

ACT 76

S.B. NO. 2693

A Bill for an Act Relating to Financial Institutions.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 401-3, Hawaii Revised Statutes, is amended to read as follows:

“§401-3 [Inspection; examination; duties.] Examinations and duties. Every bank, trust company, building and loan association, fiduciary company, financial services loan company, or licensee under chapter 409 doing business in the State, excepting the national banks, shall be subject to the [inspection] examination of the commissioner. The commissioner or a duly appointed examiner shall visit and examine every such bank, company, association, or licensee no less than once every [18] eighteen months unless otherwise provided by law and whenever the commissioner deems it necessary or expedient[, and makes]. The purpose of the examination shall be to ensure that such bank, company, association, or licensee is not engaging in illegal, unsafe, or unsound practices. The examination shall include a complete and careful [examination] review of the condition and resources of the bank, company, association, or licensee, the mode of managing its or the licensee’s business and conducting its or the licensee’s affairs, the action of its officers and directors, if a corporation, in the investment, management, and disposition of its funds, the disposition of funds and securities entrusted to it or the licensee in any fiduciary capacity, the safety and prudence of its or the licensee’s management, its or the licensee’s policy of transacting business, the security afforded to persons dealing therewith,

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and whether the bank, company, association, or licensee is complying with the laws of the State.

The commissioner shall adopt rules pursuant to chapter 91 respecting examination priority, the frequency and scope of the examination depending on capital, assets, management, earnings and liquidity of the institution involved.

The commissioner shall keep in the commissioner's office proper records showing the acts, matters, and things by the commissioner done under this chapter."

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved May 23, 1990.)