

TWELFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SIXTH SPECIAL SESSION, 2000

Public Law 12-61

H. B. NO. 12-201, CD1, SD1

AN ACT

To reduce the security that a bank must pledge in bank assets for the protection of CNMI Government funds deposited in such bank from 110 percent to 100 percent; and for other purposes.

**BE IT ENACTED BY THE TWELFTH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

Section 1. Findings and Purpose. The Legislature finds that Commonwealth Treasury funds deposited in a bank are secured 110% by the bank's assets. This security requirement is a condition that the bank must comply with in order to receive government deposits. However, the Legislature further finds that governments are fully protected so long as the bank's assets are equal to 100% of the amount of the deposits. Therefore, the purpose of this act is to lower the security that a bank must pledge in bank assets from 110% to 100% of the amount of government deposits.

Section 2. Amendment. 1 CMC § 7723 is amended to read:

“§ 7723. Deposit Safety Requirements.

All funds in the Commonwealth Treasury may be deposited by the Secretary of Finance to the credit of the Commonwealth government in any bank which the secretary may select pursuant to this chapter and any sums so deposited shall be deemed to be in the Commonwealth Treasury; provided that the bank in which the money is deposited shall furnish and pledge security with bank assets valued at all times at 100 percent of these funds. Bank assets shall be in the form of United States Treasury bonds, and United States Government agency securities having readily ascertainable market value, or obligations and securities backed by the CNMI Government. United States Government agency securities are to be securities bearing

the full faith and credit of the United States Government. Security shall not be required for that portion of any deposit that is insured under any law of the United States.”

Section 3. Severability. If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 4. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of this Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective.

Section 5. Effective Date. This Act shall take effect upon its approval by the Governor or its becoming law without such approval.

CERTIFIED BY:

ATTESTED TO BY:

/s/ _____

BENIGNO R. FITIAL
SPEAKER OF THE HOUSE

/s/ _____

EVELYN C. FLEMING
HOUSE CLERK

Approved this 6th day of August, 2001

/s/ _____

PEDRO P. TENORIO
GOVERNOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS