



Senate

General Assembly

File No. 101

February Session, 2004

Substitute Senate Bill No. 358

Senate, March 17, 2004

The Committee on Banks reported through SEN. FINCH of the 22nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING BANKS IN RECEIVERSHIP AND BANK BRANCHING.

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

1 Section 1. Section 36a-2 of the general statutes, as amended by
2 section 23 of public act 03-84 and section 1 of public act 03-196, is
3 repealed and the following is substituted in lieu thereof (*Effective from*
4 *passage*):

5 As used in this title, unless the context otherwise requires:

6 (1) "Affiliate" of a person means any person controlling, controlled
7 by, or under common control with, that person;

8 (2) "Applicant" with respect to any license or approval provision
9 pursuant to this title means a person who applies for that license or
10 approval;

11 (3) "Automated teller machine" means a stationary or mobile

12 unattended device, including a satellite device but excluding a point of
13 sale terminal, at which banking transactions, including, but not limited
14 to, deposits, withdrawals, advances, payments or transfers, may be
15 conducted;

16 (4) "Bank" means a Connecticut bank or a federal bank;

17 (5) "Bank and trust company" means an institution chartered or
18 organized under the laws of this state as a bank and trust company;

19 (6) "Bank holding company" has the meaning given to that term in
20 12 USC Section 1841(a), as from time to time amended, except that the
21 term "bank", as used in 12 USC Section 1841(a) includes a bank or out-
22 of-state bank that functions solely in a trust or fiduciary capacity;

23 (7) "Capital stock" when used in conjunction with any bank or out-
24 of-state bank means a bank or out-of-state bank that is authorized to
25 accumulate funds through the issuance of its capital stock;

26 (8) "Client" means a beneficiary of a trust for whom the Connecticut
27 bank acts as trustee, a person for whom the Connecticut bank acts as
28 agent, custodian or bailee, or other person to whom a Connecticut
29 bank owes a duty or obligation under a trust or other account
30 administered by such Connecticut bank, regardless of whether such
31 Connecticut bank owes a fiduciary duty to the person;

32 [(8)] (9) "Club deposit" means deposits to be received at regular
33 intervals, the whole amount deposited to be withdrawn by the owner
34 or repaid by the bank in not more than fifteen months from the date of
35 the first deposit, and upon which no interest or dividends need to be
36 paid;

37 [(9)] (10) "Commissioner" means the Banking Commissioner and,
38 with respect to any function of the commissioner, includes any person
39 authorized or designated by the commissioner to carry out that
40 function;

41 [(10)] (11) "Company" means any corporation, joint stock company,

42 trust, association, partnership, limited partnership, unincorporated
43 organization, limited liability company or similar organization, but
44 does not include (A) any corporation the majority of the shares of
45 which are owned by the United States or by any state, or (B) any trust
46 which by its terms [must] shall terminate within twenty-five years or
47 not later than twenty-one years and ten months after the death of
48 beneficiaries living on the effective date of the trust;

49 [(11)] (12) "Connecticut bank" means a bank and trust company,
50 savings bank or savings and loan association chartered or organized
51 under the laws of this state;

52 [(12)] (13) "Connecticut credit union" means a cooperative, nonprofit
53 financial institution that (A) is organized under chapter 667 and the
54 membership of which is limited as provided in section 36a-438a, as
55 amended, (B) operates for the benefit and general welfare of its
56 members with the earnings, benefits or services offered being
57 distributed to or retained for its members, and (C) is governed by a
58 volunteer board of directors elected by and from its membership;

59 [(13)] (14) "Connecticut credit union service organization" means a
60 credit union service organization that is incorporated under the laws of
61 this state, located in this state and established by at least one
62 Connecticut credit union;

63 [(14)] (15) "Consolidation" means a combination of two or more
64 institutions into a new institution; all institutions party to the
65 consolidation, other than the new institution, are "constituent"
66 institutions; the new institution is the "resulting" institution;

67 [(15)] (16) "Control" has the meaning given to that term in 12 USC
68 Section 1841(a), as from time to time amended;

69 [(16)] (17) "Credit union service organization" means an entity
70 organized under state or federal law to provide credit union service
71 organization services primarily to its members, to Connecticut credit
72 unions, federal credit unions and out-of-state credit unions other than

73 its members, and to members of any such other credit unions;

74 [(17)] (18) "Customer" means any person using a service offered by a
75 financial institution;

76 [(18)] (19) "Demand account" means an account into which demand
77 deposits may be made;

78 [(19)] (20) "Demand deposit" means a deposit that is payable on
79 demand, a deposit issued with an original maturity or required notice
80 period of less than seven days or a deposit representing funds for
81 which the bank does not reserve the right to require at least seven
82 days' written notice of the intended withdrawal, but does not include
83 any time deposit;

84 [(20)] (21) "Deposit" means funds deposited with a depository;

85 [(21)] (22) "Deposit account" means an account into which deposits
86 may be made;

87 [(22)] (23) "Depositor" includes a member of a mutual savings and
88 loan association;

89 [(23)] (24) "Director" means a member of the governing board of a
90 financial institution;

91 [(24)] (25) "Equity capital" means the excess of a Connecticut bank's
92 total assets over its total liabilities, as defined in the instructions of the
93 federal Financial Institutions Examination Council for consolidated
94 reports of condition and income;

95 [(25)] (26) "Executive officer" means every officer of a Connecticut
96 bank who participates or has authority to participate, otherwise than in
97 the capacity of a director, in major policy-making functions of such
98 bank, regardless of whether such officer has an official title or whether
99 that title contains a designation of assistant and regardless of whether
100 such officer is serving without salary or other compensation. The
101 president, vice president, secretary and treasurer of such bank are

102 deemed to be executive officers, unless, by resolution of the governing
103 board or by such bank's bylaws, any such officer is excluded from
104 participation in major policy-making functions, otherwise than in the
105 capacity of a director of such bank, and such officer does not actually
106 participate in such policy-making functions;

107 [(26)] (27) "Federal agency" has the meaning given to that term in 12
108 USC Section 3101, as from time to time amended;

109 [(27)] (28) "Federal bank" means a national banking association,
110 federal savings bank or federal savings and loan association having its
111 principal office in this state;

112 [(28)] (29) "Federal branch" has the meaning given to that term in 12
113 USC Section 3101, as from time to time amended;

114 [(29)] (30) "Federal credit union" means any institution chartered or
115 organized as a federal credit union pursuant to the laws of the United
116 States having its principal office in this state;

117 [(30)] (31) "Fiduciary" means a person undertaking to act alone or
118 jointly with others primarily for the benefit of another or others in all
119 matters connected with its undertaking and includes a person acting in
120 the capacity of trustee, executor, administrator, guardian, assignee,
121 receiver, conservator, agent, custodian under the Connecticut Uniform
122 Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting
123 in any other similar capacity;

124 [(31)] (32) "Financial institution" means any Connecticut bank,
125 Connecticut credit union, or other person whose activities in this state
126 are subject to the supervision of the commissioner, but does not
127 include a person whose activities are subject to the supervision of the
128 commissioner solely pursuant to chapter 672a, 672b or 672c or any
129 combination thereof;

130 [(32)] (33) "Foreign bank" has the meaning given to that term in 12
131 USC Section 3101, as from time to time amended;

132 [(33)] (34) "Foreign country" means any country other than the
133 United States and includes any colony, dependency or possession of
134 any such country;

135 [(34)] (35) "Governing board" means the group of persons vested
136 with the management of the affairs of a financial institution
137 irrespective of the name by which such group is designated;

138 [(35)] (36) "Holding company" means a bank holding company or a
139 savings and loan holding company, except, as used in sections 36a-180
140 to 36a-191, inclusive, "holding company" means a company that
141 controls a bank;

142 [(36)] (37) "Insured depository institution" has the meaning given to
143 that term in 12 USC Section 1813, as from time to time amended;

144 [(37)] (38) "Licensee" means any person who is licensed or required
145 to be licensed pursuant to the applicable provisions of this title;

146 [(38)] (39) "Loan" includes any line of credit or other extension of
147 credit;

148 [(39)] (40) "Merger" means the combination of one or more
149 institutions with another which continues its corporate existence; all
150 institutions party to the merger are "constituent" institutions; the
151 merging institution which upon the merger continues its existence is
152 the "resulting" institution;

153 [(40)] (41) "Mutual" when used in conjunction with any institution
154 that is a bank or out-of-state bank means any such institution without
155 capital stock;

156 [(41)] (42) "Mutual holding company" means a mutual holding
157 company organized under sections 36a-192 to 36a-199, inclusive, and
158 unless otherwise indicated, a subsidiary holding company controlled
159 by a mutual holding company organized under sections 36a-192 to
160 36a-199, inclusive;

161 [(42)] (43) "Out-of-state" includes any state other than Connecticut
162 and any foreign country;

163 [(43)] (44) "Out-of-state bank" means any institution that engages in
164 the business of banking, but does not include a bank, Connecticut
165 credit union, federal credit union or out-of-state credit union;

166 [(44)] (45) "Out-of-state credit union" means any credit union other
167 than a Connecticut credit union or a federal credit union;

168 [(45)] (46) "Out-of-state trust company" means any company
169 chartered to act as a fiduciary but does not include a company
170 chartered under the laws of this state, a bank, an out-of-state bank, a
171 Connecticut credit union, a federal credit union or an out-of-state
172 credit union;

173 [(46)] (47) "Person" means an individual, company, including a
174 company described in subparagraphs (A) and (B) of subdivision (10) of
175 this section, or any other legal entity, including a federal, state or
176 municipal government or agency or any political subdivision thereof;

177 [(47)] (48) "Point of sale terminal" means a device located in a
178 commercial establishment at which sales transactions can be charged
179 directly to the buyer's deposit, loan or credit account, but at which
180 deposit transactions cannot be conducted;

181 [(48)] (49) "Reorganized savings bank" means any savings bank
182 incorporated and organized in accordance with sections 36a-192 and
183 36a-193, as amended by this act;

184 [(49)] (50) "Reorganized savings and loan association" means any
185 savings and loan association incorporated and organized in
186 accordance with sections 36a-192 and 36a-193, as amended by this act;

187 [(50)] (51) "Reorganized savings institution" means any reorganized
188 savings bank or reorganized savings and loan association;

189 [(51)] (52) "Representative office" has the meaning given to that term

190 in 12 USC Section 3101, as from time to time amended;

191 [(52)] (53) "Reserves for loan and lease losses" means the amounts
192 reserved by a Connecticut bank against possible loan and lease losses
193 as shown on the bank's consolidated reports of condition and income;

194 (54) "Retail deposits" means any deposits made by individuals who
195 are not "accredited investors", as defined in 17 CFR Section 230.501(a);

196 [(53)] (55) "Satellite device" means an automated teller machine
197 which is not part of an office of the bank, Connecticut credit union or
198 federal credit union which has established such machine;

199 [(54)] (56) "Savings account" means a deposit account, other than an
200 escrow account established pursuant to section 49-2a, into which
201 savings deposits may be made and which account must be evidenced
202 by periodic statements delivered at least semiannually or by a
203 passbook;

204 [(55)] (57) "Savings and loan association" means an institution
205 chartered or organized under the laws of this state as a savings and
206 loan association;

207 [(56)] (58) "Savings bank" means an institution chartered or
208 organized under the laws of this state as a savings bank;

209 [(57)] (59) "Savings deposit" means any deposit other than a demand
210 deposit or time deposit on which interest or a dividend is paid
211 periodically;

212 [(58)] (60) "Savings and loan holding company" has the meaning
213 given to that term in 12 USC Section 1467a, as from time to time
214 amended;

215 [(59)] (61) "Share account holder" means a person who maintains a
216 share account in a Connecticut credit union, federal credit union or
217 out-of-state credit union that maintains in this state a branch, as
218 defined in section 36a-435b, as amended;

219 [(60)] (62) "State" means any state of the United States, the District of
220 Columbia, any territory of the United States, Puerto Rico, Guam,
221 American Samoa, the trust territory of the Pacific Islands, the Virgin
222 Islands and the Northern Mariana Islands;

223 [(61)] (63) "State agency" has the meaning given to that term in 12
224 USC Section 3101, as from time to time amended;

225 [(62)] (64) "State branch" has the meaning given to that term in 12
226 USC Section 3101, as from time to time amended;

227 [(63)] (65) "Subsidiary" has the meaning given to that term in 12
228 USC Section 1841(d), as from time to time amended;

229 [(64)] (66) "Subsidiary holding company" means a stock holding
230 company, controlled by a mutual holding company, that holds one
231 hundred per cent of the stock of a reorganized savings institution;

232 [(65)] (67) "Supervisory agency" means: (A) The commissioner; (B)
233 the Federal Deposit Insurance Corporation; (C) the Resolution Trust
234 Corporation; (D) the Office of Thrift Supervision; (E) the National
235 Credit Union Administration; (F) the Board of Governors of the
236 Federal Reserve System; (G) the United States Comptroller of the
237 Currency; and (H) any successor to any of the foregoing agencies or
238 individuals;

239 [(66)] (68) "Time account" means an account into which time
240 deposits may be made; [and]

241 [(67)] (69) "Time deposit" means a deposit that the depositor or
242 share account holder does not have a right and is not permitted to
243 make withdrawals from within six days after the date of deposit,
244 unless the deposit is subject to an early withdrawal penalty of at least
245 seven days' simple interest on amounts withdrawn within the first six
246 days after deposit, subject to those exceptions permissible under 12
247 CFR Part 204, as from time to time amended;

248 (70) "Trust bank" means a Connecticut bank organized to function

249 solely in a fiduciary capacity; and

250 (71) "Uninsured bank" means a Connecticut bank that does not
251 accept retail deposits and for which insurance of deposits by the
252 Federal Deposit Insurance Corporation or its successor agency is not
253 required.

254 Sec. 2. Section 36a-3 of the general statutes, as amended by section 2
255 of public act 03-196 and section 1 of public act 03-259, is repealed and
256 the following is substituted in lieu thereof (*Effective from passage*):

257 Other definitions applying to this title or to specified parts thereof
258 and the sections in which they appear are:

- T1 "Account". Sections 36a-155 and 36a-365.
T2 "Additional proceeds". Section 36a-746e.
T3 "Administrative expense". Section 26 of this act.
T4 "Advance fee". Sections 36a-485, 36a-510 and 36a-615.
T5 "Advertise" or "advertisement". Sections 36a-485 and 36a-510.
T6 "Agency bank". Section 36a-285.
T7 "Alternative mortgage loan". Section 36a-265.
T8 "Amount financed". Section 36a-690.
T9 "Annual percentage rate". Section 36a-690.
T10 "Annual percentage yield". Section 36a-316, as amended by this act.
T11 "Annuities". Section 36a-455a, as amended by this act.
T12 "Applicant". Section 36a-736.
T13 "APR". Section 36a-746a.
T14 "Assessment area". Section 36a-37.
T15 "Assets". Section 36a-70, as amended by this act.
T16 "Associate". Section 36a-184.
T17 "Associated member". Section 36a-458a, as amended.
T18 "Bank". Section 36a-30.
T19 "Bankers' bank". Section 36a-70, as amended by this act.
T20 "Banking business". Section 36a-425.
T21 "Basic services". Section 36a-437a, as amended by this act.
T22 "Billing cycle". Section 36a-565.

- T23 "Bona fide nonprofit organization". Section 36a-655.
- T24 "Branch". Sections 36a-145, as amended, 36a-410 and 36a-435b, as
- T25 amended.
- T26 "Branch or agency net payment entitlement". Section 36a-428n, as
- T27 amended.
- T28 "Branch or agency net payment obligation". Section 36a-428n, as
- T29 amended.
- T30 "Broker". Section 36a-746a.
- T31 "Business and industrial development corporation". Section 36a-626.
- T32 "Business and property in this state". Section 36a-428n, as amended.
- T33 "Capital". Section 36a-435b, as amended.
- T34 "Cash advance". Section 36a-564.
- T35 "Cash price". Section 36a-770, as amended.
- T36 "Certificate of incorporation". Section 36a-435b, as amended.
- T37 "Closely related activities". Sections 36a-250, as amended by this act,
- T38 and 36a-455a, as amended by this act.
- T39 "Collective managing agency account". Section 36a-365.
- T40 "Commercial vehicle". Section 36a-770, as amended.
- T41 "Community bank". Section 36a-70, as amended by this act.
- T42 "Community credit union". Section 36a-37.
- T43 "Community development bank". Section 36a-70, as amended by
- T44 this act.
- T45 "Community reinvestment performance". Section 36a-37.
- T46 "Connecticut holding company". Sections 36a-53, as amended, and
- T47 36a-410.
- T48 "Consolidate". Section 36a-145, as amended.
- T49 "Construction loan". Section 36a-458a, as amended.
- T50 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T51 "Consumer Credit Protection Act". Section 36a-676.
- T52 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800, as
- T53 amended.
- T54 "Consumer collection agency". Section 36a-800, as amended.
- T55 "Consummation". Section 36a-746a.
- T56 "Controlling interest". Section 36a-276.
- T57 "Corporate". Section 36a-435b, as amended.

- T58 "Credit". Sections 36a-645 and 36a-676.
- T59 "Credit manager". Section 36a-435b, as amended.
- T60 "Creditor". Sections 36a-676, 36a-695 and 36a-800, as amended.
- T61 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T62 "Credit clinic". Section 36a-695.
- T63 "Credit rating agency". Section 36a-695.
- T64 "Credit report". Section 36a-695.
- T65 "Credit sale". Section 36a-676.
- T66 "Credit union service organization". Section 36a-435b, as amended.
- T67 "Credit union service organization services". Section 36a-435b, as
- T68 amended.
- T69 "De novo branch". Section 36a-410.
- T70 "Debt". Section 36a-645.
- T71 "Debt adjustment". Section 36a-655.
- T72 "Debt mutual fund". Sections 36a-275 and 36a-459a, as amended.
- T73 "Debt securities". Sections 36a-275 and 36a-459a, as amended.
- T74 "Debtor". Section 36a-655.
- T75 "Deliver". Section 36a-316, as amended by this act.
- T76 "Deposit". Section 36a-316, as amended by this act.
- T77 "Deposit account". Section 36a-316, as amended by this act.
- T78 "Deposit account charge". Section 36a-316, as amended by this act.
- T79 "Deposit account disclosures". Section 36a-316, as amended by this
- T80 act.
- T81 "Deposit contract". Section 36a-316, as amended by this act.
- T82 "Deposit services". Section 36a-425.
- T83 "Depositor". Section 36a-316, as amended by this act.
- T84 "Director". Section 36a-435b, as amended.
- T85 "Earning period". Section 36a-316, as amended by this act.
- T86 "Electronic payment instrument". Section 36a-596, as amended by
- T87 this act.
- T88 "Eligible collateral". Section 36a-330.
- T89 "Equity mutual fund". Sections 36a-276 and 36a-459a, as amended.
- T90 "Equity security". Sections 36a-276 and 36a-459a, as amended.
- T91 "Executive officer". Sections 36a-263, as amended, and 36a-469c, as
- T92 amended.

- T93 "Federal Credit Union Act". Section 36a-435b, as amended.
- T94 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T95 "Fiduciary". Section 36a-365.
- T96 "Filing fee". Section 36a-770, as amended.
- T97 "Finance charge". Sections 36a-690 and 36a-770, as amended.
- T98 "Financial institution". Sections 36a-41, 36a-44a, as amended,
- T99 36a-155, 36a-316, as amended by this act, 36a-330, 36a-435b, as
- T100 amended, and 36a-736.
- T101 "Financial records". Section 36a-41.
- T102 "First mortgage broker". Section 36a-485.
- T103 "First mortgage correspondent lender". Section 36a-485.
- T104 "First mortgage lender". Section 36a-485.
- T105 "First mortgage loan". Sections 36a-485, 36a-705 and 36a-715.
- T106 "Foreign banking corporation". Section 36a-425.
- T107 "General facility". Section 36a-580.
- T108 "Global net payment entitlement". Section 36a-428n, as amended.
- T109 "Global net payment obligation". Section 36a-428n, as amended.
- T110 "Goods". Sections 36a-535 and 36a-770, as amended.
- T111 "Graduated payment mortgage loan". Section 36a-265.
- T112 "Guardian". Section 36a-365.
- T113 "High cost home loan". Section 36a-746a.
- T114 "Holder". Section 36a-596, as amended by this act.
- T115 "Home banking services". Section 36a-170.
- T116 "Home banking terminal". Section 36a-170.
- T117 "Home improvement loan". Section 36a-736.
- T118 "Home purchase loan". Section 36a-736.
- T119 "Home state". Section 36a-410.
- T120 "Immediate family member". Section 36a-435b, as amended.
- T121 "Insider". Section 36a-454b, as amended.
- T122 "Installment loan contract". Sections 36a-535 and 36a-770, as
- T123 amended.
- T124 "Insurance". Section 36a-455a, as amended by this act.
- T125 "Insurance bank". Section 36a-285.
- T126 "Insurance department". Section 36a-285.
- T127 "Interest". Section 36a-316, as amended by this act.

- T128 "Interest rate". Section 36a-316, as amended by this act.
- T129 "Lender". Sections 36a-746a and 36a-770, as amended.
- T130 "Lessor". Section 36a-676.
- T131 "License". Section 36a-626.
- T132 "Licensee". Sections 36a-510, 36a-596, as amended by this act, and
- T133 36a-626.
- T134 "Limited branch". Section 36a-145, as amended.
- T135 "Limited facility". Section 36a-580.
- T136 "Loan broker". Section 36a-615.
- T137 "Loss". Section 36a-330.
- T138 "Made in this state". Section 36a-770, as amended.
- T139 "Managing agent". Section 36a-365.
- T140 "Manufactured home". Section 36a-457b, as amended.
- T141 "Material litigation". Section 36a-596, as amended by this act.
- T142 "Member". Section 36a-435b, as amended.
- T143 "Member business loan". Section 36a-458a, as amended.
- T144 "Member in good standing". Section 36a-435b, as amended.
- T145 "Membership share". Section 36a-435b, as amended.
- T146 "Mobile branch". Section 36a-435b, as amended.
- T147 "Money order". Section 36a-596, as amended by this act.
- T148 "Money transmission". Section 36a-365.
- T149 "Mortgage insurance". Section 36a-725.
- T150 "Mortgage lender". Sections 36a-485, 36a-510 and 36a-705.
- T151 "Mortgage loan". Sections 36a-261, 36a-265 and 36a-457b, as
- T152 amended.
- T153 "Mortgage rate lock-in". Section 36a-705.
- T154 "Mortgage servicing company". Section 36a-715.
- T155 "Mortgagor". Section 36a-715.
- T156 "Motor vehicle". Section 36a-770, as amended.
- T157 "Multiple common bond membership". Section 36a-435b, as
- T158 amended.
- T159 "Municipality". Section 36a-800, as amended.
- T160 "Net outstanding member business loan balance". Section 36a-458a,
- T161 as amended.
- T162 "Net worth". Sections 36a-441a, as amended, 36a-458a, as amended,

- T163 and 36a-596, as amended by this act.
- T164 "Network". Section 36a-155.
- T165 "Nonrefundable". Sections 36a-498 and 36a-521, as amended.
- T166 "Note account". Sections 36a-301 and 36a-456b.
- T167 "Office". Section 36a-316, as amended by this act.
- T168 "Officer". Section 36a-435b, as amended.
- T169 "Open-end credit plan". Section 36a-676.
- T170 "Open-end loan". Section 36a-565.
- T171 "Organization". Section 36a-800, as amended.
- T172 "Originator". Sections 36a-485 and 36a-510.
- T173 "Out-of-state holding company". Section 36a-410.
- T174 "Outstanding". Section 36a-596, as amended by this act.
- T175 "Passbook savings account". Section 36a-316, as amended by this
- T176 act.
- T177 "Payment instrument". Section 36a-596, as amended by this act.
- T178 "Periodic statement". Section 36a-316, as amended by this act.
- T179 "Permissible investment". Section 36a-596, as amended by this act.
- T180 "Person". Section 36a-184.
- T181 "Post". Section 36a-316, as amended by this act.
- T182 "Prepaid finance charge". Section 36a-746a.
- T183 "Prepayment penalty". Section 36a-746a.
- T184 "Prime quality". Section 36a-596, as amended by this act.
- T185 "Principal amount of the loan". Section 36a-510.
- T186 "Processor". Section 36a-155.
- T187 "Public deposit". Section 36a-330.
- T188 "Purchaser". Section 36a-596, as amended by this act.
- T189 "Qualified financial contract". Section 36a-428n, as amended.
- T190 "Qualified public depository" and "depository". Section 36a-330.
- T191 "Real estate". Section 36a-457b, as amended.
- T192 "Records". Section 36a-17.
- T193 "Related person". Section 36a-53, as amended.
- T194 "Relocate". Sections 36a-145, as amended, and 36a-462a, as
- T195 amended.
- T196 "Residential property". Section 36a-485.
- T197 "Retail buyer". Sections 36a-535 and 36a-770, as amended.

