



General Assembly

February Session, 2010

Raised Bill No. 59

LCO No. 115

00115_____BA_

Referred to Committee on Banks

Introduced by:
(BA)

AN ACT CONCERNING BANKS AND CREDIT UNIONS.

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

1 Section 1. Subdivision (1) of subsection (d) of section 36a-65 of the
2 2010 supplement to the general statutes is repealed and the following
3 is substituted in lieu thereof (*Effective October 1, 2010*):

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

6 (A) Establishment of (i) a branch under subdivision (1) of subsection
7 (b) of section 36a-145, two thousand dollars; (ii) a mobile branch under
8 subdivision (1) of subsection (d) of section 36a-145, one thousand five
9 hundred dollars; (iii) a limited branch under subdivision (1) of
10 subsection (c) of section 36a-145, one thousand five hundred dollars;
11 (iv) a special need limited branch under subdivision (4) of subsection
12 (c) of section 36a-145, five hundred dollars; (v) an out-of-state branch
13 under subsection (j) of section 36a-145, a reasonable fee not to exceed
14 two thousand dollars from which any fees paid to a state other than
15 this state or to a foreign country in connection with the establishment
16 shall be deducted; and (vi) an out-of-state limited or mobile branch

17 under subsection (j) of section 36a-145, a reasonable fee not to exceed
18 one thousand five hundred dollars from which any fees paid to a state
19 other than this state or to a foreign country in connection with the
20 establishment shall be deducted.

21 (B) Sale of (i) a branch under subsection (i) of section 36a-145, two
22 thousand dollars, except there shall be no fee for the sale of a branch of
23 a Connecticut bank to another Connecticut bank or to a Connecticut
24 credit union; and (ii) a limited branch, including a special need limited
25 branch or mobile branch under subsection (i) of section 36a-145, a fee
26 not to exceed one thousand five hundred dollars.

27 (C) Relocation of (i) a main office of a Connecticut bank under
28 subsection (a) of section 36a-81, two thousand dollars; and (ii) a branch
29 or a limited branch under [subsection] subsections (g) and (k) of
30 section 36a-145, five hundred dollars.

31 (D) Conversions from (i) a branch to a limited branch under
32 subdivision (3) of subsection (c) of section 36a-145; and (ii) a limited
33 branch to a branch under subdivision (3) of subsection (b) of section
34 36a-145, five hundred dollars.

35 (E) Merger or consolidation involving a Connecticut bank under
36 section 36a-125 or subsection (a) of section 36a-126, two thousand five
37 hundred dollars if two institutions are involved and five thousand
38 dollars if three or more institutions are involved.

39 (F) Acquisition of assets or business under section 36a-210, two
40 thousand five hundred dollars.

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

43 (H) Organization of any Connecticut bank under section 36a-70,
44 including the conditional preliminary approval for an expedited bank,
45 fifteen thousand dollars, except no fee shall be required for the
46 organization of an interim Connecticut bank.

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

50 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five
51 thousand dollars; (ii) sections 36a-139, 36a-139a and 36a-469c, two
52 thousand five hundred dollars; and (iii) section 36a-139b, fifteen
53 thousand dollars.

54 (K) Acquiring, altering or improving real estate for present or future
55 use in the business of the bank or purchasing real estate adjoining any
56 parcel of real estate owned by the bank under subdivision (33) of
57 subsection (a) of section 36a-250, five hundred dollars, except that no
58 fee shall be charged for such application if it is filed in connection with
59 an application to relocate a main office of a Connecticut bank under
60 subsection (a) of section 36a-81 or establish (i) a branch in this state
61 under subdivision (1) of subsection (b) of section 36a-145, (ii) a limited
62 branch in this state under subdivision (1) of subsection (c) of section
63 36a-145, or (iii) a branch or limited branch outside of this state under
64 subsection (j) of section 36a-145.

65 (L) Investigation and processing an interstate banking transaction
66 application filed under section 36a-411 or 36a-412, two thousand five
67 hundred dollars, unless the transaction otherwise requires an
68 investigation and processing fee under this section.

69 (M) Issuance of a final certificate of authority for an expedited
70 Connecticut bank, [except for a conditional preliminary approval,]
71 fifteen thousand dollars.

