

286.1-440 Appointment of examiners -- Oath -- Restrictions on debt and stock ownership -- Contracts for services of agency's examiners.

- (1) (a) The commissioner shall appoint a sufficient number of examiners and assistant examiners to examine all institutions coming under the supervision of the department.
- (b) A salary schedule for examiners and assistant examiners shall be prepared by the commissioner and presented to the secretary of the Finance and Administration Cabinet for approval.
- (2) The commissioner, the deputy commissioner, and each examiner shall take the constitutional oath of office.
- (3) (a) Neither the commissioner, nor the deputy commissioner, nor any examiner or assistant examiner shall be:
 1. Indebted, directly or indirectly, as borrower, indorser, surety, or guarantor to any financial institution under his or her supervision or subject to his or her examination;
 2. A director, officer, or employee of a financial institution under his or her supervision or subject to his or her examination; or
 3. Engaged, or become interested, in the:
 - a. Sale of securities as a business; or
 - b. Negotiation of loans for others.
- (b) Any financial institution to which any person becomes indebted in violation of this subsection shall immediately, upon notice of the violation or possible violation, report the fact to:
 1. The commissioner; or
 2. If the debtor is or may be the commissioner, the secretary of the Public Protection Cabinet.
- (c) Subject to paragraph (d) of this subsection, any person who violates this subsection may be removed from office.
- (d) An order of removal under paragraph (c) of this subsection shall not be issued without notice to the person, opportunity for a hearing, and written findings of fact and conclusions of law in accordance with KRS Chapter 13B.
- (4) No person shall be assigned to examine the affairs of any bank or trust company in a county in which he or she holds stock in either a state or national bank or trust company.
- (5) (a) The commissioner may enter into contracts with any bank supervisory agency that has concurrent jurisdiction over a state bank or the branch of an out-of-state bank operating in this state to:
 1. Engage the services of the agency's examiners at a reasonable rate of compensation; or
 2. Provide the services of the commissioner's examiners to the agency at a reasonable rate of compensation.
- (b) Any contract entered into pursuant to this subsection shall be deemed a sole

source contract under the provisions of KRS 45A.095.

Effective: July 15, 2024

History: Amended 2024 Ky. Acts ch. 152, sec. 4, effective July 15, 2024. -- Amended 2010 Ky. Acts ch. 24, sec. 612, effective July 15, 2010. -- Amended 1996 Ky. Acts ch. 338, sec. 16, effective July 15, 1996. -- Amended 1984 Ky. Acts ch. 324, sec. 29, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 251, sec. 13, effective April 1, 1982. -- Amended 1968 Ky. Acts ch. 104, sec. 1. -- Amended 1946 Ky. Acts ch. 27, sec. 8; and ch. 191, sec. 8. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 165a-6, 165a-7.

Formerly codified as KRS 287.440.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286.