

1 HOUSE BILL 361

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

4 Zachary J. Cook

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10 AN ACT

11 RELATING TO BANKING; REDUCING THE REQUIRED NUMBER OF NEW MEXICO
12 RESIDENT DIRECTORS OF A STATE BANK.

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14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

15 SECTION 1. Section 58-1-65 NMSA 1978 (being Laws 1963,
16 Chapter 305, Section 53, as amended) is amended to read:

17 "58-1-65. DIRECTORS AND OFFICERS.--

18 A. The affairs of a state bank shall be managed by
19 a board of directors, which shall exercise its powers and be
20 responsible for the discharge of its duties. The number of
21 directors, not less than three and not more than twenty-five,
22 shall be fixed by the bylaws and the number so fixed shall be
23 the board, regardless of vacancies. At least three-fourths of
24 the directors shall be citizens of the United States and [~~two-~~
25 ~~thirds~~] at least one director shall be [~~residents~~] a resident

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1 of [~~the state~~] New Mexico. [~~Any~~] A director who becomes
2 disqualified shall forthwith resign [~~his~~] the director's
3 office, but, upon removal of the disqualification, [~~he~~] the
4 director shall be eligible for election. A director who is
5 disqualified may be removed by the board or by the director of
6 the division. No action taken by a director prior to the
7 resignation or removal shall be subject to attack on the ground
8 of [~~his~~] the director's disqualification.

9 B. Directors shall receive such reasonable
10 compensation as the bylaws may prescribe and shall serve until
11 their successors are elected and qualify.

12 C. Directors shall be elected by the stockholders
13 at the first meeting and thereafter at the annual meeting or at
14 a special meeting called for that purpose. If the articles of
15 incorporation provide for cumulative voting, the votes of each
16 share may be cast for one person or divided among two or more
17 as the stockholder may choose. The person or persons,
18 according to the number of directors to be elected, having the
19 largest number of votes shall be elected.

20 D. The term of office of directors shall be one
21 year or, if the bylaws so provide, three years, in which case
22 one-third of the directors, or as near to one-third as
23 possible, shall be elected for each year following the first
24 election of directors. Vacancies at any one time, to the
25 number of one-third of the board, may be filled by vote of the

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1 board until the next meeting of the stockholders. The director
2 of the division may designate a director to fill a vacancy that
3 has continued for longer than three months, and a director so
4 designated shall serve until a successor is elected and has
5 qualified.

6 E. A director may be removed by the stockholders at
7 a meeting. Where cumulative voting for directors is provided
8 in the articles of incorporation, no director shall be removed
9 unless the votes cast against a motion for [~~his~~] the director's
10 removal are less than the total number of shares outstanding
11 divided by the number of authorized directors, but all of the
12 directors shall be removed if a majority of the outstanding
13 shares approves a motion for the removal of all.

14 F. The officers designated by the bylaws shall be
15 elected by the board. A member of the board shall be elected
16 president. Officers shall be elected or a contract executed
17 for their employment in accordance with the bylaws of the bank.
18 An officer may be removed by the board at any time, but removal
19 shall not prejudice any rights that [~~he~~] the officer may have
20 to damages for breach of contract of employment.

21 G. A bank shall report promptly to the director of
22 the division any changes among executive officers and
23 directors, including in its report a statement of the business
24 and professional affiliations of new executive officers and
25 directors."

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