- T198 "Retail credit transaction". Section 42-100b.
T199 ["Retail deposits". Section 36a-70.]
T200 "Retail installment contract". Sections 36a-535 and 36a-770, as
T201 amended.
T202 "Retail installment sale". Sections 36a-535 and 36a-770, as amended.
T203 "Retail seller". Sections 36a-535 and 36a-770, as amended.
T204 "Reverse annuity mortgage loan". Section 36a-265.
T205 "Sales finance company". Sections 36a-535 and 36a-770, as amended.
T206 "Savings department". Section 36a-285.
T207 "Savings deposit". Section 36a-316, as amended by this act.
T208 "Secondary mortgage broker". Section 36a-510.
T209 "Secondary mortgage correspondent lender". Section 36a-510.
T210 "Secondary mortgage lender". Section 36a-510.
T211 "Secondary mortgage loan". Section 36a-510.
T212 "Security convertible into a voting security". Section 36a-184.
T213 "Senior management". Section 36a-435b, as amended.
T214 "Share". Section 36a-435b, as amended.
T215 "Simulated check". Sections 36a-485 and 36a-510.
T216 "Single common bond membership". Section 36a-435b, as amended.
T217 "Social purpose investment". Section 36a-277.
T218 "Standard mortgage loan". Section 36a-265.
T219 "Table funding agreement". Section 36a-485.
T220 "Tax and loan account". Sections 36a-301 and 36a-456b.
T221 "The Savings Bank Life Insurance Company". Section 36a-285.
T222 "Time account". Section 36a-316, as amended by this act.
T223 "Travelers check". Section 36a-596, as amended by this act.
T224 "Troubled Connecticut credit union". Section 36a-448a, as amended.
T225 ["Uninsured bank". Section 36a-70.]
T226 "Unsecured loan". Section 36a-615.
T227 "Warehouse agreement". Section 36a-485.

259 Sec. 3. Subdivision (2) of subsection (c) of section 36a-65 of the
260 general statutes, as amended by section 3 of public act 03-196, is
261 repealed and the following is substituted in lieu thereof (*Effective from*
262 *passage*):

263 (2) The fee for an examination of a [Connecticut] trust bank
264 [organized to function solely in a fiduciary capacity] shall be the actual
265 cost of the examination, as such cost is determined by the
266 commissioner.

267 Sec. 4. Subdivision (1) of subsection (d) of section 36a-65 of the
268 general statutes, as amended by section 3 of public act 03-196, is
269 amended by adding subparagraph (L) as follows (*Effective from*
270 *passage*):

271 (NEW) (L) Investigation and processing an interstate banking
272 transaction application filed under sections 36a-411 or 36a-412, as
273 amended, two thousand five hundred dollars, unless the transaction
274 otherwise requires an investigation and processing fee under this
275 section.

276 Sec. 5. Section 36a-70 of the general statutes, as amended by section
277 80 of public act 03-19 and section 7 of public act 03-259, is repealed and
278 the following is substituted in lieu thereof (*Effective from passage*):

279 (a) One or more persons may organize a Connecticut bank.

280 (b) Except as otherwise provided in this section, any such
281 Connecticut bank shall commence business with a minimum equity
282 capital of at least five million dollars. Any [Connecticut] trust bank
283 [organized to function solely in a fiduciary capacity] shall commence
284 business with a minimum equity capital of at least two million dollars.
285 Such equity capital shall be paid for in cash before any Connecticut
286 bank commences business. For purposes of this section,
287 nonwithdrawable accounts and pledged deposits of mutual savings
288 banks and mutual savings and loan associations shall constitute capital
289 of such mutual banks and associations to the extent that such accounts
290 or deposits have no fixed maturity date, cannot be withdrawn at the
291 option of the account holders and do not earn interest that carries over
292 to subsequent periods.

293 (c) The person or persons organizing a Connecticut bank shall

294 execute, acknowledge and file with the commissioner an application to
295 organize. Such application to organize shall include: (1) A proposed
296 certificate of incorporation stating: (A) The name and type of the
297 Connecticut bank; (B) the town in which the main office is to be
298 located; (C) in the case of a capital stock Connecticut bank, the amount,
299 authorized number and par value, if any, of shares of its capital stock;
300 (D) the minimum amount of equity capital with which the Connecticut
301 bank shall commence business, which amount may be less than its
302 authorized capital but shall not be less than that required by
303 subsection (b) of this section; (E) the name, occupation and residence,
304 post office or business address of each organizer and prospective
305 initial director of the Connecticut bank; and (2) a proposed business
306 plan. The organizers shall separately file with the commissioner a
307 notice of the residence of each organizer and prospective initial
308 director whose residence address is not included in the proposed
309 certificate of incorporation. In connection with an application to
310 organize a Connecticut bank, the commissioner may, in the
311 commissioner's discretion, and in accordance with section 29-17a,
312 arrange for the fingerprinting or for conducting any other method of
313 positive identification required by the State Police Bureau of
314 Investigation of each organizer and prospective initial director, to be
315 used in conducting a criminal history records check.

316 (d) Within twenty days after receipt of the application to organize,
317 the commissioner shall order, at the expense of the organizers, an
318 independent feasibility study and an independent three-year financial
319 forecast prepared by a certified public accounting firm or other
320 professional firm designated by the commissioner.

321 (e) Upon receipt of the feasibility study and financial forecast
322 required by subsection (d) of this section, the commissioner shall issue
323 an order designating a time and place for a hearing on the application.
324 Such hearing shall be held in accordance with chapter 54 not more
325 than thirty days from receipt of such feasibility study and financial
326 forecast. A copy of such feasibility study and financial forecast shall be
327 made available to the organizers. Any exhibit or documentation

328 submitted to the commissioner by the organizers at the time of filing or
329 by the preparer or preparers of the feasibility study and financial
330 forecast, other than financial statements and biographical information
331 relating to the individual organizers, shall be available for public
332 inspection prior to such hearing unless the commissioner determines
333 that good cause exists to keep any such exhibit or documentation
334 confidential.

335 (f) The organizers shall cause to be published a copy of the
336 proposed certificate of incorporation and the time and place set for the
337 hearing once a week for three consecutive weeks prior to the date of
338 the hearing, in a newspaper designated by the commissioner
339 published in the town where the main office of the Connecticut bank is
340 to be located or, if there is no newspaper published in such town, in a
341 newspaper having a circulation therein; and a like copy sent by
342 registered or certified mail, return receipt requested, to each bank and
343 out-of-state bank having its main office or a branch in such town, not
344 less than twenty days prior to the hearing.

345 (g) For applications to organize bank and trust companies and
346 capital stock savings banks, the commissioner shall notify the State
347 Treasurer and State Comptroller of the time and place of the hearing.

348 (h) (1) The approving authority shall consider the following factors
349 before granting a temporary certificate of authority: (A) The
350 population of the area to be served by the proposed Connecticut bank;
351 (B) the adequacy of existing banking facilities in the area to be served
352 by the proposed Connecticut bank; (C) the convenience and necessity
353 to the public of the proposed facilities; and (D) the character and
354 experience of the proposed directors and officers. (2) The application
355 shall be approved if the approving authority determines: (A) That the
356 interest of the public will be served to advantage by the establishment
357 of the proposed Connecticut bank; (B) that conditions in the locality in
358 which the proposed bank will transact business afford reasonable
359 promise of successful operation; and (C) that the proposed directors
360 possess capacity and fitness for the duties and responsibilities with

361 which they will be charged. (3) Except as otherwise provided in
362 subsections (p), (q), (r), (s) and (t) of this section, the approving
363 authority shall be, in the case of an application to organize a bank and
364 trust company or a capital stock savings bank, a majority of the
365 commissioner, State Treasurer, and State Comptroller, and, in the case
366 of an application to organize a mutual savings bank or a mutual or
367 capital stock savings and loan association, the commissioner acting
368 alone.

369 (i) If the application is approved by the approving authority, a
370 temporary certificate of authority, valid for eighteen months, shall be
371 issued to the organizers authorizing them to complete the organization
372 of the Connecticut bank. The organizers shall thereupon file one copy
373 of the temporary certificate of authority and one copy of the certificate
374 of incorporation with the Secretary of the State. The commissioner
375 may, upon the application of the organizers and after a hearing
376 thereon, extend, for cause, the period for which the temporary
377 certificate of authority is valid.

378 (j) If the application is not approved by the approving authority, the
379 approving authority shall, in writing, so notify the organizers. An
380 appeal from the decision approving or disapproving the application
381 may be taken in accordance with chapter 54.

382 (k) (1) Prior to the issuance of a final certificate of authority, the
383 organizers may (A) with the approval of the commissioner, amend the
384 proposed certificate of incorporation to change (i) the name or the type
385 of the Connecticut bank, (ii) the town in which the main office of the
386 Connecticut bank is to be located, (iii) in the case of a capital stock
387 Connecticut bank, the amount, authorized number and par value, if
388 any, of shares of its capital stock, or (iv) the name of an organizer or
389 prospective initial director of the Connecticut bank; (B) with the
390 approval of the approving authority, amend a material provision of
391 the proposed business plan, or amend the proposed certificate of
392 incorporation to change the minimum amount of equity capital with
393 which the Connecticut bank shall commence business, which amount

394 may be less than its authorized capital but not less than that required
395 by subsection (b) of this section; or (C) file notice with the
396 commissioner to amend the proposed certificate of incorporation to
397 change the occupation or residence, post office or business address of
398 any organizer or prospective initial director of the Connecticut bank.

399 (2) Upon receipt of an application to change the name of a
400 Connecticut bank under subparagraph (A)(i) of subdivision (1) of this
401 subsection, the commissioner shall cause notice of the filing of such
402 application to be published in the department's weekly bulletin. The
403 notice shall state that written objections to such application may be
404 made, for a period of thirty days from the date of publication of the
405 bulletin, on the grounds that the name selected will tend to confuse the
406 public. If, in the opinion of the commissioner, the name selected by the
407 organizers will not tend to confuse the public and if no objection is
408 filed, the commissioner shall approve such change of name. If, in the
409 opinion of the commissioner, the name selected will tend to confuse
410 the public or if an objection is filed, the commissioner shall order a
411 hearing to be held not less than twenty or more than thirty days from
412 the date originally set for the filing of objections to the application for
413 change of name, and notice of such hearing shall be published in the
414 department's weekly bulletin at least fourteen days prior to the
415 hearing. At the hearing, the commissioner shall hear all persons
416 desiring to be heard and shall make a ruling within fifteen days.

417 (3) The organizers shall file with the Secretary of the State any
418 approval issued pursuant to this subsection, and the approved
419 amendment shall become effective upon such filing. In the case of an
420 amendment notice pursuant to subparagraph (C) of subdivision (1) of
421 this subsection, the organizers shall file such amendment with the
422 Secretary of the State, and such amendment shall become effective
423 upon such filing.

424 (l) The approving authority shall cause to be made an examination
425 of the proposed Connecticut bank upon notice from the organizers that
426 the following conditions have occurred: (1) The proposed bank has

427 been fully organized according to law; (2) the State Treasurer has been
428 paid the franchise tax and filing fee specified in subsection (o) of this
429 section; (3) the proposed bank has raised the minimum equity capital
430 required; and (4) in the case of a proposed capital stock Connecticut
431 bank, a certified list of each subscriber who will own at least five per
432 cent of any class of voting securities of the proposed bank, showing the
433 number of shares owned by each, has been filed with the
434 commissioner. If all provisions of law have been complied with, a final
435 certificate of authority to commence the business for which the bank
436 was organized shall be issued by the approving authority. One copy of
437 the final certificate shall be filed with the Secretary of the State, one
438 copy shall be retained by the bank, and one copy shall be retained by
439 the commissioner.

440 (m) The reasonable charges and expenses of organization or
441 reorganization of a capital stock Connecticut bank, and the reasonable
442 expenses of any compensation or discount for the sale, underwriting or
443 purchase of its shares, may be paid or allowed by such bank out of the
444 par value received by it for its shares, or in the case of shares without
445 par value, out of the stated capital received by it for its shares, without
446 rendering such shares not fully paid and nonassessable.

447 (n) The Connecticut bank shall not commence business until: [a] (1)
448 A final certificate of authority has been issued in accordance with
449 subsection (l) of this section, [and,] (2) except in the case of a
450 [Connecticut bank organized to function solely in a fiduciary capacity]
451 trust bank, an interim Connecticut bank organized pursuant to
452 subsection (p) of this section, or an uninsured bank organized
453 pursuant to subsection (t) of this section, until its insurable accounts or
454 deposits are insured by the Federal Deposit Insurance Corporation or
455 its successor agency, and (3) it has complied with the requirements of
456 subsection (u) of this section, if applicable. The acceptance of
457 subscriptions for deposits by a mutual savings bank or mutual savings
458 and loan association as may be necessary to obtain insurance by the
459 Federal Deposit Insurance Corporation or its successor agency shall
460 not be considered to be commencing business. No Connecticut bank

461 other than a [Connecticut bank organized to function solely in a
462 fiduciary capacity] trust bank may exercise any of the fiduciary powers
463 granted to Connecticut banks by law until express authority therefor
464 has been given by the commissioner.

465 (o) Prior to the issuance of a final certificate of authority to
466 commence business in accordance with subsection (l) of this section,
467 the Connecticut bank shall pay to the State Treasurer a franchise tax,
468 together with a filing fee of twenty dollars for the required papers. The
469 franchise tax for a mutual savings bank and mutual savings and loan
470 association shall be thirty dollars. The franchise tax for all capital stock
471 Connecticut banks shall be one cent per share [of the authorized capital
472 stock] up to and including the first ten thousand shares, one-half cent
473 per share for each authorized share in excess of ten thousand shares up
474 to an including one hundred thousand shares, one-quarter cent per
475 share for each authorized share in excess of one hundred thousand
476 shares up to and including one million shares and one-fifth cent per
477 share for each authorized share in excess of one million shares.

478 (p) One or more persons may organize an interim Connecticut bank
479 solely (1) for the acquisition of an existing bank, whether by
480 acquisition of stock, by acquisition of assets, or by merger or
481 consolidation, or (2) to facilitate any other corporate transaction
482 authorized by this title in which the commissioner has determined that
483 such transaction has adequate regulatory supervision to justify the
484 organization of an interim Connecticut bank. Such interim Connecticut
485 bank shall not accept deposits or otherwise commence business.
486 Subdivision (2) of subsection (c) and subsections (d), (f), (g), (h) and (o)
487 of this section shall not apply to the organization of an interim bank,
488 provided the commissioner may, in the commissioner's discretion,
489 order a hearing under subsection (e) or require that the organizers
490 publish or mail the proposed certificate of incorporation or both. The
491 approving authority for an interim Connecticut bank shall be the
492 commissioner acting alone. If the approving authority determines that
493 the organization of the interim Connecticut bank complies with
494 applicable law, the approving authority shall issue a temporary

495 certificate of authority conditioned on the approval by the appropriate
496 supervisory agency of the corporate transaction for which the interim
497 Connecticut bank is formed.

498 (q) (1) As used in this subsection, "bankers' bank" means a
499 Connecticut bank that is (A) owned exclusively by any combination of
500 banks, out-of-state banks, Connecticut credit unions, federal credit
501 unions, or out-of-state credit unions having their principal office in
502 Connecticut, Maine, Massachusetts, New Hampshire, New York,
503 Rhode Island or Vermont, and (B) organized to engage exclusively in
504 providing services for, or that indirectly benefit, other banks,
505 out-of-state banks, Connecticut credit unions, federal credit unions, or
506 out-of-state credit unions and their directors, officers and employees.

507 (2) One or more persons may organize a bankers' bank in
508 accordance with the provisions of this section, except that subsections
509 (g) and (h) of this section shall not apply. The approving authority for
510 a bankers' bank shall be the commissioner acting alone. Before
511 granting a temporary certificate of authority in the case of an
512 application to organize a bankers' bank, the approving authority shall
513 consider (A) whether the proposed bankers' bank will facilitate the
514 provision of services that such banks, out-of-state banks, Connecticut
515 credit unions, federal credit unions, or out-of-state credit unions would
516 not otherwise be able to readily obtain, and (B) the character and
517 experience of the proposed directors and officers. The application to
518 organize a bankers' bank shall be approved if the approving authority
519 determines that the interest of the public will be directly or indirectly
520 served to advantage by the establishment of the proposed bankers'
521 bank, and the proposed directors possess capacity and fitness for the
522 duties and responsibilities with which they will be charged.

523 (3) A bankers' bank shall have all of the powers of and be subject to
524 all of the requirements applicable to a Connecticut bank under this title
525 which are not inconsistent with this subsection, except: (A) A bankers'
526 bank may only provide services for, or that indirectly benefit, other
527 banks, out-of-state banks, Connecticut credit unions, federal credit

528 unions, or out-of-state credit unions and for the directors, officers and
529 employees of such banks, out-of-state banks, Connecticut credit
530 unions, federal credit unions, or out-of-state credit unions; (B) only
531 banks, out-of-state banks, Connecticut credit unions, federal credit
532 unions, or out-of-state credit unions having their principal office in
533 Connecticut, Maine, Massachusetts, New Hampshire, New York,
534 Rhode Island or Vermont may own the capital stock of or otherwise
535 invest in a bankers' bank; (C) upon the written request of a bankers'
536 bank, the commissioner may waive specific requirements of this title
537 and the regulations adopted thereunder if the commissioner finds that
538 (i) the requirement pertains primarily to banks that provide retail or
539 consumer banking services and is inconsistent with this subsection,
540 and (ii) the requirement may impede the ability of the bankers' bank to
541 compete or to provide desired services to its market provided, any
542 such waiver and the commissioner's findings shall be in writing and
543 shall be made available for public inspection; and (D) the
544 commissioner may, by regulation, limit the powers that may be
545 exercised by a bankers' bank.

546 (4) The commissioner may adopt regulations, in accordance with
547 chapter 54, to administer the provisions of this subsection.

548 (r) (1) As used in this subsection and section 36a-139, "community
549 bank" means a Connecticut bank that is organized pursuant to this
550 subsection and is subject to the provisions of this subsection and
551 section 36a-139.

552 (2) One or more persons may organize a community bank in
553 accordance with the provisions of this section, except that subsection
554 (g) of this section shall not apply. Any such community bank shall
555 commence business with a minimum equity capital of at least three
556 million dollars. The approving authority for a community bank shall
557 be the commissioner acting alone. In addition to the considerations
558 and determinations required by subsection (h) of this section, before
559 granting a temporary certificate of authority to organize a community
560 bank, the approving authority shall determine that (A) each of the

561 proposed directors and proposed executive officers, as defined in
562 subparagraph (D) of subdivision (3) of this subsection, possesses
563 capacity and fitness for the duties and responsibilities with which such
564 director or officer will be charged, and (B) there is satisfactory
565 community support for the proposed community bank based on
566 evidence of such support provided by the organizers to the approving
567 authority. If the approving authority cannot make such determination
568 with respect to any such proposed director or proposed executive
569 officer, the approving authority may refuse to allow such proposed
570 director or proposed executive officer to serve in such capacity in the
571 proposed community bank.

572 (3) A community bank shall have all of the powers of and be subject
573 to all of the requirements and limitations applicable to a Connecticut
574 bank under this title which are not inconsistent with this subsection,
575 except: (A) No community bank may (i) exercise any of the fiduciary
576 powers granted to Connecticut banks by law until express authority
577 therefor has been given by the approving authority, (ii) establish and
578 maintain one or more mutual funds, (iii) invest in derivative securities
579 other than mortgage-backed securities fully guaranteed by
580 governmental agencies or government sponsored agencies, (iv) own
581 any real estate for the present or future use of the bank unless the
582 approving authority finds, based on an independently prepared
583 analysis of costs and benefits, that it would be less costly to the bank to
584 own instead of lease such real estate, or (v) make mortgage loans
585 secured by nonresidential real estate the aggregate amount of which, at
586 the time of origination, exceeds ten per cent of all assets of such bank;
587 (B) the aggregate amount of all loans made by a community bank shall
588 not exceed eighty per cent of the total deposits held by such bank; (C)
589 (i) the total direct or indirect liabilities of any one obligor, whether or
590 not fully secured and however incurred, to any community bank,
591 exclusive of such bank's investment in the investment securities of
592 such obligor, shall not exceed at the time incurred ten per cent of the
593 equity capital and reserves for loan and lease losses of such bank, and
594 (ii) the limitations set forth in subsection (a) of section 36a-262, as
595 amended, shall apply to this subparagraph; and (D) the limitations set

596 forth in subsection (a) of section 36a-263, as amended, shall apply to all
597 community banks, provided, a community bank may (i) make a
598 mortgage loan to any director or executive officer secured by premises
599 occupied or to be occupied by such director or officer as a primary
600 residence, (ii) make an educational loan to any director or executive
601 officer for the education of any child of such director or executive
602 officer, and (iii) extend credit to any director or executive officer in an
603 amount not exceeding ten thousand dollars for extensions of credit not
604 otherwise specifically authorized in this subparagraph. The aggregate
605 amount of all loans or extensions of credit made by a community bank
606 pursuant to this subparagraph shall not exceed thirty-three and
607 one-third per cent of the equity capital and reserves for loan and lease
608 losses of such bank. As used in this subparagraph, "executive officer"
609 means every officer of a community bank who participates or has
610 authority to participate, other than in the capacity of a director, in
611 major policy-making functions of the bank, regardless of whether such
612 officer has an official title or whether such officer serves without salary
613 or other compensation. The vice president, chief financial officer,
614 secretary and treasurer of a community bank are presumed to be
615 executive officers unless, by resolution of the governing board or by
616 the bank's bylaws, any such officer is excluded from participation in
617 major policy-making functions, other than in the capacity of a director
618 of the bank, and such officer does not actually participate in major
619 policy-making functions.

620 (4) The audit and examination requirements set forth in section
621 36a-86 shall apply to each community bank.

622 (5) The commissioner may adopt regulations, in accordance with
623 chapter 54, to administer the provisions of this subsection and section
624 36a-139.

625 (s) (1) As used in this subsection, "community development bank"
626 means a Connecticut bank that is organized to serve the banking needs
627 of a well-defined neighborhood, community or other geographic area
628 as determined by the commissioner, primarily, but not exclusively, by

629 making commercial loans in amounts of one hundred fifty thousand
630 dollars or less to existing businesses or to persons seeking to establish
631 businesses located within such neighborhood, community or
632 geographic area.

633 (2) One or more persons may organize a community development
634 bank in accordance with the provisions of this section, except that
635 subsection (g) of this section shall not apply. The approving authority
636 for a community development bank shall be the commissioner acting
637 alone. Any such community development bank shall commence
638 business with a minimum equity capital determined by the
639 commissioner to be appropriate for the proposed activities of such
640 bank, provided, if such proposed activities include accepting deposits,
641 such minimum equity capital shall be sufficient to enable such deposits
642 to be insured by the Federal Deposit Insurance Corporation or its
643 successor agency.

644 (3) The state, acting through the State Treasurer, may be the sole
645 organizer of a community development bank or may participate with
646 any other person or persons in the organization of any community
647 development bank, and may own all or a part of any capital stock of
648 such bank. No application fee shall be required under subparagraph
649 (H) of subdivision (1) of subsection (d) of section 36a-65, as amended,
650 and no franchise tax shall be required under subsection (o) of this
651 section for any community development bank organized by or in
652 participation with the state.

