

Approved: February 11, 1993
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Richard Bond at 9:10 on February 10, 1993 in Room 529-S of the Capitol.

All members were present.

Committee staff present: William Wolff, Legislative Research Department
Fred Carman, Revisor of Statutes
June Kossover, Committee Secretary

Conferees appearing before the committee: Jennifer C. Wentz, Office of Secretary of State
James Maag, Kansas Bankers Association

Others attending: See attached list

Senator Steffes moved to approved the minutes of the meeting of February 9 as submitted. The motion was seconded by Senator Praeger. The motion carried.

Background information on William Caton, Gubernatorial Appointee to the Pooled Money Investment Board, was furnished to the committee. (Attachment #1.) Since Mr. Caton has previously been confirmed as Consumer Credit Commissioner and is known to this committee, the chairman questioned whether committee members felt Mr. Caton's appearance was necessary to recommend confirmation. Senator Lee made a motion, seconded by Senator Steffes, to recommend confirmation of Mr. Caton to the PMIB without his appearing before the committee. The motion carried.

The hearing was opened on **SB 105**--Filing requirements under the uniform commercial code. Jennifer Chaulk Wentz, Deputy Assistant Secretary of State, appeared as proponent of this bill, which would require Federal Employer Identification Numbers be recorded on Uniform Commercial Code financing statements, continuation statements, assignments, and releases. (Attachment #2.) Ms. Wentz explained that the FEIN would permit more accurate searches. In response to Senator Steffes' question, Ms. Wentz advised that, although there are relatively few instances where errors have occurred, the errors have been costly. Ms. Wentz requested the bill be amended on page 2 to move the words, "federal employer" from line 30 to line 31, leaving line 30 blank.

James Maag, Kansas Bankers Association, also appeared as a proponent of this legislation, stating that the bill would be beneficial to both creditors and debtors. (Attachment #3.) In response to Senator Corbin, Mr. Maag stated that requiring the FEIN should not cause undue pressure on anyone since most businesses already have a number and, for those who do not, a FEIN can be obtained by telephone. Mr. Maag also recommended that the social security number be required, as well as the FEIN.

Ms. Wentz also clarified that this bill applies only at the state level and would not affect consumer loans, which are filed at the county level.

There being no other conferees, the hearing was closed. Senator Lawrence made a motion to amend page 2, line 30 as requested by the Secretary of State's office. Senator Steffes seconded the motion. The motion carried.

Senator Moran moved to conceptually amend the bill to add "...social security number" where appropriate. Senator Lee seconded the motion. The motion carried.

Senator Lee moved to recommend SB 105 favorably as amended. Senator Lawrence seconded the motion. The motion carried.

Conferees scheduled to appear on **SB 190** were not in attendance at today's meeting; therefore, the hearing will be rescheduled for Friday, February 12.

The committee adjourned at 9:35 a.m.

GUEST LIST

SENATE

COMMITTEE: FINANCIAL INSTITUTIONS AND INSURANCE

DATE: 2/10/93

[illegible]



FILED

APR 9 1992

KANSAS COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT

STATEMENT OF SUBSTANTIAL INTERESTS FOR INDIVIDUALS WHOSE

GRAVES
SECRETARY OF STATE

APPOINTMENT TO STATE OFFICE IS SUBJECT TO SENATE CONFIRMATION

INSTRUCTIONS. This statement (pages 1 through 4) must be completed by each person whose appointment to a state position is subject to Senate confirmation (K.S.A. 46-247 and 46-248). Failure to complete and return this statement may result in a fine of \$10 per day for each day it remains unfiled. Also, any individual who intentionally fails to file as required by law, or intentionally files a false statement, is subject to prosecution for a class B misdemeanor.

Please read the "Guide" and "Definition" section provided with this form for additional assistance in completing sections "C" through "G". If you have questions or wish assistance, please contact the Commission office at 109 West 9th, Topeka, KS or call 913-296-4219.

A. IDENTIFICATION:

PLEASE TYPE OR PRINT

C	A	T	O	N						W	I	L	L	I	A	M						F
---	---	---	---	---	--	--	--	--	--	---	---	---	---	---	---	---	--	--	--	--	--	---

Last Name

First Name

MI

[illegible]

Spouse's Name

[illegible]

Number & Street Name, Apartment Number, Rural Route, or P.O. Box Number

A	U	B	U	R	N		K	A	N	S	A	S		6	6	4	0	2								
---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	---	--	--	--	--	--	--	--	--

City, State, Zip Code

9	1	3	☆☆	2	5	6	☆☆	2	4	3	1
---	---	---	----	---	---	---	----	---	---	---	---

Home Phone Number

9	1	3	★★	2	9	6	★★	3	1	5	1
---	---	---	----	---	---	---	----	---	---	---	---

Business Phone Number

B. APPOINTED POSITION SUBJECT TO SENATE CONFIRMATION:

C	O	N	S	U	M	E	R		C	R	E	D	I	T		C	O	M	M						
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	--	--	--	--	--	--

List Name of Agency, Commission or Board

														C	O	M	M	I	S	S	T	O	N	E	R
--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---	---	---	---	---	---	---	---	---	---

Position

* The last four digits of your social security number will aid in identifying you from others with the same name on the computer list. This information is optional.

