

# Kansas

# Quarterly Interest

The Newsletter of the Office of the State Bank Commissioner

Spring 2006

## Inside This Issue...

- *Accreditation Award*
- *Barrister's Brain*
- *The Changing of the Guard*
- *Employee Spotlight*
- *Project Topeka*
- *Where Are They Now?*
- *Bank Application Summary*

## Commissioner's Corner

By: *Clancy Norris, Bank Commissioner*



Dear Kansas Bankers:

As many of you know, I am retiring from the OSBC and, while my official retirement date is May 1st, my last work day at the OSBC will be March 31st. I would like to thank you for allowing me to work with you and for you these past three years. Being the Bank Commissioner has been one of my most meaningful work experiences. I can honestly say I have enjoyed almost every day serving as your Bank Commissioner. It has been a great honor and I could not have done it without a great staff

to support me. Banking is a very honorable occupation and my appointment as Commissioner was the final culmination of a great banking career — thirty-six years in all. I'm very proud to call each of you my friend; we've had a good relationship and I will cherish your friendship forever.

The past year proved to be a really good banking year. Earnings records were set in two of the four quarters, with the second quarter being the best in recent history. We are hopeful that this momentum will continue and endure through 2006 and beyond. Specifically, we are hoping for another profitable year for the banking industry. However, there are uncertainties. Will banks be able to overcome shrinking net interest margins? What about long term rates? Will short term rates continue to rise, making bank deposits more attractive to consumers? A changing rate environment can present many challenges; however, the vast majority of the management teams of our Kansas banks are very capable of measuring and controlling the level of interest rate risk.

Indications show that there are some very good things to come and look forward to. The housing market is still strong, despite the seven percent decline in loan applications during 2005. Additionally, the home equity market continues to be a good source for consumers who are locked into low-rate first mortgages and need extra money for debt consolidation and tax payments this spring. Consumer confidence was rising at the end of 2005, as the index was 103.6 in December, 85.2 in October and 98.3 in November.

[\(continued on page 2\)](#)

## The Commissioner's Corner (continued from page 1)

At the OSBC, we are confident Kansas banks will remain strong. There were no bank closings during the past three years and we are hoping for more new charters and conversions of national banks to state bank charters in 2006.

Thanks for the memories and the wonderful experience of leading Kansas bankers. I would especially like to thank Governor Kathleen Sebelius for her trust and support during my appointment. I would also like to express my appreciation for the support and positive attitude demonstrated by the Senate Financial Institutions and Insurance Committee chaired by Senator Ruth Teichman and the House Financial Institutions Committee chaired by Representative Ray Cox. I must also thank each and every OSBC staff member (all 90 of them)! They have performed their duties in a very professional and ethical manner and I will miss them. Last, but certainly not least, thanks to each of the State Banking Board members for your service to our state and the banking industry.

God Bless You All,



## CSBS Accreditation Ceremony

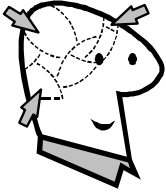


From left: Deputy Commissioner Judi Stork, CSBS President Neil Milner,  
Governor Kathleen Sebelius and Commissioner Clancy Norris

On February 10, 2006, the Office of the State Bank Commissioner was formally presented with its Certificate of Accreditation from the Conference of State Bank Supervisors (CSBS). CSBS President and CEO Neil Milner presented the award to Governor Sebelius, Commissioner Norris and Deputy Bank Commissioner Judi Stork during a ceremony in the Governor's office. This CSBS certification confirms that the OSBC maintains the highest standards and practices in state bank supervision.

## Barrister's Brain

As a regular feature in the *Quarterly Interest*, our advice columnist, Barry Barrister, will answer a legal question the OSBC has received that we think would be of interest to bankers. Even though he's a fictional lawyer (arguably the best kind), Barry has insisted we include the caveat that the advice he dispenses is general in nature, and is not intended as a substitute for obtaining specific legal advice from counsel when necessary.



Dear Barry:

Our bank is interested in participating in the Kansas State Treasurer's "Save @ School" program. I have read through all of the "getting started" information on the Treasurer's website, at [www.kansasstatetreasurer.com](http://www.kansasstatetreasurer.com). Are there any banking laws I need to be aware of with respect to such a program?

Thank you,  
Steven Stash

Dear Steve:

As a matter of fact, several years ago, a provision was added to the State Banking Code in order to address school savings programs like "Save @ School". K.S.A. 9-1138 authorizes banks to enter into written agreements with a school board to establish a school savings deposit program in any elementary or secondary school. The statute requires that an executed agreement be submitted to the commissioner's office for approval prior to the implementation of the program. There is also a requirement that the bank involved have a main office or branch located in the same county as the participating school. However, if no bank in the county wants to participate in such a program, then a bank in a contiguous county is also eligible. The Office of the State Bank Commissioner has recently worked with the State Treasurer's office to develop a model agreement that banks may use if they desire. Some banks may choose to develop their own agreement, which is also acceptable. Regardless, the executed agreement must still be submitted to the commissioner for approval prior to implementing the program. You are to be commended for your desire to play a role in teaching the young people of your community the importance of money management. Good luck to you in your future endeavor!

