



General Assembly

February Session, 2002

Raised Bill No. 330

LCO No. 1498

Referred to Committee on Banks

Introduced by:

(BA)

AN ACT CONCERNING BANK CONVERSIONS.

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

1 Section 1. Section 10 of public act 01-183 is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2002*):

3 (a) Any Connecticut bank [that is authorized to accept retail
4 deposits, as defined in subsection (t) of section 36a-70,] may, upon the
5 approval of the Commissioner of Banking, convert to an uninsured
6 bank, as defined in subsection (t) of [said] section 36a-70.

7 (b) The converting bank shall file with the commissioner a proposed
8 plan of conversion, a copy of the proposed certificate of incorporation
9 and a certificate by the secretary of the converting bank that the
10 proposed plan of conversion and proposed certificate of incorporation
11 have been approved in accordance with subsection (c) of this section.

12 (c) The proposed plan of conversion and proposed certificate of
13 incorporation shall require the approval of a majority of the governing
14 board of the converting bank and the favorable vote of not less than
15 two-thirds of the holders of each class of the bank's capital stock, if

16 any, or, in the case of a mutual bank, the incorporators thereof, cast at a
17 meeting called to consider such conversion.

18 (d) Any shareholder of a converting capital stock Connecticut bank
19 that proposes to convert to an uninsured bank who, on or before the
20 date of the shareholders' meeting to vote on such conversion, objects to
21 the conversion by filing a written objection with the secretary of such
22 bank may, within ten days after the effective date of such conversion,
23 make written demand upon the converted bank for payment of such
24 shareholder's stock. Any such shareholder that makes such objection
25 and demand shall have the same rights as those of a shareholder who
26 dissents from the merger of two or more capital stock Connecticut
27 banks.

28 (e) [With the approval of the commissioner] If applicable, a
29 converting Connecticut bank shall liquidate all of its retail deposits, as
30 defined in subsection (t) of section 36a-70, with the approval of the
31 Commissioner of Banking. The converting bank shall file with the
32 commissioner a written notice of its intent to liquidate all of its retail
33 deposits together with a plan of liquidation and a proposed notice to
34 depositors approved and executed by a majority of its governing
35 board. The commissioner shall approve the plan and the notice to
36 depositors. The commissioner shall not approve a sale of the retail
37 deposits of the converting bank if the purchasing insured depository
38 institution, including all insured depository institutions which are
39 affiliates of such institution, upon consummation of the sale, would
40 control thirty per cent or more of the total amount of deposits of
41 insured depository institutions in this state, unless the commissioner
42 permits a greater percentage of such deposits. The converting and
43 purchasing institutions shall file with the commissioner a written
44 agreement approved and executed by a majority of the governing
45 board of each institution prescribing the terms and conditions of the
46 transaction.

47 (f) The commissioner shall approve a conversion under this section

48 if the commissioner determines that: (1) The converting bank has
49 complied with all applicable provisions of law; (2) the converting bank
50 has equity capital of at least five million dollars unless the
51 commissioner establishes a different minimum capital requirement
52 based on the proposed activities of the converting bank; (3) the
53 converting bank has liquidated all of its retail deposits, if any, and has
54 no deposits that are insured by the Federal Deposit Insurance
55 Corporation or its successor agency; and (4) the proposed conversion
56 will serve the public necessity and convenience. The commissioner
57 shall not approve such conversion unless the commissioner considers
58 the findings of the most recent state or federal safety and soundness
59 examination of the converting bank, and the effect of the proposed
60 conversion on the financial resources and future prospects of the
61 converting bank.

62 (g) After receipt of the commissioner's approval for the conversion,
63 the converting bank shall promptly file such approval and its
64 certificate of incorporation with the Secretary of the State and with the
65 town clerk of the town in which its principal office is located. Upon
66 such filing, the converted Connecticut bank shall not accept retail
67 deposits and shall be an uninsured bank, as defined in subsection (t) of
68 section 36a-70, subject to the limitations in subdivisions (3) and (4) of
69 subsection (t) of section 36a-70. Upon such conversion, the converted
70 Connecticut bank possesses all of the rights, privileges and powers
71 granted to it by its certificate of incorporation and by the provisions of
72 the general statutes applicable to its type of Connecticut bank, and all
73 of the assets, business and good will of the converting bank shall be
74 transferred to and vested in the converted Connecticut bank without
75 any deed or instrument of conveyance, provided the converting bank
76 may execute any deed or instrument of conveyance as is convenient to
77 confirm such transfer. The converted Connecticut bank shall be subject
78 to all of the duties, relations, obligations, trusts and liabilities of the
79 converting bank, whether as debtor, depository, registrar, transfer
80 agent, executor, administrator or otherwise, and shall be liable to pay
81 and discharge all such debts and liabilities, to perform all such duties

82 in the same manner and to the same extent as if the converted bank
83 had itself incurred the obligation or liability or assumed the duty or
84 relation. All rights of creditors of the converting bank and all liens
85 upon the property of such bank shall be preserved unimpaired and the
86 uninsured bank shall be entitled to receive, accept, collect, hold and
87 enjoy any and all gifts, bequests, devises, conveyances, trusts and
88 appointments in favor of or in the name of the converting bank and
89 whether made or created to take effect prior to or after the conversion.

90 (h) The persons named as directors in the certificate of incorporation
91 shall be the directors of the converted Connecticut bank until the first
92 annual election of directors after the conversion or until the expiration
93 of their terms as directors, and shall have the power to take all
94 necessary actions and to adopt bylaws concerning the business and
95 management of such Connecticut bank.

96 (i) No converted Connecticut bank, other than a Connecticut bank
97 which converted from a Connecticut bank organized solely to function
98 in a fiduciary capacity, may exercise any of the fiduciary powers
99 granted to Connecticut banks by law until express authority therefor
100 has been given by the commissioner, unless such authority was
101 previously granted to the converting bank.

102 (j) The franchise tax required to be paid by capital stock Connecticut
103 banks upon an increase of capital stock shall be paid upon the capital
104 stock of any such converted bank, provided, any franchise tax paid by
105 the converting bank shall be subtracted from any amount owed under
106 this subsection.

This act shall take effect as follows:	
Section 1	October 1, 2002

BA *Joint Favorable*