



General Assembly

January Session, 2001

**Raised Bill No. 792**

LCO No. 2861

Referred to Committee on Banks

Introduced by:

(BA)

**AN ACT CONCERNING BANK TRANSACTIONS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 36a-65 of the general statutes is  
2 repealed and the following is substituted in lieu thereof:

3 (d) (1) The fee for investigating and processing each application is as  
4 follows:

5 [(A) Establishment of a branch, sale of a branch or relocation of a  
6 main office of a Connecticut bank, two thousand dollars, except in the  
7 case of a conversion from a branch to a limited branch and a limited  
8 branch to a branch, a reasonable fee not to exceed two thousand  
9 dollars.

10 (B) Establishment of a mobile branch, establishment of a limited  
11 branch under subdivision (1) of subsection (c) of section 36a-145, or  
12 relocation of a branch or limited branch, one thousand five hundred  
13 dollars.

14 (C) Establishment of a special need limited branch under  
15 subdivision (2) of subsection (c) of section 36a-145, five hundred

16 dollars.

17 (D) Merger, consolidation or organization of a holding company  
18 under section 36a-125 or 36a-181, or purchase of assets or assumption  
19 of liabilities, other than by a Connecticut credit union or federal credit  
20 union, under section 36a-210, two thousand five hundred dollars if two  
21 institutions are involved and five thousand dollars if three or more  
22 institutions are involved.

23 (E) Organization of any Connecticut bank, fifteen thousand dollars,  
24 except no fee shall be required for the organization of an interim  
25 Connecticut bank.

26 (F) Reorganization of a mutual savings bank or mutual savings and  
27 loan association into a mutual holding company, five thousand dollars.

28 (G) Conversions under sections 36a-135 to 36a-138, inclusive, five  
29 thousand dollars, and conversions under section 36a-469a, two  
30 thousand five hundred dollars.

31 (2) The fee for investigating and processing each acquisition  
32 statement filed under section 36a-184 is two thousand five hundred  
33 dollars.

34 (3) Any fee for processing a notice of closing of a branch, limited  
35 branch or special need limited branch, if charged, shall not exceed two  
36 thousand dollars.

37 (4) The fee for processing an application for the sale of a limited  
38 branch, special need limited branch or mobile branch shall not exceed  
39 one thousand five hundred dollars.

40 (5) The fee for miscellaneous investigations is one hundred fifty  
41 dollars per day.]

42 (A) Establishment of (i) a branch under subdivision (1) of subsection  
43 (b) of section 36a-145, as amended by this act, two thousand dollars;

44 (ii) a mobile branch under subsection (d) of section 36a-145, as  
45 amended by this act, one thousand five hundred dollars; (iii) a limited  
46 branch under subdivision (1) of subsection (c) of section 36a-145, as  
47 amended by this act, one thousand five hundred dollars; (iv) a special  
48 need limited branch under subdivision (2) of subsection (c) of section  
49 36a-145, as amended by this act, five hundred dollars; (v) an out-of-  
50 state branch under subsection (i) of section 36a-145, as amended by  
51 this act, a reasonable fee not to exceed two thousand dollars from  
52 which any fees paid to a state other than this state or to a foreign  
53 country in connection with the establishment shall be deducted; and  
54 (vi) an out-of-state limited or mobile branch under subsection (i) of  
55 section 36a-145, as amended by this act, a reasonable fee not to exceed  
56 one thousand five hundred dollars from which any fees paid to a state  
57 other than this state or to a foreign country in connection with the  
58 establishment shall be deducted.

59 (B) Sale of (i) a branch under subsection (h) of section 36a-145, as  
60 amended by this act, two thousand dollars, except there shall be no fee  
61 for the sale of a branch of a Connecticut bank to another Connecticut  
62 bank or to a Connecticut credit union; and (ii) a limited branch,  
63 including a special need limited branch or mobile branch under  
64 subsection (h) of section 36a-145, as amended by this act, a fee not to  
65 exceed one thousand five hundred dollars.

66 (C) Relocation of (i) a main office of a Connecticut bank under  
67 subsection (a) of section 36a-81, two thousand dollars; and (ii) a branch  
68 or a limited branch under subsection (g) of section 36a-145, as  
69 amended by this act, five hundred dollars.

70 (D) Conversions from (i) a branch to a limited branch under  
71 subdivision (1) of subsection (c) of section 36a-145, as amended by this  
72 act; and (ii) a limited branch to a branch under subdivision (1) of  
73 subsection (b) of section 36a-145, as amended by this act, five hundred  
74 dollars.

75 (E) Merger or consolidation of a Connecticut bank under section

76 36a-125 or subsection (a) of section 36a-126, two thousand five  
77 hundred dollars if two institutions are involved and five thousand  
78 dollars if three or more institutions are involved.

79 (F) Purchase of assets or assumption of liabilities, other than by a  
80 Connecticut credit union or federal credit union, under section 36a-  
81 210, two thousand five hundred dollars.

82 (G) Organization of a holding company under section 36a-181, two  
83 thousand five hundred dollars.

84 (H) Organization of any Connecticut bank under section 36a-70, as  
85 amended by this act, fifteen thousand dollars, except no fee shall be  
86 required for the organization of an interim Connecticut bank.

87 (I) Reorganization of a mutual savings bank or mutual savings and  
88 loan association into a mutual holding company under section 36a-192,  
89 five thousand dollars.

90 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, as  
91 amended by this act, five thousand dollars; (ii) sections 36a-469a, 36a-  
92 252 and 36a-252a, as amended by this act, two thousand five hundred  
93 dollars; and (iii) section 10 of this act, fifteen thousand dollars.

94 (K) Acquiring, altering or improving real estate for present or future  
95 use of the bank or purchasing real estate adjoining any parcel of real  
96 estate owned by the bank under subdivision (33) of subsection (a) of  
97 section 36a-250, five hundred dollars.

98 (2) The fee for investigating and processing each acquisition  
99 statement filed under section 36a-184 is two thousand five hundred  
100 dollars, except if the acquisition statement is filed in connection with a  
101 transaction that requires one or more applications, a reasonable fee not  
102 to exceed two thousand five hundred dollars.

