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AN ACT

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

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

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

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

A. The affairs of a state bank shall be managed by a board of directors, which shall exercise its powers and be responsible for the discharge of its duties. The number of directors, not less than three and not more than twenty-five, shall be fixed by the bylaws and the number so fixed shall be the board, regardless of vacancies. At least three-fourths of the directors shall be citizens of the United States and at least one director shall be a resident of New Mexico. A director who becomes disqualified shall forthwith resign the director's office, but, upon removal of the disqualification, the director shall be eligible for election. A director who is disqualified may be removed by the board or by the director of the division. No action taken by a director prior to the resignation or removal shall be subject to attack on the ground of the director's disqualification.

B. Directors shall receive such reasonable compensation as the bylaws may prescribe and shall serve

1 until their successors are elected and qualify.

2 C. Directors shall be elected by the stockholders  
3 at the first meeting and thereafter at the annual meeting or  
4 at a special meeting called for that purpose. If the  
5 articles of incorporation provide for cumulative voting, the  
6 votes of each share may be cast for one person or divided  
7 among two or more as the stockholder may choose. The person  
8 or persons, according to the number of directors to be  
9 elected, having the largest number of votes shall be elected.

10 D. The term of office of directors shall be one  
11 year or, if the bylaws so provide, three years, in which case  
12 one-third of the directors, or as near to one-third as  
13 possible, shall be elected for each year following the first  
14 election of directors. Vacancies at any one time, to the  
15 number of one-third of the board, may be filled by vote of  
16 the board until the next meeting of the stockholders. The  
17 director of the division may designate a director to fill a  
18 vacancy that has continued for longer than three months, and  
19 a director so designated shall serve until a successor is  
20 elected and has qualified.

21 E. A director may be removed by the stockholders  
22 at a meeting. Where cumulative voting for directors is  
23 provided in the articles of incorporation, no director shall  
24 be removed unless the votes cast against a motion for the  
25 director's removal are less than the total number of shares

1 outstanding divided by the number of authorized directors,  
2 but all of the directors shall be removed if a majority of  
3 the outstanding shares approves a motion for the removal of  
4 all.

5 F. The officers designated by the bylaws shall be  
6 elected by the board. A member of the board shall be elected  
7 president. Officers shall be elected or a contract executed  
8 for their employment in accordance with the bylaws of the  
9 bank. An officer may be removed by the board at any time,  
10 but removal shall not prejudice any rights that the officer  
11 may have to damages for breach of contract of employment.

12 G. A bank shall report promptly to the director of  
13 the division any changes among executive officers and  
14 directors, including in its report a statement of the business  
15 and professional affiliations of new executive officers and  
16 directors."

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