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Judi Stork, Acting Bank Commissioner

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TO: Senate Financial Institutions and Insurance Committee

FROM: Jennifer Cook, Deputy Commissioner
Consumer and Mortgage Lending Division
Office of the State Bank Commissioner (OSBC)

DATE: January 25, 2017

RE: SB 23

Good morning Mr. Chairman and members of the committee. The OSBC appreciates the opportunity to provide testimony in support of provisions contained in Section 4 of SB 23 which make adjustments to the Kansas Mortgage Business Act (KMBA). The KMBA provides the OSBC with statutory authority to license and regulate entities conducting mortgage business with Kansas consumers. This includes licensing mortgage originators, brokers, servicers and loan originators and examining these entities for compliance with state and federal law and regulation.

Among other provisions, SB 23 permits the OSBC to refer evidence of any criminal violation of the Kansas Mortgage Business Act to the Office of the Attorney General, or in consultation with the attorney general, to the proper county or district attorney for prosecution. The bill permits the attorney general to administer a fraud and criminal abuse prosecution fund established in the state treasury and to accept funds from any source for the purpose of carrying out the provisions of SB 23. This may include accepting funds from the OSBC should the agency refer evidence to the attorney general for criminal prosecution. The OSBC has not initiated criminal proceedings nor referred evidence for possible criminal prosecution for KMBA violations.

We appreciate the Attorney General's Office's consulting with the OSBC during drafting of the provisions affecting the KMBA. This provision in SB 23 will help better focus resources to prosecute financial crimes, while maintaining a cooperative and collaborative relationship between the agencies. We appreciate the opportunity to share our support for KMBA provisions contained in SB 23 and thank the committee for its consideration of the bill.