653 (4) In addition to the considerations and determinations required by
654 subsection (h) of this section, before granting a temporary certificate of
655 authority to organize a community development bank, the approving
656 authority shall determine that (A) each of the proposed directors and
657 proposed executive officers possesses capacity and fitness for the
658 duties and responsibilities with which such director or officer will be
659 charged, and (B) there is satisfactory community support for the
660 proposed community development bank based on evidence of such
661 support provided by the organizers to the approving authority. If the

662 approving authority cannot make such determination with respect to
663 any such proposed director or proposed executive officer, the
664 approving authority may refuse to allow such proposed director or
665 proposed executive officer to serve in such capacity in the proposed
666 community development bank. As used in this subdivision, "executive
667 officer" means every officer of a community development bank who
668 participates or has authority to participate, other than in the capacity of
669 a director, in major policy-making functions of the bank, regardless of
670 whether such officer has an official title or whether such officer serves
671 without salary or other compensation. The vice president, chief
672 financial officer, secretary and treasurer of a community development
673 bank are presumed to be executive officers unless, by resolution of the
674 governing board or by the bank's bylaws, any such officer is excluded
675 from participation in major policy-making functions, other than in the
676 capacity of a director of the bank, and such officer does not actually
677 participate in major policy-making functions.

678 (5) Notwithstanding any contrary provision of this title: (A) The
679 commissioner may limit the powers that may be exercised by a
680 community development bank or impose conditions on the exercise by
681 such bank of any power allowed by this title as the commissioner
682 deems necessary in the interest of the public and for the safety and
683 soundness of the community development bank, provided, any such
684 limitations or conditions, or both, shall be set forth in the final
685 certificate of authority issued in accordance with subsection (l) of this
686 section; and (B) the commissioner may waive in writing any
687 requirement imposed on a community development bank under this
688 title or any regulation adopted under this title if the commissioner
689 finds that such requirement is inconsistent with the powers that may
690 be exercised by such community development bank under its final
691 certificate of authority.

692 (6) The commissioner may adopt regulations, in accordance with
693 chapter 54, to carry out the provisions of this subsection.

694 [(t) (1) As used in this subsection, "uninsured bank" means a

695 Connecticut bank that does not accept retail deposits and for which
696 insurance of deposits by the Federal Deposit Insurance Corporation or
697 its successor agency is not required, and "retail deposits" means any
698 deposits made by individuals who are not accredited investors, as
699 defined in 17 CFR Section 230.501(a).]

700 [(2)] (t) (1) One or more persons may organize an uninsured bank in
701 accordance with the provisions of this section, except that subsection
702 (g) of this section shall not apply. The approving authority for an
703 uninsured bank shall be the commissioner acting alone. Any such
704 uninsured bank shall commence business with a minimum equity
705 capital of at least five million dollars unless the commissioner
706 establishes a different minimum capital requirement for such
707 uninsured bank based upon its proposed activities.

708 [(3)] (2) An uninsured bank shall have all of the powers of and be
709 subject to all of the requirements and limitations applicable to a
710 Connecticut bank under this title which are not inconsistent with this
711 subsection, except no uninsured bank may accept retail deposits and,
712 notwithstanding any provision of this title, sections 36a-30 to 36a-34,
713 inclusive, do not apply to uninsured banks.

714 [(4)] (3) (A) An uninsured bank shall display conspicuously, at each
715 window or other place where deposits are usually accepted, a sign
716 stating that deposits are not insured by the Federal Deposit Insurance
717 Corporation or its successor agency.

718 (B) An uninsured bank shall either (i) include in boldface
719 conspicuous type on each signature card, passbook, and instrument
720 evidencing a deposit the following statement: "This deposit is not
721 insured by the FDIC" or (ii) require each depositor to execute a
722 statement that acknowledges that the initial deposit and all future
723 deposits at the uninsured bank are not insured by the Federal Deposit
724 Insurance Corporation or its successor agency. The uninsured bank
725 shall retain such acknowledgment as long as the depositor maintains
726 any deposit with the uninsured bank.

727 (C) An uninsured bank shall include on all of its deposit-related
728 advertising a conspicuous statement that deposits are not insured by
729 the Federal Deposit Insurance Corporation or its successor agency.

730 (u) (1) Each trust bank and uninsured bank shall keep assets on
731 deposit in the amount of at least one million dollars with such banks as
732 the commissioner may approve, provided a trust bank or uninsured
733 bank that received its final certificate of authority prior to the effective
734 date of this section shall keep assets on deposit as follows: At least two
735 hundred fifty thousand dollars no later than one year from such
736 effective date, at least five hundred thousand dollars no later than two
737 years from such date, at least seven hundred fifty thousand dollars no
738 later than three years from such date and at least one million dollars no
739 later than four years from such date. No trust bank or uninsured bank
740 shall make a deposit pursuant to this section until the bank at which
741 the assets are to be deposited and the trust bank or uninsured bank
742 shall have executed a deposit agreement satisfactory to the
743 commissioner. The value of such assets shall be based upon the
744 principal amount or market value, whichever is lower. If the
745 commissioner determines that an asset that otherwise qualifies under
746 this section shall be valued at less than the amount otherwise provided
747 in this subdivision, the commissioner shall so notify the trust bank or
748 uninsured bank, which shall thereafter value such asset as directed by
749 the commissioner.

750 (2) As used in this subsection, "assets" means: (A) United States
751 dollar deposits payable in the United States, other than certificates of
752 deposit; (B) bonds, notes, debentures or other obligations of the United
753 States or any agency or instrumentality thereof, or guaranteed by the
754 United States, or of this state or of a county, city, town, village, school
755 district, or instrumentality of this state or guaranteed by this state; (C)
756 bonds, notes, debentures or other obligations issued by the Federal
757 Home Loan Mortgage Corporation and the Federal National Mortgage
758 Corporation; (D) commercial paper payable in dollars in the United
759 States, provided such paper is rated in one of the three highest rating
760 categories by a rating service recognized by the commissioner. In the

761 event that an issue of commercial paper is rated by more than one
762 recognized rating service, it shall be rated in one of the three highest
763 rating categories by each such rating service; (E) negotiable certificates
764 of deposit that are payable in the United States; (F) reserves held at a
765 federal reserve bank; and (G) such other assets as determined by the
766 commissioner upon written application.

767 Sec. 6. Section 36a-139a of the general statutes is repealed and the
768 following is substituted in lieu thereof (*Effective from passage*):

769 (a) Any [Connecticut bank that is an] uninsured bank [, as defined
770 in subsection (t) of section 36a-70, or any Connecticut bank that
771 functions solely in a fiduciary capacity,] or any trust bank may, upon
772 the approval of the commissioner, convert to a Connecticut bank that
773 is authorized to accept retail deposits [, as defined in subsection (t) of
774 section 36a-70,] and operate without the limitations provided in
775 subdivisions [(3) and (4)] (2) and (3) of subsection (t) and subsection (u)
776 of section 36a-70, as amended by this act, [or] and subsection (b) of
777 section 36a-250, as amended by this act.

778 (b) The converting bank shall file with the commissioner a proposed
779 plan of conversion, a copy of the proposed amended certificate of
780 incorporation and a certificate by the secretary of the converting bank
781 that the proposed plan of conversion and proposed amended
782 certificate of incorporation have been approved in accordance with
783 subsection (c) of this section.

784 (c) The proposed plan of conversion and proposed amended
785 certificate of incorporation shall require the approval of a majority of
786 the governing board of the converting bank and the favorable vote of
787 not less than two-thirds of the holders of each class of the converting
788 bank's capital stock, if any, or in the case of a converting mutual bank,
789 the incorporators thereof, cast at a meeting called to consider such
790 conversion.

791 (d) Any shareholder of a capital stock Connecticut bank that
792 proposes to convert under this section, who, on or before the date of

793 the shareholders' meeting to vote on such conversion, objects to the
794 conversion by filing a written objection with the secretary of such bank
795 may, within ten days after the effective date of such conversion, make
796 written demand upon the bank for payment of such shareholder's
797 stock. Any such shareholder that makes such objection and demand
798 shall have the same rights as those of a shareholder that asserts
799 appraisal rights with respect to the merger of two or more capital stock
800 Connecticut banks.

801 (e) The commissioner shall approve a conversion under this section
802 if the commissioner determines that: (1) The converting bank has
803 complied with all applicable provisions of law; (2) the converting bank
804 has equity capital of at least five million dollars; (3) the converting
805 bank has received satisfactory ratings on its most recent safety and
806 soundness examination; (4) the proposed conversion will serve the
807 public necessity and convenience; and (5) the converting bank will
808 provide adequate services to meet the banking needs of all community
809 residents, including low-income residents and moderate-income
810 residents to the extent permitted by its charter, in accordance with a
811 plan submitted by the converting bank to the commissioner, in such
812 form and containing such information as the commissioner may
813 require. Upon receiving any such plan, the commissioner shall make
814 the plan available for public inspection and comment at the
815 Department of Banking and cause notice of its submission and
816 availability for inspection and comment to be published in the
817 department's weekly bulletin. With the concurrence of the
818 commissioner, the converting bank shall publish, in the form of a legal
819 advertisement in a newspaper having a substantial circulation in the
820 area, notice of such plan's submission and availability for public
821 inspection and comment. The notice shall state that the inspection and
822 comment period will last for a period of thirty days from the date of
823 publication. The commissioner shall not make such determination
824 until the expiration of the thirty-day period. In making such
825 determination, the commissioner shall, unless clearly inapplicable,
826 consider, among other factors, whether the plan identifies specific
827 unmet credit and consumer banking needs in the local community and

828 specifies how such needs will be satisfied, provides for sufficient
829 distribution of banking services among branches or satellite devices, or
830 both, located in low-income neighborhoods, contains adequate
831 assurances that banking services will be offered on a
832 nondiscriminatory basis and demonstrates a commitment to extend
833 credit for housing, small business and consumer purposes in low-
834 income neighborhoods.

835 (f) After receipt of the commissioner's approval, the converting bank
836 shall promptly file such approval and its amended certificate of
837 incorporation with the Secretary of the State and with the town clerk of
838 the town in which its principal office is located. Upon such filing, the
839 bank shall cease to be an uninsured bank subject to the provisions of
840 subdivisions [(3) and (4)] (2) and (3) of subsection (t) and subsection (u)
841 of section 36a-70, as amended by this act, or a [Connecticut bank
842 organized to function solely in a fiduciary capacity] trust bank, subject
843 to the limitations provided in subsection (u) of section 36a-70, as
844 amended by this act, and subsection (b) of section 36a-250, as amended
845 by this act, and shall be a Connecticut bank subject to all of the
846 requirements and limitations and possessed of all rights, privileges
847 and powers granted to it by its amended certificate of incorporation
848 and by the provisions of the general statutes applicable to its type of
849 Connecticut bank. Such Connecticut bank shall not commence
850 business unless its insurable accounts and deposits are insured by the
851 Federal Deposit Insurance Corporation or its successor agency. Upon
852 such filing with the Secretary of the State and with the town clerk, all
853 of the assets, business and good will of the converting bank shall be
854 transferred to and vested in such Connecticut bank without any deed
855 or instrument of conveyance, provided the converting bank may
856 execute any deed or instrument of conveyance as is convenient to
857 confirm such transfer. Such Connecticut bank shall be subject to all of
858 the duties, relations, obligations, trusts and liabilities of the converting
859 bank, whether as debtor, depository, registrar, transfer agent, executor,
860 administrator or otherwise, and shall be liable to pay and discharge all
861 such debts and liabilities, and to perform all such duties in the same
862 manner and to the same extent as if the Connecticut bank had itself

863 incurred the obligation or liability or assumed the duty or relation. All
864 rights of creditors of the converting bank and all liens upon the
865 property of such bank shall be preserved unimpaired and the
866 Connecticut bank shall be entitled to receive, accept, collect, hold and
867 enjoy any and all gifts, bequests, devises, conveyances, trusts and
868 appointments in favor of or in the name of the converting bank and
869 whether made or created to take effect prior to or after the conversion.

870 (g) The persons named as directors in the amended certificate of
871 incorporation shall be the directors of such Connecticut bank until the
872 first annual election of directors after the conversion or until the
873 expiration of their terms as directors, and shall have the power to take
874 all necessary actions and to adopt bylaws concerning the business and
875 management of such Connecticut bank.

876 (h) No such Connecticut bank resulting from the conversion of an
877 uninsured bank may exercise any of the fiduciary powers granted to
878 Connecticut banks by law until express authority therefor has been
879 given by the commissioner, unless such authority was previously
880 granted to the converting bank.

881 (i) The franchise tax required to be paid by capital stock Connecticut
882 banks upon an increase of capital stock shall be paid upon the capital
883 stock of any such Connecticut bank, provided, any franchise tax paid
884 by the converting bank shall be subtracted from any amount owed
885 under this subsection.

886 Sec. 7. Section 36a-139b of the general statutes, as amended by
887 section 43 of public act 03-84 and section 10 of public act 03-196, is
888 repealed and the following is substituted in lieu thereof (*Effective from*
889 *passage*):

890 (a) Any Connecticut bank may, upon the approval of the
891 commissioner, convert to an uninsured bank, [as defined in
892 subsection (t) of section 36a-70.]

893 (b) The converting bank shall file with the commissioner a proposed

894 plan of conversion, a copy of the proposed amended certificate of
895 incorporation and a certificate by the secretary of the converting bank
896 that the proposed plan of conversion and proposed certificate of
897 incorporation have been approved in accordance with subsection (c) of
898 this section.

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

905 (d) Any shareholder of a converting capital stock Connecticut bank
906 that proposes to convert to an uninsured bank who, on or before the
907 date of the shareholders' meeting to vote on such conversion, objects to
908 the conversion by filing a written objection with the secretary of such
909 bank may, within ten days after the effective date of such conversion,
910 make written demand upon the converted bank for payment of such
911 shareholder's stock. Any such shareholder that makes such objection
912 and demand shall have the same rights as those of a shareholder who
913 dissents from the merger of two or more capital stock Connecticut
914 banks.

915 (e) If applicable, a converting Connecticut bank shall liquidate all of
916 its retail deposits [, as defined in subsection (t) of section 36a-70,] with
917 the approval of the commissioner. The converting bank shall file with
918 the commissioner a written notice of its intent to liquidate all of its
919 retail deposits together with a plan of liquidation and a proposed
920 notice to depositors approved and executed by a majority of its
921 governing board. The commissioner shall approve the plan and the
922 notice to depositors. The commissioner shall not approve a sale of the
923 retail deposits of the converting bank if the purchasing insured
924 depository institution, including all insured depository institutions
925 which are affiliates of such institution, upon consummation of the sale,
926 would control thirty per cent or more of the total amount of deposits of

927 insured depository institutions in this state, unless the commissioner
928 permits a greater percentage of such deposits. The converting and
929 purchasing institutions shall file with the commissioner a written
930 agreement approved and executed by a majority of the governing
931 board of each institution prescribing the terms and conditions of the
932 transaction.

933 (f) The commissioner shall approve a conversion under this section
934 if the commissioner determines that: (1) The converting bank has
935 complied with all applicable provisions of law; (2) the converting bank
936 has equity capital of at least five million dollars unless the
937 commissioner establishes a different minimum capital requirement
938 based on the proposed activities of the converting bank; (3) the
939 converting bank has liquidated all of its retail deposits, if any, and has
940 no deposits that are insured by the Federal Deposit Insurance
941 Corporation or its successor agency; and (4) the proposed conversion
942 will serve the public necessity and convenience. The commissioner
943 shall not approve such conversion unless the commissioner considers
944 the findings of the most recent state or federal safety and soundness
945 examination of the converting bank, and the effect of the proposed
946 conversion on the financial resources and future prospects of the
947 converting bank.

948 (g) After receipt of the commissioner's approval for the conversion,
949 the converting bank shall promptly file such approval and its
950 certificate of incorporation with the Secretary of the State and with the
951 town clerk of the town in which its principal office is located. Upon
952 such filing, the converted Connecticut bank shall not accept retail
953 deposits and shall be an uninsured bank, [as defined in subsection (t)
954 of section 36a-70,] subject to the limitations in subdivisions [(3) and (4)]
955 (2) and (3) of subsection (t) and subsection (u) of section 36a-70, as
956 amended by this act. Upon such conversion, the converted Connecticut
957 bank possesses all of the rights, privileges and powers granted to it by
958 its certificate of incorporation and by the provisions of the general
959 statutes applicable to its type of Connecticut bank, and all of the assets,
960 business and good will of the converting bank shall be transferred to

961 and vested in the converted Connecticut bank without any deed or
962 instrument of conveyance, provided the converting bank may execute
963 any deed or instrument of conveyance as is convenient to confirm such
964 transfer. The converted Connecticut bank shall be subject to all of the
965 duties, relations, obligations, trusts and liabilities of the converting
966 bank, whether as debtor, depository, registrar, transfer agent, executor,
967 administrator or otherwise, and shall be liable to pay and discharge all
968 such debts and liabilities, to perform all such duties in the same
969 manner and to the same extent as if the converted bank had itself
970 incurred the obligation or liability or assumed the duty or relation. All
971 rights of creditors of the converting bank and all liens upon the
972 property of such bank shall be preserved unimpaired and the
973 uninsured bank shall be entitled to receive, accept, collect, hold and
974 enjoy any and all gifts, bequests, devises, conveyances, trusts and
975 appointments in favor of or in the name of the converting bank and
976 whether made or created to take effect prior to or after the conversion.

977 (h) The persons named as directors in the certificate of incorporation
978 shall be the directors of the converted Connecticut bank until the first
979 annual election of directors after the conversion or until the expiration
980 of their terms as directors, and shall have the power to take all
981 necessary actions and to adopt bylaws concerning the business and
982 management of such Connecticut bank.

983 (i) No converted Connecticut bank, other than a Connecticut bank
984 which converted from a [Connecticut bank organized solely to
985 function in a fiduciary capacity] trust bank, may exercise any of the
986 fiduciary powers granted to Connecticut banks by law until express
987 authority therefor has been given by the commissioner, unless such
988 authority was previously granted to the converting bank.

989 (j) The franchise tax required to be paid by capital stock Connecticut
990 banks upon an increase of capital stock shall be paid upon the capital
991 stock of any such converted bank, provided, any franchise tax paid by
992 the converting bank shall be subtracted from any amount owed under
993 this subsection.

994 Sec. 8. Subsection (a) of section 36a-193 of the general statutes is
995 repealed and the following is substituted in lieu thereof (*Effective from*
996 *passage*):

997 (a) Any reorganized savings institution, except [one organized to
998 function solely in a fiduciary capacity] a trust bank, shall commence
999 business with a minimum equity capital of at least five million dollars.
1000 Any reorganized savings institution [organized to function solely in a
1001 fiduciary capacity] that is a trust bank shall commence business with a
1002 minimum equity capital of at least two million dollars. Such equity
1003 capital shall be paid for in cash before any reorganized savings
1004 institution commences business.

1005 Sec. 9. Section 36a-215 of the general statutes, as amended by section
1006 81 of public act 03-19, is repealed and the following is substituted in
1007 lieu thereof (*Effective from passage*):

1008 If, in the opinion of the commissioner, a [Connecticut bank
1009 organized to function solely in a fiduciary capacity] trust bank, or an
1010 uninsured bank, in danger of becoming insolvent, is not likely to be
1011 able to meet the demands of its depositors, in the case of an uninsured
1012 bank, or pay its obligations in the normal course of business, or is
1013 likely to incur losses that may deplete all or substantially all of its
1014 capital, the commissioner may require such [Connecticut bank
1015 organized to function solely in a fiduciary capacity] trust bank or
1016 uninsured bank to [keep assets] increase the assets kept on deposit [in]
1017 as required by subsection (u) of section 36a-70, as amended by this act,
1018 to an amount that would be sufficient to meet the costs and expenses
1019 incurred by the commissioner pursuant to section [36a-223] 36a-222, as
1020 amended by this act, and all fees and assessments due the
1021 commissioner. Such assets shall be deposited with such bank as the
1022 commissioner may designate, and shall be in such form and subject to
1023 such conditions as the commissioner deems necessary. [For purposes
1024 of this section, "uninsured bank" has the meaning given to that term in
1025 subsection (t) of section 36a-70.]

1026 Sec. 10. Subsection (a) of section 36a-216 of the general statutes is

1027 repealed and the following is substituted in lieu thereof (*Effective from*
1028 *passage*):

1029 (a) Whenever, in the opinion of the commissioner, general financial
1030 conditions are such that the public interest requires limitation on
1031 withdrawal of funds from Connecticut banks or Connecticut credit
1032 unions, or the assets of any Connecticut bank or Connecticut credit
1033 union are in such nonliquid condition that the interests of the
1034 depositors, [or] share account holders or clients may be jeopardized,
1035 the commissioner may: (1) Order any one or more of such banks or
1036 credit unions to restrict all or any part of their business and limit or
1037 postpone for any length of time the payment of any amount or
1038 proportion of the deposits in any of the departments of such banks or
1039 credit unions as the commissioner deems necessary or expedient. The
1040 commissioner may regulate as to time and amount further payments
1041 as the interest of the public, of any such bank or credit union or of the
1042 depositors, share account holders, clients or creditors thereof may
1043 require. Any order made by the commissioner under this subdivision
1044 may be amended, extended or revoked in whole or in part, whenever
1045 in the commissioner's judgment circumstances warrant or require; (2)
1046 authorize any such banks or credit unions to receive new deposits or
1047 share account payments which shall be designated as new deposits or
1048 share account payments, and shall be segregated from all other
1049 deposits or share account payments. Such new deposits or share
1050 account payments shall be invested only in assets approved by the
1051 commissioner as being sufficiently liquid to be available when needed
1052 to meet any demands on account of such new deposits or share
1053 account payments. Such assets shall not be merged with other assets
1054 but shall be held in trust for the security and payment of such new
1055 deposits or share account payments, except that income from such
1056 assets may, to the extent authorized by the commissioner, be used by
1057 the banks or credit unions for other proper purposes of such banks or
1058 credit unions; and the withdrawal of such new deposits or share
1059 account payments shall not be subjected in any respect to restriction or
1060 limitation under this section; (3) adopt such regulations, in accordance
1061 with chapter 54, as the commissioner deems advisable for the

1062 protection of any such bank or credit union or the depositors, share
1063 account holders, clients or creditors thereof. Any person who violates
1064 any provision of such regulations shall be fined not more than one
1065 thousand dollars or imprisoned not more than one year, or both.

1066 Sec. 11. Section 36a-218 of the general statutes is repealed and the
1067 following is substituted in lieu thereof (*Effective from passage*):

1068 Whenever the commissioner has reason to believe that the capital of
1069 any capital stock Connecticut bank is impaired but the impairment is
1070 not sufficient to require other action for the protection of the public,
1071 the commissioner may notify such bank in writing to make good any
1072 impairment of capital within a time to be fixed by the commissioner.
1073 For purposes of this section, the capital of a bank is impaired if the
1074 equity capital of the bank is less than zero. At the end of such period,
1075 the commissioner shall make, or cause to be made, an examination of
1076 such bank, and, upon finding at any time thereafter an impairment of
1077 capital, the commissioner may deliver to such bank a written order to
1078 discontinue receiving moneys for deposit or for certificates of
1079 indebtedness and paying depositors, clients or other creditors. The
1080 commissioner may thereupon bring an action in the superior court for
1081 the judicial district of Hartford or the judicial district in which the
1082 main office of such bank is located for its dissolution and for the
1083 appointment of a receiver to take charge of its affairs. Such written
1084 order of the commissioner, until vacated by an order of the court, shall
1085 have the effect of a temporary injunction restraining such bank, its
1086 directors, officers and employees, from receiving moneys for deposit
1087 or for certificates of indebtedness and paying depositors, clients or
1088 other creditors. Nothing in this section shall require the commissioner
1089 to take any action for the restoration of any impairment of capital or
1090 for the appointment of a receiver if, in the commissioner's opinion, the
1091 remaining capital of any such bank is sufficient to protect the
1092 depositors, clients and other creditors thereof from loss.

