for the unexpired term. A  
308 member of the board shall be eligible for reappointment. Any member  
309 of the board may be removed by the Governor or appointing member  
310 of the General Assembly, as the case may be, for misfeasance,  
311 malfeasance or wilful neglect of duty. Each member of the board  
312 before entering upon [his] such member's duties shall take and  
313 subscribe the oath of affirmation required by article XI, section 1, of the

314 State Constitution. A record of each such oath shall be filed in the  
315 office of the Secretary of the State. Each ex-officio member may  
316 designate [his] such member's deputy or any member of [his] such  
317 member's staff to represent [him] such member at meetings of the  
318 board with full power to act and vote on [his] such member's behalf.

319 Sec. 9. Subsection (a) of section 8-257 of the general statutes is  
320 repealed and the following is substituted in lieu thereof (*Effective from*  
321 *passage*):

322 (a) Loans secured by mortgages the payments of which are insured  
323 by the authority shall be legal investments, for all trust companies,  
324 banks, investment companies, savings banks, building and loan  
325 associations, executors, administrators, guardians, conservators,  
326 trustees and other fiduciaries, and pension, profit-sharing and  
327 retirement funds. For the purpose of determining the percentage of  
328 capital, surplus, assets or deposits which may be invested therein by  
329 an institution under the supervision of the [commissioner of banking]  
330 Banking Commissioner, such loans shall be treated similarly to loans  
331 insured or to be insured by the Federal Housing Administrator.  
332 Otherwise, such loans shall not be subject to limitations, conditions or  
333 restrictions imposed by law except as provided by this chapter.

334 Sec. 10. Subsection (s) of section 10a-180 of the general statutes is  
335 repealed and the following is substituted in lieu thereof (*Effective from*  
336 *passage*):

337 (s) To invest any funds not needed for immediate use or  
338 disbursement, including reserve funds, in obligations issued or  
339 guaranteed by the United States of America or the state of Connecticut,  
340 including the state's Short-Term or Long-Term Investment Fund, and  
341 in other obligations which are legal investments for savings banks in  
342 this state, or in investment agreements with financial institutions  
343 whose short-term obligations are rated within the top two rating  
344 categories of any nationally recognized rating service or of any rating  
345 service recognized by the state [Commissioner of] Banking

346 Commissioner, or investment agreements fully secured by obligations  
347 of, or guaranteed by, the United States or agencies or instrumentalities  
348 of the United States or in securities or obligations which are legal  
349 investments for savings banks in this state, subject to repurchase  
350 agreements in the manner in which such agreements are negotiated in  
351 sales of securities in the market place, provided that the authority shall  
352 not enter into any such agreement with any securities dealer or bank  
353 acting as a securities dealer unless such dealer or bank is included in  
354 the list of primary dealers, effective at the time of such agreement, as  
355 prepared by the Federal Reserve Bank of New York.

356 Sec. 11. Section 10a-238 of the general statutes is repealed and the  
357 following is substituted in lieu thereof (*Effective from passage*):

358 Except as otherwise provided in subsection (c) of section 10a-237,  
359 the authority may invest any funds in (1) direct obligations of the  
360 United States or the state of Connecticut, (2) obligations as to which the  
361 timely payment of principal and interest is fully guaranteed by the  
362 United States or the state of Connecticut, including Connecticut's  
363 Short-Term Investment Fund, (3) obligations of the federal  
364 intermediate credit banks, federal banks for cooperatives, federal land  
365 bank, federal home loan banks, Federal National Mortgage  
366 Association, Government National Mortgage Association and the  
367 Student Loan Marketing Association, (4) certificates of deposit or time  
368 deposits constituting direct obligations of any bank in the state,  
369 provided that investments may be made only in those certificates of  
370 deposit or time deposits in banks which are insured by the Federal  
371 Deposit Insurance Corporation if then in existence, (5) withdrawable  
372 capital accounts or deposits of federal chartered savings and loan  
373 associations which are insured by the Federal Savings and Loan  
374 Insurance Corporation, (6) other obligations which are legal  
375 investments for savings banks in the state, (7) investment agreements  
376 with financial institutions whose short-term obligations are rated  
377 within the top two rating categories of any nationally recognized  
378 rating service or of any rating service recognized by the [commissioner

379 of banking] Banking Commissioner, or investment agreements fully  
380 secured by obligations of, or guaranteed by, the United States or  
381 agencies or instrumentalities of the United States, and (8) securities or  
382 obligations which are legal investments for savings banks in  
383 Connecticut, subject to repurchase agreements in the manner in which  
384 such agreements are negotiated in sales of securities in the market  
385 place, provided the authority shall not enter into any such agreement  
386 with any securities dealer or bank acting as a securities dealer unless  
387 such dealer or bank is included in the list of primary dealers, as  
388 prepared by the Federal Reserve Bank of New York, effective at the  
389 time of the agreement. Any such securities may be purchased at the  
390 offering or market price thereof at the time of such purchase. All such  
391 securities so purchased shall mature or be redeemable on a date or  
392 dates prior to the time when, in the judgment of the authority, the  
393 funds so invested will be required for expenditure. The express  
394 judgment of the authority as to the time when any funds shall be  
395 required for expenditure or be redeemable is final and conclusive.

396 Sec. 12. Subsection (a) of section 12-213 of the general statutes is  
397 repealed and the following is substituted in lieu thereof (*Effective from*  
398 *passage*):

399 (a) When used in this part, unless the context otherwise requires:

400 (1) "Taxpayer" and "company" mean any corporation, foreign  
401 municipal electric utility, as defined in section 12-59, electric  
402 distribution company, as defined in section 16-1, as amended, electric  
403 supplier, as defined in section 16-1, as amended, generation entity or  
404 affiliate, as defined in section 16-1, as amended, joint stock company or  
405 association or any fiduciary thereof and any dissolved corporation  
406 which continues to conduct business but does not include a passive  
407 investment company or municipal utility, as defined in chapter 212  
408 and chapter 212a;

409 (2) "Dissolved corporation" means any company which has  
410 terminated its corporate existence by resolution, expiration, decree or

411 forfeiture;

412 (3) "Commissioner of Revenue Services" or "commissioner" means  
413 the Commissioner of Revenue Services;

414 (4) "Tax year" means the calendar year in which the tax is payable;

415 (5) "Income year" means the calendar year upon the basis of which  
416 net income is computed under this part, unless a fiscal year other than  
417 the calendar year has been established for federal income tax purposes,  
418 in which case it means the fiscal year so established or a period of less  
419 than twelve months ending as of the date on which liability under this  
420 chapter ceases to accrue by reason of dissolution, forfeiture,  
421 withdrawal, merger or consolidation;

422 (6) "Fiscal year" means the income year ending on the last day of  
423 any month other than December or an annual period which varies  
424 from fifty-two to fifty-three weeks elected by the taxpayer in  
425 accordance with the provisions of the Internal Revenue Code;

426 (7) "Paid" means "paid or accrued" or "paid or incurred", construed  
427 according to the method of accounting upon the basis of which net  
428 income is computed under this part;

429 (8) "Received" means "received" or "accrued", construed according  
430 to the method of accounting upon the basis of which net income is  
431 computed under this part;

432 (9) (A) "Gross income" means gross income, as defined in the  
433 Internal Revenue Code, and, in addition, means any interest or exempt  
434 interest dividends, as defined in Section 852(b)(5) of the Internal  
435 Revenue Code, received by the taxpayer or losses of other calendar or  
436 fiscal years, retroactive to include all calendar or fiscal years beginning  
437 after January 1, 1935, incurred by the taxpayer which are excluded  
438 from gross income for purposes of assessing the federal corporation  
439 net income tax, and in addition, notwithstanding any other provision  
440 of law, means interest or exempt interest dividends, as defined in said

441 Section 852(b)(5) of the Internal Revenue Code, accrued on or after the  
442 application date, as defined in section 12-242ff, with respect to any  
443 obligation issued by or on behalf of the state, its agencies, authorities,  
444 commissions and other instrumentalities, or by or on behalf of its  
445 political subdivisions and their agencies, authorities, commissions and  
446 other instrumentalities;

447 (B) "Gross income" shall not include the amount which for federal  
448 income tax purposes is treated as a dividend received by a domestic  
449 United States corporation from a foreign corporation on account of  
450 foreign taxes deemed paid by such domestic corporation, when such  
451 domestic corporation elects the foreign tax credit for federal income  
452 tax purposes;

