

2021 Kansas Statutes

75-4221. **Inadequate security pledged by depository bank; procedures.** (a) Any state agency which is authorized to maintain a bank account, shall be responsible for determining that the securities pledged, assigned, deposited or in which a security interest is granted by the depository bank are adequate to secure the balance in the account pursuant to K.S.A. 75-4218, and amendments thereto. The agency shall immediately notify the board if the securities pledged, assigned, deposited or in which a security interest is granted by the depository bank have become inadequate. The board shall immediately notify such depository bank and demand that additional security be pledged to make good such inadequacy and in default of such additional security being promptly furnished, the board shall instruct the treasurer to close the account.

(b) In cases where a depository bank fails to meet the requirements established by the board pursuant to K.S.A. 75-4232, and amendments thereto, the board shall instruct the treasurer to advise the depository bank it must select one of the following options:

(1) Close the account for the full amount, including accrued interest and without penalty if the deposit exceeds seven days; or

(2) convert the account to a repurchase agreement under terms acceptable to the board.

(c) In the event of the insolvency or dissolution from any cause of a depository bank having a state bank account of any type, the state shall be entitled to file a claim for the full amount of such account and shall retain or collect dividends or interest on securities pledged by such depository bank until the amount of the dividends or interest added to the amount realized from sale of any securities so pledged to the state equals the amount of the account and any interest due thereon.

The state shall be fully responsible to any depository bank for the safe return of any securities deposited in the state treasury in accordance with this act.

History: L. 1967, ch. 447, § 10; L. 1994, ch. 105, § 10; L. 2001, ch. 78, § 1; L. 2001, ch. 167, § 7; July 1.