1093 Sec. 12. Subsection (a) of section 36a-219 of the general statutes is
1094 repealed and the following is substituted in lieu thereof (*Effective from*

1095 *passage*):

1096 (a) Whenever, in the opinion of the commissioner or the governing
1097 board, or in the case of a Connecticut credit union service organization
1098 the commissioner or the governing board, managers or general
1099 partners, it may be necessary to preserve assets or protect depositors,
1100 [or] share account holders or clients, the commissioner may issue a
1101 temporary order restraining any Connecticut bank, out-of-state bank
1102 that maintains in this state a branch, as defined in section 36a-410, to
1103 the extent of its operations in this state, Connecticut credit union or
1104 out-of-state credit union that maintains in this state a branch, as
1105 defined in section 36a-435b, as amended, to the extent of its operations
1106 in this state, or Connecticut credit union service organization from
1107 paying out any funds or receiving moneys for deposit, for certificates
1108 of indebtedness or for payment on accounts, or, in the case of a
1109 Connecticut bank, Connecticut credit union or Connecticut credit
1110 union service organization, appoint a conservator, until a hearing
1111 before the superior court of the judicial district of Hartford. The court
1112 may, upon application of the commissioner or upon application of the
1113 governing board of any such Connecticut bank, out-of-state bank,
1114 Connecticut credit union or out-of-state credit union, or the governing
1115 board, managers or general partners of any such Connecticut credit
1116 union service organization, issue an order restraining any such bank,
1117 credit union or credit union service organization from declaring or
1118 paying any dividends or from paying out any funds of such bank,
1119 credit union or credit union service organization for such time as the
1120 court deems necessary. Such order shall be in writing directed to such
1121 bank, credit union or credit union service organization and a copy of
1122 the order attested and hand-delivered by the commissioner to the
1123 president, chief executive officer, secretary, or treasurer of any such
1124 bank or credit union, or in the case of a Connecticut credit union
1125 service organization, to the president, chief executive officer, secretary,
1126 treasurer, a manager or general partner of any such credit union
1127 service organization, or in the case of an out-of-state bank, or out-of-
1128 state credit union, to its agent, shall be sufficient notice thereof. Before
1129 issuing such restraining order, the court shall cause reasonable notice

1130 to be given to such bank, credit union or credit union service
1131 organization. Notice to the president, chief executive officer, secretary,
1132 treasurer or agent of any such bank or credit union, an agent of any
1133 such out-of-state bank or out-of-state credit union, or president, chief
1134 executive officer, secretary, treasurer, manager or general partner of
1135 any such credit union service organization shall be notice to such bank,
1136 credit union or credit union service organization. Notice may be
1137 waived by any such president, chief executive officer, treasurer,
1138 secretary, manager, general partner or agent.

1139 Sec. 13. Subsection (a) of section 36a-220 of the general statutes is
1140 repealed and the following is substituted in lieu thereof (*Effective from*
1141 *passage*):

1142 (a) If it appears to the commissioner that (1) the charter of any
1143 Connecticut bank or out-of-state bank that maintains in this state a
1144 branch, as defined in section 36a-410, or the certificate of authority of
1145 any Connecticut credit union or out-of-state credit union that
1146 maintains in this state a branch, as defined in section 36a-435b, as
1147 amended, is forfeited, (2) the public is in danger of being defrauded by
1148 such bank or credit union, it is unsafe or unsound for such bank or
1149 credit union to continue business or its assets are being dissipated, (3)
1150 such bank or credit union is insolvent, is in danger of imminent
1151 insolvency or that its capital is not adequate to support the level of
1152 risk, or (4) the Federal Deposit Insurance Corporation, National Credit
1153 Union Administration or their successor agencies have terminated
1154 insurance of the insurable accounts or deposits of such bank, unless
1155 such Connecticut bank has filed an application with the commissioner
1156 to convert to an uninsured bank pursuant to section 36a-139b, as
1157 amended by this act, or credit union, the commissioner shall apply to
1158 the superior court for the judicial district of Hartford or the judicial
1159 district in which the main office of such bank or credit union is located
1160 for an injunction restraining such bank or credit union from
1161 conducting business or, in the case of a Connecticut bank or
1162 Connecticut credit union, for the appointment of a conservator or for a
1163 receiver to wind up its affairs.

1164 Sec. 14. Section 36a-222 of the general statutes is repealed and the
1165 following is substituted in lieu thereof (*Effective from passage*):

1166 [(a) The duty of the receiver shall be to place the Connecticut bank
1167 or Connecticut credit union in liquidation and proceed to realize upon
1168 the assets of such bank or credit union, having due regard for the
1169 conditions of credit in the locality of such bank or credit union.

1170 (b) The duty of the conservator shall be to carry on the business of
1171 the Connecticut bank or Connecticut credit union, to preserve and
1172 conserve the assets and property of the bank or credit union, and to
1173 put such bank or credit union in a safe and sound condition.]

1174 (a) In all cases in which the appointment of a receiver or conservator
1175 for any Connecticut bank or Connecticut credit union is sought, if it is
1176 found that a receiver or conservator should be appointed, the Superior
1177 Court shall appoint as a receiver or conservator the commissioner or, if
1178 requested by the commissioner, the Federal Deposit Insurance
1179 Corporation or the National Credit Union Administration, or their
1180 successor agencies or, if such agencies cannot act as receiver or
1181 conservator, an independent receiver or conservator. If the
1182 commissioner, the Federal Deposit Insurance Corporation or the
1183 National Credit Union Administration, or their successor agencies,
1184 accepts the appointment as receiver or conservator, no bond shall be
1185 required to be posted. If an independent person accepts the
1186 appointment as receiver or conservator, the court shall require such
1187 person to post a suitable bond. The Superior Court may appoint the
1188 receiver or conservator on an ex parte basis upon a sufficient affidavit
1189 of the commissioner or the commissioner's authorized representative
1190 indicating reasonable likelihood that an unsafe or unsound condition
1191 exists which is likely to have an adverse effect upon depositors, share
1192 account holders, clients or creditors. If an independent receiver or
1193 conservator is appointed, the commissioner shall be a party to the
1194 receivership proceeding or conservatorship with standing to initiate or
1195 contest any motion, and the views of the commissioner shall be
1196 entitled to deference unless they are inconsistent with the plain

1197 meaning of sections 36a-215 to 36a-239, inclusive, as amended by this
1198 act, and sections 28 to 32, inclusive, of this act.

1199 (b) The commissioner may organize a separate division within the
1200 Department of Banking for liquidating or administering the affairs of
1201 the banks or credit unions for which the commissioner is acting as
1202 receiver or conservator, and the commissioner may appoint such
1203 employees and retain such consultants as the commissioner deems
1204 necessary for the liquidation or administration of the affairs of such
1205 banks or credit unions. The commissioner may appoint an agent, who
1206 shall be an employee of the Department of Banking and who, in the
1207 absence or incapacity of the commissioner and of the commissioner's
1208 deputy, shall have authority to act for or represent the commissioner in
1209 all matters pertaining to the duties of the commissioner as the receiver
1210 or conservator of any Connecticut bank or Connecticut credit union.
1211 Such agent may execute and sign for the commissioner as the receiver
1212 or conservator any documents, instruments or reports necessary in the
1213 administration of the receivership or conservatorship. All legal
1214 services required by the commissioner as receiver or conservator or the
1215 commissioner's deputy, agent or employees in connection with such
1216 receivership proceedings or the administration or reorganization of
1217 any such Connecticut bank or Connecticut credit union shall be
1218 performed by the Attorney General. The commissioner shall keep on
1219 file in the commissioner's office an executed copy of each report
1220 required to be filed by the commissioner as receiver or conservator
1221 with the clerk of the Superior Court and shall include a report of each
1222 bank or credit union for which the commissioner is acting as receiver
1223 or conservator in the commissioner's annual report to the Governor.

1224 (c) (1) If the commissioner is appointed receiver or conservator, any
1225 salaries and expenses incurred in the liquidation, reorganization or
1226 administration of the bank or credit union shall be paid out of the
1227 funds of the bank or credit union, subject to the approval of the
1228 Superior Court. The state shall be reimbursed for any costs or expenses
1229 incurred by the Department of Banking in the liquidation,
1230 reorganization or administration of the receivership or

1231 conservatorship, and the commissioner may collect from each such
1232 estate in receivership or conservatorship such costs and expenses as, in
1233 the commissioner's opinion, are fair and equitable. Any such costs or
1234 expenses so collected shall be deposited with the State Treasurer and
1235 shall be credited to the State Banking Fund. Any salaries and expenses
1236 for legal services provided by the Attorney General shall be paid out of
1237 the funds of the estate in receivership or conservatorship with the
1238 approval of the court. Such salaries and expenses shall be allocated by
1239 the commissioner as nearly as possible to the estate in receivership or
1240 conservatorship for which the services were rendered, and the funds in
1241 payment of the same shall be deposited with the State Treasurer and
1242 shall be credited to the appropriation for the Attorney General.

1243 (2) If an independent person is appointed receiver or conservator,
1244 the cost and expenses incurred in the liquidation, reorganization or
1245 administration of the bank or credit union, including any funds paid
1246 by the commissioner to the receiver or conservator prior to the bank or
1247 credit union being placed in receivership or conservatorship, shall be
1248 paid out of the funds of the bank or credit union, subject to the
1249 approval of the court.

1250 (d) Upon the appointment of a receiver pursuant to subsection (a) of
1251 this section, possession of and title to all assets, business and property
1252 of the Connecticut bank or Connecticut credit union shall pass to and
1253 vest in the receiver without the execution of any instruments of
1254 conveyance, assignment, transfer or endorsement.

1255 (e) (1) Except as otherwise provided by this subdivision, the
1256 Superior Court in which a receivership proceeding against a
1257 Connecticut bank or Connecticut credit union is pending has exclusive
1258 jurisdiction to hear and determine all actions or proceedings instituted
1259 by or against the bank, credit union or receiver after the receivership
1260 proceeding begins. The receiver may file in any jurisdiction an
1261 ancillary suit to obtain jurisdiction or venue over a person or property.

1262 (2) A record of a Connecticut bank or Connecticut credit union
1263 obtained by the receiver and held in the course of the receivership

1264 proceeding or a certified copy of the record under the official seal of
1265 the receiver is admissible as evidence in all cases without proof of
1266 correctness or other proof, except the certificate of the receiver that the
1267 record was received from the custody of the bank or credit union or
1268 found among its effects. The receiver may certify the correctness of
1269 such record and a record of the receiver's office, and may certify any
1270 fact contained in the record. The record is admissible as evidence in all
1271 cases in which the original would be evidence. The original record or a
1272 certified copy of the record is prima facie evidence of the facts it
1273 contains.

1274 (f) (1) A judgment or order of a court of this state or of another
1275 jurisdiction in an action pending by or against a Connecticut bank or
1276 Connecticut credit union, rendered after the date such bank or credit
1277 union was placed in receivership, is not binding on the receiver unless
1278 the receiver was made a party to the suit.

1279 (2) Before the first anniversary of the date the Connecticut bank or
1280 Connecticut credit union was placed in receivership, the receiver may
1281 not be required to plead to any suit pending against such bank or
1282 credit union in a court in this state on the date such bank or credit
1283 union was placed in receivership and in which the receiver is a proper
1284 plaintiff or defendant.

1285 Sec. 15. Section 36a-223 of the general statutes, as amended by
1286 section 1 of public act 03-153, is repealed and the following is
1287 substituted in lieu thereof (*Effective from passage*):

1288 [(a) In all cases in which the appointment of a receiver or
1289 conservator for any Connecticut bank or Connecticut credit union is
1290 sought, if it is found that a receiver or conservator should be
1291 appointed, the Superior Court shall appoint as a receiver or
1292 conservator the commissioner or, if requested by the commissioner,
1293 the Federal Deposit Insurance Corporation or the National Credit
1294 Union Administration, or their successor agencies or, if extraordinary
1295 circumstances exist, another competent person. The Superior Court
1296 may appoint the receiver or conservator on an ex parte basis upon a

1297 sufficient affidavit of the commissioner or the commissioner's
1298 authorized representative indicating reasonable likelihood that an
1299 unsafe or unsound condition exists which is likely to have an adverse
1300 effect upon depositors, share account holders or creditors. The
1301 commissioner may organize a separate division within the Department
1302 of Banking for liquidating and administering the affairs of the banks or
1303 credit unions for which the commissioner is acting as receiver or
1304 conservator, and the commissioner may appoint such employees as the
1305 commissioner deems necessary for the liquidation or administration of
1306 the affairs of such banks or credit unions. Any salaries and expenses
1307 shall be paid out of the funds of the bank or credit union in the
1308 possession of the commissioner, subject to the approval of the court
1309 having jurisdiction. The commissioner may appoint an agent, who
1310 may be an employee of the Department of Banking or such other
1311 person as the commissioner may deem appropriate and who, in the
1312 absence or incapacity of the commissioner and of the commissioner's
1313 deputy, shall have authority to act for or represent the commissioner in
1314 all matters pertaining to the duties of the commissioner as the receiver
1315 or conservator of any Connecticut bank or Connecticut credit union.
1316 Such agent may execute and sign for the commissioner as the receiver
1317 or conservator any documents, instruments or reports necessary in the
1318 administration of the receivership or conservatorship. The state shall
1319 be reimbursed for any costs or expenses incurred by the Department of
1320 Banking in the administration of the receivership or conservatorship,
1321 and the commissioner may collect from each such estate in
1322 receivership or conservatorship such charges as, in the commissioner's
1323 opinion, are fair and equitable. Any such costs or expenses so collected
1324 shall be deposited with the State Treasurer and shall be credited to the
1325 State Banking Fund. All legal services required by the commissioner or
1326 the commissioner's deputy, agent or employees in connection with
1327 such receivership proceedings or the administration or reorganization
1328 of any such Connecticut bank or Connecticut credit union shall be
1329 performed by the Attorney General, and any salaries and expenses for
1330 such legal assistance shall be paid out of the funds of the estate in
1331 receivership or conservatorship with the approval of the superior court

1332 having jurisdiction. Such salaries and expenses shall be allocated by
1333 the commissioner as nearly as possible to the estate in receivership or
1334 conservatorship for which the services were rendered, and the funds in
1335 payment of the same shall be deposited with the State Treasurer and
1336 shall be credited to the appropriation for the Attorney General. The
1337 commissioner shall keep on file in the commissioner's office an
1338 executed copy of each report required to be filed by the commissioner,
1339 as the receiver or conservator, with the clerk of the Superior Court and
1340 shall include a report of each bank or credit union for which the
1341 commissioner is acting as receiver or conservator in the
1342 commissioner's annual report to the Governor. If the commissioner,
1343 the Federal Deposit Insurance Corporation or the National Credit
1344 Union Administration, or their successor agencies, accepts the
1345 appointment as receiver or conservator, no bond shall be required to
1346 be posted.

1347 (b) Upon the appointment of a receiver pursuant to subsection (a) of
1348 this section, possession of and title to all assets, business and property
1349 of the Connecticut bank or Connecticut credit union shall pass to and
1350 vest in the receiver without the execution of any instruments of
1351 conveyance, assignment, transfer or endorsement.]

1352 (a) The duty of the conservator shall be to carry on the business of
1353 the Connecticut bank or Connecticut credit union, to preserve and
1354 conserve the assets and property of the bank or credit union, and to
1355 put such bank or credit union in a safe and sound condition.

1356 (b) The duty of the receiver shall be to place the Connecticut bank or
1357 Connecticut credit union in liquidation and proceed to realize upon
1358 the assets of such bank or credit union, having due regard for the
1359 conditions of credit in the locality of such bank or credit union.

1360 (c) A receiver or conservator appointed pursuant to subsection (a) of
1361 [this section] section 36a-222, as amended by this act, shall have the
1362 following powers: (1) To take possession of the books, records and
1363 assets of every description of the Connecticut bank or Connecticut
1364 credit union and collect all debts due and claims belonging to it; (2) to

1365 sue and defend all rights and claims involving the bank or credit
1366 union; (3) to exercise any and all fiduciary functions of the bank or
1367 credit union as of the date of the commencement of the receivership or
1368 conservatorship; (4) to borrow such sums of money as may be
1369 necessary or desirable in the performance of the duties of the receiver
1370 or conservator, and in connection therewith, to secure such borrowings
1371 by the pledge, hypothecation or mortgage of the assets of the bank or
1372 credit union; (5) subject to the approval of the appointing court, unless
1373 such approval is not required under subsection (d) of this section, to
1374 sell or otherwise dispose of any and all real and personal property of
1375 the bank or credit union; sell, assign, compromise, or otherwise
1376 dispose of all bad or doubtful debts; and compromise all doubtful
1377 claims for or against the bank or credit union; (6) to exercise all of the
1378 power and authority of the incorporators, shareholders, directors,
1379 trustees, officers, depositors, [and] share account holders and clients of
1380 such bank or credit union in carrying out the duty of the receiver or
1381 conservator; (7) to exercise such other powers and duties as may be
1382 reasonably necessary or desirable to effectively and efficiently perform
1383 the functions of receiver or conservator in accordance with federal and
1384 state banking and credit union laws and regulations.

1385 (d) Notwithstanding the provisions of subsection [(a)] (c) of this
1386 section, in all cases in which the commissioner is appointed receiver or
1387 conservator, the commissioner, without the approval of the appointing
1388 court, may, upon such terms as the commissioner deems in the best
1389 interest of the Connecticut bank or Connecticut credit union: (1) Sell,
1390 assign, compromise or otherwise dispose of any bad or doubtful debt
1391 held by the bank or credit union, the value of which does not exceed
1392 fifty thousand dollars; (2) compromise any claim, other than a deposit
1393 claim, against the bank or credit union when the amount proposed to
1394 be paid in compromise does not exceed fifty thousand dollars,
1395 provided no claim in favor of the bank or credit union against any
1396 director, trustee or other officer for breach or neglect of official duty
1397 shall be compromised without the approval of the court; and (3) sell or
1398 otherwise dispose of any personal property of the bank or credit union
1399 the value of which does not exceed fifty thousand dollars. For

1400 purposes of this subsection, the value of any bad or doubtful debt shall
1401 be its current value, as determined by the commissioner in good faith,
1402 and the value of any personal property shall be (A) in the case of any
1403 single class of a security or any commodity, or other property or claim
1404 that has a readily ascertainable market value, such market value, and
1405 (B) in any other case, its current value as determined by the
1406 commissioner in good faith.

1407 Sec. 16. Section 36a-224 of the general statutes is repealed and the
1408 following is substituted in lieu thereof (*Effective from passage*):

1409 Upon recommendation of the receiver and with the approval of the
1410 court having jurisdiction, any [such] Connecticut bank or Connecticut
1411 credit union placed in receivership may be reopened and may resume
1412 business and such receiver, upon the application of any depositor,
1413 shareholder, share account holder, client or creditor thereof, shall
1414 present to the court having jurisdiction, for the court's approval, any
1415 plan of refinancing or reorganization which has been submitted to the
1416 receiver by such depositor, share account holder, client, shareholder or
1417 creditor. Any authorized committee of shareholders, share account
1418 holders, [or] depositors or clients may, with the approval of the
1419 superior court having jurisdiction, examine the records of such bank or
1420 credit union for which they appear, in the possession of the
1421 [commissioner as the] receiver, for the purpose of preparing a plan of
1422 refinancing or reorganization of such bank or credit union. After
1423 submitting such proposed plan to the court having jurisdiction, the
1424 [commissioner] receiver shall be subject to such orders as are made by
1425 the court respecting such plan.

1426 Sec. 17. Section 36a-225 of the general statutes is repealed and the
1427 following is substituted in lieu thereof (*Effective from passage*):

1428 (a) The Superior Court, upon appointing a receiver of any
1429 Connecticut bank, other than a trust bank or an uninsured bank, or
1430 Connecticut credit union, shall limit the time within which all claims
1431 against the bank or credit union may be presented to the receiver, and
1432 the court may, upon cause shown, extend such time and shall cause

1433 such public notice of such limitation or extension of time to be given as
1434 it deems reasonable and just. All claims not presented to the receiver
1435 within the period limited shall be forever barred, except that any claim
1436 for a deposit or share account, as shown by the depositor's or share
1437 account holder's passbook, certificate of deposit, statement or other
1438 evidence of deposit or the records of such bank or credit union, shall
1439 be allowed by the receiver.

1440 (b) (1) As soon as reasonably practicable after appointment of a
1441 receiver of a trust bank or an uninsured bank, the receiver shall
1442 publish notice, in a newspaper of general circulation in each town in
1443 which an office of such bank is located, stating that: (A) The bank has
1444 been placed in receivership; (B) the depositors, clients and creditors are
1445 required to present their claims for payment on or before a specific
1446 date and at a specified place; and (C) all safe deposit box holders and
1447 bailors of property left with the bank are required to remove their
1448 property no later than a specified date. The dates that the receiver
1449 selects may not be earlier than the one hundred twenty-first day after
1450 the date of the notice, and shall allow: (i) The affairs of the bank to be
1451 wound up as quickly as feasible; and (ii) depositors, clients, creditors,
1452 safe deposit box holders and bailors of property adequate time for
1453 presentation of claims, withdrawal of accounts, and redemption of
1454 property. The receiver may adjust the dates with the approval of the
1455 court and with or without republication of notice if the receiver
1456 determines that additional time is needed for any such presentation,
1457 withdrawal or redemption.

1458 (2) As soon as reasonably practicable, given the state of the bank's
1459 records and the adequacy of staffing, the receiver shall mail to each of
1460 the bank's known depositors, clients, creditors, safe deposit box
1461 holders and bailors of property left with the bank, at the mailing
1462 address shown on the bank's records, an individual notice containing
1463 the information required in the notice provided in subdivision (1) of
1464 this subsection, and specific information pertinent to the account or
1465 property of the addressee. The receiver of a trust bank or uninsured
1466 bank may require a fiduciary claimant to file a proof of claim if the

1467 records of such bank are insufficient to identify the claimant's interest.

1468 Sec. 18. Section 36a-226 of the general statutes, as amended by
1469 section 2 of public act 03-153, is repealed and the following is
1470 substituted in lieu thereof (*Effective from passage*):

1471 The receiver shall, as soon after the receiver's appointment as is
1472 practicable, make and return to the court an inventory and appraisal of
1473 the assets of the Connecticut bank or Connecticut credit union or estate
1474 in receivership, verified by oath according to the receiver's best
1475 knowledge, information and belief, and shall, from time to time
1476 thereafter, make and return such additional or supplementary
1477 inventories and valuations, and render such reports of the receiver's
1478 actions and statements of accounts, as are necessary for the
1479 information of the court or as are required by the order of the court.
1480 The receiver shall hold all the assets which come into the receiver's
1481 possession as such receiver, subject to the order of the court, and shall
1482 convert such assets into money with all reasonable dispatch. [in
1483 accordance with section 36a-223.] The receiver shall deposit money
1484 collected on behalf of such bank or credit union in a bank, Connecticut
1485 credit union, federal credit union, an out-of-state bank that maintains
1486 in this state a branch, as defined in section 36a-410, or an out-of-state
1487 credit union that maintains in this state a branch, as defined in section
1488 36a-435b, as amended. In cases of doubt or difficulty the receiver may,
1489 upon written application, ask the advice of the court as to the manner
1490 in which the receiver shall execute the receiver's trust. The court may,
1491 from time to time, on its own motion, or on complaint of any interested
1492 party, make all necessary and proper orders as to the proceedings and
1493 actions of the receiver.

1494 Sec. 19. Section 36a-227 of the general statutes is repealed and the
1495 following is substituted in lieu thereof (*Effective from passage*):

1496 (a) All attachments of, or against, the estate of any Connecticut bank
1497 or Connecticut credit union, made within sixty days of the date of
1498 filing of any complaint seeking the appointment of a receiver pursuant
1499 to sections 36a-215 to 36a-239, inclusive, as amended by this act, and

1500 sections 28 to 32, inclusive, of this act, and all levies of execution upon
1501 the estate thereof not completed within such time period, except such
1502 levies made in pursuance of attachments which are not hereby
1503 invalidated, shall be dissolved, upon the appointment of a receiver.