453 (C) "Gross income" shall not include any amount which for federal  
454 income tax purposes is treated as a dividend received directly or  
455 indirectly by a taxpayer from a passive investment company;

456 (10) "Net income" means net earnings received during the income  
457 year and available for contributors of capital, whether they are  
458 creditors or stockholders, computed by subtracting from gross income  
459 the deductions allowed by the terms of section 12-217, except that in  
460 the case of a domestic insurance company which is a life insurance  
461 company "net income" means life insurance company taxable income  
462 (A) increased by any amount or amounts which have been deducted in  
463 the computation of gain or loss from operations in respect of (i) the life  
464 insurance company's share of tax-exempt interest, (ii) operations loss  
465 carry-backs and capital loss carry-backs and (iii) operations loss carry-  
466 overs and capital loss carry-overs arising in any taxable year  
467 commencing prior to January 1, 1973, and (B) reduced by any amount  
468 or amounts which have been deducted as operations loss carry-backs  
469 or capital loss carry-backs in the computation of gain or loss from  
470 operations for any taxable year commencing on or after January 1,  
471 1973, but only to the extent that such amount or amounts, would, for  
472 federal tax purposes, have been deductible in the taxable year as

473 operations loss carry-overs or capital loss carry-overs if they had not  
474 been deducted in a previous taxable year as carry-backs and provided  
475 no expense related to income, the taxation of which by the state of  
476 Connecticut is prohibited by the law or Constitution of the United  
477 States, as applied, or by the law or Constitution of this state, as  
478 applied, shall be deducted under this chapter and provided further no  
479 item may, directly or indirectly be excluded or deducted more than  
480 once;

481 (11) "Life insurance company" has the same meaning as it has under  
482 the Internal Revenue Code;

483 (12) "Life insurance company taxable income" has the same meaning  
484 as it has under the Internal Revenue Code;

485 (13) "Life insurance company's share" has the same meaning as it  
486 has under the Internal Revenue Code;

487 (14) "Operations loss carry-over", with respect to a life insurance  
488 company, has the same meaning as it has under the Internal Revenue  
489 Code;

490 (15) "Operations loss carry-back", with respect to a life insurance  
491 company, has the same meaning as it has under the Internal Revenue  
492 Code;

493 (16) "Capital loss carry-over", with respect to a life insurance  
494 company, has the same meaning as it has under the Internal Revenue  
495 Code;

496 (17) "Capital loss carry-back", with respect to a life insurance  
497 company, has the same meaning as it has under the Internal Revenue  
498 Code;

499 (18) "Gain or loss from operations", with respect to a life insurance  
500 company, has the same meaning as it has under the Internal Revenue  
501 Code;

502 (19) "Fiduciary" means any receiver, liquidator, referee, trustee,  
503 assignee or other fiduciary or officer or agent appointed by any court  
504 or by any other authority, except the [Commissioner of] Banking  
505 Commissioner acting as receiver or liquidator under the authority of  
506 the provisions of sections 36a-210 and 36a-218 to 36a-239, inclusive;

507 (20) (A) "Carrying on or doing business" means and includes each  
508 and every act, power or privilege exercised or enjoyed in this state, as  
509 an incident to, or by virtue of, the powers and privileges acquired by  
510 the nature of any organization whether the form of existence is  
511 corporate, associate, joint stock company or fiduciary, and includes the  
512 direct or indirect engaging in, transacting or conducting of activity in  
513 this state by an electric supplier, as defined in section 16-1, as  
514 amended, or generation entity or affiliate, as defined in section 16-1, as  
515 amended, for the purpose of establishing or maintaining a market for  
516 the sale of electricity or of electric generation services, as defined in  
517 section 16-1, as amended, to end use customers located in this state  
518 through the use of the transmission or distribution facilities of an  
519 electric distribution company, as defined in section 16-1, as amended,  
520 or, until unbundled in accordance with section 16-244e, electric  
521 company, as defined in section 16-1, as amended.

522 (B) A company that has contracted with a commercial printer for  
523 printing and distribution of printed material shall not be deemed to be  
524 carrying on or doing business in this state because of (i) the ownership  
525 or leasing by that company of tangible or intangible personal property  
526 located at the premises of the commercial printer in this state, (ii) the  
527 sale by that company of property of any kind produced or processed at  
528 and shipped or distributed from the premises of the commercial  
529 printer in this state, (iii) the activities of that company's employees or  
530 agents at the premises of the commercial printer in this state, which  
531 activities relate to quality control, distribution or printing services  
532 performed by the printer, or (iv) the activities of any kind performed  
533 by the commercial printer in this state for or on behalf of that  
534 company;

535 (21) "Alternative energy system" means design systems, equipment  
536 or materials which utilize as their energy source solar, wind, water or  
537 biomass energy in providing space heating or cooling, water heating or  
538 generation of electricity, but shall not include wood-burning stoves;

539 (22) "S corporation" means any corporation which is an S  
540 corporation for federal income tax purposes and includes any  
541 subsidiary of such S corporation that is a qualified subchapter S  
542 subsidiary, as defined in Section 1361(b)(3)(B) of the Internal Revenue  
543 Code, all of whose assets, liabilities and items of income, deduction  
544 and credit are treated under the Internal Revenue Code, and shall be  
545 treated under this chapter, as assets, liabilities and such items, as the  
546 case may be, of such S corporation;

547 (23) "Internal Revenue Code" means the Internal Revenue Code of  
548 1986, or any subsequent internal revenue code of the United States, as  
549 from time to time amended, effective and in force on the last day of the  
550 income year;

551 (24) "Partnership" means a partnership, as defined in the Internal  
552 Revenue Code, and includes a limited liability company that is treated  
553 as a partnership for federal income tax purposes;

554 (25) "Partner" means a partner, as defined in the Internal Revenue  
555 Code, and includes a member of a limited liability company that is  
556 treated as a partnership for federal income tax purposes;

557 (26) "Investment partnership" means a limited partnership that  
558 meets the gross income requirement of Section 851(b)(2) of the Internal  
559 Revenue Code, except that income and gains from commodities that  
560 are not described in Section 1221(1) of the Internal Revenue Code or  
561 from futures, forwards and options with respect to such commodities  
562 shall be included in income which qualifies to meet such gross income  
563 requirement, provided such commodities are of a kind customarily  
564 dealt with in an organized commodity exchange and the transaction is  
565 of a kind customarily consummated at such place, as required by

566 Section 864(b)(2)(B)(iii) of the Internal Revenue Code. To the extent  
567 that such a partnership has income and gains from commodities that  
568 are not described in Section 1221(1) of the Internal Revenue Code or  
569 from futures, forwards and options with respect to such commodities,  
570 such income and gains must be derived by a partnership which is not a  
571 dealer in commodities and is trading for its own account as described  
572 in Section 864(b)(2)(B)(ii) of the Internal Revenue Code. The term  
573 "investment partnership" does not include a dealer, within the  
574 meaning of Section 1236 of the Internal Revenue Code, in stocks or  
575 securities;

576 (27) "Passive investment company" means any corporation which is  
577 a related person to a financial service company, as defined in section  
578 12-218b, as amended, or to an insurance company, as defined in  
579 section 12-218b, as amended, and (A) employs not less than five full-  
580 time equivalent employees in the state; (B) maintains an office in the  
581 state; and (C) confines its activities to the purchase, receipt,  
582 maintenance, management and sale of its intangible investments, and  
583 the collection and distribution of the income from such investments,  
584 including, but not limited to, interest and gains from the sale, transfer  
585 or assignment of such investments or from the foreclosure upon or  
586 sale, transfer or assignment of the collateral securing such investments.  
587 For purposes of this subdivision, "intangible investments" shall be  
588 limited to loans secured by real property, as defined in section 12-218b,  
589 as amended, including a line of credit which is a loan secured by real  
590 property and which permits future advances by the passive  
591 investment company; the collateral or an interest in the collateral that  
592 secured such loans if the sale of such collateral or interest is actively  
593 marketed by or on behalf of the passive investment company; and any  
594 short-term investment of cash held by the passive investment company  
595 which cash is reasonably necessary for the operations of such passive  
596 investment company.

