

MINUTES OF THE REGULAR MEETING  
OF THE STATE BANKING BOARD

FEBRUARY 19, 2020

**First item** of business on the agenda, Chairman Thompson called the Banking Board meeting to order at 10:00 a.m., pursuant to the Agenda that was posted for public display prior to 10:00 a.m. on February 14, 2020. Notice of the meeting was also made available to the Secretary of State and other interested parties pursuant to Title 25 O.S. § 311 (The Open Meeting Act). The meeting was held in the Conference Room of the State Banking Department, Oklahoma City, Oklahoma.

**Second item** on the agenda was roll call; the following members were present:

Mick Thompson, Chairman  
Sandy Bracken  
Dennis Brand  
Wade Huckabay  
Brad Krieger  
Tom Thompson

Member Newcomb was absent.

Also present: Dudley Gilbert, Deputy Commissioner; Wayne Arbuthnot, Assistant Deputy Commissioner; Paul Qualls, Director of Examinations; Steven Hawkins, Budget Director; and Angela Morris, Administrative Assistant.

**Third item** on the agenda was approval of minutes for the rescheduled regular meeting held January 22, 2020.

Member Brand made the motion for approval of the minutes of the rescheduled meeting held January 22, 2020. The motion was seconded by Member Thompson and approved as follows:

Sandy Bracken – voted yes  
Dennis Brand – voted yes  
Wade Huckabay – voted yes  
Brad Krieger – voted yes  
Tom Thompson – voted yes

**Fourth item** on the agenda, Commissioner's Monthly Reports:

A. Department Status Update

Chairman Thompson reported that he was recently appointed to the FDIC Advisory Committee of State Regulators. The Chairman also congratulated member Krieger on his reappointment to the Banking Board. Construction of the annex being built behind the Oklahoma City office is continuing but appears to be behind schedule. There will be a meeting today with the architect and representatives from OMES to discuss the status of construction.

Mr. Hawkins reported that assessments have been collected.

Chairman Thompson discussed the new state brand/logo and how the Department will cooperate with its implementation.

## B. Examination Report

Examinations of four non-member banks and one trust department were completed in January 2020. Examination of three banks, and assisting FDIC with two examinations, were in process as of January 31, 2020.

## C. Legislative and Rulemaking Update

Chairman Thompson discussed the legislative calendar and deadlines for bills to be heard in committee. He discussed the status of legislation being followed by the Department, including House Bill 3886 relating to savings promotion raffles, House Bill 2922 relating to the Oklahoma Student Borrower Bill of Rights, and Senate Bill 1792 regarding the “innovation sandbox.” He said there are several bills that deal with hemp/marijuana and stated that the Department of Agriculture is still working on its plan to regulate hemp production.

Chairman Thompson stated that House Bill 3380 (allowing the Banking Department to purchase property in Tulsa) has passed from its committee.

## Pending Applications

Chairman Thompson confirmed each Board Member is receiving the report of pending applications.

## **Fifth** item on the agenda:

Consideration, and possible adoption, of amendments to rules proposed under Chapter 10 of Title 85 of the Oklahoma Administrative Code, pursuant to Title 6 O.S. § 203 and Title 75 O.S. § 303.

A. Public comments, if any.

B. Discussion and possible adoption of the following rules and amendments:

**Chapter 10. Supervision, Regulation, and Administration of Banks, Trust Companies, and the Oklahoma Banking Code.**

Subchapter 5. Requirements, Standards and Procedures for an Internal Control Program

- 85:10-5-2. Internal Control Program [AMENDED]
- 85:10-5-3. Minimum control elements for bank internal control program [AMENDED]
- 85:10-5-3.1 Internal control program for fiduciary activities of trust departments and trust companies [AMENDED]
- 85:10-5-4 Reports [AMENDED]

Subchapter 9. New Bank, Branches, and Other Facilities

- 85:10-9-6 Branch closing [AMENDED]

Mr. Gilbert discussed the status of the Department's rulemaking procedure. He said the Department began reviewing the Banking Board rules last year to determine those that may be obsolete or unnecessarily burdensome.

Mr. Gilbert then discussed Executive Order 2020-03 issued February 3, 2020, that requires all agencies to review their rules by August 31, 2020, to identify those that are ineffective, costly, or outdated. The Order states that for every new rule adopted, the agency must eliminate two rules. He said the Department will be conducting another review of Banking Board rules (including rules governing money service businesses) pursuant to this Order.

With respect to the proposed amendments, Mr. Gilbert stated the Department's Notice of Proposed Rulemaking was submitted to the Secretary of State, the Governor, and the Department's Cabinet Secretary on December 4, 2019. The Governor's 45 day "disapproval period" ended Monday, January 20, 2020. The Notice of Rulemaking Intent was published in the Oklahoma Register on January 2, 2020. The rulemaking information has been published on the Department's website. He stated today the Board will consider adoption of the content of the rule amendments.

Member Mr. Gilbert said no written comments were received from the public. However, after the January Banking Board meeting, member Newcomb asked him some questions about two paragraphs to which amendments have been proposed. Mr. Gilbert then discussed the proposed rule amendments.

With respect to Member Newcomb's comments, Mr. Gilbert discussed changes proposed to rule 85:10-5-4, subsection (a), paragraph (1)(A) and paragraph (7). The comment asked why those paragraphs were being changed, and stated (regarding paragraph (1)(A)) that the board of directors may want to review expense items over a certain threshold and (regarding paragraph (5)) that the board of directors may not want to review all loans to bank insiders and employees. Mr. Gilbert explained that the amendments were based on the idea that (regarding paragraph (1)(A)) the board should be comparing the approved budget with current income and expenses but may require additional details if needed. Regarding paragraph (5), it was explained that because most institutions

provide an electronic copy of the board packet, it is useful for a board to review all insider/employee loans instead of only those made since the last meeting.

Mr. Brand then asked about the change suggested to rule 85:10-5-3, paragraph (1). A discussion was had among Board members regarding the use of the term “business day” or “banking day.” After discussion, it was determined that the term “banking day” should be used instead of “business day” so that employees who work on weekends may satisfy the “five consecutive day” absence requirement when they are absent on weekend days.

Member Brand asked if the term “watch list” (as used in Rule 85:10-5-3.1(d)(7)) is defined?

Mr. Arbuthnot responded and said “watch list” in trust accounts is commonly understood to mean those accounts that may have an increased opportunity for potential litigation or complaints.

After discussion of the proposed rule amendments, Member Bracken made the motion to approve the rule amendments as proposed, but with a change to paragraph (1) of Rule 85:10-5-3 so that the first reference to the word “business days” be changed to “banking days” and the second reference to “banking days” not be changed. The motion was seconded by Member Krieger and approved as follows:

Sandy Bracken – voted yes  
Dennis Brand – voted yes  
Wade Huckabay – voted yes  
Brad Krieger – voted yes  
Tom Thompson – voted yes

**Seventh** item on the agenda, New Business.

There was no new business to come before the Board.

**Eighth** item on the agenda, Adjournment.

Member Bracken made a motion to adjourn. The motion was seconded by Member Krieger and approved as follows:

Sandy Bracken – voted yes  
Dennis Brand – voted yes  
Wade Huckabay – voted yes  
Brad Krieger – voted yes  
Tom Thompson – voted yes

The meeting adjourned at 10:55 a.m.

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Mick Thompson, Chairman

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Wade Huckabay

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Dennis Brand

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Tom Thompson

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Brad Krieger

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Sandy Bracken