

HOUSE No. 1060

By Mr. Quinn of Dartmouth, petition of John F. Quinn relative to conversions by Massachusetts-chartered banks or credit unions to federal or other charters. Financial Services.

The Commonwealth of Massachusetts

In the Year Two Thousand and Seven.

AN ACT RELATIVE TO THE CONVERSION OF A MASSACHUSETTS CHARTERED BANK OR CREDIT UNION TO A FEDERAL OR OTHER CHARTER .

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 36 of chapter 168 of the General Laws, as
2 appearing in the 2000 Official Edition, is hereby amended by
3 striking out the first paragraph and inserting in place thereof the
4 following paragraphs:—

5 Upon the affirmative vote of two-thirds of the incorporators who
6 vote on the proposal, a savings bank may convert, subject to this
7 section, into a savings bank or savings and loan association char-
8 tered under the laws of the United States or any other state, the Dis-
9 trict of Columbia, territory, or protectorate of the United States.

10 The board of trustees, by an affirmative vote of two-thirds of the
11 entire board, shall approve any plan of conversion and submit the
12 plan to the commissioner for his review. Included with the plan shall
13 be an information statement to be sent to incorporators which shall
14 fully and fairly disclose all significant terms and steps to be taken
15 for the conversion and shall include but not be limited to:

- 16 (a) a statement as to why the board is considering the conversion.
- 17 (b) a statement of the major positive and negative business effects
18 of the proposed conversion.
- 19 (c) the impact on the financial and other interests of depositors in
20 the savings bank.

21 The commissioner may require changes to the plan of conversion
22 and information statement. The commissioner may also require any
23 equitable disclosure he determines applicable to the transaction. The
24 commissioner may specify the form, type and other material aspects

25 of the plan of reorganization and information statement to be sent to
26 members.

27 The commissioner shall review the contents of the plan before
28 board of trustees presents the conversion plan to the corporators for
29 a vote. The commissioner shall approve the contents of the conver-
30 sion plan and information statement only if the commissioner is sat-
31 isfied of all of the following:

32 (a) The plan discloses to the corporators information concerning
33 the advantages and disadvantages of the proposed conversion.

34 (b) The information statement discloses the impact on the deposi-
35 tors' financial and other interests in the savings bank.

36 (c) The conversion would not be made to circumvent a pending
37 supervisory action that is initiated by the commissioner or other reg-
38 ulatory agency because of a concern over the safety and soundness
39 of the savings bank.

40 Upon approval of the contents of the conversion plan and infor-
41 mation statement by the commissioner, the savings bank shall call a
42 special meeting of the corporators to vote on the conversion plan. At
43 least fourteen days before the meeting, the savings bank shall mail to
44 each corporator a notice of the meeting, the conversion plan and
45 information statement.

46 Certified copies of records of all proceedings held by the board of
47 trustees and corporators of the savings bank shall be filed with the
48 commissioner. In addition the savings bank shall furnish a certified
49 copy of consent or approval of the federal regulatory authority or the
50 regulatory authority of the applicable state, territory, or protectorate
51 of the United States if the consent or approval is required by the
52 laws of the applicable jurisdiction. Upon acceptance of such charter
53 the savings bank's charter from the Commonwealth shall cease to
54 exist.

55 Any person who willfully violates the disclosure provisions of
56 this section knowing the disclosure made to be false or misleading in
57 any material respect shall upon conviction be fined not more than
58 five thousand dollars or imprisoned not more than three years or
59 both.

1 SECTION 2. Section 37 of chapter 168, as so appearing, is hereby
2 repealed.

1 SECTION 3. Section 28 of chapter 170 of the General Laws, as
2 so appearing, is hereby amended by striking out the first three para-
3 graphs and inserting in place thereof the following paragraphs:—

4 Upon the affirmative vote of two-thirds of the shareholders who
5 vote on the proposal, a co-operative bank may convert, subject to
6 this section, into a co-operative bank or savings bank or savings and
7 loan chartered under the laws of the United States or any other state,
8 the District of Columbia, territory, or protectorate of the United
9 States.

10 The board of directors, by an affirmative vote of two-thirds of the
11 entire board, shall approve any plan of conversion and submit the
12 plan to the commissioner for his review. Included with the plan shall
13 be an information statement to be sent to shareholders which shall
14 fully and fairly disclose all significant terms and steps to be taken
15 for the conversion and shall include but not be limited to:

16 (a) a statement as to why the board is considering the conversion.