597 Sec. 13. Subsection (a) of section 12-217u of the general statutes is  
598 repealed and the following is substituted in lieu thereof (*Effective from*

599 *passage*):

600 (a) For purposes of this section:

601 (1) "Commissioner" means the Commissioner of Economic and  
602 Community Development;

603 (2) "Company" means any corporation, partnership, trust,  
604 association, unincorporated organization or similar organization;

605 (3) "Compensation is paid within this state" if (A) the individual's  
606 service is performed entirely within the state; or (B) the individual's  
607 service is performed both within and without the state, but the service  
608 performed without the state is incidental to the individual's service  
609 within the state;

610 (4) "Control" with respect to a corporation means ownership of  
611 stock possessing at least fifty per cent of the total combined voting  
612 power of all classes of stock entitled to vote. "Control" with respect to a  
613 partnership, association or similar unincorporated organization means  
614 ownership of at least fifty per cent of the capital or profits interest in  
615 such partnership or association. "Control" with respect to a trust,  
616 means ownership of at least fifty per cent of the beneficial interest in  
617 the principal or income of such trust. Ownership shall be determined  
618 as provided in Section 267(c) of the Internal Revenue Code of 1986, as  
619 in effect on October 14, 1994, other than paragraph (3) of such section;

620 (5) "Financial institution" means any bank, holding company or out-  
621 of-state bank, as those terms are defined in section 36a-2, as amended  
622 by this act, or out-of-state holding company, as that term is defined in  
623 section 36a-410, which directly or indirectly establishes an office in  
624 Connecticut and is subject to the supervision of or regulation by the  
625 [Commissioner of] Banking Commissioner pursuant to title 36a or by  
626 one or more federal banking agencies pursuant to applicable federal  
627 law. "Financial institution" also means any establishment described in  
628 major group 61 or 62 in the Standard Industrial Classification Manual,

629 United States Office of Management and Budget, 1987 edition, or in  
630 Subsector 522 or 523 in the North American Industrial Classification  
631 System, United States Manual, United States Office of Management  
632 and Budget, 1997 edition, as engaged primarily in the extending of  
633 credit in the form of loans or the underwriting, purchase, sale or  
634 brokerage of securities and other financial contracts on their own  
635 account or for the account of others, and exchanges, exchange  
636 clearinghouses and other services allied with the exchange of securities  
637 and commodities or a holding company controlling any such  
638 establishment;

639 (6) "Related person" means a corporation, limited liability company,  
640 partnership, trust, association, unincorporated organization or similar  
641 organization that is controlled by the financial institution;

642 (7) "Tax" means the corporation business tax imposed by this  
643 chapter.

644 Sec. 14. Subsection (g) of section 12-217u of the general statutes is  
645 repealed and the following is substituted in lieu thereof (*Effective from*  
646 *passage*):

647 (g) Upon application from a financial institution, the commissioner  
648 shall issue an initial certificate of eligibility for the credit allowed  
649 under subsection (b) of this section after it has been established that the  
650 applicant satisfies the new facility construction, certificate of  
651 occupancy and relevant employment requirements of this section and,  
652 after consultation with the Commissioner of Revenue Services and the  
653 [~~Commissioner of~~] Banking Commissioner, that the applicant is a  
654 financial institution. If the commissioner determines that all  
655 appropriate requirements are met, [he] the commissioner shall issue an  
656 annual certificate of eligibility for the credit allowed under subsection  
657 (b) or (f) of this section for each income year for which an application  
658 for a credit under either of said subsections is made. The commissioner  
659 shall require the financial institution to submit quarterly reports of the  
660 number of individuals to whom the financial institution or a related

661 person made payments of six hundred dollars or more which must be  
662 reported as provided by Section 6041 of the Internal Revenue Code of  
663 1986, or any subsequent corresponding internal revenue code of the  
664 United States, as from time to time amended, for each income year for  
665 which the credit is claimed and to submit such other information as  
666 may be necessary to determine whether all appropriate requirements  
667 have been met and that the applicant continues to be a financial  
668 institution. Such reports shall also include the number of individuals  
669 who are principals and who qualify as qualified employees under  
670 subparagraph (C) of subdivision (1) of subsection (d) of this section.

671 Sec. 15. Subsection (d) of section 16-262j of the general statutes is  
672 repealed and the following is substituted in lieu thereof (*Effective from*  
673 *passage*):

674 (d) The deposit index for each calendar year shall be equal to the  
675 average rate paid on savings deposits by insured commercial banks as  
676 last published in the Federal Reserve Board bulletin in November of  
677 the prior year. The [Commissioner of] Banking Commissioner shall  
678 determine the deposit index for each calendar year and publish such  
679 deposit index in the Department of Banking news bulletin no later  
680 than December fifteenth of the prior year. For purposes of this section,  
681 "Federal Reserve Board bulletin" means the monthly survey of selected  
682 deposits published as a special supplement to the Federal Reserve  
683 Statistical Release Publication H.6 published by the Board of  
684 Governors of the Federal Reserve System or, if such bulletin is  
685 superseded or becomes unavailable, a substantially similar index or  
686 publication.

687 Sec. 16. Subsection (b) of section 20-325c of the general statutes is  
688 repealed and the following is substituted in lieu thereof (*Effective from*  
689 *passage*):

690 (b) Notwithstanding any provision of the general statutes to the  
691 contrary, no real estate broker or real estate salesperson, and no person  
692 affiliated with such broker or salesperson, who receives a fee,

693 commission or other valuable consideration for the sale of residential  
694 real property, may receive a fee, commission or other valuable  
695 consideration for negotiating, soliciting, arranging, placing or finding a  
696 first mortgage loan for the buyer in connection with the same sale  
697 unless disclosure is made in accordance with the provisions of  
698 subsection (c) of this section. Any fee, commission or other valuable  
699 consideration received by such broker or salesperson for negotiating,  
700 soliciting, arranging, placing or finding a first mortgage loan shall (1)  
701 be related to the services actually performed, as determined by the  
702 [Commissioner of] Banking Commissioner by regulations adopted  
703 pursuant to chapter 54, (2) not be imposed for the referral of the buyer  
704 to the mortgage lender by such broker or salesperson, and (3) be paid  
705 directly to the broker or salesperson by the buyer rather than from the  
706 mortgage loan proceeds at the time of closing.

707 Sec. 17. Subsection (h) of section 31-53 of the general statutes is  
708 repealed and the following is substituted in lieu thereof (*Effective from*  
709 *passage*):

710 (h) As used in this section, section 31-54 and section 31-89a,  
711 "employee welfare fund" means any trust fund established by one or  
712 more employers and one or more labor organizations or one or more  
713 other third parties not affiliated with the employers to provide from  
714 moneys in the fund, whether through the purchase of insurance or  
715 annuity contracts or otherwise, benefits under an employee welfare  
716 plan; provided such term shall not include any such fund where the  
717 trustee, or all of the trustees, are subject to supervision by the  
718 [Commissioner of] Banking Commissioner of this state or any other  
719 state or the Comptroller of the Currency of the United States or the  
720 Board of Governors of the Federal Reserve System, and "benefits under  
721 an employee welfare plan" means one or more benefits or services  
722 under any plan established or maintained for employees or their  
723 families or dependents, or for both, including, but not limited to,  
724 medical, surgical or hospital care benefits; benefits in the event of  
725 sickness, accident, disability or death; benefits in the event of

726 unemployment, or retirement benefits.

727 Sec. 18. Section 32-19 of the general statutes is repealed and the  
728 following is substituted in lieu thereof (*Effective from passage*):

729 Loans secured by mortgages insured by the authority and loans to a  
730 proposed mortgagor for the purpose of a proposed economic  
731 development project owned by such proposed mortgagor when a  
732 proposed mortgagee has been given an advance commitment by the  
733 authority to insure mortgage payments required by a mortgage upon  
734 the completed economic development project shall be legal  
735 investments for all public officers and public bodies of the state and its  
736 political subdivisions, all insurance companies, credit unions, trust  
737 companies, banks, investment companies, savings banks, savings and  
738 loan associations, executors, administrators, guardians, conservators,  
739 trustees and other fiduciaries, and pension, profit-sharing and  
740 retirement funds, provided such loans shall be treated similarly to  
741 loans insured or to be insured by the Federal Housing Administrator  
742 for the purpose of determining the percentage of capital, surplus,  
743 assets or deposits which may be invested therein by an institution  
744 under the supervision of the [Commissioner of] Banking  
745 Commissioner, and such loans shall not be subject to limitations,  
746 conditions or restrictions imposed by law except as provided by this  
747 chapter.