103 (3) Any fee for processing a notice of closing of a branch, limited  
104 branch or special need limited branch under subdivision (1) of

105 subsection (f) of section 36a-145, as amended by this act, if charged,  
106 shall not exceed two thousand dollars. There shall be no fee for  
107 processing a notice of closing of any mobile branch.

108 (4) The fee for miscellaneous investigations shall be the actual cost  
109 of the investigation, as such cost is determined by the commissioner.

110 Sec. 2. Subdivision (2) of subsection (r) of section 36a-70 of the  
111 general statutes is repealed and the following is substituted in lieu  
112 thereof:

113 (2) One or more persons may organize a community bank in  
114 accordance with the provisions of this section, except that subsection  
115 (g) of this section shall not apply. Any such community bank shall  
116 commence business with a minimum equity capital of at least three  
117 million dollars. [In the case of a capital stock community bank, no  
118 person, whether acting individually or in concert with others, shall  
119 subscribe for, purchase or otherwise acquire, by merger, acquisition or  
120 otherwise, in excess of nine and nine-tenths per cent of the capital  
121 stock of the bank.] The approving authority for a community bank  
122 shall be the commissioner acting alone. In addition to the  
123 considerations and determinations required by subsection (h) of this  
124 section, before granting a temporary certificate of authority to organize  
125 a community bank, the approving authority shall determine that (A)  
126 each of the proposed directors and proposed executive officers, as  
127 defined in subparagraph (D) of subdivision (3) of this subsection,  
128 possesses capacity and fitness for the duties and responsibilities with  
129 which such director or officer will be charged and (B) there is  
130 satisfactory community support for the proposed community bank  
131 based on evidence of such support provided by the organizers to the  
132 approving authority. If the approving authority cannot make such  
133 determination with respect to any such proposed director or proposed  
134 executive officer, the approving authority may refuse to allow such  
135 proposed director or proposed executive officer to serve in such  
136 capacity in the proposed community bank.

137 Sec. 3. Section 36a-86 of the general statutes is repealed and the  
138 following is substituted in lieu thereof:

139 (a) The governing board of each Connecticut bank shall [,] annually  
140 [, have] procure an audit or examination by certified public  
141 accountants or holders of certificates of authority as public accountants  
142 selected by vote of the governing board or a duly authorized  
143 committee thereof, of which the members have agreed to provide  
144 related working papers, policies and procedures to the commissioner,  
145 if requested. The accountants shall thoroughly examine the books,  
146 records, accounts and affairs of such bank and submit a signed report  
147 of the audit or examination showing the condition of the bank to the  
148 governing board of such bank within [ninety days of the start of the  
149 audit or examination showing the condition of the bank. One] a  
150 reasonable period of time following the conclusion of the audit or  
151 examination. The signed report shall be kept on file in such bank and  
152 [one transmitted to] a copy shall be filed with the commissioner. [The  
153 directors] Members of the governing board of such Connecticut bank  
154 shall not be personally liable for any loss suffered by such bank  
155 through the wrongdoing or negligence of any officer or employee,  
156 which wrongdoing or negligence should have been discovered by the  
157 accountants in the performance of their duties, provided such  
158 [directors] members shall have exercised due care to procure thorough  
159 and substantial audits by the accountants.

160 (b) Notwithstanding the provisions of subsection (a) of this section,  
161 the governing board of a Connecticut bank that is a subsidiary of a  
162 holding company may procure and file annually with the  
163 commissioner a signed consolidated report of the audit or examination  
164 of the holding company in lieu of that of the Connecticut bank,  
165 provided (1) prior to the engagement of an accountant, the governing  
166 board of such Connecticut bank has voted to allow and accept as  
167 adequate, a consolidated report of the audit or examination of the  
168 holding company; the accountants selected to provide such  
169 consolidated report have agreed to provide related working papers,

170 policies and procedures to the commissioner, if requested; and the  
171 commissioner has approved, conditionally or unconditionally, the  
172 substitution of such consolidated report; (2) the accountants shall  
173 thoroughly examine the books, records, accounts and affairs of the  
174 Connecticut bank and shall submit a signed consolidated report to the  
175 governing board of such Connecticut bank within a reasonable period  
176 of time following the conclusion of the audit or examination; and (3)  
177 the signed consolidated report shall be kept on file in such Connecticut  
178 bank and a copy shall be filed with the commissioner.

179       Sec. 4. Section 36a-137 of the general statutes is repealed and the  
180 following is substituted in lieu thereof:

181       (a) (1) Any capital stock Connecticut bank or capital stock federal  
182 bank may convert into any other capital stock Connecticut bank or  
183 capital stock federal bank upon the approval of the conversion by the  
184 commissioner, provided this section does not apply to the conversion  
185 of a capital stock federal bank to another capital stock federal bank.  
186 The requirements of the commissioner's approval and subdivisions (3)  
187 to (5), inclusive, of this subsection do not apply to the conversion of a  
188 capital stock Connecticut bank into a national banking association.

189       (2) Any conversion pursuant to this section involving the  
190 conversion of or to a capital stock federal bank shall be authorized  
191 only if permitted by federal law and shall be subject to all  
192 requirements prescribed by federal law.

193       (3) The converting bank shall file with the commissioner a proposed  
194 plan of conversion, a copy of the proposed certificate of incorporation  
195 and a certificate by the secretary of the converting bank that the  
196 proposed plan of conversion and proposed certificate of incorporation  
197 have been approved in accordance with subdivision (4) of this  
198 subsection by the governing board and the shareholders.

199       (4) The plan of conversion and proposed certificate of incorporation  
200 shall require the approval of a majority of the governing board of the

201 converting bank and, in the case of a converting Connecticut bank, the  
202 favorable vote of not less than two-thirds of the holders of each class of  
203 the bank's capital stock cast at a meeting called to consider such  
204 conversion. In the case of a converting federal bank, the plan of  
205 conversion shall require any vote of shareholders prescribed by federal  
206 law.

207 (5) Any shareholder of a converting Connecticut bank who, on or  
208 before the date of the shareholders' meeting to vote on such  
209 conversion, objects to the conversion by filing a written objection with  
210 the secretary of the bank may, within ten days after the effective date  
211 of such conversion, make written demand upon the converted bank for  
212 payment of such shareholder's stock; and thereafter such shareholder's  
213 rights shall be the same as those of a shareholder who dissents from  
214 the merger of two or more capital stock Connecticut banks.