17 (b) a statement of the major positive and negative business effects
18 of the proposed conversion.

19 (c) the impact on the shareholder's financial and other interests in
20 the cooperative bank.

21 The commissioner may require changes to the plan of conversion
22 and information statement. The commissioner may also require any
23 equitable disclosure he determines applicable to the transaction. The
24 commissioner may specify the form, type and other material aspects
25 of the plan of reorganization and information statement to be sent to
26 shareholders.

27 The commissioner shall review the contents of the plan before the
28 board of directors presents the conversion plan to the shareholders
29 for a vote. The commissioner shall approve the contents of the con-
30 version plan and information statement only if the commissioner is
31 satisfied of all of the following:

32 (a) The plan discloses to the shareholders information concerning
33 the advantages and disadvantages of the proposed conversion.

34 (b) The information statement discloses the impact on the share-
35 holder's financial and other interests in the co-operative bank.

36 (c) The conversion would not be made to circumvent a pending
37 supervisory action that is initiated by the commissioner or other reg-
38 ulatory agency because of a concern over the safety and soundness
39 of the co-operative bank.

40 Upon approval of the contents of the conversion plan and infor-
41 mation statement by the commissioner, the co-operative bank shall
42 call a special meeting of the shareholders to vote on the conversion
43 plan. At least fourteen days before the meeting, the co-operative
44 bank shall mail to each shareholder a notice of the meeting, the con-
45 version plan and information statement.

46 Certified copies of records of all proceedings held by the board of
47 directors and shareholders of the co-operative bank shall be filed
48 with the commissioner. In addition the co-operative bank shall fur-
49 nish a certified copy of consent or approval of the federal regulatory
50 authority or the regulatory authority of the applicable state, territory,
51 or protectorate of the United States if the consent or approval is
52 required by the laws of the applicable jurisdiction. Upon acceptance
53 of such charter the co-operative bank's charter from the Common-
54 wealth shall cease to exist.

55 Any person who willfully violates the disclosure provisions of
56 this section knowing the disclosure made to be false or misleading in
57 any material respect shall upon conviction be fined not more than
58 five thousand dollars or imprisoned not more than three years or
59 both.

1 SECTION 4. Chapter 171 of the General Laws, as so appearing is
2 hereby amended by inserting after section 80 the following
3 section:—

4 Section 80A. Upon the affirmative vote of two-thirds of the mem-
5 bers who vote on the proposal, a credit union may convert, subject to
6 this section, into a credit union chartered under the laws of the
7 United States.

8 The board of directors, by an affirmative vote of two-thirds of the
9 entire board, shall approve any plan of conversion and submit the
10 plan to the commissioner for his review. Included with the plan shall
11 be an information statement to be sent to members which shall fully
12 and fairly disclose all significant terms and steps to be taken for the
13 conversion and shall include but not be limited to:

14 (a) a statement as to why the board is considering the conversion.

15 (b) a statement of the major positive and negative business effects
16 of the proposed conversion.

17 (c) the impact on the member's financial and other interests in the
18 credit union.

19 The commissioner may require changes to the plan of conversion
20 and information statement. The commissioner may also require any
21 equitable disclosure he determines applicable to the transaction. The
22 commissioner may specify the form, type and other material aspects
23 of the plan of reorganization and information statement to be sent to
24 members.

25 The commissioner shall review the contents of the plan before the
26 credit union board presents the conversion plan to the members for a
27 vote. The commissioner shall approve the contents of the conversion
28 plan and information statement only if the commissioner is satisfied
29 of all of the following:

30 (a) The plan discloses to the members information concerning the
31 advantages and disadvantages of the proposed conversion.

32 (b) The information statement discloses the impact on the mem-
33 ber's financial and other interests in the credit union.

34 (c) The conversion would not be made to circumvent a pending
35 supervisory action that is initiated by the commissioner or other reg-
36 ulatory agency because of a concern over the safety and soundness
37 of the credit union.

38 Upon approval of the contents of the conversion plan and infor-
39 mation statement by the commissioner, the credit union shall call a
40 special meeting of the members to vote on the conversion plan. At
41 least fourteen days before the meeting, the credit union shall mail to
42 each member a notice of the meeting, the conversion plan and infor-
43 mation statement.