1504 (b) Immediately after the granting of an injunction or appointment
1505 of a receiver pursuant to sections 36a-215 to 36a-239, inclusive, as
1506 amended by this act, and sections 28 to 32, inclusive, of this act, the
1507 commissioner shall place a notice of such injunction or appointment at
1508 the main entrance of the bank or credit union and thereafter no
1509 judgment lien, attachment lien or any voluntary lien shall attach to any
1510 asset of such bank or credit union. No director, officer, member of
1511 senior management, as defined in section 36a-435b, as amended, or
1512 agent of such bank or credit union shall thereafter have the authority
1513 to act on behalf of such bank or credit union or to convey, transfer,
1514 assign, pledge, mortgage or encumber any assets of such bank or credit
1515 union. Any attempt by any director, officer, member of senior
1516 management or agent of such bank or credit union to convey, transfer,
1517 assign, pledge, mortgage or encumber any asset of such bank or credit
1518 union or to create any lien on such bank or credit union or to prefer
1519 any depositor, share account holder, client or creditor of such bank or
1520 credit union after the posting of such notice or in contemplation
1521 thereof shall be void. A correspondent bank of a bank or credit union
1522 in receivership may not pay an item drawn on the account of such
1523 bank or credit union that is presented for payment after the
1524 correspondent has received actual notice of the granting of the
1525 injunction or appointment of the receiver unless it previously certified
1526 the item for payment.

1527 Sec. 20. Section 36a-228 of the general statutes is repealed and the
1528 following is substituted in lieu thereof (*Effective from passage*):

1529 (a) Within six months after the appointment of a receiver pursuant
1530 to section [36a-223] 36a-222, as amended by this act, the commissioner
1531 or the receiver may terminate any executory contract for services or
1532 advertising to which the Connecticut bank or Connecticut credit union

1533 is a party or any obligation of the bank or credit union as a lessee. A
1534 lessor who receives sixty days' notice of the election to terminate a
1535 lease shall have no claim for rent other than rent accrued to the date of
1536 termination or for damages for such termination.

1537 (b) An agreement that tends to diminish or defeat the interest of the
1538 estate in a Connecticut bank or Connecticut credit union asset is not
1539 valid against the receiver unless the agreement: (1) Is in writing; (2)
1540 was executed by the Connecticut bank or Connecticut credit union and
1541 any person claiming an adverse interest under the agreement,
1542 including the obligor, when the Connecticut bank or Connecticut
1543 credit union acquired the asset; (3) was approved by the governing
1544 board of the Connecticut bank or Connecticut credit union or its
1545 designated committee, and the approval is reflected in the minutes of
1546 the board or committee; and (4) has been continuously since its
1547 execution an official record of the Connecticut bank or Connecticut
1548 credit union.

1549 Sec. 21. Section 36a-229 of the general statutes is repealed and the
1550 following is substituted in lieu thereof (*Effective from passage*):

1551 (a) Each affiliate, officer, director, employee, shareholder, trustee,
1552 agent, attorney, attorney-in-fact or correspondent of a Connecticut
1553 bank or Connecticut credit union shall immediately deliver to the
1554 receiver or conservator of such bank or credit union, without cost to
1555 the receiver or conservator, any record or other property of the bank or
1556 credit union or that relates to the business of the bank or credit union.

1557 (b) If by contract or otherwise a record or other property that can be
1558 copied is the property of a person specified in subsection (a) of this
1559 section, it shall be copied and the copy shall be delivered to the
1560 receiver or conservator. The owner shall retain the original until
1561 notification by the receiver or conservator that it is no longer required
1562 in the administration of the bank's or credit union's affairs or until
1563 such other time as the Superior Court, after notice and hearing, directs.

1564 (c) Any person who wilfully neglects or refuses to deliver to the

1565 receiver or conservator of any Connecticut bank or Connecticut credit
1566 union, on demand, any [books, papers or evidences of title or debt or]
1567 record or other property belonging to such receivership or
1568 conservatorship, in the possession or under the control of such person,
1569 shall be fined not more than ten thousand dollars or imprisoned not
1570 more than three years or both.

1571 Sec. 22. Section 36a-230 of the general statutes is repealed and the
1572 following is substituted in lieu thereof (*Effective from passage*):

1573 No claim in favor of a Connecticut bank or Connecticut credit union
1574 in receivership, not barred by the statute of limitations at the time of
1575 serving the [citation] application on the bank or credit union for the
1576 appointment of a receiver, shall be barred against the receiver in any
1577 suit for the recovery of such claim, brought by the receiver either in the
1578 receiver's name or in the name of such bank or credit union.

1579 Sec. 23. Section 36a-231 of the general statutes is repealed and the
1580 following is substituted in lieu thereof (*Effective from passage*):

1581 [(a) The receiver or conservator of any Connecticut bank or
1582 Connecticut credit union shall file with the clerk of the superior court
1583 having jurisdiction, within the first three days of April and October in
1584 each year, a statement subscribed and sworn to by the receiver or
1585 conservator, containing the following particulars, so far as they do not
1586 appear in a preceding report on file with the court, and any changes or
1587 additions that have occurred since the filing of such preceding report:
1588 (1) The names and residences, so far as known, of all creditors of such
1589 receivership or conservatorship, and the amounts respectively due
1590 them; (2) a full list of all the assets on hand, with the estimated value of
1591 such assets at the time of the appointment of the receiver or
1592 conservator; (3) a statement of all disbursements of money made in the
1593 discharge of duties as receiver or conservator; (4) the amount of cash
1594 on hand and the place or places of deposit of the cash and the terms of
1595 such deposit.

1596 (b) The clerk shall keep all reports and orders relating to the

1597 receivership or conservatorship on file in the clerk's office and shall not
1598 allow such reports and orders to be taken from the clerk's office except
1599 in the clerk's personal custody. The clerk shall forthwith note on the
1600 docket of civil causes the filing of any paper and the making of any
1601 order relating to the receivership or conservatorship and shall record
1602 all such orders. The clerk shall collect, for any services required, the
1603 same fees as in other civil causes.]

1604 (a) (1) The receiver or conservator of a Connecticut bank or
1605 Connecticut credit union shall file with the Superior Court and the
1606 commissioner: (A) A quarterly report (i) listing the names and
1607 addresses of all creditors, clients, depositors and share account holders
1608 of such bank or credit union, and the amounts respectively due them,
1609 and the assets on hand and their location and estimated value, and (ii)
1610 showing the operation, receipts, expenditures of such assets and
1611 general condition of such bank or credit union; and (B) a final report
1612 regarding such liquidated bank or credit union showing all receipts
1613 and expenditures and giving a full explanation and a statement of the
1614 disposition of all assets and liabilities of such bank or credit union.

1615 (2) The receiver shall pay all administrative expenses out of money
1616 or other assets of such bank or credit union. Each quarter the receiver
1617 shall submit to the court an itemized report of such expenses. The
1618 court shall approve the report unless an objection is filed before the
1619 eleventh day after the date it is submitted. An objection may be made
1620 only by a party in interest and shall specify each item objected to and
1621 the ground for the objection. The court shall set the objection for
1622 hearing and notify the parties of this action. The objecting party has
1623 the burden of proof to show that the item objected to is improper,
1624 unnecessary or excessive.

1625 (3) The court may prescribe whether the notice of the receiver's
1626 report is to be given by service on specific parties, by publication or by
1627 a combination of those methods.

1628 (b) The Superior Court may order an audit of the books and records
1629 of the receiver of a Connecticut bank or Connecticut credit union that

1630 relate to the receivership or conservatorship. A report of an audit
1631 ordered under this subsection shall be filed with the court and the
1632 commissioner. The receiver shall make the books and records relating
1633 to the receivership or conservatorship available to the auditor as
1634 required by the court order. The receiver shall pay the expenses of an
1635 audit ordered under this section as an administrative expense.

1636 Sec. 24. Section 36a-234 of the general statutes is repealed and the
1637 following is substituted in lieu thereof (*Effective from passage*):

1638 In any action against the receiver of any Connecticut bank or
1639 Connecticut credit union in which an injunction is granted restraining
1640 the receiver from disposing of any of the [trust] estate, the receiver
1641 shall apply for the dissolution of such injunction within thirty days
1642 after the writ or order of injunction is served. The hearing on any such
1643 application has precedence over all other causes in respect to the order
1644 of trial.

1645 Sec. 25. Subsection (a) of section 36a-235 of the general statutes is
1646 repealed and the following is substituted in lieu thereof (*Effective from*
1647 *passage*):

1648 [(a) All payments or conveyances made by any Connecticut bank or
1649 Connecticut credit union in contemplation of insolvency, to or for the
1650 use of any or all of the creditors of such bank or credit union, with the
1651 fraudulent intent to prevent the distribution and appropriation of the
1652 effects of such bank or credit union in the manner prescribed by
1653 section 36a-237, are void.]

1654 (a) (1) A transfer of or lien on the property or assets of a Connecticut
1655 bank or Connecticut credit union in receivership is voidable by the
1656 receiver if the transfer or lien: (A) Was made or created: (i) Four
1657 months before the date such bank or credit union is placed in
1658 receivership, or (ii) one year before the date such bank or credit union
1659 is placed in receivership if the receiving creditor was at the time an
1660 affiliate, officer, director or principal shareholder of such bank or credit
1661 union; (B) was made or created with the intent of giving to a creditor

1662 or depositor, or enabling a creditor or depositor to obtain, a greater
1663 percentage of the claimant's debt than is given or obtained by another
1664 claimant of the same class; and (C) is accepted by a creditor or
1665 depositor having reasonable cause to believe that a preference will
1666 occur.

1667 (2) Each Connecticut bank or Connecticut credit union officer,
1668 director, manager, shareholder, trustee, agent, employee, attorney-in-
1669 fact or correspondent, or other person acting on behalf of such bank or
1670 credit union, who has participated in implementing a voidable transfer
1671 or lien, and each person receiving property or the benefit of property
1672 of such bank or credit union as a result of the voidable transfer or lien,
1673 is personally liable for the property or benefit received and shall
1674 account to the receiver for the benefit of the clients, depositors and
1675 creditors of such bank or credit union.

1676 (3) The receiver may avoid a transfer of or lien on the property or
1677 assets of a Connecticut bank or Connecticut credit union that a client,
1678 creditor, depositor or shareholder of such bank or credit union could
1679 have avoided and may recover the property transferred or its value
1680 from the person to whom it was transferred, or from a person who has
1681 received it unless the transferee or recipient was a bona fide holder for
1682 value before the date such bank or credit union was placed in
1683 receivership.

1684 Sec. 26. Section 36a-237 of the general statutes is repealed and the
1685 following is substituted in lieu thereof (*Effective from passage*):

1686 (a) The [avails of the property] assets of any Connecticut bank,
1687 other than a trust bank or uninsured bank, in the possession of a
1688 receiver shall be distributed in the following order of priority: (1) All
1689 fees and assessments due the commissioner; (2) the charges and
1690 expenses of settling such bank's affairs; (3) all deposits; (4) all other
1691 liabilities; (5) any liquidation account; and (6) in the case of a capital
1692 stock Connecticut bank, the claims of shareholders or, in the case of a
1693 mutual savings bank or mutual savings and loan association, the
1694 claims of depositors in proportion to their respective deposits.

1695 (b) (1) The assets of a trust bank or an uninsured bank shall be
1696 distributed in the following order of priority: (A) All fees and
1697 assessments due the commissioner; (B) administrative expenses; (C)
1698 approved claims of owners of secured trust funds on deposit to the
1699 extent of the value of the security as provided in subsection (d) of
1700 section 30 of this act; (D) approved claims of secured creditors to the
1701 extent of the value of the security as provided in subsection (d) of
1702 section 30 of this act; (E) approved claims by beneficiaries of
1703 insufficient commingled fiduciary money or missing fiduciary
1704 property and approved claims of clients of the trust bank or uninsured
1705 bank; (F) other approved claims of depositors and general creditors not
1706 falling within a higher priority under this subdivision, including
1707 unsecured claims for taxes and debts due the federal government or a
1708 state or local government; (G) approved claims of a type described by
1709 subparagraphs (A) to (F), inclusive, of this subdivision that were not
1710 filed within the period prescribed by sections 36a-215 to 36a-239,
1711 inclusive, as amended by this act, and sections 28 to 32, inclusive, of
1712 this act; and (H) claims of capital note or debenture holders or holders
1713 of similar obligations and proprietary claims of shareholders or other
1714 owners according to the terms established by issue, class or series.

1715 (2) As used in this subsection, "administrative expense" means (A)
1716 any expense designated as an administrative expense by section 36a-
1717 231, as amended by this act, and section 32 of this act; (B) any charge or
1718 expense of settling the affairs of the bank, including court costs and
1719 expenses of operation and liquidation of the bank's estate; (C) wages
1720 owed to an employee of the bank for services rendered within three
1721 months before the date the bank was placed in receivership and not
1722 exceeding two thousand dollars to each employee; (D) current wages
1723 owed to an employee of the bank whose services are retained by the
1724 receiver for services rendered after the date the bank is placed in
1725 receivership; and (E) an unpaid expense of supervision or
1726 conservatorship of the bank before it was placed in receivership.

1727 [(b)] (c) In the event of liquidation of a Connecticut credit union, the
1728 assets of the Connecticut credit union or the proceeds from any

1729 disposition of the assets shall be applied and distributed in the
1730 following sequence: (1) All fees and assessments due the
1731 commissioner; (2) claims of secured creditors up to the value of their
1732 collateral; (3) the costs and expenses of liquidation; (4) the wages due
1733 the employees of the Connecticut credit union; (5) the costs and
1734 expenses incurred by creditors in successfully opposing the release of
1735 the Connecticut credit union from certain debts as allowed by the
1736 commissioner; (6) all taxes owed to the United States or any other
1737 governmental unit; (7) all other debts owed to the United States or any
1738 other governmental unit; (8) claims of general creditors and secured
1739 creditors to the extent that their claims exceed the value of their
1740 collateral; (9) members, to the extent of uninsured share accounts, and
1741 the organization that insured the share accounts of the Connecticut
1742 credit union; (10) in the event of liquidation of a Connecticut credit
1743 union that is a corporate Connecticut credit union, as defined in
1744 section 36a-435b, as amended, membership capital, and then paid-in
1745 capital; and (11) in the event of liquidation of a Connecticut credit
1746 union that has received a low-income designation from the National
1747 Credit Union Administration under 12 CFR 701.34, as from time to
1748 time amended, any outstanding secondary capital accounts.

1749 [(c)] (d) The holders of claims in any class set forth in this section
1750 shall not receive any distribution until the holders of claims in all
1751 classes having a higher priority under this section are paid in full. If
1752 the [avails of the property] assets of any such Connecticut bank or
1753 Connecticut credit union are insufficient to pay in full all of the claims
1754 in a particular class, the [avails] assets shall be distributed to each
1755 claimant within such class on a pro rata basis.

1756 Sec. 27. Subsection (a) of section 36a-239 of the general statutes is
1757 repealed and the following is substituted in lieu thereof (*Effective from*
1758 *passage*):

1759 (a) After a final disposition of funds as provided in sections 36a-236
1760 and 36a-237, as amended by this act, the receiver, upon applying to the
1761 superior court having jurisdiction and after such public notice as the

1762 court may require, may be discharged from further liability. If no plan
1763 of refinancing or reorganization has been approved by the court, the
1764 charter or certificate of incorporation of the Connecticut bank or
1765 certificate of authority of a Connecticut credit union in receivership
1766 shall be forfeited upon the discharge of the receiver from further
1767 liability.

1768 Sec. 28. (NEW) (*Effective from passage*) (a) A contract between a trust
1769 bank or uninsured bank in receivership and another person for
1770 bailment, of deposit for hire, or for the lease of a safe, vault or safe
1771 deposit box terminates on the date specified for removal of property in
1772 the notices that were published and mailed in accordance with section
1773 36a-225 of the general statutes, as amended by this act, or a later date
1774 approved by the receiver or the Superior Court. A person who has
1775 paid rental or storage charges for a period extending beyond the date
1776 designated for removal of property has a claim against such bank's
1777 estate for a refund of the unearned amount paid.

1778 (b) If the property is not removed by the date the contract
1779 terminates, the receiver shall inventory the property. In making the
1780 inventory, the receiver may open a safe, vault or safe deposit box, or
1781 any package, parcel, or receptacle in the custody or possession of the
1782 receiver. The property shall be marked to identify, to the extent
1783 possible, its owner or the person who left it with the bank. After all
1784 property belonging to others that is in the receiver's custody and
1785 control has been inventoried, the receiver shall compile a list that is
1786 divided for each office of the bank that received property that remains
1787 unclaimed. The receiver shall publish, in a newspaper of general
1788 circulation in each town in which the bank had an office that received
1789 property that remains unclaimed, the list and the names of the owners
1790 of the property as shown in the bank's records. The published notice
1791 shall specify a procedure for claiming the property unless the court, on
1792 application of the receiver, approves an alternate procedure.

1793 Sec. 29. (NEW) (*Effective from passage*) (a) (1) The receiver of a trust
1794 bank or uninsured bank shall, as soon after the receiver's appointment

1795 as is practicable, terminate all fiduciary positions the bank holds,
1796 surrender all property held by the bank as a fiduciary and settle the
1797 fiduciary accounts. With the approval of the Superior Court, the
1798 receiver of a trust bank or uninsured bank shall release all segregated
1799 and identifiable fiduciary property held by the bank to one or more
1800 successor fiduciaries, and may sell one or more fiduciary accounts to
1801 one or more successor fiduciaries on terms that appear to be in the best
1802 interest of the bank's estate and the persons interested in the property
1803 or fiduciary accounts.

1804 (2) Upon the sale or transfer of fiduciary property or a fiduciary
1805 account, the successor fiduciary shall be automatically substituted
1806 without further action and without any order of any court. Prior to the
1807 effective date of substitution of the successor fiduciary, the receiver
1808 shall mail notice of such substitution to each person to whom such
1809 bank provides periodic reports of fiduciary activity. The notice shall
1810 include: (A) The name of such bank, (B) the name of the successor
1811 fiduciary, and (C) the effective date of the substitution of the successor
1812 fiduciary. The provisions of section 45a-245a of the general statutes
1813 shall not apply to the substitution of a fiduciary under this section.

1814 (b) A successor fiduciary shall have all of the rights, powers, duties
1815 and obligations of such bank and shall be deemed to be named,
1816 nominated or appointed as fiduciary in any will, trust, court order or
1817 similar written document or instrument that names, nominates or
1818 appoints such bank as fiduciary, whether executed before or after the
1819 successor fiduciary is substituted, provided the successor fiduciary
1820 shall have no obligations or liabilities under this section for any acts,
1821 actions, inactions or events occurring prior to the effective date of the
1822 substitution.

1823 (c) If commingled fiduciary money held by the trust bank or
1824 uninsured bank as trustee is insufficient to satisfy all fiduciary claims
1825 to the commingled money, the receiver shall distribute such money
1826 pro rata to all fiduciary claimants of such money based on their
1827 proportionate interest.

1828 (d) For the purpose of this section, "successor fiduciary" has the
1829 meaning given to that term in section 45a-245a of the general statutes.

1830 Sec. 30. (NEW) (*Effective from passage*) (a) To receive payment of a
1831 claim against the estate of a trust bank or uninsured bank in
1832 receivership, a person who has a claim, other than a shareholder acting
1833 in that capacity, including a claimant with a secured claim or a
1834 fiduciary claimant ordered by the receiver to file a proof of claim
1835 under subdivision (2) of subsection (b) of section 36a-225, as amended
1836 by this act, shall present proof of the claim to the receiver at a place
1837 specified by the receiver, within the period specified by the receiver.
1838 Receipt of the required proof of claim by the receiver is a condition
1839 precedent to the payment of the claim. A claim that is not filed within
1840 the period or at the place specified by the receiver may not participate
1841 in a distribution of the assets by the receiver, except that, subject to
1842 court approval, the receiver may accept a claim filed not later than the
1843 one hundred eightieth day after the date notice of the claimant's right
1844 to file a proof of claim is mailed to the claimant, provided such claim
1845 shall be subordinate to an approved claim of a general creditor.
1846 Interest does not accrue on any claim after the date the bank is placed
1847 in receivership. The provisions of this subsection shall not apply to a
1848 fiduciary claimant or depositor where the records of the bank in
1849 receivership are sufficient to identify the fiduciary claimant's or
1850 depositor's interest.

1851 (b) (1) The proof of claim against a trust bank or an uninsured bank
1852 shall be in writing, be signed by the claimant, and include: (A) A
1853 statement of the claim; (B) a description of the consideration for the
1854 claim; (C) a statement of whether collateral is held or a security interest
1855 is asserted against the claim and, if so, a description of the collateral or
1856 security interest; (D) a statement of any right of priority of payment for
1857 the claim or other specific right asserted by the claimant; (E) a
1858 statement of whether a payment has been made on the claim and, if so,
1859 the amount and source of the payment, to the extent known by the
1860 claimant; (F) a statement that the amount claimed is justly owed by the
1861 bank to the claimant; and (G) any other matter that is required by the

1862 Superior Court.

1863 (2) The receiver may designate the form of the proof of claim. A
1864 proof of claim shall be filed under oath unless the oath is waived by
1865 the receiver. If a claim is founded on a written instrument, the original
1866 instrument, unless lost or destroyed, shall be filed with the proof of
1867 claim. After the instrument is filed, the receiver may permit the
1868 claimant to substitute a copy of the instrument until the final
1869 disposition of the claim. If the instrument is lost or destroyed, a
1870 statement of that fact and of the circumstances of the loss or
1871 destruction shall be filed under oath with the claim.

1872 (c) A judgment against a trust bank or uninsured bank in
1873 receivership taken by default or by collusion before the date the bank
1874 was placed in receivership may not be considered as conclusive
1875 evidence of the liability of the bank to the judgment creditor or of the
1876 amount of damages to which the judgment creditor is entitled. A
1877 judgment against the bank entered after the date the bank was placed
1878 in receivership may not be considered as evidence of liability or of the
1879 amount of damages.

1880 (d) (1) The owner of secured trust funds on deposit may file a claim
1881 as a creditor against a trust bank or uninsured bank in receivership.
1882 The value of the security shall be determined under supervision of the
1883 Superior Court by converting the security into money.

1884 (2) The owner of a secured claim against a trust bank or uninsured
1885 bank in receivership may surrender the security and file a claim as a
1886 general creditor or apply the security to the claim and discharge the
1887 claim.

1888 (3) If the owner applies the security and discharges the claim under
1889 subdivision (2) of this subsection, any deficiency shall be treated as a
1890 claim against the general assets of the bank on the same basis as a
1891 claim of an unsecured creditor. The amount of the deficiency shall be
1892 determined as provided by subsection (e) of this section, except that if
1893 the amount of the deficiency has been adjudicated by a court in a

1894 proceeding in which the receiver has had notice and an opportunity to
1895 be heard, the court's decision is conclusive as to the amount.

1896 (4) The value of security held by a secured creditor shall be
1897 determined under supervision of the court by converting the security
1898 into money according to the terms of the agreement under which the
1899 security was delivered to the creditor or by agreement, arbitration,
1900 compromise or litigation between the creditor and the receiver.

1901 (e) (1) A claim against a trust bank or uninsured bank in
1902 receivership based on an unliquidated or undetermined demand shall
1903 be filed within the period for the filing of the claim. The claim may not
1904 share in any distribution to claimants until the claim is definitely
1905 liquidated, determined and allowed. After the claim is liquidated,
1906 determined and allowed, the claim shares ratably with the claims of
1907 the same class in all subsequent distributions.

1908 (2) If the receiver in all other respects is in a position to close the
1909 receivership proceeding, the proposed closing is sufficient grounds for
1910 the rejection of any remaining claim based on an unliquidated or
1911 undetermined demand. The receiver shall notify the claimant of the
1912 intention to close the proceeding. If the demand is not liquidated or
1913 determined before the sixty-first day after the date of the notice, the
1914 receiver may reject the claim.