215 (b) In any conversion under this section of a [Connecticut] capital  
216 stock Connecticut bank to a capital stock federal bank other than a  
217 national banking association:

218 (1) The commissioner shall approve a conversion under this  
219 subsection if the commissioner determines that the converting bank  
220 has complied with all applicable provisions of law.

221 (2) After receipt of the commissioner's approval, the converting  
222 bank shall promptly file the approval with the Secretary of the State  
223 and with the town clerk of the town in which its principal office is  
224 located. Upon filing, and upon the receipt of all necessary approvals  
225 required under federal law, the converting bank ceases to be a capital  
226 stock Connecticut bank and becomes a capital stock federal bank. The  
227 converted bank shall not commence business unless its insurable  
228 accounts and deposits are insured by the Federal Deposit Insurance  
229 Corporation or its successor agency.

230 (c) In any conversion under this section of a capital stock  
231 Connecticut bank to a national banking association, the converting

232 bank shall: (1) File a notice of its intent to convert with the  
233 commissioner at the time it submits an application to convert with the  
234 Office of the Comptroller of the Currency; and (2) submit its charter, or  
235 a copy thereof, to the commissioner upon consummation of the  
236 conversion.

237 [(c)] (d) In any conversion under this section involving the  
238 conversion to a capital stock Connecticut bank:

239 (1) The commissioner shall approve a conversion under this  
240 subsection if the commissioner determines that: (A) The converting  
241 bank has complied with all applicable provisions of law; (B) the  
242 converting bank has equity capital at least equal to the minimum  
243 equity capital for the organization of a Connecticut bank; and (C) the  
244 proposed conversion will serve public necessity and convenience.

245 (2) After receipt of the commissioner's approval, the converting  
246 bank shall promptly file such approval and its certificate of  
247 incorporation with the Secretary of the State and with the town clerk of  
248 the town in which its principal office is located. Upon such filing, the  
249 converting bank shall cease to be the type of bank from which it  
250 converted and shall become a bank and trust company, capital stock  
251 savings bank or capital stock savings and loan association, as the case  
252 may be. The converted Connecticut bank shall not commence business  
253 unless its insurable accounts and deposits are insured by the Federal  
254 Deposit Insurance Corporation or its successor agency. Upon such  
255 conversion, the converted Connecticut bank possesses all of the rights,  
256 privileges and powers granted to it by its certificate of incorporation  
257 and by the provisions of the general statutes applicable to the type of  
258 Connecticut bank into which it converted, and all of the assets,  
259 business and good will of the converting bank are transferred to and  
260 vested in it without any deed or instrument of conveyance, provided  
261 the converting bank may execute any deed or instrument of  
262 conveyance as is convenient to confirm such transfer. The converted  
263 Connecticut bank is subject to all of the duties, relations, obligations,

264 trusts and liabilities of the converting bank, whether as debtor,  
265 depository, registrar, transfer agent, executor, administrator, trustee or  
266 otherwise, and is liable to pay and discharge all such debts and  
267 liabilities, to perform all such duties and to administer all such trusts  
268 in the same manner and to the same extent as if the converted  
269 Connecticut bank had itself incurred the obligation or liability or  
270 assumed the duty, relation or trust. All rights of creditors of the  
271 converting bank and all liens upon the property of such bank are  
272 preserved unimpaired and the converted Connecticut bank is entitled  
273 to receive, accept, collect, hold and enjoy any and all gifts, bequests,  
274 devises, conveyances, trusts and appointments in favor of or in the  
275 name of the converting bank and whether made or created to take  
276 effect prior to or after the conversion.

277 (3) The persons named as directors in the certificate of incorporation  
278 shall be the directors of the converted Connecticut bank until the first  
279 annual election of directors after the conversion or until the expiration  
280 of their terms as directors, and shall have the power to take all  
281 necessary actions and to adopt bylaws concerning the business and  
282 management of such Connecticut bank.

283 (4) No such converted Connecticut bank shall exercise any of the  
284 fiduciary powers granted to Connecticut banks by law until express  
285 authority therefor has been given by the commissioner, unless such  
286 powers were legally exercised by the bank at the time of conversion.

287 (5) The franchise tax required to be paid by capital stock  
288 Connecticut banks on an increase of capital stock shall be paid upon  
289 the capital stock of any such converted Connecticut bank converting  
290 from a capital stock federal bank, the amount subject to such tax to be  
291 determined by deducting from the entire amount of such stock, the  
292 amount of the capital stock of the capital stock federal bank upon  
293 which such tax was paid during its existence as a capital stock  
294 Connecticut bank, if such capital stock federal bank came into  
295 existence by virtue of conversion from a capital stock Connecticut bank

296 or by virtue of merger or consolidation of a capital stock Connecticut  
297 bank with a capital stock federal bank.

298 [(d)] (e) Notwithstanding the provisions of subsection (a) of this  
299 section, no reorganized savings institution shall have the power to  
300 convert into a bank and trust company, capital stock savings bank or  
301 capital stock savings and loan association, as the case may be.

302 Sec. 5. Section 36a-145 of the general statutes is repealed and the  
303 following is substituted in lieu thereof:

304 (a) As used in this section:

305 (1) "Branch" means any office at a fixed location of a Connecticut  
306 bank, other than the main office, at which deposits are received, checks  
307 paid and money lent and which maintains minimum banking hours  
308 from nine o'clock a.m. until three o'clock p.m., Monday through  
309 Friday.

310 (2) "Limited branch" means any office at a fixed location of a  
311 Connecticut bank at which banking business is conducted other than  
312 the main office, branch or mobile branch.

313 (3) "Mobile branch" means any office of a Connecticut bank at which  
314 banking business is conducted which is in fact moved or transported  
315 to one or more predetermined locations in accordance with a  
316 predetermined schedule.

317 (b) (1) With the approval of the commissioner, any Connecticut  
318 bank may establish a branch in this state.