748 Sec. 19. Subsection (b) of section 32-533 of the general statutes is  
749 repealed and the following is substituted in lieu thereof (*Effective from*  
750 *passage*):

751 (b) Each exempt company shall, no later than the date on which it is  
752 required to file the annual certificate required under subsection (a) of  
753 this section, pay to the appropriate department a nonrefundable fee of  
754 one thousand dollars to be used for processing the annual certificate.  
755 The [Commissioner of] Banking Commissioner and the Insurance  
756 Commissioner, as appropriate, may retain legal, financial and  
757 examination services, the reasonable cost of which may be charged

758 against the exempt company, upon determination of any such  
759 commissioner, in [his] such commissioner's discretion, that such  
760 services are necessary to confirm that the exempt company is engaging  
761 only in exempt activities and complies with the "Code of Conduct for  
762 Financial Institutions to Assist in the Detection and Disclosure of  
763 Information with Respect to the Criminal Use of the Systems Operated  
764 by Financial Institutions (Money Laundering)".

765 Sec. 20. Subsection (a) of section 32-535 of the general statutes is  
766 repealed and the following is substituted in lieu thereof (*Effective from*  
767 *passage*):

768 (a) An exempt banking company or exempt investment company  
769 shall be subject to regulation, investigation and examination by the  
770 [Commissioner of] Banking Commissioner as reasonably necessary to  
771 enable the commissioner to determine if the exempt banking company  
772 or investment company is an exempt company and limits its activities  
773 to exempt activities. In any investigation, examination or other  
774 proceeding under sections 32-530 to 32-540, inclusive, the  
775 [Commissioner of] Banking Commissioner shall have the authority  
776 provided in section 36a-17. The [Commissioner of] Banking  
777 Commissioner may adopt regulations in accordance with the  
778 provisions of chapter 54 to implement the provisions of this section.  
779 Such regulations may include provisions for determination of the  
780 status of a company as an exempt company and revocation of such  
781 status in accordance with section 32-537, as amended by this act. Such  
782 regulations and all investigative, enforcement and examination  
783 activities shall be consistent with the confidentiality provisions of  
784 section 32-537, as amended by this act, and shall not impose  
785 requirements on the exempt banking company or investment company  
786 except to the extent necessary to enable the commissioner to verify the  
787 company's status as an exempt company. Such regulations may further  
788 provide for the assessment and collection of fees from exempt banking  
789 companies and exempt investment companies sufficient, in the  
790 commissioner's judgment, to meet the expenses of the Department of

791 Banking in carrying out its responsibilities under this section. If the  
792 commissioner finds that an exempt banking company or exempt  
793 investment company holding a certificate under section 32-532 has  
794 engaged in, is engaging in or is about to engage in activities that are  
795 not exempt activities or is about to violate any regulation adopted or  
796 order issued by the commissioner, the commissioner may issue a cease  
797 and desist order under section 36a-52. If the commissioner finds that  
798 an exempt company has (1) intentionally engaged in activities that are  
799 not exempt activities or (2) engaged in a pattern of conduct  
800 demonstrating reckless indifference by engaging in activities that are  
801 not exempt activities, the commissioner may bring an action in the  
802 superior court for the judicial district of Hartford to revoke the  
803 certificate filed under section 32-532. The commissioner shall not be  
804 required to post a bond with the court.

805 Sec. 21. Section 32-537 of the general statutes is repealed and the  
806 following is substituted in lieu thereof (*Effective from passage*):

807 Notwithstanding any provision of sections 32-530 to 32-540,  
808 inclusive, the identity of customers and policyholders of the exempt  
809 company, and the owners of an exempt mutual fund investment  
810 company shall be kept strictly confidential and shall enjoy the same  
811 confidentiality they would otherwise enjoy if the exempt company was  
812 located and organized outside of the United States and its exempt  
813 activities were being conducted from offices located outside of the  
814 United States. Exempt companies shall be automatically deemed to  
815 have adopted the "Code of Conduct for Financial Institutions to Assist  
816 in the Detection and Disclosure of Information with Respect to the  
817 Criminal Use of the Systems Operated by Financial Institutions  
818 (Money Laundering)" and the [Commissioner of] Banking  
819 Commissioner, Insurance Commissioner or Commissioner of Revenue  
820 Services may determine, through examination, an exempt company's  
821 compliance with such code. Repeated failure to comply with the code,  
822 after notice and a hearing, shall be grounds for revocation of exempt  
823 company status. Any revocation shall take effect from the date of

824 revocation and shall not be retroactive.

825 Sec. 22. Subsection (a) of section 33-951 of the general statutes is  
826 repealed and the following is substituted in lieu thereof (*Effective from*  
827 *passage*):

828 (a) A corporation, except a corporation required by law to file  
829 financial reports with the [Commissioner of] Banking Commissioner,  
830 the Insurance Commissioner or the Department of Public Utility  
831 Control, shall furnish its shareholders annual financial statements,  
832 which may be consolidated or combined statements of the corporation  
833 and one or more of its subsidiaries, as appropriate, that include a  
834 balance sheet as of the end of the fiscal year, an income statement for  
835 that year, and a statement of changes in shareholders' equity for the  
836 year unless that information appears elsewhere in the financial  
837 statements. If financial statements are prepared for the corporation on  
838 the basis of generally accepted accounting principles, the annual  
839 financial statements must also be prepared on that basis.

840 Sec. 23. Section 36a-2 of the general statutes is repealed and the  
841 following is substituted in lieu thereof (*Effective from passage*):

842 As used in this title, unless the context otherwise requires:

843 (1) "Affiliate" of a person means any person controlling, controlled  
844 by, or under common control with, that person;

845 (2) "Applicant" with respect to any license or approval provision  
846 pursuant to this title means a person who applies for that license or  
847 approval;

848 (3) "Automated teller machine" means a stationary or mobile  
849 unattended device, including a satellite device but excluding a point of  
850 sale terminal, at which banking transactions, including, but not limited  
851 to, deposits, withdrawals, advances, payments or transfers, may be  
852 conducted;

- 853 (4) "Bank" means a Connecticut bank or a federal bank;
- 854 (5) "Bank and trust company" means an institution chartered or  
855 organized under the laws of this state as a bank and trust company;
- 856 (6) "Bank holding company" has the meaning given to that term in  
857 12 USC Section 1841(a), as from time to time amended, except that the  
858 term "bank", as used in 12 USC Section 1841(a) includes a bank or out-  
859 of-state bank that functions solely in a trust or fiduciary capacity;
- 860 (7) "Capital stock" when used in conjunction with any bank or out-  
861 of-state bank means a bank or out-of-state bank that is authorized to  
862 accumulate funds through the issuance of its capital stock;
- 863 (8) "Club deposit" means deposits to be received at regular intervals,  
864 the whole amount deposited to be withdrawn by the owner or repaid  
865 by the bank in not more than fifteen months from the date of the first  
866 deposit, and upon which no interest or dividends need to be paid;
- 867 (9) "Commissioner" means the [Commissioner of] Banking  
868 Commissioner and, with respect to any function of the commissioner,  
869 includes any person authorized or designated by the commissioner to  
870 carry out that function;
- 871 (10) "Company" means any corporation, joint stock company, trust,  
872 association, partnership, limited partnership, unincorporated  
873 organization, limited liability company or similar organization, but  
874 does not include (A) any corporation the majority of the shares of  
875 which are owned by the United States or by any state, or (B) any trust  
876 which by its terms must terminate within twenty-five years or not later  
877 than twenty-one years and ten months after the death of beneficiaries  
878 living on the effective date of the trust;
- 879 (11) "Connecticut bank" means a bank and trust company, savings  
880 bank or savings and loan association chartered or organized under the  
881 laws of this state;

882 (12) "Connecticut credit union" means a cooperative, nonprofit  
883 association, the membership of which is limited as provided in section  
884 36a-438, as amended, which is incorporated without capital stock  
885 under the laws of this state and licensed under chapter 667 for the  
886 purposes of encouraging thrift among its members, creating a source  
887 of credit at a fair and reasonable rate of interest and providing an  
888 opportunity for its members to use and control their own money to  
889 improve their economic and social condition;

890 (13) "Consolidation" means a combination of two or more  
891 institutions into a new institution; all institutions party to the  
892 consolidation, other than the new institution, are "constituent"  
893 institutions; the new institution is the "resulting" institution;