72 Sec. 2. Subsection (c) of section 36a-70 of the 2010 supplement to the
73 general statutes is repealed and the following is substituted in lieu
74 thereof (*Effective October 1, 2010*):

75 (c) The person or persons organizing a Connecticut bank shall
76 execute, acknowledge and file with the commissioner an application to

77 organize. Such application to organize shall include: (1) A proposed
78 certificate of incorporation stating: (A) The name and type of the
79 Connecticut bank; (B) the town in which the main office is to be
80 located; (C) in the case of a capital stock Connecticut bank, the amount,
81 authorized number and par value, if any, of shares of its capital stock;
82 (D) the minimum amount of equity capital with which the Connecticut
83 bank shall commence business, which amount may be less than its
84 authorized capital but shall not be less than that required by
85 subsection (b) of this section; (E) the name, occupation and residence,
86 post office or business address of each organizer and prospective
87 initial director of the Connecticut bank; and (2) a proposed business
88 plan. The organizers shall separately file with the commissioner a
89 notice of the residence of each organizer and prospective initial
90 director whose residence address is not included in the proposed
91 certificate of incorporation. In connection with an application to
92 organize a Connecticut bank, the commissioner may, in the
93 commissioner's discretion, and in accordance with section 29-17a,
94 arrange for the fingerprinting or for conducting any other method of
95 positive identification required by the State Police Bureau of
96 Investigation of each organizer and prospective initial director, to be
97 used in conducting a state and national criminal history records check.

98 Sec. 3. Subsection (p) of section 36a-70 of the 2010 supplement to the
99 general statutes is repealed and the following is substituted in lieu
100 thereof (*Effective from passage*):

101 (p) (1) One or more persons may organize an interim Connecticut
102 bank solely (A) for the acquisition of an existing bank, whether by
103 acquisition of stock, by acquisition of assets, or by merger or
104 consolidation, or (B) to facilitate any other corporate transaction
105 authorized by this title in which the commissioner has determined that
106 such transaction has adequate regulatory supervision to justify the
107 organization of an interim Connecticut bank. Such interim Connecticut
108 bank shall not accept deposits or otherwise commence business.
109 Subdivision (2) of subsection (c) and subsections (d), (f), (g), (h) and (o)

110 of this section shall not apply to the organization of an interim bank,
111 provided the commissioner may, in the commissioner's discretion,
112 order a hearing under subsection (e) or require that the organizers
113 publish or mail the proposed certificate of incorporation or both. The
114 approving authority for an interim Connecticut bank shall be the
115 commissioner acting alone. If the approving authority determines that
116 the organization of the interim Connecticut bank complies with
117 applicable law, the approving authority shall issue a temporary
118 certificate of authority conditioned on the approval by the appropriate
119 supervisory agency of the corporate transaction for which the interim
120 Connecticut bank is formed.

121 (2) (A) Notwithstanding any provision of this title, for the period
122 from [October 1, 2009,] the effective date of this act to September 30,
123 2011, inclusive, one or more persons may apply to the commissioner
124 for the conditional preliminary approval of [an] one or more expedited
125 Connecticut [bank] banks organized primarily for the purpose of
126 assuming liabilities and purchasing assets from the Federal Deposit
127 Insurance Corporation when the Federal Deposit Insurance
128 Corporation is acting as receiver or conservator of an insured
129 depository institution. The [person or persons organizing an expedited
130 Connecticut bank shall execute, acknowledge and file with the
131 commissioner an application to organize. Such] application shall be
132 made on a form acceptable to the commissioner and shall be executed
133 and acknowledged by the applicant or applicants. The application
134 shall contain sufficient information for the commissioner to evaluate (i)
135 the amount, type and sources of capital that would be available to the
136 bank or banks; (ii) the ownership structure and holding companies, if
137 any, over the bank or banks; (iii) the identity, biographical information
138 and banking experience of each of the initial organizers and
139 prospective initial directors, senior executive officers and any
140 individual, group or proposed shareholders of the bank that will own
141 or control ten per cent or more of the stock of the bank or banks; (iv)
142 the overall strategic plan of the organizers and investors for the bank
143 or banks; and (v) a preliminary business plan outlining intended

144 product and business lines, retail branching plans and capital, earnings
145 and liquidity projections. The commissioner, acting alone, shall grant
146 conditional preliminary approval of such application to organize if the
147 commissioner determines that the organizers have available sufficient
148 committed funds to invest in the bank or banks; the organizers and
149 proposed directors possess capacity and fitness for the duties and
150 responsibilities with which they will be charged; the proposed bank
151 [charter has] or banks have a reasonable chance of success and will be
152 operated in a safe and sound manner; and the fee for investigating and
153 processing the application has been paid in accordance with
154 subparagraph (H) of subdivision (1) of subsection (d) of section 36a-65.
155 Such preliminary approval shall be subject to such conditions as the
156 commissioner deems appropriate, including the requirements that the
157 bank or banks not commence the business of a Connecticut bank until
158 after [its] their bid or application for a particular insured depository
159 institution is accepted by the Federal Deposit Insurance Corporation,
160 that the background checks are satisfactory, and that the organizers
161 submit, for the safety and soundness review by the commissioner,
162 more detailed operating plans and current financial statements as
163 potential acquisition transactions are considered, and such plans and
164 statements are satisfactory to the commissioner. The commissioner
165 may alter, suspend or revoke the conditional preliminary approval if
166 the commissioner deems any interim development warrants such
167 action. The conditional preliminary approval shall expire eighteen
168 months from the date of approval, unless extended by the
169 commissioner, [, if the bank has not commenced business and
170 consummated an initial acquisition.]