319 (2) The commissioner shall not approve the establishment of a  
320 branch under this subsection unless the commissioner considers  
321 whether: (A) Establishment of the branch will result in an  
322 oversaturation of depository institutions in the town in which the  
323 branch is to be located or in the area surrounding the town; (B)  
324 establishment of the branch is consistent with safe and sound banking

325 practices in the town or the surrounding area; (C) the Connecticut  
326 bank seeking approval of the branch intends to operate the branch on a  
327 long-term basis; and (D) the Connecticut bank maintains, and will  
328 continue to maintain, a reasonable ratio of loans made in the state to  
329 deposits received from residents of the state. In determining whether  
330 to approve the establishment of a branch under this subsection, the  
331 commissioner shall not consider the existence of any office established  
332 under subsection (d) of section 36a-425, as amended by this act, by the  
333 Connecticut bank, or by a holding company of which the Connecticut  
334 bank is a subsidiary, that is situated at or near the location of the  
335 branch.

336 (3) The commissioner shall not approve the establishment of any  
337 branch under this subsection unless the commissioner makes the  
338 findings required under section 36a-34.

339 (4) With the approval of the commissioner, any Connecticut bank  
340 may convert a limited branch in this state to a branch. The  
341 commissioner shall not approve a conversion under this subdivision  
342 unless the commissioner considers such factors and makes such  
343 findings under subdivisions (2) and (3) of this subsection as the  
344 commissioner deems applicable.

345 (c) (1) With the approval of the commissioner, any Connecticut bank  
346 may establish in this state a limited branch that provides limited  
347 services or is open for limited time periods. The commissioner shall  
348 not approve the establishment of a branch under this subdivision  
349 unless the commissioner considers such factors and makes such  
350 findings under subdivisions (2) and (3) of subsection (b) of this section  
351 as the commissioner deems applicable. The commissioner shall  
352 approve such establishment if the commissioner determines that: (A)  
353 The interest of the neighborhood where the limited branch is to be  
354 located will be served to advantage by the establishment of the  
355 proposed branch, (B) the proposed products, services and banking  
356 hours are appropriate to meet the convenience and needs of the

357 neighborhood, and (C) in the case of an establishment resulting from  
358 the conversion of a branch to a limited branch, alternative banking  
359 services are available in the neighborhood so that any reduction in  
360 services or hours will not result in unmet banking needs.

361 (2) With the approval of the commissioner, any Connecticut bank  
362 may establish in this state a special need limited branch that provides  
363 limited services or is open for limited time periods in order to meet a  
364 special need of the neighborhood in which such limited branch is to be  
365 located. The commissioner shall not approve the establishment of a  
366 branch under this subdivision unless the commissioner considers such  
367 factors and makes such findings and determinations under subdivision  
368 (1) of this subsection as the commissioner deems necessary.

369 (3) A limited branch or mobile branch shall be conspicuously  
370 identified as a branch of the Connecticut bank. The commissioner may  
371 condition the approval of such branch with any other requirement that  
372 the commissioner deems necessary or appropriate for the protection of  
373 depositors or the Connecticut bank.

374 (d) With the approval of the commissioner for each predetermined  
375 location, any Connecticut bank may establish in this state a mobile  
376 branch that provides full or limited services or is open for full or  
377 limited time periods. The commissioner shall not approve the  
378 establishment of a mobile branch under this subsection unless the  
379 commissioner makes the considerations, findings and determinations  
380 required under subdivision (1) of subsection (c) of this section,  
381 provided that in the case of a mobile branch established in order to  
382 meet a special need of the neighborhood in which such mobile branch  
383 is to be located, the commissioner shall not approve such  
384 establishment unless the commissioner makes the considerations and  
385 determinations required under subdivision (2) of subsection (c) of this  
386 section.

387 (e) Nothing in this section shall prohibit a Connecticut bank from  
388 establishing or operating a branch, limited branch or mobile branch in

389 the same or approximately the same location as another depository  
390 institution, or continuing to operate as a branch, limited branch or  
391 mobile branch in this state in the same or approximately the same  
392 location, the business of any other depository institution which has  
393 been acquired by the Connecticut bank.

394 (f) (1) A Connecticut bank which proposes to close any branch or  
395 limited branch shall submit to the commissioner a notice of the  
396 proposed closing not later than the first day of the ninety-day period  
397 ending on the date proposed for that closing. The notice shall include a  
398 detailed statement of the reasons for the decision to close the branch or  
399 limited branch and the statistical and other information in support of  
400 such reasons. After receipt of the notice, the commissioner may require  
401 the Connecticut bank to submit any additional information.

402 (2) The Connecticut bank shall provide notice of the proposed  
403 closing to its customers by:

404 (A) Posting a notice in a conspicuous manner on the premises of the  
405 branch or limited branch proposed to be closed during a period not  
406 less than the thirty-day period ending on the date proposed for that  
407 closing, and

408 (B) Including a notice in at least one of any regular account  
409 statements mailed to customers of the branch or limited branch  
410 proposed to be closed or in a separate mailing, by not later than the  
411 beginning of the ninety-day period ending on the date proposed for  
412 that closing.

413 (3) (A) A Connecticut bank which proposes to close any mobile  
414 branch shall [comply with such notice and other requirements as the  
415 commissioner may prescribe] submit to the commissioner a notice of  
416 the proposed closing not later than thirty days prior to the date  
417 proposed for such closing. The notice shall include a detailed  
418 statement of the reasons for the decision to close the mobile branch  
419 and the statistical and other information in support of such reasons.

420 After receipt of the notice, the commissioner may require the  
421 Connecticut bank to submit any additional information.

422 (B) A Connecticut bank which proposes to close any predetermined  
423 location of a mobile branch shall notify the commissioner prior to the  
424 closing of such location.

425 (g) With the approval of the commissioner, any Connecticut bank  
426 may relocate within this state any branch or limited branch in  
427 accordance with such notice and other requirements as the  
428 commissioner may prescribe. As used in this subsection, "relocate"  
429 means to move within the same immediate neighborhood without  
430 substantially affecting the nature of the business or customers served.