894 (14) "Control" has the meaning given to that term in 12 USC Section  
895 1841(a), as from time to time amended;

896 (15) "Customer" means any person using a service offered by a  
897 financial institution;

898 (16) "Demand account" means an account into which demand  
899 deposits may be made;

900 (17) "Demand deposit" means a deposit that is payable on demand,  
901 a deposit issued with an original maturity or required notice period of  
902 less than seven days or a deposit representing funds for which the  
903 bank does not reserve the right to require at least seven days' written  
904 notice of the intended withdrawal, but does not include any time  
905 deposit;

906 (18) "Deposit" means funds deposited with a depository;

907 (19) "Deposit account" means an account into which deposits may  
908 be made;

909 (20) "Depositor" includes a member of a mutual savings and loan  
910 association;

911 (21) "Director" means a member of the governing board of a  
912 financial institution;

913 (22) "Equity capital" means the excess of a Connecticut bank's total  
914 assets over its total liabilities, as defined in the instructions of the  
915 federal Financial Institutions Examination Council for consolidated  
916 reports of condition and income;

917 (23) "Executive officer" means every officer of a Connecticut bank  
918 who participates or has authority to participate, otherwise than in the  
919 capacity of a director, in major policy-making functions of such bank,  
920 regardless of whether such officer has an official title or whether that  
921 title contains a designation of assistant and regardless of whether such  
922 officer is serving without salary or other compensation. The president,  
923 vice president, secretary and treasurer of such bank are deemed to be  
924 executive officers, unless, by resolution of the governing board or by  
925 such bank's bylaws, any such officer is excluded from participation in  
926 major policy-making functions, otherwise than in the capacity of a  
927 director of such bank, and such officer does not actually participate in  
928 such policy-making functions;

929 (24) "Federal agency" has the meaning given to that term in 12 USC  
930 Section 3101, as from time to time amended;

931 (25) "Federal bank" means a national banking association, federal  
932 savings bank or federal savings and loan association having its  
933 principal office in this state;

934 (26) "Federal branch" has the meaning given to that term in 12 USC  
935 Section 3101, as from time to time amended;

936 (27) "Federal credit union" means any institution chartered or  
937 organized as a federal credit union pursuant to the laws of the United  
938 States having its principal office in this state;

939 (28) "Fiduciary" means a person undertaking to act alone or jointly  
940 with others primarily for the benefit of another or others in all matters

941 connected with its undertaking and includes a person acting in the  
942 capacity of trustee, executor, administrator, guardian, assignee,  
943 receiver, conservator, agent, custodian under the Connecticut Uniform  
944 Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting  
945 in any other similar capacity;

946 (29) "Financial institution" means any Connecticut bank,  
947 Connecticut credit union, or other person whose activities in this state  
948 are subject to the supervision of the commissioner, but does not  
949 include a person whose activities are subject to the supervision of the  
950 commissioner solely pursuant to chapter 672a, 672b or 672c or any  
951 combination thereof;

952 (30) "Foreign bank" has the meaning given to that term in 12 USC  
953 Section 3101, as from time to time amended;

954 (31) "Foreign country" means any country other than the United  
955 States and includes any colony, dependency or possession of any such  
956 country;

957 (32) "Governing board" means the group of persons vested with the  
958 management of the affairs of a financial institution irrespective of the  
959 name by which such group is designated;

960 (33) "Holding company" means a bank holding company or a  
961 savings and loan holding company, except, as used in sections 36a-180  
962 to 36a-191, inclusive, "holding company" means a company that  
963 controls a bank;

964 (34) "Insured depository institution" has the meaning given to that  
965 term in 12 USC Section 1813, as from time to time amended;

966 (35) "Licensee" means any person who is licensed or required to be  
967 licensed pursuant to the applicable provisions of this title;

968 (36) "Loan" includes any line of credit or other extension of credit;

969 (37) "Merger" means the combination of one or more institutions  
970 with another which continues its corporate existence; all institutions  
971 party to the merger are "constituent" institutions; the merging  
972 institution which upon the merger continues its existence is the  
973 "resulting" institution;

974 (38) "Mutual" when used in conjunction with any institution that is a  
975 bank or out-of-state bank means any such institution without capital  
976 stock;

977 (39) "Mutual holding company" means any mutual savings bank or  
978 mutual savings and loan association reorganized or any nonstock  
979 corporation formed in connection with a reorganization pursuant to  
980 sections 36a-192 to 36a-199, inclusive, to hold a majority of the  
981 ordinary voting shares of a reorganized savings institution;

982 (40) "Out-of-state" includes any state other than Connecticut and  
983 any foreign country;

984 (41) "Out-of-state bank" means any institution that engages in the  
985 business of banking, but does not include a bank, Connecticut credit  
986 union, federal credit union or out-of-state credit union;

987 (42) "Out-of-state credit union" means any credit union other than a  
988 Connecticut credit union or a federal credit union;

989 (43) "Out-of-state trust company" means any company chartered to  
990 act as a fiduciary but does not include a company chartered under the  
991 laws of this state, a bank, an out-of-state bank, a Connecticut credit  
992 union, a federal credit union or an out-of-state credit union;

993 (44) "Person" means an individual, company, including a company  
994 described in subparagraphs (A) and (B) of subdivision (10) of this  
995 section, or any other legal entity, including a federal, state or municipal  
996 government or agency or any political subdivision thereof;

997 (45) "Point of sale terminal" means a device located in a commercial

998 establishment at which sales transactions can be charged directly to the  
999 buyer's deposit, loan or credit account, but at which deposit  
1000 transactions cannot be conducted;

1001 (46) "Reorganized savings bank" means any savings bank  
1002 incorporated and organized in accordance with sections 36a-192 and  
1003 36a-193 a majority of the ordinary voting shares of which is owned by  
1004 a mutual holding company;

1005 (47) "Reorganized savings and loan association" means any savings  
1006 and loan association incorporated and organized in accordance with  
1007 sections 36a-192 and 36a-193 a majority of the ordinary voting shares  
1008 of which is owned by a mutual holding company;

1009 (48) "Reorganized savings institution" means any reorganized  
1010 savings bank or reorganized savings and loan association;

1011 (49) "Representative office" has the meaning given to that term in 12  
1012 USC Section 3101, as from time to time amended;

1013 (50) "Reserves for loan and lease losses" means the amounts  
1014 reserved by a Connecticut bank against possible loan and lease losses  
1015 as shown on the bank's consolidated reports of condition and income;

1016 (51) "Satellite device" means an automated teller machine which is  
1017 not part of an office of the bank, Connecticut credit union or federal  
1018 credit union which has established such machine;

1019 (52) "Savings account" means a deposit account, other than an  
1020 escrow account established pursuant to section 49-2a, into which  
1021 savings deposits may be made and which account must be evidenced  
1022 by periodic statements delivered at least semiannually or by a  
1023 passbook;

1024 (53) "Savings and loan association" means an institution chartered or  
1025 organized under the laws of this state as a savings and loan  
1026 association;

1027 (54) "Savings bank" means an institution chartered or organized  
1028 under the laws of this state as a savings bank;

1029 (55) "Savings deposit" means any deposit other than a demand  
1030 deposit or time deposit on which interest or a dividend is paid  
1031 periodically;

1032 (56) "Savings and loan holding company" has the meaning given to  
1033 that term in 12 USC Section 1467a, as from time to time amended;

1034 (57) "State" means any state of the United States, the District of  
1035 Columbia, any territory of the United States, Puerto Rico, Guam,  
1036 American Samoa, the trust territory of the Pacific Islands, the Virgin  
1037 Islands and the Northern Mariana Islands;

1038 (58) "State agency" has the meaning given to that term in 12 USC  
1039 Section 3101, as from time to time amended;

1040 (59) "State branch" has the meaning given to that term in 12 USC  
1041 Section 3101, as from time to time amended;

1042 (60) "Subsidiary" has the meaning given to that term in 12 USC  
1043 Section 1841(d), as from time to time amended;

1044 (61) "Supervisory agency" means: (A) The commissioner; (B) the  
1045 Federal Deposit Insurance Corporation; (C) the Resolution Trust  
1046 Corporation; (D) the Office of Thrift Supervision; (E) the National  
1047 Credit Union Administration; (F) the Board of Governors of the  
1048 Federal Reserve System; (G) the United States Comptroller of the  
1049 Currency; and (H) any successor to any of the foregoing agencies or  
1050 individuals;

1051 (62) "Time account" means an account into which time deposits may  
1052 be made; and

1053 (63) "Time deposit" means a deposit that the depositor does not  
1054 have a right and is not permitted to make withdrawals from within six

1055 days after the date of deposit, unless the deposit is subject to an early  
1056 withdrawal penalty of at least seven days' simple interest on amounts  
1057 withdrawn within the first six days after deposit, subject to those  
1058 exceptions permissible under Title 12, Part 204 of the Code of Federal  
1059 Regulations, as from time to time amended.

