

SENATE BILL No. 302

By Committee on Federal and State Affairs

3-8

1 AN ACT concerning financial institutions; relating to the technology-
2 enabled fiduciary financial institutions act; suspending technology-
3 enabled fiduciary financial institutions from engaging in fidfin
4 transactions, custodial services and trust business until the legislature
5 consents to and approves the engaging in such activities by an act of the
6 legislature; requiring the legislature to conduct a forensic audit of
7 certain technology-enabled fiduciary financial institution activities;
8 prescribing the scope of such audit.
9

10 *Be it enacted by the Legislature of the State of Kansas:*

11 Section 1. (a) The purpose of sections 1 and 2, and amendments
12 thereto, is to protect the interests of Kansas taxpayers, prevent exposure of
13 the state general fund to potential liability and ensure the absence of any
14 illegal activity regarding the operations of technology-enabled fiduciary
15 financial institutions under the technology-enabled fiduciary financial
16 institutions act.

17 (b) Notwithstanding any provision of the technology-enabled
18 fiduciary financial institutions act to the contrary, on and after the effective
19 date of this act, all current technology-enabled fiduciary financial
20 institution fidfin transactions, custodial services and trust business are
21 hereby suspended and no technology-enabled fiduciary financial
22 institution shall engage in fidfin transactions, custodial services or trust
23 business in this state until the legislature expressly consents to and
24 approves the engaging in such fidfin transactions, custodial services or
25 trust business by a technology-enabled fiduciary financial institution
26 pursuant to an act of the legislature.

27 (c) This section shall be a part of and supplemental to the technology-
28 enabled fiduciary financial institutions act.

29 Sec. 2. (a) The legislature shall conduct a forensic audit of all
30 technology-enabled fiduciary financial institutions. The legislature shall
31 select an independent firm to conduct the forensic audit. Within six months
32 from the effective date of this act, the legislature shall develop a request
33 for proposal and solicit bids for such audit. The Kansas bureau of
34 investigation shall provide assistance and make recommendations to the
35 legislature regarding the development of the request for proposal and the
36 awarding of a contract for such forensic audit.

1 (b) The scope of the forensic audit shall include an examination of:

2 (1) The source of the money used by the beneficiary company to pay
3 the \$1,000,000 fee to the office of the state bank commissioner pursuant to
4 K.S.A. 9-2325, and amendments thereto;

5 (2) any campaign contributions made pursuant to the campaign
6 finance act by a technology-enabled fiduciary financial institution or a
7 director or officer of a technology-enabled fiduciary financial institution
8 during the period of November 1, 2021, through December 31, 2021, to a:

9 (A) Candidate for state office;

10 (B) candidate committee;

11 (C) party committee; or

12 (D) political committee; and

13 (3) the source and nature of all cash, equity, securities or other assets
14 used by a technology-enabled fiduciary financial institution to conduct
15 fidfin transactions, custodial services or trust business in this state in
16 accordance with the technology-enabled fiduciary financial institutions
17 act.

18 (c) A technology-enabled fiduciary financial institution shall comply
19 with requests from the independent audit firm for records, documents or
20 other data relating to the scope of the forensic audit.

21 (d) The governmental ethics commission shall provide assistance to
22 the independent audit firm regarding campaign contribution information
23 upon the request of such firm.

24 (e) This section shall be a part of and supplemental to the technology-
25 enabled fiduciary financial institutions act.

26 Sec. 3. This act shall take effect and be in force from and after its
27 publication in the Kansas register.