431 (h) With the approval of the commissioner, a Connecticut bank may  
432 sell a branch, limited branch or mobile branch to any bank,  
433 Connecticut credit union or federal credit union. The selling  
434 Connecticut bank must have been in existence and continuously  
435 operating for at least five years unless the commissioner waives this  
436 requirement. The commissioner shall not approve such sale if such  
437 acquiring bank or credit union, including all insured depository  
438 institutions which are affiliates of the bank or credit union, upon  
439 consummation of the sale, would control thirty per cent or more of the  
440 total amount of deposits of insured depository institutions in this state,  
441 unless the commissioner permits a greater percentage of such deposits.

442 (i) With the approval of the commissioner, a Connecticut bank may  
443 establish a branch, limited branch or mobile branch outside of this  
444 state in accordance with applicable law. The commissioner shall not  
445 grant such approval, unless: (1) The commissioner finds, in accordance  
446 with regulations adopted pursuant to chapter 54, that the Connecticut  
447 bank has a record of compliance with the requirements of the  
448 Community Reinvestment Act of 1977, 12 USC 2901 et seq., as from  
449 time to time amended, sections 36a-30 to 36a-33, inclusive, to the extent  
450 applicable, and applicable consumer protection laws; (2) the  
451 Connecticut bank is adequately capitalized and the commissioner

452 determines that it will continue to be adequately capitalized; and (3)  
453 the Connecticut bank is adequately managed and the commissioner  
454 determines that it will continue to be adequately managed. The  
455 commissioner may examine and supervise the out-of-state branches of  
456 any such Connecticut bank and may enter into agreements with other  
457 state or federal banking regulators or similar regulators in a foreign  
458 country concerning such examinations or supervision.

459 Sec. 6. Section 36a-215 of the general statutes is repealed and the  
460 following is substituted in lieu thereof:

461 [For a period of three years from April 8, 1992, the commissioner,  
462 upon request, may exempt any transaction involving a troubled  
463 financial institution from any requirement under this title, and  
464 regulations adopted under this title, that is necessary for the  
465 consummation of the transaction if the commissioner finds that such  
466 exemption is advisable and in the interest of the depositors or  
467 members of the troubled financial institution or the public, provided  
468 the commissioner shall not exempt a troubled financial institution  
469 from any requirement that the institution's insurable accounts or  
470 deposits be federally insured. Any exemption granted by the  
471 commissioner under this section shall be in writing and shall set forth  
472 the reason or reasons for the exemption. For the purposes of this  
473 section, (1) "troubled financial institution" means any bank,  
474 Connecticut credit union or federal credit union that, in the opinion of  
475 the primary regulatory agency of such institution and with the  
476 concurrence of the institution's federal deposit insurer with such  
477 opinion, is (A) in danger of becoming insolvent or (B) not likely to be  
478 able to meet the demands of its depositors or members, as the case  
479 may be, or pay its obligations in the normal course of business or is  
480 likely to incur losses that may deplete all or substantially all of its  
481 capital, and (2) "transaction" includes the organization of a Connecticut  
482 bank or Connecticut credit union, and any conversion of, merger or  
483 consolidation with, or acquisition of all or part of the assets or stock of  
484 any bank, Connecticut credit union or federal credit union.]

485 If, in the opinion of the commissioner, a Connecticut bank  
486 organized to function solely in a fiduciary capacity or an uninsured  
487 bank in danger of becoming insolvent, is not likely to be able to meet  
488 the demands of its depositors, in the case of an uninsured bank, or pay  
489 its obligations in the normal course of business, or is likely to incur  
490 losses that may deplete all or substantially all of its capital, the  
491 commissioner may require such Connecticut bank organized to  
492 function solely in a fiduciary capacity or uninsured bank to keep assets  
493 on deposit in an amount that would be sufficient to meet the costs and  
494 expenses incurred by the commissioner pursuant to section 36a-223  
495 and all fees and assessments due the commissioner. Such assets shall  
496 be deposited with such bank as the commissioner may designate, and  
497 shall be in such form and subject to such conditions as the  
498 commissioner deems necessary. For purposes of this section,  
499 "uninsured bank" has the meaning given to that term in subsection (t)  
500 of section 36a-70.

501 Sec. 7. Section 36a-252 of the general statutes is repealed and the  
502 following is substituted in lieu thereof:

503 (a) Any community bank organized pursuant to subsection (r) of  
504 section 36a-70, as amended by this act, may, upon the approval of the  
505 commissioner, [expand its powers and] convert to a Connecticut bank  
506 that is authorized to operate without the limitations provided in  
507 subdivision (3) of subsection (r) of section 36a-70, as amended by this  
508 act.

509 (b) A community bank that proposes to [expand its powers] convert  
510 shall file with the commissioner a proposed plan of [expansion]  
511 conversion, a copy of the proposed certificate of incorporation and a  
512 certificate by the secretary of the community bank that the proposed  
513 plan of expansion and proposed certificate of incorporation have been  
514 approved in accordance with subsection (c) of this section.

515 (c) The proposed plan of [expansion] conversion and proposed  
516 certificate of incorporation shall require the approval of a majority of

517 the governing board of the community bank and the favorable vote of  
518 not less than two-thirds of the holders of each class of the bank's  
519 capital stock, if any, or, in the case of a mutual community bank, the  
520 corporators thereof, cast at a meeting called to consider such  
521 [~~expansion~~] conversion.

522 (d) Any shareholder of a capital stock community bank that  
523 proposes to [~~expand its powers~~] convert who, on or before the date of  
524 the shareholders' meeting to vote on such [~~expansion~~] conversion,  
525 objects to the [~~expansion~~] conversion by filing a written objection with  
526 the secretary of such bank may, within ten days after the effective date  
527 of such [~~expansion~~] conversion, make written demand upon the bank  
528 for payment of such shareholder's stock. Any such shareholder that  
529 makes such objection and demand shall have the same rights as those  
530 of a shareholder who dissents from the merger of two or more capital  
531 stock Connecticut banks.

532 (e) The commissioner shall approve [~~an expansion of powers~~] a  
533 conversion under this section if the commissioner determines that: (1)  
534 The community bank has complied with all applicable provisions of  
535 law; (2) the community bank has equity capital of at least five million  
536 dollars; (3) the community bank has received satisfactory ratings on its  
537 most recent state or federal safety and soundness examination and  
538 Community Reinvestment Act examination; and (4) the proposed  
539 [~~expansion of powers~~] conversion will serve the public necessity and  
540 convenience.