1060 Sec. 24. Subsection (b) of section 36a-24a of the general statutes is  
1061 repealed and the following is substituted in lieu thereof (*Effective from*  
1062 *passage*):

1063 (b) From May 12, 1999, to July 1, 2000, if the [Commissioner of  
1064 Banking] commissioner finds that it is not reasonably possible for a  
1065 depository institution to avoid, or to effectively protect itself against, a  
1066 failure of one or more of the critical functions of an information system  
1067 because (1) the depository institution has failed to develop adequate  
1068 testing plans to resolve any date change problems related to the years  
1069 1999 and 2000, (2) the depository institution has failed to develop  
1070 adequate contingency plans to ensure the ability of such depository  
1071 institution to conduct business in the event of a failure of one or more  
1072 of such critical functions, or (3) the implementation of adequate testing  
1073 plans with respect to such information system has resulted in a failure  
1074 of one or more of such critical functions and the depository institution  
1075 has failed to develop adequate contingency plans to address such  
1076 failure, the commissioner may seek any applicable remedy provided  
1077 under sections 36a-50, as amended, 36a-52, as amended, 36a-53, as  
1078 amended, and 36a-220, and subsection (e) of section 36a-464, provided  
1079 the limitations set forth in subdivisions (2) and (3) of subsection (c) of  
1080 section 36a-53, as amended, do not apply to any action taken by the  
1081 commissioner pursuant to this section. Any finding made by the  
1082 commissioner pursuant to this section shall be considered a violation  
1083 of this section for the purposes of sections 36a-50, as amended, 36a-52,  
1084 as amended, and 36a-53, as amended.

1085 Sec. 25. Section 36a-31 of the general statutes is repealed and the  
1086 following is substituted in lieu thereof (*Effective from passage*):

1087 (a) Except as provided in subsection (d) of this section, until June 30,  
1088 1997, each bank shall provide, in the public lobby of each of its offices  
1089 other than satellite devices, a public notice substantially similar to the  
1090 one set forth in this subsection and subsection (b) of this section.  
1091 Bracketed material shall be used only by a bank having more than one  
1092 local community.

1093 **COMMUNITY REINVESTMENT NOTICE**

1094 Community Reinvestment requires the evaluation of our  
1095 performance in helping to meet the credit needs of this community,  
1096 and to take this evaluation into account when the [Commissioner of]  
1097 Banking Commissioner decides on certain applications submitted by  
1098 us.

1099 Your involvement is encouraged.

1100 You should know that:

1101 You may obtain our current Community Reinvestment Statement  
1102 for this community in this office. (Current Community Reinvestment  
1103 Statements for other communities served by us are available at our  
1104 main office, located at:

1105 .....)

1106 You may send signed, written comments about our Community  
1107 Reinvestment Statement or our performance in helping to meet  
1108 community credit needs to (title and address of bank official) and to  
1109 the [Commissioner of] Banking Commissioner (address). Your letter,  
1110 together with any responses by us, may be made public.

1111 You may look at a file of all signed, written comments received by  
1112 us within the past two years, any response we have made to the  
1113 comments and all Community Reinvestment Statements in effect  
1114 during the past two years at our office located at (address). (You also  
1115 may look at the file about this community at (name and address of

1116 designated office).)

1117 You may ask to look at any comments received by the  
1118 [Commissioner of] Banking Commissioner.

1119 (b) If the bank is a subsidiary of a holding company, the following  
1120 provision shall be included in the Community Reinvestment Notice  
1121 required by subsection (a) of this section:

1122 We are a subsidiary of (name of holding company), a (bank/savings  
1123 and loan) holding company. You may request from the (Federal  
1124 Reserve Bank/Office of Thrift Supervision) of (city, address) an  
1125 announcement of applications covered by the community  
1126 reinvestment statement filed by holding companies.

1127 (c) Except as provided in subsection (d) of this section, until June 30,  
1128 1997, within thirty business days of receiving its most recent  
1129 community reinvestment performance evaluation prepared by the  
1130 commissioner or a federal financial supervisory agency, each bank  
1131 shall add the following provision to the community reinvestment  
1132 notice required by subsection (a) of this section:

1133 You may obtain the public section of our most recent Community  
1134 Reinvestment Performance Evaluation at (name and address of main  
1135 office and designated community office).

1136 (d) (1) On and after July 1, 1997, in addition to the public notice  
1137 required under federal CRA, each bank shall provide in the public  
1138 lobby of its main office and each of its branches in this state a public  
1139 notice substantially similar to the following:

1140 STATE OF CONNECTICUT

1141 COMMUNITY REINVESTMENT NOTICE

1142 The [Commissioner of] Banking Commissioner evaluates our record  
1143 of helping to meet the credit needs of this community consistent with

1144 safe and sound operations. The [Commissioner of] Banking  
1145 Commissioner also takes this record into account when deciding on  
1146 certain applications submitted by us.

1147 Your involvement is encouraged.

1148 In addition to the information that you are entitled to receive under  
1149 the federal Community Reinvestment Act, as listed in the "Community  
1150 Reinvestment Act Notice" posted in this lobby, you may review today  
1151 the public section of our most recent community reinvestment  
1152 performance evaluation prepared by the [Commissioner of] Banking  
1153 Commissioner.

1154 You may send written comments about our performance in helping  
1155 to meet community credit needs to the [Commissioner of] Banking  
1156 Commissioner (address). Your letter, together with any response by us,  
1157 will be considered by the [Commissioner of] Banking Commissioner in  
1158 evaluating our community reinvestment performance and may be  
1159 made public.

1160 You may ask to look at any comments received by the  
1161 [Commissioner of] Banking Commissioner.

1162 (2) Notwithstanding the provisions of subsections (a) to (c),  
1163 inclusive, of this section, prior to July 1, 1997, a bank may use the form  
1164 of public notice provided in subdivision (1) of this subsection in lieu of  
1165 the form of public notice set forth in subsections (a) to (c), inclusive, of  
1166 this section if such use is consistent with the form of public notice  
1167 required to be used by the bank under federal CRA.

1168 (e) The information, statements, evaluations and notices required  
1169 under this section and subsections (d) and (g) of section 36a-30 may be  
1170 combined with or attached to the information, statements, evaluations  
1171 and notices required under federal CRA.

1172 Sec. 26. Section 36a-251a of the general statutes is repealed and the  
1173 following is substituted in lieu thereof (*Effective from passage*):

1174 The [Commissioner of Banking] commissioner shall submit an  
1175 annual report to the joint standing committee of the General Assembly  
1176 having cognizance of matters relating to banks no later than January  
1177 first. The report shall summarize the commissioner's actions taken  
1178 pursuant to section 36a-70, as amended, subdivisions (40) and (41) of  
1179 subsection (a) of section 36a-250 or section 36a-252a, as amended.

1180 Sec. 27. Subdivision (6) of section 36b-3 of the general statutes is  
1181 repealed and the following is substituted in lieu thereof (*Effective from*  
1182 *passage*):

1183 (6) "Commissioner" means the [Commissioner of] Banking  
1184 Commissioner or any person appointed or designated by the  
1185 [Commissioner of] Banking Commissioner to administer sections 36b-2  
1186 to 36b-33, inclusive, as amended.

1187 Sec. 28. Subdivision (9) of section 36b-41 of the general statutes is  
1188 repealed and the following is substituted in lieu thereof (*Effective from*  
1189 *passage*):

1190 (9) "Commissioner" means the [commissioner of banking] Banking  
1191 Commissioner or any person designated by the [Commissioner of]  
1192 Banking Commissioner to administer sections 36b-40 to 36b-52,  
1193 inclusive.