1915 (3) For the purposes of this subsection, a demand is considered
1916 unliquidated or undetermined if the right of action on the demand
1917 accrued while the trust bank or uninsured bank was placed in
1918 receivership and the liability on the demand has not been determined
1919 or the amount of the demand has not been liquidated.

1920 (f) (1) Mutual credits and mutual debts shall be set off and only the
1921 balance allowed or paid, except that a set-off may not be allowed in
1922 favor of a person if: (A) The obligation of a trust bank or uninsured
1923 bank to the person on the date the bank was placed in receivership did
1924 not entitle the person to share as a claimant in the assets of the bank;
1925 (B) the obligation of the bank to the person was purchased by or

1926 transferred to the person after the date the bank was placed in
1927 receivership or for the purpose of increasing set-off rights; or (C) the
1928 obligation of the person or the bank is as a trustee or fiduciary.

1929 (2) Upon request, the receiver shall provide a person with an
1930 accounting statement identifying each debt that is due and payable. A
1931 person who owes a trust bank or uninsured bank an amount that is
1932 due and payable against which the person asserts set-off of mutual
1933 credits that may become due and payable from the bank in the future
1934 shall promptly pay to the receiver the amount due and payable. The
1935 receiver shall promptly refund, to the extent of the person's prior
1936 payment, mutual credits that become due and payable to the person by
1937 the bank in receivership.

1938 (g) (1) Not later than six months after the last day permitted for the
1939 filing of claims or a later date allowed by the Superior Court, the
1940 receiver shall accept or reject in whole or in part each claim filed
1941 against a trust bank or an uninsured bank in receivership, except for an
1942 unliquidated or undetermined claim governed by subsection (e) of this
1943 section. The receiver shall reject a claim if the receiver doubts its
1944 validity.

1945 (2) The receiver shall mail written notice to each claimant,
1946 specifying the disposition of the person's claim. If a claim is rejected in
1947 whole or in part, the receiver in the notice shall specify the basis for
1948 rejection and advise the claimant of the procedures and deadline for
1949 appeal.

1950 (3) The receiver shall send each claimant a summary schedule of
1951 approved and rejected claims by priority class and notify the claimant:
1952 (A) That a copy of a schedule of claims disposition, including only the
1953 name of the claimant, the amount of the claim allowed, and the
1954 amount of the claim rejected, is available upon request; and (B) of the
1955 procedure and deadline for filing an objection to an approved claim.

1956 (h) The receiver of a trust bank or uninsured bank, with the
1957 approval of the Superior Court, shall set a deadline for an objection to

1958 an approved claim. On or before that date, a depositor, creditor, other
1959 claimant or shareholder of a trust bank or uninsured bank may file an
1960 objection to an approved claim. The objection shall be heard and
1961 determined by the court. If the objection is sustained, the court shall
1962 direct an appropriate modification of the schedule of claims.

1963 (i) The receiver's rejection of a claim may be appealed to the
1964 Superior Court in which the receivership proceeding of a trust bank or
1965 uninsured bank is pending. The appeal shall be filed within three
1966 months after the date of service of notice of the rejection. If the appeal
1967 is timely filed, review is de novo as if it were an action originally filed
1968 in the court, and is subject to the rules of procedure and appeal
1969 applicable to civil cases. An action to appeal rejection of a claim by the
1970 receiver is separate from the receivership proceeding, and may not be
1971 initiated by a claimant intervening in the receivership proceeding. If
1972 the action is not timely filed, the action of the receiver is final and not
1973 subject to review.

1974 (j) (1) The Banking Commissioner shall deposit all money available
1975 for the benefit of persons who have not filed a claim and are, according
1976 to bank's records, depositors and creditors of a trust bank or uninsured
1977 bank in receivership in a bank, Connecticut credit union, federal credit
1978 union, an out-of-state bank that maintains in this state a branch, as
1979 defined in section 36a-410 of the general statutes, or out-of-state credit
1980 union that maintains in this state a branch, as defined in section 36a-
1981 435b of the general statutes, as amended. The commissioner shall pay
1982 the nonclaiming depositors and creditors on demand the undisputed
1983 amount, based on the bank's records, held for their benefit.

1984 (2) The receiver may periodically make a partial distribution to the
1985 holders of approved claims if: (A) All objections have been heard and
1986 decided as provided by subsection (h) of this section; (B) the time for
1987 filing appeals has expired as provided by subsection (i) of this section;
1988 (C) money has been made available to provide for the payment of all
1989 nonclaiming depositors and creditors in accordance with subdivision
1990 (1) of this subsection; and (D) a proper reserve is established for the

1991 pro rata payment of: (i) Rejected claims that have been appealed, and
1992 (ii) any claims based on unliquidated or undetermined demands
1993 governed by subsection (e) of this section.

1994 (3) As soon as practicable after all objections, appeals and claims
1995 based on previously unliquidated or undetermined demands
1996 governed by subsection (e) of this section have been determined and
1997 money has been made available to provide for the payment of all
1998 nonclaiming depositors and creditors in accordance with subdivision
1999 (1) of this subsection, the receiver shall distribute the assets of a trust
2000 bank or uninsured bank in satisfaction of approved claims other than
2001 claims asserted in a person's capacity as a shareholder.

2002 Sec. 31. (NEW) (*Effective from passage*) (a) All fiduciary records
2003 relating to the administration of fiduciary accounts of a trust bank or
2004 uninsured bank shall be turned over to the successor fiduciary, as
2005 defined in section 45a-245a of the general statutes, in charge of
2006 administration of the accounts. The receiver may devise a method for
2007 the effective, efficient and economical maintenance of all other records
2008 of the trust bank or uninsured bank and of the receiver's office.

2009 (b) On approval by the Superior Court, the receiver may dispose of
2010 records of the trust bank or uninsured bank in receivership that are
2011 obsolete and unnecessary to the continued administration of the
2012 receivership proceeding.

2013 Sec. 32. (NEW) (*Effective from passage*) (a) For the purposes of this
2014 section, persons entitled to protection under this section shall be: (1)
2015 All receivers or conservators of trust banks or uninsured banks,
2016 including present and former receivers and conservators; and (2) the
2017 employees of such receivers or conservators. Attorneys, accountants,
2018 auditors and other professional persons or firms who are retained by
2019 the receiver or conservator as independent contractors, and their
2020 employees, shall not be considered employees of the receiver or
2021 conservator for purposes of this section.

2022 (b) The receiver or conservator and the employees of the receiver or

2023 conservator shall be immune from suit and liability, both personally
2024 and in their official capacities, for any claim for damage to or loss of
2025 property, personal injury or other civil liability caused by or resulting
2026 from any alleged act, error or omission of the receiver or conservator
2027 or any employee arising out of or by reason of their duties or
2028 employment, provided nothing in this section shall be construed to
2029 hold the receiver or conservator or any employee immune from suit or
2030 liability for any damage, loss, injury or liability caused by the
2031 intentional or wilful and wanton misconduct of the receiver or
2032 conservator or any employee.

2033 (c) (1) If any legal action is commenced against the receiver or
2034 conservator or any employee, whether personally or in such person's
2035 official capacity, alleging property damage, property loss, personal
2036 injury or other civil liability caused by or resulting from any alleged
2037 act, error or omission of the receiver or conservator or any employee
2038 arising out of or by reason of their duties or employment, the receiver
2039 or conservator and any employee shall be indemnified from the assets
2040 of the trust bank or uninsured bank for all expenses, attorneys' fees,
2041 judgments, settlements, decrees or amounts due and owing or paid in
2042 satisfaction of or incurred in the defense of such legal action unless it is
2043 determined upon a final adjudication on the merits that the alleged act,
2044 error or omission of the receiver or conservator or employee giving
2045 rise to the claim did not arise out of or by reason of such person's
2046 duties or employment, or was caused by intentional or wilful and
2047 wanton misconduct.

2048 (2) Attorneys' fees and any related expenses incurred in defending a
2049 legal action for which immunity or indemnity is available under this
2050 section shall be paid from the assets of the trust bank or uninsured
2051 bank, as they are incurred, in advance of the final disposition of such
2052 action upon receipt of an undertaking by or on behalf of the receiver or
2053 conservator or employee to repay the attorneys' fees and expenses if it
2054 shall ultimately be determined upon a final adjudication on the merits
2055 that the receiver or conservator or employee is not entitled to
2056 immunity or indemnity under this section.

2057 (3) Any indemnification for expense payments, judgments,
2058 settlements, decrees, attorneys' fees, surety bond premiums or other
2059 amounts paid or to be paid from the assets of the trust bank or
2060 uninsured bank pursuant to this section shall be an administrative
2061 expense of the receivership or conservatorship.

2062 (4) In the event of any actual or threatened litigation against a
2063 receiver or conservator or any employee for which immunity or
2064 indemnity may be available under this section, a reasonable amount of
2065 funds, which in the judgment of the receiver or conservator may be
2066 needed to provide immunity or indemnity, shall be segregated and
2067 reserved from the assets of the trust bank or uninsured bank as
2068 security for the payment of indemnity until such time as all applicable
2069 statutes of limitation shall have run and all actual or threatened actions
2070 against the receiver or conservator or any employee have been
2071 completely and finally resolved, and all obligations of the trust bank or
2072 uninsured bank and the commissioner under this section shall have
2073 been satisfied.

2074 (5) In lieu of segregation and reserving of funds, the receiver or
2075 conservator may, in the receiver's or conservator's discretion, obtain a
2076 surety bond or make other arrangements that will enable the receiver
2077 or conservator to fully secure the payment of all obligations under this
2078 section.

2079 (d) If any legal action against an employee for which indemnity may
2080 be available under this section is settled prior to final adjudication on
2081 the merits, the receiver or conservator shall pay from the assets of the
2082 bank the settlement amount on behalf of the employee or indemnify
2083 the employee for the settlement amount unless the receiver or
2084 conservator determines:

2085 (1) That the claim did not arise out of or by reason of the employee's
2086 duties or employment; or

2087 (2) That the claim was caused by the intentional or wilful and
2088 wanton misconduct of the employee.

2089 (e) In any legal action in which the receiver or conservator is a
2090 defendant, that portion of any settlement relating to the alleged act,
2091 error or omission of the receiver or conservator shall be subject to the
2092 approval of the Superior Court before which the receivership
2093 proceeding or conservatorship is pending. The court shall not approve
2094 that portion of the settlement if it determines:

2095 (1) That the claim did not arise out of or by reason of the receiver's
2096 or conservator's duties or employment; or

2097 (2) That the claim was caused by the intentional or wilful and
2098 wanton misconduct of the receiver or conservator.

2099 (f) Nothing contained or implied in this section shall operate, or be
2100 construed or applied to deprive the receiver or conservator or any
2101 employee of any immunity, indemnity, benefits of law, rights or any
2102 defense otherwise available.

2103 (g) (1) The provisions of subsection (b) of this section shall apply to
2104 any suit based in whole or in part on any alleged act, error or omission
2105 which takes place on or after the effective date of this act.

2106 (2) No legal action shall lie against the receiver or conservator or
2107 any employee based in whole or in part on any alleged act, error or
2108 omission which took place prior to the effective date of this act, unless
2109 suit is filed and valid service of process is obtained not later than
2110 twelve months after the effective date of this act.

2111 (3) Subsections (c) to (e), inclusive, of this section shall apply to any
2112 suit which is pending on or filed after the effective date of this act,
2113 without regard to when the alleged act, error or omission took place.

2114 Sec. 33. Subsection (b) of section 36a-250 of the general statutes is
2115 repealed and the following is substituted in lieu thereof (*Effective from*
2116 *passage*):

2117 (b) A [Connecticut] trust bank [which is organized to function solely
2118 in a fiduciary capacity] shall not be authorized to exercise any of the

2119 powers enumerated in this section to the extent that such exercise
2120 would cause it to function otherwise than in a fiduciary capacity,
2121 including, but not limited to, receiving or holding deposits of any kind,
2122 other than in a fiduciary capacity, or making loans or otherwise
2123 extending credit, other than in a fiduciary capacity.

2124 Sec. 34. Subsection (a) of section 36a-333 of the general statutes, as
2125 amended by section 9 of public act 03-196, is repealed and the
2126 following is substituted in lieu thereof (*Effective from passage*):

2127 (a) To secure public deposits, each qualified public depository shall
2128 at all times maintain, segregated from its other assets as provided in
2129 subsection (b) of this section, eligible collateral in an amount at least
2130 equal to the following percentage of public deposits held by the
2131 depository: (1) For any qualified public depository having a risk-based
2132 capital ratio of ten per cent or greater, a sum equal to ten per cent of all
2133 public deposits held by the depository; (2) for any qualified public
2134 depository having a risk-based capital ratio of less than ten per cent
2135 but greater than or equal to eight per cent, a sum equal to twenty-five
2136 per cent of all public deposits held by the depository; (3) for any
2137 qualified public depository having a risk-based capital ratio of less
2138 than eight per cent but greater than or equal to three per cent, a sum
2139 equal to one hundred per cent of all public deposits held by the
2140 depository; (4) for any qualified public depository having a risk-based
2141 capital ratio of less than three per cent, and, notwithstanding the
2142 provisions of subdivisions (1) to (3), inclusive, of this subsection, for
2143 any qualified public depository which has been conducting business in
2144 this state for a period of less than two years except for a qualified
2145 public depository that is a successor institution to a qualified public
2146 depository which conducted business in this state for two years or
2147 more, a sum equal to one hundred and twenty per cent of all public
2148 deposits held by the depository; provided, the qualified public
2149 depository and the public depositor may agree on an amount of
2150 eligible collateral to be maintained by the depository that is greater
2151 than the minimum amounts required under subdivisions (1) to (4),
2152 inclusive, of this subsection; (5) notwithstanding the risk-based capital

2153 ratio provisions of subdivisions (1) to (3), inclusive, of this subsection,
2154 for any qualified public depository that is an uninsured bank, [as
2155 defined in subdivision (1) of subsection (t) of section 36a-70,] a sum
2156 equal to one hundred twenty per cent of all public deposits held by the
2157 depository; and (6) notwithstanding the risk-based capital ratio
2158 provisions of subdivisions (1) to (3), inclusive, of this subsection, for
2159 any qualified public depository that is subject to an order to cease and
2160 desist, or has entered into a stipulation and agreement, or a letter of
2161 understanding and agreement with a bank or credit union supervisor,
2162 a sum equal to one hundred twenty per cent of all public deposits held
2163 by the depository, provided, the qualified public depository and the
2164 public depositor may agree on an amount of eligible collateral to be
2165 maintained by the depository that is greater than the minimum
2166 amounts required under subdivisions (1) to (6), inclusive, of this
2167 subsection. For purposes of this subsection, the amount of all public
2168 deposits held by the depository shall be determined based on either
2169 the public deposits reported on the most recent quarterly call report or
2170 the average of the public deposits reported on the four most recent
2171 quarterly call reports, whichever amount is greater. For purposes of
2172 this subsection, the depository's risk-based capital ratio shall be
2173 determined, in accordance with applicable federal regulations and
2174 regulations adopted by the commissioner in accordance with chapter
2175 54, based on the most recent quarterly call report, provided (A) if,
2176 during any calendar quarter after the issuance of such report, the
2177 depository experiences a decline in its risk-based capital ratio to a level
2178 that would require the depository to maintain a higher amount of
2179 eligible collateral under subdivisions (1) to (4), inclusive, of this
2180 subsection, the depository shall increase the amount of eligible
2181 collateral maintained by it to the minimum required under
2182 subdivisions (1) to (4), inclusive, of this subsection based on such lower
2183 risk-based capital ratio and shall notify the commissioner of its actions;
2184 and (B) if, during any calendar quarter after the issuance of such
2185 report, the commissioner reasonably determines that the depository's
2186 risk-based capital ratio is likely to decline to a level that would require
2187 the depository to maintain a higher amount of eligible collateral under

2188 subdivisions (1) to (4), inclusive, of this subsection, the commissioner
2189 may require that the depository increase the amount of eligible
2190 collateral maintained by it to the minimum required under
2191 subdivisions (1) to (4), inclusive, of this subsection based on the
2192 commissioner's determination of such lower risk-based capital ratio.

2193 Sec. 35. Subsection (a) of section 36a-434a of the general statutes is
2194 repealed and the following is substituted in lieu thereof (*Effective from*
2195 *passage*):

2196 (a) Any out-of-state trust company, whether or not owned or
2197 controlled by an out-of-state holding company or a foreign banking
2198 corporation, as defined in subsection (a) of section 36a-425, may, with
2199 the approval of the commissioner, establish and maintain an office in
2200 this state to act as a fiduciary or engage in a trust business in this state,
2201 provided the laws of the state in which such trust company is
2202 chartered authorize (1) similar companies chartered in this state to act
2203 as a fiduciary, and (2) trust banks [organized to function solely in a
2204 fiduciary capacity] to establish and maintain such office in such state.
2205 Such approved out-of-state trust company shall be deemed to transact
2206 business in this state for the purposes of section 33-920, subsection (a)
2207 of section 33-1210, section 34-223 or section 34-429 and shall comply
2208 with the applicable requirements of said sections. Application for
2209 approval to establish and maintain an office pursuant to this section
2210 shall be made on forms prescribed by the commissioner. Such
2211 application shall state the minimum equity capital of the out-of-state
2212 trust company which shall be at least two million dollars. Such
2213 application shall be accompanied by evidence of compliance with the
2214 applicable requirements of the regulator in the state in which the out-
2215 of-state trust company is chartered for the establishment and
2216 maintenance of such office and the bond required under section 36a-
2217 434b. The out-of-state trust company shall pay to the commissioner, at
2218 the time of making such application, a nonrefundable fee of one
2219 thousand five hundred dollars. The commissioner shall approve or
2220 disapprove the application within thirty days after the application has
2221 been filed with the commissioner. The thirty-day period of review may

2222 be extended by the commissioner, in writing, on a determination that
2223 the application raises issues that require additional information or
2224 additional time for analysis.

2225 Sec. 36. Subdivision (1) of subsection (a) of section 36a-210 of the
2226 general statutes, as amended by section 6 of public act 03-196 and
2227 section 16 of public act 03-259, is repealed and the following is
2228 substituted in lieu thereof (*Effective from passage*):

2229 (a) (1) With the approval of the commissioner, a Connecticut bank
2230 may transfer all or a significant part of its assets or business to a bank.
2231 The transferring bank [must] shall have been in existence and
2232 continuously operating for at least five years unless the commissioner
2233 waives this requirement. The commissioner shall not approve such
2234 transfer if (A) the acquiring bank, including all insured depository
2235 institutions which are affiliates of such bank, upon consummation of
2236 the transfer, would control thirty per cent or more of the total amount
2237 of deposits of insured depository institutions in this state, unless the
2238 commissioner permits a greater percentage of such deposits, or (B) the
2239 programs, policies and procedures relating to anti-money-laundering
2240 activities of the [purchasing] acquiring institution are inadequate, or
2241 the [purchasing] acquiring institution does not have a record of
2242 compliance with anti-money-laundering laws and regulations. The
2243 transferring and acquiring banks shall file with the commissioner a
2244 written agreement approved and executed by a majority of the
2245 governing board of each bank prescribing the terms and conditions of
2246 the transaction. In the case of a transfer of all of the assets and business
2247 of the transferring bank, the terms of the agreement shall at least
2248 provide for full payment of the amounts due depositors and creditors
2249 of the transferring bank. Payment for all or part of the assets and
2250 business of the transferring bank may be made in cash or by making
2251 available on demand to depositors and other creditors thereof funds
2252 on deposit with the acquiring bank. Prior to the transfer of all or
2253 substantially all of the assets and business of a Connecticut bank
2254 pursuant to this section, such bank shall obtain authorization for the
2255 transfer by the affirmative vote of at least: (i) Two-thirds of the voting

2256 power of the outstanding shares of each class of stock, whether or not
2257 otherwise entitled to vote, in the case of a capital stock Connecticut
2258 bank; (ii) two-thirds of the voting power of the depositors, in the case
2259 of a mutual savings and loan association; and (iii) two-thirds of the
2260 governing board and two-thirds of the voting power of the
2261 corporators, in the case of mutual savings bank, which voting power
2262 shall, in any event, be no less than twenty-five corporators. In lieu of
2263 such vote, the commissioner may certify in writing that the protection
2264 of depositors or creditors of the transferring bank requires that the
2265 transfer proceed without delay.

2266 Sec. 37. Subsection (a) of section 36a-412 of the general statutes, as
2267 amended by section 7 of public act 03-196, is repealed and the
2268 following is substituted in lieu thereof (*Effective from passage*):

2269 (a) (1) Any out-of-state bank, whether or not owned or controlled
2270 by an out-of-state holding company, may, with the approval of the
2271 commissioner, merge or consolidate with or acquire a branch or
2272 significant part of the assets or ten per cent or more of the stock of a
2273 bank provided such bank has been in existence and continuously
2274 operating for at least five years, unless the commissioner waives this
2275 requirement, where the institution resulting from any such merger or
2276 consolidation is an out-of-state bank, provided the laws of the home
2277 state of such out-of-state bank authorize, under conditions no more
2278 restrictive than those imposed by the laws of this state as determined
2279 by the commissioner, a bank to merge or consolidate with or purchase
2280 a branch or significant part of the assets or ten per cent or more of the
2281 stock of an out-of-state bank whose home state is such state. Such
2282 merger, consolidation or acquisition shall not take place if the out-of-
2283 state bank, including all insured depository institutions which are
2284 affiliates of the out-of-state bank, upon consummation of the merger,
2285 consolidation or acquisition, would control thirty per cent or more of
2286 the total amount of deposits of insured depository institutions in this
2287 state, unless the commissioner permits a greater percentage of such
2288 deposits. Any such merger, consolidation or acquisition of assets or
2289 stock shall be effected in accordance with and subject to the filing

2290 requirements and any limitations imposed by the laws of this state
2291 with respect to mergers, consolidations and acquisitions between
2292 banks. Any such out-of-state bank that engages in business in this state
2293 shall comply with the requirements of section 33-920 or subsection (a)
2294 of section 33-1210. Before approving any such merger, consolidation or
2295 acquisition, the commissioner shall make such considerations,
2296 determinations and findings as required by the laws of this state with
2297 respect to mergers, consolidations and acquisitions between banks
2298 and, in addition, shall consider whether such merger, consolidation or
2299 acquisition can reasonably be expected to produce benefits to the
2300 public and whether such benefits clearly outweigh possible adverse
2301 effects, including, but not limited to, an undue concentration of
2302 resources and decreased or unfair competition. The commissioner shall
2303 not approve such merger, consolidation or acquisition unless the
2304 commissioner considers whether: (A) The investment and lending
2305 policies of the out-of-state bank, in the case of a merger or acquisition
2306 of assets, or the proposed investment and lending policies of the bank,
2307 in the case of an acquisition of stock, or of the institution that will
2308 result from a consolidation, are consistent with safe and sound
2309 banking practices and will benefit the economy of this state; (B) the
2310 services of the bank or branch to be acquired, or of the institution that
2311 will result from a merger, or the proposed services of the institution
2312 that will result from a consolidation, are consistent with safe and
2313 sound banking practices and will benefit the economy of this state; (C)
2314 the merger, consolidation or acquisition will not substantially lessen
2315 competition in the banking industry of this state; (D) in the case of a
2316 merger or consolidation or the acquisition of twenty-five per cent or
2317 more of such stock, the out-of-state bank (i) has sufficient capital to
2318 ensure, and agrees to ensure, that the bank to be acquired or the
2319 institution that will result from the merger or consolidation will
2320 comply with applicable minimum capital requirements, and (ii) has
2321 sufficient managerial resources to operate the bank to be acquired or
2322 the institution that will result from the merger or consolidation in a
2323 safe and sound manner; and (E) the out-of-state bank is in compliance
2324 with applicable minimum capital requirements. The commissioner

2325 shall not approve such merger, consolidation or acquisition unless the
2326 commissioner makes the findings required by section 36a-34. Any out-
2327 of-state bank that merges or consolidates with or acquires a branch
2328 pursuant to this subdivision may establish additional branches in this
2329 state. [in accordance with section 36a-145.]