541 (f) After receipt of the commissioner's approval, the community  
542 bank shall promptly file such approval and its certificate of  
543 incorporation with the Secretary of the State and with the town clerk of  
544 the town in which its principal office is located. Upon such filing, the  
545 bank shall cease to be a community bank subject to the limitations  
546 provided in subdivision (3) of subsection (r) of section 36a-70, as  
547 amended by this act, and shall be a Connecticut bank possessed of all  
548 rights, privileges and powers granted to it by its certificate of

549 incorporation and by the provisions of the general statutes applicable  
550 to its type of Connecticut bank, and all of the assets, business and good  
551 will of the community bank shall be transferred to and vested in such  
552 Connecticut bank without any deed or instrument of conveyance,  
553 provided the Connecticut bank may execute any deed or instrument of  
554 conveyance as is convenient to confirm such transfer. Such  
555 Connecticut bank shall be subject to all of the duties, relations,  
556 obligations, trusts and liabilities of the community bank, whether as  
557 debtor, depository, registrar, transfer agent, executor, administrator or  
558 otherwise, and shall be liable to pay and discharge all such debts and  
559 liabilities, to perform all such duties in the same manner and to the  
560 same extent as if the Connecticut bank had itself incurred the  
561 obligation or liability or assumed the duty or relation. All rights of  
562 creditors of the predecessor community bank and all liens upon the  
563 property of such bank shall be preserved unimpaired and the  
564 Connecticut bank shall be entitled to receive, accept, collect, hold and  
565 enjoy any and all gifts, bequests, devises, conveyances, trusts and  
566 appointments in favor of or in the name of the community bank and  
567 whether made or created to take effect prior to or after the [expansion  
568 of powers] conversion.

569 (g) The persons named as directors in the certificate of incorporation  
570 shall be the directors of such Connecticut bank until the first annual  
571 election of directors after the [expansion of powers] conversion or until  
572 the expiration of their terms as directors, and shall have the power to  
573 take all necessary actions and to adopt bylaws concerning the business  
574 and management of such Connecticut bank.

575 (h) No such Connecticut bank may exercise any of the fiduciary  
576 powers granted to Connecticut banks by law until express authority  
577 therefor has been given by the commissioner, unless such authority  
578 was previously granted to the predecessor community bank.

579 (i) The franchise tax required to be paid by capital stock Connecticut  
580 banks upon an increase of capital stock shall be paid upon the capital

581 stock of any such Connecticut bank, provided, any franchise tax paid  
582 by the predecessor community bank shall be subtracted from any  
583 amount owed under this subsection.

584 Sec. 8. Subsection (d) of section 36a-425 of the general statutes is  
585 repealed and the following is substituted in lieu thereof:

586 (d) Any holding company may establish or maintain, either directly  
587 or through any subsidiary of such holding company that is not a  
588 banking corporation, and any banking corporation that is not a  
589 subsidiary of a holding company may establish or maintain, through  
590 any of its subsidiaries that are not banking corporations, one or more  
591 offices for the purpose of engaging in banking business other than to  
592 provide deposit services in this state. [subject to the approval of the  
593 commissioner.] No office established or maintained under this  
594 subsection may be converted into an office that engages in banking  
595 business which includes providing deposit services. For purposes of  
596 this subsection, "deposit services" includes but is not limited to,  
597 deposits, withdrawals, advances, payments and transfers of funds to  
598 or from a deposit account. [Any applicant for permission to establish  
599 an office pursuant to this subsection shall pay to the commissioner a  
600 fee, in an amount fixed by the commissioner, to defray the costs of  
601 processing such applications.]

602 Sec. 9. Section 36a-252a of the general statutes is repealed and the  
603 following is substituted in lieu thereof:

604 (a) Any uninsured bank organized pursuant to subsection (t) of  
605 section 36a-70, or any Connecticut bank organized to function solely in  
606 a fiduciary capacity organized pursuant to subsection (a) of section  
607 36a-70, may, upon the approval of the commissioner, [expand its  
608 powers] convert to a Connecticut bank that is authorized to accept  
609 retail deposits, as defined in [said] subsection (t) of section 36a-70, and  
610 operate without the limitations provided in subdivisions (3) and (4) of  
611 [said] subsection (t) of section 36a-70 or subsection (b) of section 36a-  
612 250.

613 (b) [An uninsured bank that proposes to expand its powers] The  
614 converting bank shall file with the commissioner a proposed plan of  
615 [expansion, a copy of the proposed plan of expansion] conversion, a  
616 copy of the proposed certificate of incorporation and a certificate by  
617 the secretary of the [uninsured] converting bank that the proposed  
618 plan of [expansion] conversion and proposed certificate of  
619 incorporation have been approved in accordance with subsection (c) of  
620 this section.

621 (c) The proposed plan of [expansion] conversion and proposed  
622 certificate of incorporation shall require the approval of a majority of  
623 the governing board of the [uninsured] converting bank and the  
624 favorable vote of not less than two-thirds of the holders of each class of  
625 the [uninsured] converting bank's capital stock, if any, or in the case of  
626 a converting mutual [uninsured] bank, the incorporators thereof, cast at  
627 a meeting called to consider such [expansion] conversion.

628 (d) Any shareholder of a capital stock [uninsured] Connecticut bank  
629 that proposes to [expand its powers] convert under this section, who,  
630 on or before the date of the shareholders' meeting to vote on such  
631 [expansion] conversion, objects to the [expansion] conversion by filing  
632 a written objection with the secretary of such bank may, within ten  
633 days after the effective date of such [expansion] conversion, make  
634 written demand upon the bank for payment of such shareholder's  
635 stock. Any such shareholder that makes such objection and demand  
636 shall have the same rights as those of a shareholder who dissents from  
637 the merger of two or more capital stock Connecticut banks.