1194 Sec. 29. Subdivision (1) of section 36b-61 of the general statutes is  
1195 repealed and the following is substituted in lieu thereof (*Effective from*  
1196 *passage*):

1197 (1) "Commissioner" means the [Commissioner of] Banking  
1198 Commissioner or any person appointed or designated by the  
1199 [Commissioner of] Banking Commissioner to administer said sections.

1200 Sec. 30. Subsection (e) of section 38a-775 of the general statutes is  
1201 repealed and the following is substituted in lieu thereof (*Effective from*  
1202 *passage*):

1203 (e) The Insurance Commissioner, in consultation with the  
1204 [Commissioner of] Banking Commissioner, may adopt regulations, in  
1205 accordance with chapter 54, to carry out the provisions of this section.  
1206 Nothing in this section shall be construed to limit the regulatory  
1207 jurisdiction of the Insurance Commissioner over the sale of insurance  
1208 in this state.

1209 Sec. 31. Subsection (c) of section 45a-177 of the general statutes is  
1210 repealed and the following is substituted in lieu thereof (*Effective from*  
1211 *passage*):

1212 (c) If the estate held by any person in any such fiduciary capacity is  
1213 less than two thousand dollars, or, in the case of a corporate fiduciary  
1214 under the supervision of the [Commissioner of] Banking  
1215 Commissioner or any other fiduciary bonded by a surety company  
1216 authorized to do business in this state, ten thousand dollars, such  
1217 fiduciary shall not be required to render such account unless so  
1218 ordered by the court.

1219 Sec. 32. Subsection (c) of section 45a-203 of the general statutes is  
1220 repealed and the following is substituted in lieu thereof (*Effective from*  
1221 *passage*):

1222 (c) In the absence of an express provision to the contrary in the  
1223 instrument, judgment, decree or order creating a trust or other  
1224 fiduciary relationship or appointing a fiduciary, any banking  
1225 institution acting as such a fiduciary may purchase for the fiduciary  
1226 estate, in addition to investments otherwise permitted, bonds or other  
1227 securities issued by the state of Connecticut, or by its agencies or  
1228 instrumentalities, or by towns, cities, boroughs or legally established  
1229 districts in Connecticut, which bonds or securities are underwritten by  
1230 such banking institution or by any syndicate which includes such  
1231 banking institution or an affiliate thereof, provided (1) that such bonds  
1232 or securities are rated within the top four rating categories recognized  
1233 by the [Commissioner of] Banking Commissioner, (2) that as a result of  
1234 such purchase the total amount invested by the banking institution as

1235 a fiduciary in any one such bond issue or security issue would not  
1236 aggregate during the existence of any underwriting or selling  
1237 syndication in excess of ten per cent of the total amount of such issue  
1238 outstanding, (3) that the banking institution discloses, at least  
1239 annually, to the beneficiaries of its fiduciary accounts the fact that the  
1240 banking institution or an affiliate may have an interest in the  
1241 underwriting of such bond or security, and (4) that such purchase is  
1242 made with the care of a prudent investor. The provisions of this  
1243 subsection shall apply to purchases of bonds or other securities made  
1244 at the time of the initial underwriting. For purposes of this subsection,  
1245 a "banking institution" includes any state or federally chartered bank,  
1246 savings bank or savings and loan association authorized to exercise  
1247 trust powers and do business in this state.

1248 Sec. 33. Subsection (a) of section 45a-208 of the general statutes is  
1249 repealed and the following is substituted in lieu thereof (*Effective from*  
1250 *passage*):

1251 (a) Notwithstanding any other provision of law, any fiduciary, as  
1252 defined in sections 45a-233 and subdivision (2) of subsection (a) of  
1253 section 36a-365, holding securities in its fiduciary capacity, any state  
1254 bank, trust company or national bank holding securities as a custodian,  
1255 managing agent or custodian for a fiduciary, is authorized to deposit  
1256 or arrange for the deposit of such securities in a clearing corporation as  
1257 defined in subsection (3) of section 42a-8-102. When such securities are  
1258 so deposited, certificates representing securities of the same class of the  
1259 same issuer may be merged and held in bulk in the name of the  
1260 nominee of such clearing corporation with any other such securities  
1261 deposited in such clearing corporation by any person regardless of the  
1262 ownership of such securities, and certificates of small denomination  
1263 may be merged into one or more certificates of larger denomination.  
1264 The records of such fiduciary and the records of such state bank, trust  
1265 company or national bank acting as custodian, as managing agent or as  
1266 custodian for a fiduciary shall at all times show the name of the party  
1267 for whose account the securities are so deposited. Title to such

1268 securities may be transferred by bookkeeping entry on the books of  
1269 such clearing corporation without physical delivery of certificates  
1270 representing such securities. A state bank, trust company or national  
1271 bank so depositing securities pursuant to this section shall be subject to  
1272 the rules and regulations as, in the case of state chartered institutions,  
1273 the state [Commissioner of] Banking Commissioner, and in the case of  
1274 national banking associations, the Comptroller of the Currency, may  
1275 from time to time issue. A state bank, trust company or national bank,  
1276 acting as custodian for a fiduciary, shall, on demand by the fiduciary,  
1277 certify in writing to the fiduciary the securities so deposited by such  
1278 state bank, trust company or national bank in such clearing  
1279 corporation for the account of such fiduciary. A fiduciary shall, on  
1280 demand by any party to a judicial proceeding for the settlement of  
1281 such fiduciary's account or on demand by the attorney for such party,  
1282 certify in writing to such party the securities deposited by such  
1283 fiduciary in such clearing corporation for its account as such fiduciary.

1284 Sec. 34. Subsection (b) of section 46a-66 of the general statutes is  
1285 repealed and the following is substituted in lieu thereof (*Effective from*  
1286 *passage*):

1287 (b) No liability may be imposed under this section for an act done or  
1288 omitted in conformity with a regulation or declaratory ruling of the  
1289 [Commissioner of] Banking Commissioner, the Federal Reserve Board  
1290 or any other governmental agency having jurisdiction under the Equal  
1291 Credit Opportunity Act, notwithstanding that after the act or omission  
1292 the regulation or declaratory ruling may be amended, repealed or  
1293 determined to be invalid for any reason.

1294 Sec. 35. Section 46a-67 of the general statutes is repealed and the  
1295 following is substituted in lieu thereof (*Effective from passage*):

1296 (a) The [Commissioner of] Banking Commissioner shall cooperate  
1297 with the commission in its enforcement of sections 46a-65 to 46a-67,  
1298 inclusive, 46a-81f, as amended by this act, and 46a-98.

1299 (b) The [Commissioner of] Banking Commissioner shall comply  
1300 with the commission's request for information, reasonable  
1301 investigatory assistance and the promulgation of regulations which  
1302 may be required for the effective administration of sections 46a-65 to  
1303 46a-67, inclusive, 46a-81f, as amended by this act, and 46a-98.

1304 Sec. 36. Subsection (b) of section 46a-81f of the general statutes is  
1305 repealed and the following is substituted in lieu thereof (*Effective from*  
1306 *passage*):

1307 (b) No liability may be imposed under this section for an act done or  
1308 omitted in conformity with a regulation or declaratory ruling of the  
1309 [Commissioner of] Banking Commissioner, the Federal Reserve Board  
1310 or any other governmental agency having jurisdiction under the Equal  
1311 Credit Opportunity Act, notwithstanding that after the act or omission  
1312 the regulation or declaratory ruling may be amended, repealed or  
1313 determined to be invalid for any reason.

1314 Sec. 37. Subdivision (1) of subsection (a) of section 47a-21 of the  
1315 general statutes is repealed and the following is substituted in lieu  
1316 thereof (*Effective from passage*):

1317 (1) "Commissioner" means the [Commissioner of] Banking  
1318 Commissioner.

1319 Sec. 38. Section 49-2b of the general statutes is repealed and the  
1320 following is substituted in lieu thereof (*Effective from passage*):

1321 The [Commissioner of] Banking Commissioner shall adopt such  
1322 regulations as are necessary to carry out the provisions of section 49-2a  
1323 and shall furnish forms to mortgagees for the purpose of reporting to  
1324 mortgagors the interest due under the provisions of section 49-2a.