Frugally yours,  
Barry

### Contact Numbers:

#### Main Office:

Phone (785) 296-2266  
Fax (785) 296-0168

#### Regional Offices:

##### West Region

Dodge City (620) 227-2993  
Hays (785) 625-0031

##### Central Region

Salina (785) 823-3397  
Wichita (316) 337-6260

##### East Region

Lenexa (913) 438-3493  
Topeka (785) 296-2266

##### Southeast Region

Erie (620) 244-3656



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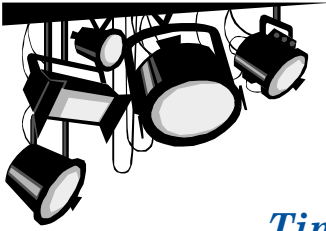
## The Changing of the Guard: A Brief History of the Bank Commissioner

*By: Judi M. Stork, Deputy Bank Commissioner*

The Office of the State Bank Commissioner came into existence in 1891 by act of the State Legislature, with its duties being the supervision of the state banks of Kansas and the many private banks then in operation. Since it was established, the OSBC has had 40 different Commissioners. The first was Charles F. Johnson from Oskaloosa, who served from March 1891 through March 1893. The first report published by Commissioner Johnson in 1892 showed the OSBC supervised 281 state banks and 163 private banks. In addition, the OSBC had been appointed receiver of four banks.

Throughout history, the OSBC and the Commissioner have had various duties and challenges. The OSBC has supervised a wide variety of entities, which in the past included private banks, building and loan companies, credit unions, savings and loan companies and securities firms. Today the OSBC governs state chartered banks, trust companies, money transmitter companies, mortgage companies, supervised lenders and credit service organizations. The Commissioner has dealt with a wide variety of issues including: bank robbers; the establishment of the Bank Guaranty Fund, which was "to provide absolute security for the money entrusted to the care of the bank"; the introduction of FDIC insurance; the creation of the state banking board in 1925; numerous bank failures, banking panics, bank holidays; the failure and liquidation of the Bank Guaranty Fund; and many revisions and recodifications of the banking code. The agency has changed in size over the years as well. When first established, the Commissioner and a Deputy Commissioner were the only employees of the agency. By 1902 the staff increased to six, and then again to 19 by 1920. Today, the OSBC has 90 employees.

The longest serving Commissioner was B. A. Welch from the State Bank of Kingman, who served from April 1941 through June 1951. The Commissioner with the shortest tenure was F.O. Oberg from the Union State Bank, Clay Center. He served from January through August 1955. The OSBC has had two Commissioners who served for more than one appointment, but not consecutive terms. The first was John A. O'Leary, Sr. who served from June 1958 to June 1963, and again from July 1967 to December 1968. The second was W. Newton Male, with terms from August 1987 to March 1991 and again from November 1995 to November 1998. The OSBC has also had three Acting Commissioners – the first Gordon Lindley, who served from September 1955 to January 1956. Ben Hogan served in that capacity twice – for the month of April in 1975 and again for approximately two weeks in July 1976. Judi Stork served three times – for a year starting in December 1998, for a month in March 2003, and is currently serving in that capacity. The requirements for serving as Commissioner have also changed over the years with the most recent changes occurring in 1999. Currently, the Commissioner must attend to the duties of the office on a full time basis, have no active participation at a bank, and cannot serve on a bank's board of directors. The statute also requires the Commissioner to have at least five years of past experience as an executive officer in a Kansas bank. The Commissioner serves at the pleasure of the Governor, with no set term, and is confirmed to the position by the Senate. The most common city from which Commissioners hailed is Topeka (eight), followed by two from Kansas City, two from Luray, and two from Augusta. The most common family name of Commissioners is O'Leary with John A. O'Leary, Sr. serving two terms, and Carl O'Leary and John O'Leary, Jr. serving one term each.



## Employee Spotlight

### *Tim Kemp, Wichita Office Financial Examiner*

This quarter, the Employee Spotlight is on Tim Kemp, a Financial Examiner Principal in the Wichita office of the Central Region. Tim graduated from Bethel College in North Newton in 1987 with a Degree in Business Administration. He began his career with the OSBC in October 2001, following twelve years of employment as a manager of a large farm/ranch operation with livestock and both irrigated and dry land crops. Tim also served as a District Aide in Hutchinson for Congressman Dan Glickman from 1987 to 1989.

In addition to his examination duties, Tim has served on the planning committee for the OSBC Annual Conference. He enjoys all educational opportunities afforded him and remarked: "One of the biggest benefits of working for the OSBC is the opportunity to receive continuing education through a variety of schools, conferences and seminars. This opportunity allows me to stay current with the ever changing bank regulations and banking environment. In particular, the implementation of BSA and IT examination procedures has been one of the more recent changes in my examination duties."