638 (e) The commissioner shall approve [an expansion of powers] a  
639 conversion under this section if the commissioner determines that: (1)  
640 The [uninsured] converting bank has complied with all applicable  
641 provisions of law; (2) the [uninsured] converting bank has equity  
642 capital of at least five million dollars; (3) the [uninsured] converting  
643 bank has received satisfactory ratings on its most recent safety and  
644 soundness examination; (4) the proposed [expansion of powers]

645 conversion will serve the public necessity and convenience; and (5) the  
646 [uninsured] converting bank will provide adequate services to meet  
647 the banking needs of all community residents, including low-income  
648 residents and moderate-income residents to the extent permitted by its  
649 charter, in accordance with a plan submitted by the [uninsured]  
650 converting bank to the commissioner, in such form and containing  
651 such information as the commissioner may require. Upon receiving  
652 any such plan, the commissioner shall make the plan available for  
653 public inspection and comment at the Department of Banking and  
654 cause notice of its submission and availability for inspection and  
655 comment to be published in the department's weekly bulletin. With  
656 the concurrence of the commissioner, the [uninsured] converting bank  
657 shall publish, in the form of a legal advertisement in a newspaper  
658 having a substantial circulation in the area, notice of such plan's  
659 submission and availability for public inspection and comment. The  
660 notice shall state that the inspection and comment period will last for a  
661 period of thirty days from the date of publication. The commissioner  
662 shall not make such determination until the expiration of the thirty-  
663 day period. In making such determination, the commissioner shall,  
664 unless clearly inapplicable, consider, among other factors, whether the  
665 plan identifies specific unmet credit and consumer banking needs in  
666 the local community and specifies how such needs will be satisfied,  
667 provides for sufficient distribution of banking services among  
668 branches or satellite devices, or both, located in low-income  
669 neighborhoods, contains adequate assurances that banking services  
670 will be offered on a nondiscriminatory basis and demonstrates a  
671 commitment to extend credit for housing, small business and  
672 consumer purposes in low-income neighborhoods.

673 (f) After receipt of the commissioner's approval, the [uninsured]  
674 converting bank shall promptly file such approval and its certificate of  
675 incorporation with the Secretary of the State and with the town clerk of  
676 the town in which its principal office is located. Upon such filing, the  
677 bank shall cease to be an uninsured bank subject to the provisions of  
678 subdivisions (3) and (4) of subsection (t) of section 36a-70, or a

679 Connecticut bank organized to function solely in a fiduciary capacity,  
680 subject to the limitations provided in subsection (b) of section 36a-250,  
681 and shall be a Connecticut bank subject to all of the requirements and  
682 limitations and possessed of all rights, privileges and powers granted  
683 to it by its certificate of incorporation and by the provisions of the  
684 general statutes applicable to its type of Connecticut bank. Such  
685 Connecticut bank shall not commence business unless its insurable  
686 accounts and deposits are insured by the Federal Deposit Insurance  
687 Corporation or its successor agency. Upon such filing with the  
688 Secretary of the State and with the town clerk, all of the assets,  
689 business and good will of the [uninsured] converting bank shall be  
690 transferred to and vested in such Connecticut bank without any deed  
691 or instrument of conveyance, provided the Connecticut bank may  
692 execute any deed or instrument of conveyance as is convenient to  
693 confirm such transfer. Such Connecticut bank shall be subject to all of  
694 the duties, relations, obligations, trusts and liabilities of the  
695 [uninsured] converting bank, whether as debtor, depository, registrar,  
696 transfer agent, executor, administrator or otherwise, and shall be liable  
697 to pay and discharge all such debts and liabilities, to perform all such  
698 duties in the same manner and to the same extent as if the Connecticut  
699 bank had itself incurred the obligation or liability or assumed the duty  
700 or relation. All rights of creditors of the predecessor [uninsured] bank  
701 and all liens upon the property of such bank shall be preserved  
702 unimpaired and the Connecticut bank shall be entitled to receive,  
703 accept, collect, hold and enjoy any and all gifts, bequests, devises,  
704 conveyances, trusts and appointments in favor of or in the name of the  
705 [uninsured] predecessor bank and whether made or created to take  
706 effect prior to or after the [expansion of powers] conversion.

707 (g) The persons named as directors in the certificate of incorporation  
708 shall be the directors of such Connecticut bank until the first annual  
709 election of directors after the [expansion of powers] conversion or until  
710 the expiration of their terms as directors, and shall have the power to  
711 take all necessary actions and to adopt bylaws concerning the business  
712 and management of such Connecticut bank.

713 (h) No such Connecticut bank resulting from the conversion of an  
714 uninsured bank may exercise any of the fiduciary powers granted to  
715 Connecticut banks by law until express authority therefor has been  
716 given by the commissioner, unless such authority was previously  
717 granted to the predecessor [uninsured] bank.

718 (i) The franchise tax required to be paid by capital stock Connecticut  
719 banks upon an increase of capital stock shall be paid upon the capital  
720 stock of any such Connecticut bank, provided, any franchise tax paid  
721 by the predecessor [uninsured] bank shall be subtracted from any  
722 amount owed under this subsection.

723 Sec. 10. (NEW) (a) Any Connecticut bank organized pursuant to  
724 subsection (a) of section 36a-70 of the general statutes may, upon the  
725 approval of the Commissioner of Banking, convert to an uninsured  
726 bank, as defined in subsection (t) of section 36a-70 of the general  
727 statutes.

728 (b) The converting bank shall file with the commissioner a proposed  
729 plan of conversion, a copy of the proposed certificate of incorporation  
730 and a certificate by the secretary of the converting bank that the  
731 proposed plan of conversion and proposed certificate of incorporation  
732 have been approved in accordance with subsection (c) of this section.

733 (c) The proposed plan of conversion and proposed certificate of  
734 incorporation shall require the approval of a majority of the governing  
735 board of the converting bank and the favorable vote of not less than  
736 two-thirds of the holders of each class of the bank's capital stock, if  
737 any, or, in the case of a mutual bank, the incorporators thereof, cast at a  
738 meeting called to consider such conversion.

739 (d) Any shareholder of a converting capital stock Connecticut bank  
740 that proposes to convert to an uninsured bank who, on or before the  
741 date of the shareholders' meeting to vote on such conversion, objects to  
742 the conversion by filing a written objection with the secretary of such  
743 bank may, within ten days after the effective date of such conversion,

744 make written demand upon the converted bank for payment of such  
745 shareholder's stock. Any such shareholder that makes such objection  
746 and demand shall have the same rights as those of a shareholder who  
747 dissents from the merger of two or more capital stock Connecticut  
748 banks.

