AN ACT concerning financial institutions; relating to the technology-enabled fiduciary financial institutions act; suspending technology-enabled fiduciary financial institutions from engaging in fidfin transactions, custodial services and trust business until the legislature consents to and approves the engaging in such activities by an act of the legislature; requiring the legislature to conduct a forensic audit of certain technology-enabled fiduciary financial institution activities; prescribing the scope of such audit.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) The purpose of sections 1 and 2, and amendments thereto, is to protect the interests of Kansas taxpayers, prevent exposure of the state general fund to potential liability and ensure the absence of any illegal activity regarding the operations of technology-enabled fiduciary financial institutions under the technology-enabled fiduciary financial institutions act.

(b) Notwithstanding any provision of the technology-enabled fiduciary financial institutions act to the contrary, on and after the effective date of this act, all current technology-enabled fiduciary financial institution fidfin transactions, custodial services and trust business are hereby suspended and no technology-enabled fiduciary financial institution shall engage in fidfin transactions, custodial services or trust business in this state until the legislature expressly consents to and approves the engaging in such fidfin transactions, custodial services or trust business by a technology-enabled fiduciary financial institution pursuant to an act of the legislature.

(c) This section shall be a part of and supplemental to the technology-enabled fiduciary financial institutions act.

Sec. 2. (a) The legislature shall conduct a forensic audit of all technology-enabled fiduciary financial institutions. The legislature shall select an independent firm to conduct the forensic audit. Within six months from the effective date of this act, the legislature shall develop a request for proposal and solicit bids for such audit. The Kansas bureau of investigation shall provide assistance and make recommendations to the legislature regarding the development of the request for proposal and the awarding of a contract for such forensic audit.
(b) The scope of the forensic audit shall include an examination of:

(1) The source of the money used by the beneficient company to pay the $1,000,000 fee to the office of the state bank commissioner pursuant to K.S.A. 9-2325, and amendments thereto;

(2) any campaign contributions made pursuant to the campaign finance act by a technology-enabled fiduciary financial institution or a director or officer of a technology-enabled fiduciary financial institution during the period of November 1, 2021, through December 31, 2021, to a:

   (A) Candidate for state office;
   (B) candidate committee;
   (C) party committee; or
   (D) political committee; and

(3) the source and nature of all cash, equity, securities or other assets used by a technology-enabled fiduciary financial institution to conduct fidfin transactions, custodial services or trust business in this state in accordance with the technology-enabled fiduciary financial institutions act.

(c) A technology-enabled fiduciary financial institution shall comply with requests from the independent audit firm for records, documents or other data relating to the scope of the forensic audit.

(d) The governmental ethics commission shall provide assistance to the independent audit firm regarding campaign contribution information upon the request of such firm.

(e) This section shall be a part of and supplemental to the technology-enabled fiduciary financial institutions act.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.