2330 (2) Any out-of-state bank, other than a foreign bank, may, with the
2331 approval of the commissioner, and in accordance with the provisions
2332 of this subdivision, establish a de novo branch in this state. Such
2333 establishment shall not take place unless the laws of the home state of
2334 such out-of-state bank authorize, under conditions no more restrictive
2335 than those imposed by the laws of this state, as determined by the
2336 commissioner, a bank to establish a de novo branch in the home state
2337 of such out-of-state bank, provided the commissioner may waive such
2338 reciprocity requirement for the establishment of a de novo branch the
2339 activities of which are limited to the exercise of fiduciary or trust
2340 powers if the commissioner finds that such establishment will result in
2341 net new benefits to this state. Any request for such waiver of
2342 reciprocity submitted by an out-of-state bank shall include a detailed
2343 statement of the reasons for the request and statistical and other
2344 information to support a finding of such net new benefits. Any such
2345 establishment shall be effected in accordance with and subject to the
2346 filing requirements and any limitations imposed by section 36a-145, as
2347 amended. Any such out-of-state bank that engages in business in this
2348 state shall comply with the requirements of section 33-920 or
2349 subsection (a) of section 33-1210. Before approving any such
2350 establishment, the commissioner shall make such considerations,
2351 determinations and findings as required by section 36a-145, as
2352 amended, and, in addition, shall consider whether such establishment
2353 can reasonably be expected to produce benefits to the public and
2354 whether such benefits clearly outweigh possible adverse effects,
2355 including, but not limited to, an undue concentration of resources and
2356 decreased or unfair competition. The commissioner shall not approve
2357 such establishment unless the commissioner considers whether: (A)
2358 The investment and lending policies of the out-of-state bank are
2359 consistent with safe and sound banking practices and will benefit the

2360 economy of this state; (B) the proposed services of the branch are
2361 consistent with safe and sound banking practices and will benefit the
2362 economy of this state; (C) the establishment will not substantially
2363 lessen competition in this state; (D) the out-of-state bank is adequately
2364 managed and will continue to be adequately managed upon
2365 establishment of such branch; and (E) the out-of-state bank is in
2366 compliance with applicable minimum capital requirements. The
2367 commissioner shall not approve such establishment unless the
2368 commissioner makes the findings required by section 36a-34. An
2369 out-of-state bank which has established a de novo branch in this state
2370 in accordance with this subdivision may establish additional branches
2371 in this state, [in accordance with section 36a-145,] provided the
2372 activities of such additional branches of an out-of-state bank for which
2373 the commissioner waived such reciprocity requirement shall be limited
2374 to the exercise of fiduciary or trust powers. As used in this subdivision,
2375 "net new benefits" means (i) initial capital investments, including any
2376 new construction, (ii) job creation plans, including, but not limited to,
2377 the number of jobs to be created and the average wage rates for each
2378 category of such jobs, (iii) the potential for increasing state and
2379 municipal tax revenues from increased economic activity and
2380 increased employment, (iv) consumer and business services and other
2381 benefits to the state, local community and citizens, and (v) such other
2382 matters as the commissioner may deem necessary or advisable.

2383 (3) Any out-of-state bank, regardless of whether it has a branch in
2384 this state, may merge or consolidate with or acquire a branch in this
2385 state of an out-of-state bank that has a branch in this state.

2386 (4) (A) Except as provided in this section, the laws of this state shall
2387 apply to any branch in this state of an out-of-state bank to the same
2388 extent as such laws would apply if the branch were a federal bank,
2389 provided the following laws shall apply to any branch in this state of
2390 an out-of-state bank to the same extent as such laws apply to a branch
2391 of a Connecticut bank: (i) Community reinvestment laws including
2392 sections 36a-30 to 36a-33, inclusive, (ii) consumer protection laws
2393 including sections 36a-41 to 36a-45, inclusive, 36a-290 to 36a-304,

2394 inclusive, 36a-306, 36a-307, 36a-315 to 36a-323, inclusive, 36a-645 to
2395 36a-647, inclusive, 36a-690, 36a-695 to 36a-700, inclusive, 36a-705 to
2396 36a-707, inclusive, 36a-715 to 36a-718, inclusive, 36a-725, 36a-726, 36a-
2397 755 to 36a-759, inclusive, 36a-770 to 36a-788, inclusive, as amended,
2398 and 36a-800 to 36a-810, inclusive, as amended, (iii) fair lending laws
2399 including sections 36a-16, 36a-737, as amended, 36a-740 and 36a-741,
2400 and (iv) branching laws including sections 36a-23 and 36a-145, as
2401 amended.

2402 (B) Except as provided in this section, an out-of-state bank, other
2403 than a federally-chartered out-of-state bank, that establishes a branch
2404 in this state may conduct any activity at such branch (i) if such activity
2405 is permissible under the laws of the home state of such out-of-state
2406 bank, and (ii) to the same extent as such activity is permissible for
2407 either a Connecticut bank or a branch in this state of a federally-
2408 chartered out-of-state bank. If the commissioner determines that a
2409 branch in this state of an out-of-state bank, other than a federally-
2410 chartered out-of-state bank, is being operated in violation of any
2411 applicable law of this state or in an unsafe and unsound manner, the
2412 commissioner may take any enforcement action authorized under this
2413 title against such out-of-state bank to the same extent as if such branch
2414 were a Connecticut bank, provided the commissioner shall promptly
2415 give notice of such action to the home state banking regulator of such
2416 out-of-state bank and, to the extent practicable, shall consult and
2417 cooperate with such regulator in pursuing and resolving such action.

2418 (5) Any out-of-state bank that merges or consolidates with or
2419 acquires the assets of a bank or establishes in this state a de novo
2420 branch shall be subject to the supervision and examination of the
2421 commissioner pursuant to regulations adopted by the commissioner in
2422 accordance with chapter 54 and shall make reports to the
2423 commissioner as required by the laws of this state. The commissioner
2424 may examine and supervise the Connecticut branches of any such out-
2425 of-state bank and may enter into agreements with other state or federal
2426 banking regulators or similar regulators in a foreign country
2427 concerning such examinations or supervision. Any such agreement

2428 may include provisions concerning the assessment or sharing of fees
2429 for such examination or supervision. Unless waived by the
2430 commissioner, the provisions of this section shall apply to the
2431 acquisition of the assets of any bank from the receiver of such bank by
2432 any out-of-state bank.

2433 Sec. 38. Subdivision (1) of subsection (h) of section 36a-437a of the
2434 general statutes, as amended by section 2 of public act 03-35 and
2435 section 47 of public act 03-84, is repealed and the following is
2436 substituted in lieu thereof (*Effective from passage*):

2437 (h) (1) The bylaws of a Connecticut credit union shall specify at least
2438 the following: (A) The name of the credit union; (B) the field of
2439 membership of the credit union and the qualifications for membership;
2440 (C) the par value of shares; (D) the number and terms of directors and
2441 appointed directors, if applicable, and procedures for their election or
2442 appointment; (E) the duties of the members of senior management; (F)
2443 the manner in which a credit committee, credit manager, loan officer or
2444 any combination thereof shall be responsible for the credit functions of
2445 the credit union; (G) the manner of conducting the annual meeting and
2446 the provisions for voting; (H) conditions for payment on, receipt of or
2447 withdrawal of shares and deposits; and (I) such other matters as the
2448 governing board deems necessary.

2449 Sec. 39. Subsection (g) of section 19a-343a of the general statutes, as
2450 amended by section 73 of public act 03-278, is repealed and the
2451 following is substituted in lieu thereof (*Effective from passage*):

2452 (g) If the defendant is a financial institution and the record owner of
2453 the real property, or if the defendant is a financial institution claiming
2454 an interest of record pursuant to a bona fide mortgage, assignment of
2455 lease or rent, lien or security in the real property and is not determined
2456 to be a principal or an accomplice in the conduct constituting the
2457 public nuisance, the court shall not enter any order against such
2458 defendant. The state shall have the burden of proving by clear and
2459 convincing evidence that any such defendant claiming an interest of
2460 record under this subsection is a principal or an accomplice in the

2461 alleged conduct constituting the public nuisance. For the purposes of
2462 this subsection, "financial institution" means a bank, as defined in
2463 subdivision (4) of section 36a-2, as amended, an out-of-state bank, as
2464 defined in subdivision [(43)] (44) of section 36a-2, as amended by this
2465 act, an institutional lender or any subsidiary or affiliate of such bank,
2466 out-of-state bank or institutional lender that directly or indirectly
2467 acquires the real property pursuant to strict foreclosure, foreclosure by
2468 sale or deed-in-lieu of foreclosure, and with the intent of ultimately
2469 transferring the property, or other lender licensed by the Department
2470 of Banking.

2471 Sec. 40. Subsection (e) of section 36a-194 of the general statutes is
2472 repealed and the following is substituted in lieu thereof (*Effective from*
2473 *passage*):

2474 (e) If at any time, the mutual holding company that does not control
2475 a subsidiary holding company of a reorganized savings institution
2476 sells or otherwise disposes of ordinarily voting shares in the
2477 reorganized savings institution and as a result such mutual holding
2478 company no longer owns at least fifty-one per cent of the ordinarily
2479 voting shares of such reorganized savings institution, or if the
2480 reorganized savings institution sells substantially all of its assets in a
2481 transaction in which substantially all of the deposit liabilities of such
2482 reorganized savings institution are assumed and become liabilities of
2483 the purchaser of such assets, the commissioner may apply to the
2484 superior court for the judicial district of Hartford or the judicial district
2485 in which such mutual holding company is situated for the
2486 appointment of a receiver to wind up the affairs of the mutual holding
2487 company; and the court may appoint such receiver after reasonable
2488 notice to the mutual holding company and such reorganized savings
2489 institution. Such receivership is governed by the provisions of sections
2490 36a-223 to 36a-239, inclusive, as amended by this act, and sections 28 to
2491 32, inclusive, of this act.

2492 Sec. 41. Subdivision (17) of section 36a-316 of the general statutes is
2493 repealed and the following is substituted in lieu thereof (*Effective from*

2494 *passage*):

2495 (17) "Savings deposit" means a savings deposit, as defined in
2496 subdivision [(57)] (59) of section 36a-2, as amended by this act, and the
2497 payment on shares at a Connecticut credit union or federal credit
2498 union, and a "savings account" is a deposit account which contains
2499 savings deposits.

2500 Sec. 42. Subsection (c) of section 36a-428n of the general statutes, as
2501 amended by section 3 of public act 03-153, is repealed and the
2502 following is substituted in lieu thereof (*Effective from passage*):

2503 (c) Title to such business and property in this state of a foreign bank
2504 shall vest by operation of law in the commissioner and his successors
2505 upon taking possession, without the execution of any instruments of
2506 conveyance, assignment, transfer or endorsement. The commissioner
2507 shall promptly apply to the superior court for the judicial district of
2508 Hartford for appointment as receiver of such foreign bank with effect
2509 from the time of taking possession, and the superior court shall make
2510 such appointment. Thereafter, except as otherwise provided in this
2511 section, the commissioner shall liquidate or otherwise deal with such
2512 business and property in this state of a foreign bank in accordance
2513 with the provisions of sections 36a-223 to 36a-239, inclusive, as
2514 amended by this act, and sections 28 to 32, inclusive, of this act,
2515 provided, (1) "debts", "liabilities", "deposits", "claims" and other similar
2516 terms used in sections 36a-223 to 36a-239, inclusive, as amended by
2517 this act, and sections 28 to 32, inclusive, of this act, refer to the claims
2518 that the commissioner shall accept pursuant to subsection (e) of this
2519 section; (2) "creditors" and "depositors", as used in such sections, refer
2520 to the owners of such accepted claims; (3) except as the context
2521 otherwise requires, "Connecticut bank", as used in such sections, refers
2522 to the state branches or state agencies in this state; and (4) "officer", as
2523 used in such sections, includes any person in charge of or who is an
2524 officer of such state branches and the agent or other person in charge
2525 of such state agencies. Notwithstanding any contrary provision of law,
2526 including chapters 55a and 67, the commissioner may employ or

2527 contract with such legal counsel and expert assistants under such titles
2528 as the commissioner may assign to them and may retain such of the
2529 officers or employees of such foreign bank as the commissioner deems
2530 necessary in the liquidation and distribution of the assets of such
2531 foreign bank, without the prior approval of any other state agency or
2532 elective officers. The commissioner shall be entitled to the appointment
2533 of a single judge to supervise the liquidation upon request to the
2534 administrative judge of the superior court for the judicial district of
2535 Hartford. Said judge shall have the power to order expedited or
2536 simplified procedures whenever necessary to resolve a matter in such
2537 liquidation.

2538 Sec. 43. Subdivision (10) of section 36a-596 of the general statutes is
2539 repealed and the following is substituted in lieu thereof (*Effective from*
2540 *passage*):

2541 (10) "Permissible investment" means: (A) Cash in United States
2542 currency; (B) time deposits, as defined in subdivision [(65)] (69) of
2543 section 36a-2, as amended by this act, or other debt instruments of a
2544 bank; (C) bills of exchange or bankers acceptances which are eligible
2545 for purchase by member banks of the Federal Reserve System; (D)
2546 commercial paper of prime quality; (E) interest-bearing bills, notes,
2547 bonds, debentures or other obligations issued or guaranteed by: (i) The
2548 United States or any of its agencies or instrumentalities, or (ii) any
2549 state, or any agency, instrumentality, political subdivision, school
2550 district or legally constituted authority of any state if such investment
2551 is of prime quality; (F) interest-bearing bills or notes, or bonds,
2552 debentures or preferred stocks, traded on any national securities
2553 exchange or on a national over-the-counter market, if such debt or
2554 equity investments are of prime quality; (G) receivables due from
2555 selling agents consisting of the proceeds of the sale of payment
2556 instruments which are not past due or doubtful of collection; (H) gold;
2557 and (I) any other investments approved by the commissioner.
2558 Notwithstanding the provisions of this subdivision, if the
2559 commissioner at any time finds that an investment of a licensee is
2560 unsatisfactory for investment purposes, the investment shall not

2561 qualify as a permissible investment.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>
Sec. 5	<i>from passage</i>
Sec. 6	<i>from passage</i>
Sec. 7	<i>from passage</i>
Sec. 8	<i>from passage</i>
Sec. 9	<i>from passage</i>
Sec. 10	<i>from passage</i>
Sec. 11	<i>from passage</i>
Sec. 12	<i>from passage</i>
Sec. 13	<i>from passage</i>
Sec. 14	<i>from passage</i>
Sec. 15	<i>from passage</i>
Sec. 16	<i>from passage</i>
Sec. 17	<i>from passage</i>
Sec. 18	<i>from passage</i>
Sec. 19	<i>from passage</i>
Sec. 20	<i>from passage</i>
Sec. 21	<i>from passage</i>
Sec. 22	<i>from passage</i>
Sec. 23	<i>from passage</i>
Sec. 24	<i>from passage</i>
Sec. 25	<i>from passage</i>
Sec. 26	<i>from passage</i>
Sec. 27	<i>from passage</i>
Sec. 28	<i>from passage</i>
Sec. 29	<i>from passage</i>
Sec. 30	<i>from passage</i>
Sec. 31	<i>from passage</i>
Sec. 32	<i>from passage</i>
Sec. 33	<i>from passage</i>
Sec. 34	<i>from passage</i>
Sec. 35	<i>from passage</i>
Sec. 36	<i>from passage</i>
Sec. 37	<i>from passage</i>

Sec. 38	<i>from passage</i>
Sec. 39	<i>from passage</i>
Sec. 40	<i>from passage</i>
Sec. 41	<i>from passage</i>
Sec. 42	<i>from passage</i>
Sec. 43	<i>from passage</i>

BA *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Banking Dept.	BF - Revenue Gain	Minimal	Minimal
Treasurer	GF - Revenue Loss	Minimal	Minimal

Note: BF=Banking Fund; GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a \$2,500 fee for investigating and processing an interstate banking transaction application, unless the applicant is already required to pay an investigating and processing fee per another section of the fee statute. It is estimated that the Banking Department will receive less than five interstate banking transaction applications in 2005 and 2006. This will result in a minimal revenue gain.

Changing the franchise tax on newly chartered banks from a flat rate to a sliding scale will result in a General Fund revenue loss to the degree that new banks are chartered within the state. Based on data from prior years (see table below) the impact is anticipated to be minimal.

Bank Franchise Tax Collections by Calendar Year ¹		
Calendar Year	# Banks	General Fund Revenue
1998	1	\$10,000
1999	4	\$66,000
2000	0	0
2001	2	\$30,010
2002	0	0

2003	0	0
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¹ Based on data from the Secretary of the State

The table below compares the tax liability for the flat tax rate and the sliding scale tax using three different scenarios for the number of shares of authorized stock:

Comparison of Tax Liability under Flat Rate and Sliding Scale Rate			
# Shares of Authorized Stock	Tax Liability for Flat Tax Rate ¹	Tax Liability for Sliding Scale Tax ²	Difference
10,000	\$100	\$100	\$0
110,000	\$1,100	\$600	(\$500)
1,110,000	\$11,100	\$3,100	(\$8,000)

¹ The current flat tax rate is one cent per share of authorized stock.
² The proposed tax rate is one cent per 10,000 shares, one-half cent between 10,001 and 100,000 shares, one-quarter cent between 100,001 and 1,000,000 and one-twentieth cent over 1,000,000 shares.

The bill makes several other changes to banking statutes, none of which have a fiscal impact.

OLR Bill Analysis

sSB 358

AN ACT CONCERNING BANKS IN RECEIVERSHIP AND BANK BRANCHING**SUMMARY:**

This bill makes a number of changes to the banking statutes regarding trust banks, uninsured banks, receiverships, conservatorships, franchise tax, and bank branching, including:

1. requiring trust and uninsured banks to maintain at least \$1 million in assets on deposit;
2. decreasing the franchise tax newly organized capital stock Connecticut banks with more than 10,000 authorized shares must pay;
3. protecting client interests in receiverships and conservatorships;
4. expanding the circumstances under which an independent person may serve as a receiver or conservator;
5. requiring a trust or uninsured bank's receiver to publish notice of the bank's receivership and depositors', clients', and creditors' rights;
6. expanding the receiver's reporting and notice requirements;
7. creating a specific order of priority for distributing trust and uninsured banks' assets;
8. directing receivers to substitute successor fiduciaries to take over the bank's fiduciary positions;
9. requiring certain claimants to file a proof of claim, specifying its content, and establishing procedures for claimants to file claims against a bank in receivership;
10. creating receiver and conservator immunity and indemnity for acts within the scope of their employment; and
11. allowing certain out-of-state banks with Connecticut branches to establish additional branches without following the statutory process.

The bill also makes minor and technical changes.

EFFECTIVE DATE: Upon passage

FEES (§ 4)

The bill sets a \$2,500 fee for investigating and processing an interstate banking transaction application, unless another provision of the fee statute already imposes an investigation and processing fee on the applicant.

NEWLY ORGANIZED TRUST AND UNINSURED BANKS (§§ 1, 5)

Current law prohibits a newly organized Connecticut bank from commencing business until its final certificate of authority has been issued and, for a bank requiring insurance, it has Federal Deposit Insurance Corporation (FDIC) insurance. The bill prohibits a newly organized trust bank or uninsured bank from commencing business unless it has sufficient assets on deposit. It defines a “trust bank” as a Connecticut bank organized to function solely in a fiduciary capacity. It defines an “uninsured bank” as a Connecticut bank that does not accept retail deposits and for which FDIC insurance is not required. It defines “retail deposits” as any deposits made by individuals who are not “accredited investors,” as that term is used in federal Regulation D (17 CFR § 230.501(a)).

Asset Requirement (§§ 5, 9)

The bill requires trust and uninsured banks to keep at least \$1 million in assets on deposit with banks the banking commissioner approves. Banks that receive a final certificate of authority before the bill takes effect must keep assets on deposit as follows: (1) at least \$250,000 no later than one year from the effective date, (2) at least \$500,000 no later than two years from the effective date, (3) at least \$750,000 no later than three years from the effective date, and (4) at least \$1 million no later than four years from the effective date. The bill prohibits a bank from depositing its assets until that bank and the bank where it will make the deposit execute a deposit agreement that satisfies the commissioner. The asset value is based on the principal amount or market value, whichever is lower. If the commissioner determines an asset should be valued at a lower amount, he must notify the trust or uninsured bank, which must then value the asset as the commissioner directs.

The bill defines “assets” for deposit requirement purposes as (1) U.S. dollar deposits payable in the United States, other than certificates of

deposit; (2) bonds, notes, debentures, or other obligations of the United States or its agencies or instrumentalities, of Connecticut or a Connecticut county, city, town, village, school district, or instrumentality, or guaranteed by Connecticut or the United States; (3) bonds, notes, debentures, or other obligations issued by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Corporation; (4) commercial paper payable in dollars in the United States, as long as it is rated in one of the three highest rating categories by a rating service the commissioner recognizes, and if it is rated by more than one recognized rating service, then each rating service rates it in one of the three highest categories; (5) negotiable certificates of deposit payable in the United States; (6) reserves held at a federal reserve bank; and (7) other deposits as the commissioner, upon written application, determines.

If the commissioner believes a trust or uninsured bank that is in danger of becoming insolvent, is not likely to be able to meet its depositors' demands or pay its obligations, or is likely to incur severe losses, the law allows him to require the bank to maintain assets on deposit in an amount sufficient to meet fees and assessments due to him and his costs and expenses in the event of the bank's receivership. The bill allows him to increase the amount of assets the banks must keep on deposit for these purposes.

FRANCHISE TAX (§ 5)

Current law requires newly organized capital stock Connecticut banks to pay a franchise tax of one cent per share of authorized capital stock to the state treasurer. The bill instead requires the franchise tax to be one cent per share for the first 10,000 shares, one-half cent per share for each authorized share from 10,001 to 100,000 shares, one-quarter cent per share for 100,001 to one million authorized shares, and one-fifth cent per share for each authorized share over one million shares.

CLIENT PROTECTION IN RECEIVERSHIPS AND CONSERVATORSHIPS (§§ 1, 10, 11, 12, 15, 16, 19)

The bill expands the class of people who are protected by the receivership and conservatorship statutes to include clients. Current law protects only depositors, share account holders, and creditors. The bill defines a client as (1) a beneficiary of a trust for whom a Connecticut bank acts as trustee; (2) a person for whom the

Connecticut bank acts as agent, custodian, or bailee; or (3) another person to whom the bank owes a duty or obligation under a trust or other account administered by the bank, regardless of whether such Connecticut bank owes a fiduciary duty to the person.

APPLICATION TO COURT FOR APPOINTMENT OF RECEIVERS AND CONSERVATORS (§ 13)

Current law allows the commissioner to apply to the Superior Court for an injunction or appointment of a conservator or receiver for several reasons, including if it appears to him that a Connecticut bank or credit union or an out-of-state bank or credit union with a Connecticut branch is insolvent. The bill allows him also to file such an application if it appears to him that one of these financial institutions is in danger of imminent insolvency or that its capital is not sufficient to support its risk level.

APPOINTMENTS OF RECEIVERS AND CONSERVATORS (§ 14)

Current law allows an independent person, as opposed to the commissioner, the FDIC, or the National Credit Union Administration (NCUA), to be appointed as receiver or conservator only if extraordinary circumstances exist. The bill expands this provision to permit an independent person to be receiver or conservator if the FDIC and NCUA cannot, such as for trust and uninsured banks. If an independent person is appointed, the bill allows the Superior Court to require him to post a suitable bond.

It requires the commissioner to be a party to the receivership proceeding or conservatorship when the receiver or conservator is an independent person, and it gives him standing to initiate or contest any motion. It specifies that the commissioner's views are entitled to deference unless inconsistent with the plain meaning of the receivership and conservatorship statutes. If an independent person is appointed receiver or conservator, the bill also requires the cost and expenses incurred in the bank's or credit union's liquidation, reorganization, or administration, including any funds the commissioner pays to the person before the institution's placement in receivership or conservatorship, to be paid out of its funds, subject to the court's approval.