749 (e) With the approval of the commissioner, a converting Connecticut  
750 bank shall liquidate all of its retail deposits, as defined in subsection (t)  
751 of section 36a-70 of the general statutes. The converting bank shall file  
752 with the commissioner a written notice of its intent to liquidate all of  
753 its retail deposits together with a plan of liquidation and a proposed  
754 notice to depositors approved and executed by a majority of its  
755 governing board. The commissioner shall approve the plan and the  
756 notice to depositors. The commissioner shall not approve a sale of the  
757 retail deposits of the converting bank if the purchasing insured  
758 depository institution, including all insured depository institutions  
759 which are affiliates of such institution, upon consummation of the sale,  
760 would control thirty per cent or more of the total amount of deposits of  
761 insured depository institutions in this state, unless the commissioner  
762 permits a greater percentage of such deposits. The converting and  
763 purchasing institutions shall file with the commissioner a written  
764 agreement approved and executed by a majority of the governing  
765 board of each institution prescribing the terms and conditions of the  
766 transaction.

767 (f) The commissioner shall approve a conversion under this section  
768 if the commissioner determines that: (1) The converting bank has  
769 complied with all applicable provisions of law; (2) the converting bank  
770 has equity capital of at least five million dollars unless the  
771 commissioner establishes a different minimum capital requirement  
772 based on the proposed activities of the converting bank; (3) the  
773 converting bank has received satisfactory ratings on its most recent  
774 state or federal safety and soundness examination; (4) the converting  
775 bank has liquidated all of its retail deposits and has no deposits that  
776 are insured by the Federal Deposit Insurance Corporation or its

777 successor agency; and (5) the proposed conversion will serve the  
778 public necessity and convenience.

779 (g) After receipt of the commissioner's approval for the conversion,  
780 the converting bank shall promptly file such approval and its  
781 certificate of incorporation with the Secretary of the State and with the  
782 town clerk of the town in which its principal office is located. Upon  
783 such filing, the converted Connecticut bank shall not accept retail  
784 deposits and shall be an uninsured bank, as defined in subsection (t) of  
785 section 36a-70 of the general statutes, subject to the limitations in  
786 subdivisions (3) and (4) of subsection (t) of section 36a-70 of the  
787 general statutes. Upon such conversion, the converted Connecticut  
788 bank possesses all of the rights, privileges and powers granted to it by  
789 its certificate of incorporation and by the provisions of the general  
790 statutes applicable to its type of Connecticut bank, and all of the assets,  
791 business and good will of the converting bank shall be transferred to  
792 and vested in such Connecticut bank without any deed or instrument  
793 of conveyance, provided the Connecticut bank may execute any deed  
794 or instrument of conveyance as is convenient to confirm such transfer.  
795 The converted Connecticut bank shall be subject to all of the duties,  
796 relations, obligations, trusts and liabilities of the Connecticut bank,  
797 whether as debtor, depository, registrar, transfer agent, executor,  
798 administrator or otherwise, and shall be liable to pay and discharge all  
799 such debts and liabilities, to perform all such duties in the same  
800 manner and to the same extent as if the converted bank had itself  
801 incurred the obligation or liability or assumed the duty or relation. All  
802 rights of creditors of the predecessor Connecticut bank and all liens  
803 upon the property of such bank shall be preserved unimpaired and the  
804 uninsured bank shall be entitled to receive, accept, collect, hold and  
805 enjoy any and all gifts, bequests, devises, conveyances, trusts and  
806 appointments in favor of or in the name of the predecessor  
807 Connecticut bank and whether made or created to take effect prior to  
808 or after the conversion.

809 (h) The persons named as directors in the certificate of incorporation

810 shall be the directors of the converted Connecticut bank until the first  
811 annual election of directors after the conversion or until the expiration  
812 of their terms as directors, and shall have the power to take all  
813 necessary actions and to adopt bylaws concerning the business and  
814 management of such Connecticut bank.

815 (i) No converted Connecticut bank, other than a Connecticut bank  
816 which converted from a Connecticut bank organized solely to function  
817 in a fiduciary capacity, may exercise any of the fiduciary powers  
818 granted to Connecticut banks by law until express authority therefor  
819 has been given by the commissioner, unless such authority was  
820 previously granted to the predecessor Connecticut bank.

821 (j) The franchise tax required to be paid by capital stock Connecticut  
822 banks upon an increase of capital stock shall be paid upon the capital  
823 stock of any such converted bank, provided, any franchise tax paid by  
824 the predecessor Connecticut bank shall be subtracted from any amount  
825 owed under this subsection.

826 Sec. 11. This act shall take effect from its passage.

***Statement of Purpose:***

To reorganize, reduce, eliminate or establish certain application fees required to be charged by the Department of Banking; to remove the restriction on the percentage of the stock of a capital stock community bank that a person may own to increase attractiveness of the community bank charter; to require accountants conducting annual examinations of the books and records of Connecticut banks to submit a signed report of the audit to the governing board within a reasonable period of time; to allow a Connecticut bank that is a subsidiary of a holding company, with the prior approval of the commissioner, to submit a signed consolidated report of the holding company in lieu of an annual report of the bank to allow individual banks to take advantage of the economies of scale available in a holding company structure; to require accountants who perform annual audits to provide the commissioner with access to their work papers; to require a capital stock Connecticut bank that converts to a national banking association to give the commissioner notice of the conversion; to

require a Connecticut bank to notify the commissioner prior to the proposed closing of any predetermined mobile branch location; to ensure that sufficient funds are available to cover the costs and expenses incurred by the commissioner and fees and assessments due the commissioner in the event a Connecticut bank organized to function solely in a fiduciary capacity or an uninsured bank is placed in receivership or conservatorship; to delete the requirement that a holding company or banking corporation obtain the approval of the commissioner to establish or maintain a nondepository office of a subsidiary in Connecticut; to permit a Connecticut bank organized to function solely in a fiduciary capacity to convert to a Connecticut bank that is authorized to accept retail deposits; and to permit a Connecticut bank that is authorized to accept retail deposits or a Connecticut bank organized to function solely in a fiduciary capacity to convert to an uninsured bank.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*