☆	2	2	4	9
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KCGS&C 201-3, Rev. 2-92

Senate 7141
2/10/93
2-92 Attachment #

2. **OWNERSHIP INTERESTS:** List any corporation, partnership, proprietorship, trust, joint venture and every other business interest, including land used for income in, which either you or your spouse has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5%, whichever is less. If you or your spouse own more than 5% of a business, you must disclose the percentage held. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "C", check here ____.

BUSINESS NAME AND ADDRESS		TYPE OF BUSINESS	DESCRIPTION OF INTERESTS HELD	HELD BY WHOM	PERCENT OF OWNERSHIP INTERESTS
1. Auburn Security Bancshares, Inc.	Auburn, Kansas 66402	Bank Holding Company	Security State Bank Auburn, KS	— — You	
				— — Spouse	
				<u>x</u> <u>25</u> Jointly	
2. Windy Ridge Ranch	Auburn, Kansas 66402	Beef Production	Land & Livestock	— — You	
				— — Spouse	
				<u>x</u> <u>100</u> Jointly	
3. R. L. Goodyear Agency	Auburn, Kansas 66402	Insurance/ Real Estate Sales	None (Service Corp.)	<u>x</u> <u>50</u> You	
				— — Spouse	
				— — Jointly	
4. Auburn Branch/Wittmer Farm Realty	Auburn, Kansas 66402	Real Estate Sales	None	<u>x</u> <u>50</u> You	
				— — Spouse	
				— — Jointly	
5.				— — You	
				— — Spouse	
				— — Jointly	
6.				— — You	
				— — Spouse	
				— — Jointly	
7.				— — You	
				— — Spouse	
				— — Jointly	

- D. **GIFTS OR HONORARIA:** List any person or business from whom you or your spouse either individually or collectively, have received gifts or honoraria having an aggregate value of \$500 or more in the preceding 12 months.

If you have nothing to report in Section "D", check here x.

NAME OF PERSON OR BUSINESS FROM WHOM GIFT RECEIVED	ADDRESS	RECEIVED BY:
1.		
2.		
3.		

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E. RECEIPT OF COMPENSATION: List all places of employment in the last calendar year, and any other businesses from which you or your spouse received \$2,000 or more in compensation (salary, thing of value, or economic benefit conferred on in return for services rendered, or to be rendered), which was reportable as taxable income on your federal income tax returns.

1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAME AS SECTION "B", CHECK HERE ____.
- If you have nothing to report in Section "E"1, check here ____.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	Security State Bank	Auburn, Kansas	Bank
2.	R. L. Goodyear Agency	Auburn, Kansas	Insurance & Real Esta

2. SPOUSE'S PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR.
- If you have nothing to report in Section "E"2, check here ____.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	U.S.D. #437	Topeka, Kansas	Public School
2.			

F. OFFICER OR DIRECTOR OF AN ORGANIZATION OR BUSINESS: List any organization or business in which you or your spouse hold a position of officer, director, associate, partner or proprietor at the time of filing, irrespective of the amount of compensation received for holding such position. Please insert additional page if necessary to complete this section. If you have nothing to report in Section "F", check here ____.

	BUSINESS NAME AND ADDRESS	POSITION HELD	HELD BY WHOM
1.	Security State Bank Auburn, Kansas	Chairman of Board Director	Self Spouse
2.	Windy Ridge Ranch Auburn, Kansas	Proprietor	Joint - Self & Spouse
3.			
4.			
5.			

- G. **RECEIPT OF FEES AND COMMISSIONS:** List each client or customer who pays fees or commissions to a business or combination of businesses from which fees or commissions you or your spouse received an aggregate of \$2,000 or more in the preceding calendar year. The phrase "client or customer" relates only to businesses or combination of businesses. In the case of a partnership, it is the partner's proportionate share of the business, and hence of the fee, which is significant, without regard to expenses of the partnership. An individual who receives a salary as opposed to portions of fees or commissions is generally not required to report under this provision. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "G", check here X .