Tim is a native of south central Kansas. His hometown is Pretty Prairie and he currently resides near Rosalia. Tim has four children, Ty, Tayvia, Tara and Trevor, ages 14, 12, 10 and 8, respectively. Tim is involved with the Kansas Agriculture and Rural Leadership (KARL) program and is currently assisting with plans for an International Leadership Alumni conference to be held in Manhattan this summer. In his "free" time, Tim enjoys motorcycle riding, hunting and following his children's activities.



## Welcome, Megan!



The main office staff is pleased to welcome a new member to the OSBC family. Megan Elise, born February 8, 2006, is the daughter of Julie Tipton, a Technology Specialist in the Information Technology Division, and Brian Weis. Megan weighed in at six pounds, eight ounces and was nineteen inches long. As part of the OSBC's "Infant at Work" program, Megan will accompany Julie when she returns to work in mid-April. Congratulations, Julie and Brian!

## Topeka Office Participates in Community Food Drive



Above left: Participants in the "Fifties Friday" segment of Office Olympics; Above right: Debbie Richardson (left), the 2005 Chili Cook-off winner, will share the trophy this year with Dana Branam.

The Topeka-based OSBC employees once again participated in the annual Project Topeka Community Food Drive. The drive benefits several Topeka organizations that provide assistance to those in need. This year, employees were asked to bring at least 40 ounces of food each day for a week. If they met this daily goal, employees earned a "Project Topeka Jeans" sticker and the right to wear jeans on any day of their choice during the month of March. In addition, employees competed in an "Office Olympics" contest for chocolate bar prizes. A total of 8,202.35 ounces of food was collected, while cash donations totaled \$186.00. Another part of the fund raising effort was the OSBC fifth Annual Chili Cook-off and the second Annual Bar Cookie Bake-off. The chili trophy will be shared by co-champions this year — Debbie Richardson, a Review Examiner in the CML division, and Dana Branam, a Public Service Administrator. The winning bar cookie recipe, Chewy Cashew Squares, was submitted by Sonya Allen, the OSBC General Counsel.

Below left: Sonya Allen wins the coveted Doughboy trophy; Below right: The Commissioner and staff enjoy chili



## Bank Application Summary

*By: Dana S. Hampton, Director of  
Corporate Activities*

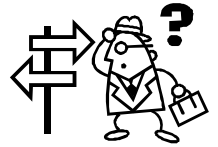
The number of Kansas state-chartered banks currently totals 259. On March 3, Farmers State Bank, Corning, Kansas, merged out of existence. The transaction involving the bank took place in several steps and in the end, the Corning office became a branch of First National Bank, Centralia, Kansas. Ten state chartered trust companies continue to operate in Kansas. Also, since the beginning of 2006, we have received notice of the opening of three new branch offices. Information about these offices follows.

Heartland Bank, Leawood, opened a branch office inside the Greenview Building at 5000 West 95<sup>th</sup> Street, Suite 120, Overland Park, on January 17, 2006.

Gold Bank, Leawood, opened a branch office at 103 West Bloomingdale Avenue, Brandon, Florida, on February 21, 2006. Additionally, the Ruskin, Florida, Gold Bank branch has been relocated to 5461 North US Highway 41, Apollo Beach, Florida, effective January 17, 2006.

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700 SW Jackson, Suite 300  
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Fax: 785-296-0168  
On the web: [www.osbckansas.org](http://www.osbckansas.org)  
Questions, comments, and suggestions are  
always welcome. Please contact:  
Mari Tucker, Editor  
e-mail: [mari.tucker@osbckansas.org](mailto:mari.tucker@osbckansas.org)

## Where Are They Now?



**Then:** Kirk graduated from Kansas State University in 1983 with a Degree in Agricultural Economics and began working with the OSBC in May of that year in the Lola Field Office. He transferred to the Salina Field Office in 1987 and worked there until 1991, when he accepted a position at the Solomon State Bank of Solomon.



*Kirk Berneking*

**Now:** Kirk is currently an Executive Vice President and Director at the Solomon State Bank, serving as a loan officer and a member of the bank's Management Committee.

When asked about his experience at the OSBC, Kirk replied, "During my time with the Office of the State Bank Commissioner, interest rates were extremely high, land prices had fallen and oil prices were at all-time lows. Though it was a difficult period in banking, it was an invaluable learning experience. I worked with a number of good people who were employed by the OSBC and developed many relationships that still exist today." Kirk and his wife, Beckie, have two children, Luke, who is 13 years old and Matt, who is eight years old.

***Congratulations on your retirement, Clancy!***



OSBC All Staff Photo, August 2005

***THANKS for your service to the OSBC.  
We will miss you.....***

Office of the State Bank Commissioner  
700 SW Jackson, Suite 300  
Topeka, KS 66603-3796