44 Certified copies of records of all proceedings held by the board of
45 directors and members of the credit union shall be filed with the
46 commissioner. In addition the credit union shall furnish a certified
47 copy of consent or approval of the federal regulatory authority or the
48 regulatory authority of the applicable state, territory, or protectorate
49 of the United States if the consent or approval is required by the
50 laws of the applicable jurisdiction. Upon acceptance of such charter
51 the credit union's charter from the Commonwealth shall cease to
52 exist.

53 Any person who willfully violates the disclosure provisions of
54 this section knowing the disclosure made to be false or misleading in
55 any material respect shall upon conviction be fined not more than
56 five thousand dollars or imprisoned not more than three years or
57 both.

1 SECTION 5. Section 36 of chapter 172 of the General Laws, as
2 so appearing is hereby amended by striking out subsection B and
3 inserting in place thereof the following subsection:—

4 B. A trust company by vote of the holders of at least two-thirds of
5 each class of capital stock at a meeting duly called for the purpose,
6 preceded by a notice in writing sent to each stockholder of record
7 and to the commissioner by registered mail at least sixty days before
8 said meeting, may consolidate or merge into a national banking
9 association in accordance with the laws of the United States and
10 without the approval of any authority of the commonwealth.

11 Upon the affirmative vote of two-thirds of the holders of each
12 class of capital stock who vote on the proposal, a trust company may
13 convert, subject to this section, into a trust company or commercial
14 bank chartered under the laws of the United States or any other state,
15 the District of Columbia, territory, or protectorate of the United
16 States.

17 The board of directors, by an affirmative vote of two-thirds of the
18 entire board, shall approve any plan of conversion and submit the
19 plan to the commissioner for his review. Included with the plan shall
20 be an information statement to be sent to stockholders which shall
21 fully and fairly disclose all significant terms and steps to be taken
22 for the conversion and shall include but not be limited to:

23 (a) a statement as to why the board is considering the conversion.

24 (b) a statement of the major positive and negative business effects
25 of the proposed conversion.

26 (c) the impact on the stockholder's financial and other interests in
27 the trust company.

28 The commissioner may require changes to the plan of conversion
29 and information statement. The commissioner may also require any
30 equitable disclosure he determines applicable to the transaction. The
31 commissioner may specify the form, type and other material aspects
32 of the plan of reorganization and information statement to be sent to
33 stockholders.

34 The commissioner shall review the contents of the plan before the
35 board of directors presents the conversion plan to the stockholders
36 for a vote. The commissioner shall approve the contents of the con-
37 version plan and information statement only if the commissioner is
38 satisfied of all of the following:

39 (a) The plan discloses to the members information concerning the
40 advantages and disadvantages of the proposed conversion.

41 (b) The information statement discloses the impact on the stock-
42 holder's financial and other interests in the trust company.

43 (c) The conversion would not be made to circumvent a pending
44 supervisory action that is initiated by the commissioner or other reg-
45 ulatory agency because of a concern over the safety and soundness
46 of the trust company.

47 Upon approval of the contents of the conversion plan and infor-
48 mation statement by the commissioner, the trust company shall call a
49 special meeting of the stockholders to vote on the conversion plan.
50 At least fourteen days before the meeting, the trust company shall
51 mail to each stockholder a notice of the meeting, the conversion plan
52 and information statement.

53 Certified copies of records of all proceedings held by the board of
54 directors and stockholders of the trust company shall be filed with
55 the commissioner. In addition the trust company shall furnish a certi-
56 fied copy of consent or approval of the federal regulatory authority
57 or the regulatory authority of the applicable state, territory, or protec-
58 torate of the United States if the consent or approval is required by
59 the laws of the applicable jurisdiction. Upon acceptance of such
60 charter the trust company's charter from the Commonwealth shall
61 cease to exist.

62 Any person who willfully violates the disclosure provisions of
63 this section knowing the disclosure made to be false or misleading in
64 any material respect shall upon conviction be fined not more than
65 five thousand dollars or imprisoned not more than three years or
66 both.

67 The commissioner may determine that documents to be sent to
68 stockholders which have been submitted to and reviewed by a fed-
69 eral agency meet the requirements of this subsection.