	NAME OF CLIENT / CUSTOMER	ADDRESS	RECEIVED BY
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			

H. **DECLARATION:**

I, William F. Caton, declare that this statement of substantial interests (including any accompanying pages and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement of all of my substantial interests and other matters required by law. I understand that the intentional failure to file this statement as required by law or intentionally filing a false statement is a class B misdemeanor.

April 8, 1992

Date


Signature of Person Making Statement

NUMBER OF ADDITIONAL PAGES .

Return your completed statement to the Secretary of State, State House, Topeka, Kansas 66612.

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SENATE CONFIRMATION QUESTIONNAIRE
APPOINTMENTS BY GOVERNOR JOAN FINNEY

Name: William F. Caton

Home Address: P.O. Box 119

City, State, Zip Code: Auburn, Kansas 66402

Home Phone: 913 / 256-2431

Business Address: 700 SW Jackson, Jayhawk Tower, Suite 1000

City, State, Zip Code: Topeka, Kansas 66603-3758

Business Phone: 913 / 296-6747

Date of Birth: 07-22-51 Place of Birth Topeka, Kansas

Party Affiliation Rebuplican KBI Check(Yes/No) Yes

Appointed as: member, Pooled Money Investment Board (PMIB)

Effective 07-01-92 for the 2 year term

ending 06-30-94 Succeeding New Position

Salary none Statutory Authority K.S.A. 1992 Supp. 754221-A

Statutory Requirements _____

1. EDUCATION: Hayden High School

Year Graduated 1969

Postsecondary	Degree, etc.	Dates
<u>Washburn University</u>	<u>BBA</u>	<u>1974</u>
_____	_____	_____
_____	_____	_____

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2. MEMBERSHIP IN BUSINESS, TRADE AND PROFESSIONAL ORGANIZATIONS DURING PAST 10 YEARS:

Dates	Name	Location
<u>1976 - present</u>	<u>Kansas Bankers Association</u>	<u>Topeka</u>
<u>1976 - present</u>	<u>Community Bankers Association</u>	<u>Topeka</u>
<u>1980 - 1988</u>	<u>Bank Administration Institute</u>	<u>Topeka</u>

3. HAVE YOU EVER BEEN ELECTED OR APPOINTED TO ANY PUBLIC OFFICE IN KANSAS? X Yes No
If so, please list dates and offices held.

Date	Office
<u>1991 - present</u>	<u>Consumer Credit Commissioner</u>
<u>1992 - present</u>	<u>President, Kansas Development Finance Authority</u>
<u>1980 - 1987</u>	<u>City Counsel Member and Mayor, City of Auburn</u>

4. HAVE YOU EVER BEEN EMPLOYED BY OR HELD A POSITION OR OFFICE WITH ANY FEDERAL, FOREIGN STATE, OR LOCAL GOVERNMENTAL ENTITY OR AGENCY? same as #3
If so, please list dates and offices held:

5. HAVE YOU BEEN A REGISTERED LOBBYIST OR EMPLOYED A REGISTERED LOBBYIST AT ANY TIME DURING THE PAST 5 YEARS? no
If you were a registered lobbyist, did you receive any compensation?
List groups you represented or for which you employed a lobbyist:

6. EXPERIENCE OR INTERESTS WHICH QUALIFY YOU FOR THE OFFICE TO WHICH YOU HAVE BEEN APPOINTED:

Managed investment portfolio for commercial bank for 8 years.

7. SUMMARY OF BUSINESS OR PROFESSIONAL EXPERIENCE: _____

Community Banker for 15 years, Consumer Credit Commission for 1½ years
and President of the Kansas Development Finance Authority for 1 year.

8. HAVE YOU EVER BEEN A MEMBER OF THE ARMED FORCES OF THE UNITED STATES? no

If so, please list dates of service, branch of service and date and type of discharge:

9. HAVE YOU EVER BEEN ARRESTED, CHARGED OR HELD BY FEDERAL, STATE OR OTHER LAW ENFORCEMENT AUTHORITIES FOR VIOLATION OF ANY FEDERAL LAW, STATE LAW, COUNTY OR MUNICIPAL LAW, REGULATION OR ORDINANCE (EXCLUDING TRAFFIC VIOLATIONS FOR WHICH A FINE OF \$100 OR LESS WAS IMPOSED)? no
- _____
- _____

10. DISPOSITION OF ANY INTERESTS THAT MIGHT HAVE PRESENTED A POTENTIAL CONFLICT OF INTEREST FOR THIS POSITION.

No disposition but presently active board member of community bank that
has deposits with the Pooled Money Investment Board.

