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Alaska State Legislature

SENATE

Committee on Finance

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

January 9, 1987

MEMORANDUM

TO: Senator !FNAME! !LNAME!

FROM: Senator Rick Halford, Co-Chairman
Senate Finance Committee

SUBJECT: Co-Sponsorship of legislation concerning priority
claims during a bank liquidation.

Attached is a bill I will be introducing on Monday. The bill amends the banking and financial institutions statutes by changing the amount an employee may receive of his already earned wages and benefits during a bank liquidation. The legislation's intent is to bring this amount more in line with today's economic structure.

When the statute was originally written in 1978, earnings were much lower than they are today. The statute provides that when a financial institution is undergoing liquidation employee wages and salaries earned during the three month period prior to the Department of Commerce and Economic Development's takeover have priority status, but only for an amount not to exceed \$3,000 for each person. Today, because many employees make more than the allotted \$1,000 per month, I believe they should be paid for services already rendered to the banking institution.

Should you be interested in co-sponsoring the legislation, please give Theresa Maser of my office a call at 465-4958 by 9 a.m., Monday.

Thank you.

December 27, 1987

Honorable Jan Faiks
Alaska Senate
6060 Yukon Drive
Anchorage AK 99516

Dear Senator Faiks,

By now, I am sure you are aware of the December 11 closure of First Interstate Bank of Alaska. As an employee of First Interstate at the time of closing, several issues are of great concern to me. I would appreciate your help in looking into these matters, and will supply you with all the facts that are available to me.

As a state chartered bank, First Interstate was closed by the State Banking Commission and FDIC was appointed receiver of the bank. As such, FDIC is now administrator of the employees' 401K retirement plan. Approximately 150 employees are participants in the plan which is with Mutual of New York. FDIC has advised us that before any disbursements can be made, they must first review the plan, which may take up to 90 days. They will then turn it over to IRS for review. All of this may take up to one year. Until this process is complete, employees will not have access to their funds.

During this time, many employees have lost their jobs. Some have been offered temporary employment (60 to 90 days) with the acquiring bank. As a result, it is imperative that we have access to our money as soon as possible. Without jobs, many of us will need those funds just to meet every day living expenses. Considering the current economic conditions in Alaska, can the state afford the additional burden of more homes being foreclosed upon?

Another issue I would like to address is accrued vacation pay. According to FDIC, final pay to employees of a failed bank is regulated under Alaska State Statute 06.05.470 (t) (2). Subsequently, employees were paid for any vacation time which was accrued in the three months prior to the failure. Under those provisions, I was paid \$395.70. I am still owed \$1863.59 for accrued vacation pay. Although at some time we will be given the

opportunity to file a claim on these unpaid earnings. consensus is our chances of receiving further compensation are not good.

The former employees of First Interstate Bank are facing extremely unsettling times. While depositors have suffered no losses in this takeover, employees, on the other hand, do stand to sustain substantial losses, both through non-payment of earned vacation pay and unavailability of 401K funds. Any pressure that you can exert as an elected official upon the FDIC and the IRS to speed up the release of the 401K fund, and upon the State of Alaska Banking Commission to reimburse the employees for lost vacation pay would be greatly appreciated.

I anxiously await your response.

Sincerely,

A handwritten signature in cursive script that reads "Carole Panduren". The signature is written in dark ink and is positioned above the typed name.

Carole Panduren

PO Box 105038

Anchorage AK 99510

Original sponsors: Halford, Kelly,
Uehling, et al.

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 333 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to wage, salary, and benefit claims
7 having priority in certain bank liquidations and to
8 certain bank reports required by the Department of
9 Commerce and Economic Development."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 06.05.045(a) is amended to read:

12 (a) Each [EVERY] state bank shall make at least four reports of
13 condition each year to the department on days designated by it, and on
14 forms prescribed by it. The report shall be verified by an oath of
15 the president, vice president, or cashier and by at least three direc-
16 tors, certifying and subscribing under oath that they and each of them
17 have personal knowledge of the facts stated in the report and that the
18 facts are true. The reports shall exhibit in detail and under appro-
19 priate heads the resources and liabilities of the bank, and each
20 report shall be transmitted or mailed to the department no later than
21 30 [WITHIN 10] days after the date designated for the report [OF THE
22 RECEIPT OF THE REQUEST FROM THE DEPARTMENT].

23 * Sec. 2. AS 06.05.470(t) is amended to read:

24 (t) The following claims have priority in liquidation proceed-
25 ings, in the order listed:

26 (1) obligations incurred by the department;

27 (2) wages, [AND] salaries, and benefits of officers and
28 employees earned during the 12-month [THREE-MONTH] period preceding
29 the department's possession in an amount not exceeding \$12,000

1 [\$3,000] for each person;

2 (3) fees and assessments due to the department;

3 (4) deposits.

BY HALFORD, KELLY, UEHLING, BINKLEY,
HENSLEY, STURGULEWSKI, FAIKS,
KERTTULA

1 IN THE SENATE

2

SENATE BILL NO. 333

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

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FIFTEENTH LEGISLATURE - SECOND SESSION

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REPORTS TO THE DEPT. OF COMMERCE & ECONOMIC DEVELOPMENT

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STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 3, 1988

SUBJECT: Versions of proposed CSSB 333 (L&C)

TO: Senator Tim Kelly
Chairman
Senate Labor and Commerce Committee

FROM: Theresa L. Bannister *TLB*
Legislative Counsel

This memo accompanies two versions of the proposed Labor and Commerce Committee Substitute for SB 333. The version that is numbered 5-1512B is the drafting version that is recommended by this office. The version that is numbered 5-1512L is the version with the language as you requested it. Aside from the title being tighter in the recommended version, there is no substantive difference between the two versions, only language differences in section 1.

If I may be of further assistance, please advise.

TLB:bb
wkb2/04