1325 Sec. 39. Subsection (b) of section 49-7f of the general statutes is  
1326 repealed and the following is substituted in lieu thereof (*Effective from*  
1327 *passage*):

1328 (b) Any person who violates the provisions of subsection (a) of this  
1329 section shall upon a verified complaint in writing of any person,  
1330 provided such complaint, or such complaint together with evidence,  
1331 documentary or otherwise, presented in connection therewith, shall  
1332 make out a prima facie case, to the [Commissioner of] Banking  
1333 Commissioner, who shall investigate the actions of any mortgage  
1334 broker or lender, or any person who assumes to act in any of such  
1335 capacities within this state. The [Commissioner of] Banking  
1336 Commissioner shall have the power temporarily to suspend or  
1337 permanently to revoke any license issued under the provisions of  
1338 subpart (A) of part I of chapter 668 and, in addition to or in lieu of such  
1339 suspension or revocation, may, in [his] the commissioner's discretion,  
1340 impose a fine of not more than one thousand dollars for each offense  
1341 for any violation of the provisions of subsection (a) of this section.

1342 Sec. 40. Section 49-31j of the general statutes is repealed and the  
1343 following is substituted in lieu thereof (*Effective from passage*):

1344 The [Commissioner of] Banking Commissioner shall adopt  
1345 regulations in accordance with chapter 54 as [he] the commissioner  
1346 deems necessary specifying (1) the manner in which a composite  
1347 interest rate shall be computed for the new mortgage debt pursuant to  
1348 subsection (c) of section 49-31i and (2) the method or standard by  
1349 which prevailing market rates of interest are to be determined.

1350 Sec. 41. Section 52-367a of the general statutes is repealed and the  
1351 following is substituted in lieu thereof (*Effective from passage*):

1352 As used in this section and section 52-367b, as amended by this act,  
1353 the term "banking institution" means any bank, savings bank, savings  
1354 and loan association or credit union organized, chartered or licensed  
1355 under the laws of this state or the United States and having its main  
1356 office in this state, or any similar out-of-state institution having a  
1357 branch office in this state. Execution may be granted pursuant to this  
1358 section against any debts due from any banking institution to a  
1359 judgment debtor which is not a natural person. If execution is desired

1360 against any such debt, the plaintiff requesting the execution shall so  
1361 notify the clerk, and the clerk shall issue such execution containing a  
1362 direction that the officer serving the same shall make demand (1) upon  
1363 the main office of any banking institution having its main office within  
1364 the county of such officer, or (2) if such main office is not within such  
1365 officer's county and such banking institution has one or more branch  
1366 offices within such county, upon an employee of such a branch office,  
1367 such employee and branch office having been designated by the  
1368 banking institution in accordance with regulations adopted by the  
1369 [Commissioner of] Banking Commissioner in accordance with chapter  
1370 54, for the payment of any debt due to the judgment debtor, and, after  
1371 having made such demand, shall serve a true and attested copy  
1372 thereof, with [his] such officer's actions thereon endorsed, with the  
1373 banking institution officer upon whom such demand is made. If any  
1374 such banking institution upon which such execution is served and  
1375 upon which such demand is made is indebted to the judgment debtor,  
1376 it shall pay to such officer, in the manner and at the time hereinafter  
1377 described, the amount of such indebtedness not exceeding the amount  
1378 due on such execution, to be received and applied on such execution  
1379 by such officer. Such banking institution shall act upon such execution  
1380 according to section 42a-4-303 before its midnight deadline, as defined  
1381 in section 42a-4-104. If such banking institution fails or refuses to pay  
1382 over to such officer the amount of such debt, not exceeding the amount  
1383 due on such execution, such banking institution shall be liable in an  
1384 action therefor to the judgment creditor named in such execution, and  
1385 the amount so recovered by such judgment creditor shall be applied  
1386 toward the payment of the amount due on such execution.

1387 Sec. 42. Subsection (b) of section 52-367b of the general statutes, as  
1388 amended by section 1 of public act 01-196 and section 12 of public act  
1389 01-9 of the June special session, is repealed and the following is  
1390 substituted in lieu thereof (*Effective from passage*):

1391 (b) If execution is desired against any such debt, the plaintiff  
1392 requesting the execution shall notify the clerk of the court. In a IV-D

1393 case, the request for execution shall be accompanied by an affidavit  
1394 signed by the levying officer attesting to an overdue support amount  
1395 of five hundred dollars or more which accrued after the entry of an  
1396 initial family support judgment. If the papers are in order, the clerk  
1397 shall issue such execution containing a direction that the officer  
1398 serving the same shall, within seven days from the receipt by the  
1399 officer of such execution, make demand (1) upon the main office of any  
1400 banking institution having its main office within the county of such  
1401 officer, or (2) if such main office is not within such officer's county and  
1402 such banking institution has one or more branch offices within such  
1403 county, upon an employee of such a branch office, such employee and  
1404 branch office having been designated by the banking institution in  
1405 accordance with regulations adopted by the [Commissioner of]  
1406 Banking Commissioner in accordance with chapter 54, for payment of  
1407 any such nonexempt debt due to the judgment debtor and, after  
1408 having made such demand, shall serve a true and attested copy of the  
1409 execution, together with the affidavit and exemption claim form  
1410 prescribed by subsection (k) of this section, with such officer's doings  
1411 endorsed thereon, with the banking institution officer upon whom  
1412 such demand is made. If the officer serving such execution has made  
1413 an initial demand pursuant to this subsection within such seven-day  
1414 period, the officer may make additional demands on the main office of  
1415 other banking institutions or employees of other branch offices  
1416 pursuant to subdivision (1) or (2) of this subsection, provided any such  
1417 additional demand is made not later than forty-five days from the  
1418 receipt by the officer of such execution.

|  |                     |
|--|---------------------|
| This act shall take effect as follows: |                     |
| Section 1                              | <i>from passage</i> |
| Sec. 2                                 | <i>from passage</i> |
| Sec. 3                                 | <i>from passage</i> |
| Sec. 4                                 | <i>from passage</i> |
| Sec. 5                                 | <i>from passage</i> |
| Sec. 6                                 | <i>from passage</i> |
| Sec. 7                                 | <i>from passage</i> |

|         |                     |
|---------|---------------------|
| Sec. 8  | <i>from passage</i> |
| Sec. 9  | <i>from passage</i> |
| Sec. 10 | <i>from passage</i> |
| Sec. 11 | <i>from passage</i> |
| Sec. 12 | <i>from passage</i> |
| Sec. 13 | <i>from passage</i> |
| Sec. 14 | <i>from passage</i> |
| Sec. 15 | <i>from passage</i> |
| Sec. 16 | <i>from passage</i> |
| Sec. 17 | <i>from passage</i> |
| Sec. 18 | <i>from passage</i> |
| Sec. 19 | <i>from passage</i> |
| Sec. 20 | <i>from passage</i> |
| Sec. 21 | <i>from passage</i> |
| Sec. 22 | <i>from passage</i> |
| Sec. 23 | <i>from passage</i> |
| Sec. 24 | <i>from passage</i> |
| Sec. 25 | <i>from passage</i> |
| Sec. 26 | <i>from passage</i> |
| Sec. 27 | <i>from passage</i> |
| Sec. 28 | <i>from passage</i> |
| Sec. 29 | <i>from passage</i> |
| Sec. 30 | <i>from passage</i> |
| Sec. 31 | <i>from passage</i> |
| Sec. 32 | <i>from passage</i> |
| Sec. 33 | <i>from passage</i> |
| Sec. 34 | <i>from passage</i> |
| Sec. 35 | <i>from passage</i> |
| Sec. 36 | <i>from passage</i> |
| Sec. 37 | <i>from passage</i> |
| Sec. 38 | <i>from passage</i> |
| Sec. 39 | <i>from passage</i> |
| Sec. 40 | <i>from passage</i> |
| Sec. 41 | <i>from passage</i> |
| Sec. 42 | <i>from passage</i> |

**Statement of Purpose:**

To allow the Commissioner and Department of Banking employees to invest, without inadvertently violating the restrictions on financial interests, in mutual funds, pension funds, deferred compensation

plans or other investments in which an employee does not control which securities are held in the portfolio; to include a holding company that has a wholly-owned subsidiary that is a capital stock Connecticut bank in the list of prohibited financial interests; to include the financial interests of an employee's spouse and dependent children residing in the same household as an employee as part of the employee's restrictions on financial interest to avoid any potential conflict of interest; and to change the title of the department head from the "Commissioner of Banking" to "Banking Commissioner" wherever it appears in the Connecticut general statutes to save money by conforming the commissioner's official name to the name as it appears on the Department of Banking's seal and accurately reflect its common usage.

*[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.]*