When the commissioner acts as receiver or conservator, the law allows

him to appoint an agent to perform those duties on his behalf. Current law allows the agent to be a Banking Department employee; the bill requires him to be one. The bill allows the commissioner to retain consultants as he deems necessary. It requires salaries and expenses incurred in a bank's or credit union's reorganization to be paid, as the law already requires for liquidations and administrations, out of the institution's funds, subject to the Superior Court's approval. In addition, the bill requires the state to be reimbursed for costs and expenses the Banking Department incurs in liquidation or reorganization, as it already must for administration of the receivership or conservatorship.

COURT PROCEEDINGS (§ 14)

The bill gives the Superior Court where a receivership proceeding against a Connecticut bank or credit union is pending exclusive jurisdiction to hear and determine all actions or proceedings instituted by or against the institution or receiver. It allows the receiver to file in any jurisdiction an ancillary suit to obtain jurisdiction or venue over a person or property.

The bill specifies that a Connecticut bank's or credit union's record that the receiver obtained and held in the course of the receivership proceeding, or a certified copy of the record under the receiver's official seal, is admissible as evidence in all cases without proof of correctness or other proof, except the certificate of the receiver that the record was received from the bank's or credit union's custody or found among its effects. It allows the receiver to certify the correctness of (1) a record that was received from the institution's custody or found among its effects, (2) a record of the receiver's office, or (3) any fact contained in the record. The bill makes the record admissible as evidence in all cases in which the original would be evidence and states that the original record or a certified copy is prima facie evidence of the facts it contains.

EFFECT OF JUDGMENT (§ 14)

The bill specifies that a court judgment or order from Connecticut or another jurisdiction in an action pending by or against a Connecticut bank or credit union, rendered after the institution was placed in receivership, is not binding on the receiver unless he was made a party to the suit. Within the first year of the bank's or credit union's

receivership, the bill exempts the receiver from having to plead to any suit pending against the institution in Connecticut on the date the receivership began and in which the receiver is a proper plaintiff or defendant.

RECEIVERSHIP PROCESS (§ 17)

The bill removes trust and uninsured banks from a provision allowing the Superior Court to designate a time for claims to be brought to the receiver. Instead, it requires the receiver, as soon as reasonably practicable after his appointment, to publish notice in a newspaper of general circulation in each town where the bank has an office, stating that: (1) the bank has been placed in receivership; (2) the depositors, clients, and creditors are required to present their claims for payment on or before a specific date and at a specific place; and (3) all safe deposit box holders and bailors of property left with the bank must remove their property by a specified date. The deadline the receiver selects may not be less than 121 days after the notice date and must allow (1) the bank's affairs to be wound up as quickly as feasible and (2) depositors, clients, creditors, safe deposit box holders, and bailors of property adequate time to present claims, withdraw accounts, and redeem property. The bill allows the receiver to adjust the dates with the court's approval, with or without republishing the notice, if he determines additional time is needed for presentation, withdrawal, or redemption.

As soon as reasonably practicable, given the state of the bank's records and adequacy of staffing, the bill requires the receiver to mail to each of the bank's known depositors, clients, creditors, safe deposit box holders, and bailors of property left with the bank, at the mailing address in the bank's records, an individual notice containing the same information as the newspaper notice and specific information pertaining to the addressee's account or property. The receiver may require a fiduciary claimant to file a proof of claim if the bank's records are insufficient to identify the claimant's interest.

COLLECTIONS (§ 18)

The bill requires the receiver to deposit money collected by converting into money the assets of a Connecticut bank or credit union in receivership in a bank, Connecticut or federal credit union, or an out-of-state bank or credit union with a Connecticut branch.

PAYMENT PROHIBITED (§ 19)

The bill prohibits a correspondent bank of a bank or credit union in receivership from paying an item drawn on the bank's or credit union's account that is presented for payment after the correspondent has received actual notice that an injunction was granted or a receiver appointed, unless the correspondent bank previously certified the item for payment.

VALIDITY OF CERTAIN AGREEMENTS (§ 20)

The bill invalidates agreements against a receiver that tend to diminish or defeat the interest of the estate in a Connecticut bank or credit union unless they (1) are in writing; (2) were executed by an institution and a person claiming an adverse interest under the agreement, including the obligor, when the institution acquired the asset; (3) were approved by the institution's governing board or designated committee, and the board's or committee's minutes reflect that approval; and (4) have been the institution's official records continuously since their execution.

DELIVERY OF RECORDS (§ 21)

The bill requires a Connecticut bank's or credit union's affiliates, officers, directors, employees, shareholders, trustees, agents, attorneys, attorneys-in-fact, and correspondents to deliver immediately to the institution's receiver or conservator, without cost, any record or other property of the institution or relating to its business. It is unclear at what time the immediate delivery requirement is triggered. If the record or property is, by contract or otherwise, the property of one of the parties listed above and can be copied, the bill requires it to be copied and the copy delivered to the receiver or conservator. The owner must retain the original until the receiver or conservator notifies him that it is no longer required in administering the institution's affairs or until the Superior Court, after notice and hearing, directs.

ADMINISTRATION (§ 23)

The bill expands a requirement that the receiver or conservator file statements of the bank's or credit union's creditors, assets, disbursements, and cash on hand with the Superior Court. Current law requires this statement to be made twice each year and directs the

court clerk to record and keep all related reports and orders on file in his office. The bill instead requires a quarterly report (1) listing the names and addresses of all creditors, clients, depositors, and share account holders, and the amounts respectively due them; (2) listing assets on hand, their location, and estimated value; and (3) showing the general condition of the institution and the operation, receipts, and expenditures of its assets. The bill also requires the receiver or conservator to file a final report on the liquidated institution, showing all receipts and expenditures and giving a full explanation and statement of the disposition of all assets and liabilities. These reports must be filed with the banking commissioner as well as the Superior Court.

The bill directs the receiver to pay all administrative expenses out of the bank's or credit union's money or other assets and submit to the court quarterly itemized expense reports. It requires the court to approve the report unless an objection is filed before the 11th day after the report's submission. Only a party in interest may object and must specify each item objected to and the ground for the objection. The court must set the objection for hearing and notify the parties. The objecting party has the burden of proof to show that the item objected to is improper, unnecessary, or excessive.

The bill allows the court to prescribe whether notice of the receiver's report (it is unclear which one) should be given by service on specific parties, by publication, or by a combination of the two. The court may order an audit of the bank's or credit union's books and records relating to the receivership or conservatorship. This report must be filed with the court and the commissioner. The bill requires the receiver to make the books and records available to the auditor as required by the court order, and it directs him to pay the audit expenses as an administrative expense.

DISSOLUTION OF INJUNCTIONS (§ 24)

Current law requires a receiver to apply within 30 days to dissolve an injunction restraining him from disposing of any of the trust estate. The bill removes the limitation that this requirement applies only to disposition of the trust estate, requiring the receiver to apply within this time for dissolution of any injunction that restrains him from disposing of the estate.

**PAYMENTS AND CONVEYANCES IN CONTEMPLATION OF
INSOLVENCY (§ 25)**

Current law voids all payments or conveyances a Connecticut bank or credit union makes in contemplation of insolvency with the fraudulent intent to prevent the distribution and appropriation of its effects as prescribed by law. The bill instead allows a receiver to void a transfer or lien on the property or assets of a bank or credit union in receivership if it

1. was made or created (a) four months before the date the institution was placed in receivership or (b) one year before the date the institution was placed in receivership if the creditor was at that time a bank or credit union affiliate, officer, director, or principal shareholder;
2. was made or created with the intent to give the creditor or depositor, or enable him to claim, a greater percentage of the claimant's debt than is given or obtained by another claimant of the same class; and
3. is accepted by a creditor or depositor having reasonable cause to believe that a preference will occur.

The bill makes each bank or credit union officer, director, manager, shareholder, trustee, agent, employee, attorney-in-fact, correspondent, or other person working on its behalf, who has participated in implementing a voidable transfer or lien, and each person receiving property or its benefit as a result of a voidable transfer or lien, personally liable for the property or benefit received. It requires them to account to the receiver for the benefit of the institution's clients, depositors, and creditors.

The bill permits the receiver to avoid a transfer or lien on the property or assets that a client, creditor, depositor, or shareholder could have avoided and allows him to recover the property transferred or its value from the transferee or the person who received it, unless the transferee or recipient was a bona fide holder for value before the date the institution was placed in receivership.

DISTRIBUTION OF ASSETS (§ 26)

The bill creates a specific order of priority for distributing the assets of trust and uninsured banks, as follows: (1) all fees and assessments due the commissioner; (2) administrative expenses; (3) approved claims of

owners of secured trust funds on deposit, to the extent of the value of the security; (4) approved claims of secured creditors, to the extent of the value of the security; (5) approved claims by beneficiaries of insufficient commingled fiduciary money or missing fiduciary property and approved claims of the bank's clients; (6) other approved depositor and general creditor claims not covered by a higher priority, including unsecured claims for federal, state, or local taxes or debts; (7) approved claims of a type listed above but not filed within the specified time; and (8) claims of capital note or debenture holders or holders of similar obligations and proprietary claims of shareholders or other owners according to the terms established by issue, class, or series.

The bill defines "administrative expense" for purposes of distributing a trust or uninsured bank's assets as (1) the expense of any required audit; (2) any charge or expense of settling the bank's affairs, including court costs and the expenses of operating and liquidating the bank's estate; (3) wages owed to a bank employee for work performed within three months before the date the bank was placed in receivership, up to \$2,000 per employee; (4) current wages for services rendered after the date of receivership owed to a bank employee whose services the receiver retained; and (5) an unpaid expense of bank supervision or conservatorship before the bank was placed in receivership.

DISCHARGE OF RECEIVER (§ 27)

The law requires a Connecticut bank to forfeit its charter, and a Connecticut credit union to forfeit its certificate of authority, upon the receiver's discharge from further liability if the court has not approved a refinancing or reorganization plan. The bill also requires a bank to forfeit its certificate of incorporation (the term recent banking laws use instead of charter) under these circumstances.

PROPERTY IN BANK CUSTODY (§ 28)

The bill specifies that a contract between a trust or uninsured bank in receivership and another person for bailment; of deposit for hire; or to lease a safe, vault, or safe deposit box terminates on the date specified for removal of property in the notice that the bill requires to be published and mailed, or a later date the Superior Court or receiver approves. Anyone who paid rental or storage charges for a period extending beyond the designated date has a claim against the bank's

estate for a refund of the unearned portion.

If property is not removed by the contract termination date, the bill requires the receiver to inventory it. In doing this, he may open a safe, vault, or safe deposit box, or any package, parcel, or receptacle in his custody or possession. The property must be marked to identify, to the extent possible, its owner or the person who left it with the bank. After the receiver inventories all such property in his custody, the bill requires him to compile a list of unclaimed property, separated by the office that received it. He must then publish the list and the names of property owners as shown in bank records in a newspaper of general circulation in each town where the bank has an office retaining unclaimed property. The published notice must specify a procedure for claiming the property, unless the court, upon the receiver's application, approves a different procedure.

FIDUCIARIES (§ 29)

Termination

The bill requires a trust or uninsured bank's receiver, as soon after his appointment as is practicable, to terminate all fiduciary positions the bank holds, surrender all property the bank holds as a fiduciary, and settle the fiduciary accounts. With the court's approval, the bill directs the receiver to release all segregated and identifiable fiduciary property the bank holds to one or more successor fiduciaries and allows him to sell one or more fiduciary accounts to successor fiduciaries on terms that appear to be in the best interests of the bank's estate and the people interested in the property or fiduciary accounts.

Substitution

Upon the sale or transfer of fiduciary property or a fiduciary account, the bill automatically substitutes the successor fiduciary without further action or court order. Before the effective date of the successor fiduciary's substitution, the receiver must mail notice of the substitution to each person to whom the bank provides periodic fiduciary activity reports. The notice must include the bank's name, the successor fiduciary's name, and the substitution's effective date. The bill specifies that the probate court procedures for removing a fiduciary do not apply to this substitution process.

The bill gives a successor fiduciary all of the bank's rights, powers, duties, and obligations and deems it to be named, nominated, or appointed as fiduciary in any will, trust, court order, or similar written document or instrument naming, nominating or appointing the bank as fiduciary, whether executed before or after the successor fiduciary's substitution. But the bill specifies that the successor fiduciary does not have any obligation or liability based on its substitution for any acts, actions, inactions, or events occurring before the substitution's effective date.

Distribution

If commingled fiduciary money the trust or uninsured bank held as trustee is insufficient to satisfy all fiduciary claims to it, the bill directs the receiver to distribute the money pro rata to all of the fiduciary claimants based on their proportionate interest.

CLAIMS (§ 30)

Proof of Claims

To receive payment of a claim against the estate of a trust or uninsured bank in receivership, the bill directs a person with a claim, other than a person acting in his capacity as shareholder but including a secured claimant or a fiduciary claimant the receiver ordered to file a proof of claim, to present proof of claim to the receiver at the place and within the period the receiver specifies. The receiver's receipt of the required proof of claim is a condition precedent to the claim's payment. A claim not filed within the period or at the place the receiver specified may not participate in the receiver's asset distribution, except that, subject to court approval, the receiver may accept a claim filed within 180 days after notice of the claimant's right to file a proof of claim was mailed to the claimant. The bill makes such a claim subordinate to a general creditor's approved claim. Interest does not accrue on any claim after the date the bank is placed in receivership. The bill specifies that these provisions do not apply to a fiduciary claimant or depositor where the bank's records are sufficient to identify that party's interest.

The bill requires the proof of claim against a trust or uninsured bank to be in writing, signed by the claimant, and include:

1. a statement of the claim;
2. a description of the consideration for the claim;
3. a statement of whether collateral is held or a security interest is asserted against the claim and, if so, a description of it;
4. a statement of any right of payment priority for the claim or other specific right the claimant asserts;
5. a statement of whether a payment has been made on the claim and, if so, the amount and source of the payment, to the extent the claimant has knowledge;
6. a statement that the bank justly owes the claimant the amount claimed; and
7. any other matter the court requires.

The bill allows the receiver to designate the form of the proof of claim. It must be filed under oath unless the receiver waives the oath. If a claim is based on a written instrument, the bill requires the original instrument, unless lost or destroyed, to be filed with the proof of claim. After the instrument is filed, the receiver may permit the claimant to substitute a copy of the instrument until the final disposition of the claim. If the instrument is lost or destroyed, the bill requires a statement of that fact and the circumstances of the loss or destruction to be filed under oath with the claim.

Judgments

The bill prohibits a judgment against a trust or uninsured bank in receivership taken by default or collusion before the date the bank was placed in receivership from being considered as conclusive evidence of its liability to the judgment creditor or the amount of damages to which the judgment creditor is entitled. A judgment against the bank entered after the receivership date also may not be considered as evidence of liability or the amount of damages.

Secured Claims

The bill allows the owner of secured trust funds on deposit to file a claim as a creditor against a trust or uninsured bank in receivership. The court must supervise determination of the security's value by converting it into money. The bill allows the owner of a secured claim against a bank in receivership to surrender the security and file a claim as a general creditor or apply the security and discharge the claim. If the owner applies the security and discharges the claim, any deficiency

must be treated as a claim against the bank's general assets on the same basis as an unsecured creditor's claim. The amount of the deficiency must be determined as an unliquidated or unqualified demand, as explained below, except that if the amount has been adjudicated by a court in a proceeding in which the receiver had notice and an opportunity to be heard, the court's decision is conclusive as to the amount. The bill requires the court to supervise determination of the value of security a secured creditor holds by converting the security to money according to the terms of agreement by which the security was delivered to the creditor or by agreement, arbitration, compromise, or litigation between the creditor and receiver.

Unliquidated and Undetermined Demands

The bill requires a claim against a trust or uninsured bank in receivership based on an unliquidated or undetermined demand to be filed within the period for the filing of the claim. It prohibits the claim from sharing in any distribution until the claim is definitely liquidated, determined, and allowed, at which point the claim shares on a pro rata basis with claims of the same class in all subsequent distributions.

If the receiver is otherwise in a position to close the receivership position, the bill considers the proposed closing to be sufficient grounds to reject any remaining claim based on an unliquidated or undetermined demand. It requires the receiver to notify the claimant of his intention to close the proceeding. If the demand is not liquidated or determined within 60 days of the notice, the receiver may reject the claim. The bill deems a demand unliquidated or undetermined if its right of action accrued while the bank was placed in receivership and the demand's liability has not been determined or his amount has not been liquidated.

Set-Offs

The bill requires mutual credits and mutual debts to be set off and only the balance allowed or paid, except that set-off may not be allowed in favor of a person if (1) the bank's obligation to the person on the date it was placed in receivership did not entitle the person to share as a claimant in the bank's assets; (2) the bank's obligation to the person was bought by or transferred to the person after the receivership began or for the purpose of increasing set-off rights; or (3) the person's or bank's obligation is as a trustee or fiduciary. Upon request, the bill

requires the receiver to provide a person with an accounting statement identifying each debt that is due and payable. A person who owes a trust or uninsured bank an amount that is due and payable against which the person asserts set-off of potential future mutual credits must promptly pay the receiver the amount due and payable. The receiver must then refund, to the extent of the prior payment, mutual credits that become due and payable to the person.

Acceptance and Rejection of Claims

Within six months after the last day for filing claims, or such later date as the court allows, the bill requires the receiver to accept or reject in whole or in part each claim filed against the bank, except for unliquidated or undetermined claims. The receiver must reject a claim if he doubts its validity. The bill directs the receiver to mail written notice to each claimant, specifying the disposition of the person's claim. If he rejects the claim in whole or in part, the receiver must specify in the notice the basis for rejection and advise the claimant of the procedures and deadline for appeal. The receiver must also send each claimant a summary schedule of approved and rejected claims by priority class and notify the claimant (1) that a copy of a claims distribution schedule, including only the claimant's name and the claim amounts allowed and rejected, is available upon request and (2) of the procedure and deadline for filing an objection to an approved claim.

The bill requires the receiver, with court approval, to set a deadline for an objection to an approved claim. On or before that date, a bank depositor, creditor, other claimant, or shareholder may file an objection to an approved claim. The court must hear and determine the objection. If the objection is sustained, the bill requires the court to direct an appropriate modification of the claims schedule.

Appeal of Rejection

The bill allows a claimant to appeal the receiver's rejection to the Superior Court where the receivership proceeding is pending. The appeal must be filed within three months after the rejection notice's date of service. If the appeal is timely filed, the review is de novo, as if it were an action originally filed in the court, and is subject to the rules of civil procedure and appeal. An action to appeal a claim's rejection is separate from the receivership proceeding, and the bill prohibits a

claimant intervening in the receivership proceeding from initiating one. If the action is not timely filed, the receiver's action is final and not subject to review.

Distributions

The bill requires the banking commissioner to deposit in a bank, Connecticut or federal credit union, or out-of-state bank or credit union with a Connecticut branch, all money available for the benefit of people who have not filed a claim and are, according to the bank's records, depositors and creditors of a trust or uninsured bank in receivership. The commissioner must pay the nonclaiming depositors and creditors on demand the undisputed amount the records show is held for their benefit.

The bill allows the receiver to make periodic partial distributions to the holders of approved claims if: (1) all objections have been heard and decided, (2) the time for filing appeals has expired, (3) money has been made available to pay all nonclaiming depositors and creditors, and (4) a proper reserve is established for pro rata payment of rejected claims on appeal and claims based on unliquidated or undetermined demands. As soon as practicable after all objections, appeals, and claims based on previously unliquidated or undetermined demands have been determined and money has been made available to pay nonclaiming depositors and creditors, the bill requires the receiver to distribute the bank's assets to satisfy approved claims other than those asserted in a person's capacity as shareholder.

RECORDS (§ 31)

The bill requires all fiduciary records relating to administration of a trust or uninsured bank's fiduciary accounts to be turned over to the successor fiduciary in charge of administering the accounts. It allows the receiver to devise a method for effectively, efficiently, and economically maintaining all other bank and receiver's office records. Upon the court's approval, the receiver may dispose of bank records that are obsolete and not needed for continuing to administer the receivership proceeding.

RECEIVER AND CONSERVATOR IMMUNITY AND INDEMNITY (§ 32)

Immunity and Indemnity Generally

The bill sets out protections from liability for trust and uninsured banks' receivers and conservators, past and present, and their employees. It specifies that these protections do not apply to attorneys, accountants, auditors, or other professionals or firms the receiver or conservator retains as independent contractors, or their employees.

The bill immunizes receivers, conservators, and their employees from suit or liability, both personally and in their official capacities, from any claim for damage to or loss of property, personal injury, or other civil liability for any of their alleged acts, errors, or omissions arising out of their duties or employment. But it does not hold them immune from suit or liability for any damage, loss, injury, or liability caused by their intentional or willful and wanton misconduct. The bill also indemnifies these parties in claims for property damage or loss, personal injury, or other civil liability out of the bank's assets for all expenses, attorneys' fees, judgments, settlements, decrees, or amounts that must be paid for defending such legal action, unless it is determined on a final adjudication on the merits that the action giving rise to the claim was outside the scope of the person's duties or employment or was caused by intentional or willful and wanton misconduct.

Payments and Funds

The bill directs attorneys' fees and related expenses incurred in defending a legal action for which immunity or indemnity is available to be paid from the bank's assets as they are incurred, before the action's final disposition, upon communication from the receiver, conservator, or employee of his intent to repay the money if a final adjudication on the merits determines that he is not entitled to immunity or indemnity. Any indemnification for expense payments, judgments, settlements, decrees, attorney's fees, surety bond premiums, or other amounts paid or to be paid from the bank's assets are administrative expenses of the receivership or conservatorship.

When there is actual or threatened litigation against a party for whom immunity or indemnity may be available, the bill directs the receiver or conservator to segregate and reserve a reasonable amount from the bank's assets as security for payment of indemnity until all (1) applicable statutes of limitations have run; (2) actual or threatened

actions against the receiver, conservator, or employee have been completely and finally resolved; and (3) obligations of the bank and the commissioner have been satisfied. The bill allows the receiver or conservator, at his discretion and instead of segregating or reserving funds, to obtain a security bond or make other arrangements to enable him to secure fully the payment of all obligations.

Settlements

If any legal action against an employee for which indemnity may be available is settled before final adjudication on the merits, the bill requires the receiver or conservator to pay from the bank's assets the settlement amount on the employee's behalf or indemnify him for the settlement amount unless the receiver or conservator determines that the claim (1) did not arise out of or by reason of the employee's duties or employment or (2) was caused by the employee's intentional or willful and wanton misconduct. In any legal action where the receiver or conservator is a defendant, the bill subjects the portion of the settlement relating to his alleged act, error, or omission to the approval of the Superior Court where the receivership or conservatorship is pending. The court must not approve that portion of the settlement if it determines that the claim (1) did not arise out of or by reason of the receiver's or conservator's duties or employment or (2) was caused by his intentional or willful and wanton misconduct.

Applicability

The bill specifies that it should not be construed or applied to deprive a receiver, conservator, or employee of any immunity, indemnity, benefits of law, rights, or defense otherwise available. It applies to any suit based in whole or in part on any alleged act, error, or omission that occurs on or after the date the bill takes effect. The bill prohibits any legal action against a receiver, conservator, or employee based in whole or in part on an alleged act, error, or omission that occurred before the bill takes effect, unless suit is filed and valid service of process obtained within one year after the bill's effective date. The bill applies its indemnification, attorneys' fees, payment, and settlement provisions to actions pending on or filed after it takes effect, regardless of when the alleged act, error, or omission occurred.

BANK BRANCHING (§ 37)

The bill allows an out-of-state bank that, with the commissioner's approval, (1) merges or consolidates with or acquires a branch or (2) establishes a de novo branch, to establish additional branches without following the regular procedure for establishing a branch in Connecticut.

CREDIT UNION DIRECTORS (§ 38)

The bill requires a Connecticut credit union's bylaws to include the procedure for appointing appointed directors. Current law only requires the bylaws to set out the method for electing them.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute
Yea 17 Nay 0