171 (B) The commissioner shall not issue a final certificate of authority
172 to commence the business of a Connecticut bank or banks under this
173 subdivision until all conditions and preopening requirements and
174 applicable state and federal regulatory requirements have been met
175 and the fee for [assuming liabilities and purchasing assets] issuance of
176 a final certificate of authority for an expedited Connecticut bank has
177 been paid in accordance with subparagraph (M) of subdivision (1) of

178 subsection (d) of section 36a-65, as amended by this act. The
179 commissioner may waive any requirement under this title or
180 regulations adopted under this title that is necessary for the
181 consummation of [a bank] an acquisition involving an expedited
182 Connecticut bank if the commissioner finds that such waiver is
183 advisable and in the interest of depositors or the public, provided the
184 commissioner shall not waive the requirement that the institution's
185 insurable accounts or deposits be federally insured. Any such waiver
186 granted by the commissioner under this subparagraph shall be in
187 writing and shall set forth the reason or reasons for the waiver. The
188 commissioner may impose conditions on the final certificate of
189 authority as the commissioner deems necessary to ensure that the bank
190 will be operated in a safe and sound manner. The commissioner shall
191 cause notice of the issuance of the final certificate of authority to be
192 published in the department's weekly bulletin.

193 Sec. 4. Section 36a-102 of the general statutes is repealed and the
194 following is substituted in lieu thereof (*Effective October 1, 2010*):

195 The commissioner, in the commissioner's discretion and in
196 accordance with section 29-17a, may arrange for the fingerprinting or
197 for conducting any other method of positive identification required by
198 the State Police Bureau of Investigation of each director of a
199 Connecticut bank upon such director's re-election and each new officer
200 of a Connecticut bank upon such officer's employment, to be used in
201 conducting a state and national criminal history records check.

202 Sec. 5. Subsection (c) of section 36a-437a of the general statutes is
203 repealed and the following is substituted in lieu thereof (*Effective*
204 *October 1, 2010*):

205 (c) In connection with an application to organize and at any other
206 time the commissioner requests, each organizer, director and
207 appointed director of a Connecticut credit union shall provide
208 fingerprints to the commissioner for use in conducting state and
209 national criminal history records checks. Such criminal history records

210 checks shall be conducted in accordance with section 29-17a.

211 Sec. 6. Subdivision (3) of section 36a-455a of the general statutes is
 212 repealed and the following is substituted in lieu thereof (*Effective*
 213 *October 1, 2010*):

214 (3) Make and use its best efforts to make secured and unsecured
 215 loans and other extensions of credit to its members in accordance with
 216 section 36a-265 and sections 36a-457a, 36a-457b and 36a-458a;

217 Sec. 7. (NEW) (*Effective October 1, 2010*) A Connecticut bank may
 218 merge with one or more of its affiliates that is not a bank or an out-of-
 219 state bank provided the resulting institution is a Connecticut bank.
 220 Such merger shall be effected in accordance with the provisions of
 221 section 36a-125 of the general statutes. Any such affiliate shall be
 222 considered a constituent bank that is not a resulting bank for purposes
 223 of compliance with section 36a-125 of the general statutes, except, with
 224 respect to any provision of said section governing corporate
 225 procedure, including the rights of dissenting members or shareholders
 226 who assert any existing appraisal rights, such affiliate shall comply
 227 with the laws of the state or other jurisdiction under which such
 228 affiliate is organized. Any such affiliate shall also comply with other
 229 applicable laws of the state or other jurisdiction under which such
 230 affiliate is organized concerning such mergers.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2010</i>	36a-65(d)(1)
Sec. 2	<i>October 1, 2010</i>	36a-70(c)
Sec. 3	<i>from passage</i>	36a-70(p)
Sec. 4	<i>October 1, 2010</i>	36a-102
Sec. 5	<i>October 1, 2010</i>	36a-437a(c)
Sec. 6	<i>October 1, 2010</i>	36a-455a(3)
Sec. 7	<i>October 1, 2010</i>	New section

Statement of Purpose:

To allow the Banking Commissioner to obtain national criminal history records checks on organizers and directors of Connecticut banks and credit unions; to permit persons who obtain conditional preliminary approval to organize an expedited Connecticut bank to organize more than one such bank; and to authorize Connecticut banks to merge with their nonbank affiliates.

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