Return to: Mary Holladay
Appointment Secretary
Office of the Governor
2nd Floor, State Capitol
Topeka, KS 66612



Signature

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Bill Graves
Secretary of State



2nd Floor, State Capitol
Topeka, KS 66612-1594
(913) 296-2236

STATE OF KANSAS
TESTIMONY OF JENNIFER CHAULK WENTZ
Deputy Assistant Secretary of State
Legal Counsel

FINANCIAL INSTITUTIONS AND INSURANCE
February 10, 1993

SENATE BILL 105

Thank you Mr. Chairman and members of the committee.

I appear before you today to ask for your favorable consideration of Senate Bill 105, requiring that Federal Employer Identification Numbers be recorded on Uniform Commercial Code financing statements, continuation statements, assignments and releases.

Current law enables our office to search uniform commercial code records by the name of the debtor. This type of search leaves the door open for errors in the system. Because we can only report information on exact name searches, anytime a debtor is filed either with or without a middle initial, a single search of our records will not report a match. Derivations of names (for example, "Bill" and "William") also require two searches to pick up all information.

Requiring a FEIN number will allow secured parties to search a debtor by a single, uniform number and be assured that they have a complete search of all liens against that debtor.

Secondly, SB 105 requires on page 3, lines 14-22, that any amendment to a financing statement, except one changing the classification or value of collateral, be signed only by the secured party. This differs from current law in that signatures of the secured party and the debtor are required on all amendments.

We do ask for one minor correction in the drafting of the legislation. On page two, line 30, the words "federal employer" should be part of line 31 and should be replaced by a blank line. The name of the secured party and the FEIN number should be separate fields of information.

This is a virtual copy of legislation introduced in 1991, except we have deleted any reference to requiring Social Security Numbers. The 1991 legislation passed the Senate 39-1.

Thank you.

Senate 7/41 2/10/93

Attachment #2



The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

February 3, 1993

TO: Senate Committee on Financial Institutions and Insurance
RE: **SB 105** - Amendments to the Uniform Commercial Code (UCC)

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before the committee in support of **SB 105**. This bill includes two amendments to the Uniform Commercial Code (UCC) which we believe will be beneficial to both creditors and debtors.

Under the provisions of the UCC, creditors may file "financing statements" with the appropriate local or state authorities for the purpose of notifying all other potential creditors that a security interest exists in relationship to certain collateral. By filing such a financing statement, which is commonly referred to as a "UCC-1" the creditor has "perfected" his or her security interest under the provisions of the UCC and, in most instances, no other creditor may acquire a preferential position on the collateral referenced in the financing statement. In Kansas most UCC-1 filings have been made with the Secretary of State since 1984 although certain filings - such as those relating to personal property - are still made with the Register of Deeds office in the appropriate county.

SB 105 addresses a problem which arises frequently in the UCC-1 filing process. It has to do with the confusion created over similar names or variations of the same name on a filing. As a result, many problems can develop in doing a lien search.

One way several states have dealt with this problem is by allowing the use of Social Security numbers (SSN) and Federal Employer Identification numbers (FEIN) on the UCC-1 financing statements. This allows for a quick and accurate check in situations where there could easily be confusion over a name. The use of the numbers has become increasingly commonplace to the point where they are often used for conference registrations, on drivers licenses, and their use is even mandated under certain federal laws. Thus it is not unprecedented that these numbers be required on documents. The use of the FEIN on UCC-1 statements, as is provided in **SB 105**, would save time for everyone involved in a loan transaction and would certainly be a safer and less costly approach for creditors.

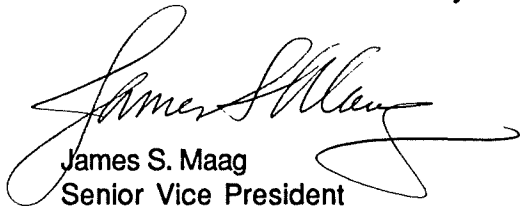
The other problem addressed in **SB 105** relates to amendments to existing UCC-1 financing statements. Currently under the provisions of the UCC any amendments to an existing UCC-1 must contain the signatures of both the debtor and the creditor. This includes even such simple items as a change in address. Much time, money, and hassle could be saved for all parties



involved if only creditors were required to sign financing statements in those situations which did not materially change or "prejudice" the position of the debtor.

The International Association of Corporation Administrators has adopted a resolution endorsing this change and requesting state legislatures to adopt such an amendment to the UCC. Section 1 (4) of **SB 105** incorporates this change.

We appreciate your attention to this important matter and strongly urge the committee to recommend **SB 105** favorably.



James S. Maag
Senior Vice President

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