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Introduced: 4/28/70
Referred: Rules

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

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HOUSE BILL NO. 857

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTH LEGISLATURE - SECOND SESSION

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A BILL

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For an Act entitled: "An Act relating to trust companies; and providing for an effective date."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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* Section 1. AS 06.25.010(3) is amended to read:

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(3) the amount of capital stock, which shall be not less than \$100,000 [\$25,000], and the number and par value of the shares into which the capital stock is divided, which shall be not less than \$1 [\$100] per share [, AND IN CITIES, TOWNS AND COMMUNITIES HAVING A POPULATION OF NOT OVER 1,000 INHABITANTS WITHIN A RADIUS OF FIVE MILES OF THE PLACE WHERE THE TRUST COMPANY IS ESTABLISHED THE PAID-UP CAPITAL STOCK OF THE CORPORATION, MAY, WITH THE CONSENT OF THE DEPARTMENT OF COMMERCE, BE NOT LESS THAN \$15,000];

* Sec. 2. AS 06.25.050 is amended to read:

Sec. 06.25.050. COMMENCEMENT OF CORPORATE EXISTENCE. (a) The existence of a trust company begins on the filing of the articles of incorporation. However, no trust company may transact any business, except that which is preliminary to its organization, until it complies with the following conditions.

(1) All of the capital stock shall be fully paid in cash, and the affidavit of the president and treasurer, or the president and cashier of the trust company, setting forth the fact that it has been paid, subscribed and sworn to before some person authorized to administer oaths, shall be filed with the Department of Commerce.

(2) A complete and correct list of stockholders, showing

1 the name, address, and the amount of stock held by each, verified by
2 the oath of the president and treasurer or president and cashier, or
3 by oath of any two officers of the trust company, shall be filed with
4 the Department of Commerce.

5 (3) A deposit of securities shall be made with the Department
6 of Revenue as provided by this chapter and the regulations of the
7 Department of Commerce.

8 (4) A certificate of authority is [SHALL BE] issued by the
9 Department of Commerce to the trust company, authorizing it to engage
10 in business.

11 (5) A trust company proposing to engage in the banking
12 business, shall before commencing the banking business, acquire member-
13 ship in the Federal Deposit Insurance Corporation.

14 (b) A certificate of authority may not be issued to a trust
15 company unless the department determines that

16 (1) the addition of the proposed facilities in the community
17 is not detrimental to a sound banking system;

18 (2) the incorporators have proceeded in a lawful manner;

19 (3) the name of the trust company is not deceptively similar
20 to the name of another bank or trust company, or otherwise misleading;

21 (4) the persons who will serve as directors and officers,
22 insofar as they are known, are qualified by character and experience;

23 (5) the capital is adequate;

24 (6) any conditions imposed by the department which are
25 necessary to assure sound banking and trust operations have been satis-
26 fied.

27 * Sec. 3. AS 06.25 is amended by adding a new section to read:

28 Sec. 06.25.085. APPLICATION OF GENERAL BANKING LAWS. The provi-
29 sions of AS 06.05.005 - 06.05.085, AS 06.05.090 - 06.05.270,

1 AS 06.05.307, AS 06.05.320 - 06.05.327, AS 06.05.405 - 06.05.425,
2 AS 06.05.440 - AS 06.05.445, AS 06.05.460 - 06.05.462, AS 06.05.465 -
3 06.05.515 and AS 06.05.525 - 06.05.545 apply to all trust companies
4 engaged in any phase of the business of banking as that term is
5 defined by AS 06.05.540(3) or sec. 100 of this chapter.

6 * Sec. 4. AS 06.25 is amended by adding a new section to read:

7 Sec. 06.25.107. BRANCH OFFICES. The department may grant a
8 certificate of authority for branch offices to a trust company insured
9 by the Federal Deposit Insurance Corporation if the department deter-
10 mines that the branch office satisfies the criteria established in
11 sec. 50(b) of this chapter.

12 * Sec. 5. AS 06.25.230 is amended to read:

13 Sec. 06.25.230. DEPOSIT OF SECURITIES WITH DEPARTMENT OF ADMINIS-
14 TRATION. A trust company shall keep on deposit with the Department
15 of Administration interest bearing stocks or bonds of the United States
16 or of the State of Alaska, or of any city of this state, or such other
17 interest bearing stocks, bonds or securities approved by the Department
18 of Commerce, in value of 20 per cent of its capital stock. The
19 securities so deposited may not be of less value than \$5,000. The
20 securities shall be registered in the name of the Department of
21 Administration, in trust for the creditors of and depositors with the
22 trust company, subject to sale and transfer and to the disposal of
23 the proceeds thereof, by the Department of Administration, only on the
24 order of a court of competent jurisdiction. The trust company, so
25 long as it continues solvent and complies with the laws of the state,
26 may be permitted by the Department of Commerce to collect the interest
27 on the securities and from time to time exchange the securities for
28 others of equal value. All securities before they may be accepted by
29 the Department of Administration for filing under this section shall be

1 approved by the Department of Commerce. A trust company that is a
2 member of the Federal Deposit Insurance Corporation or whose deposits
3 are insured in whole or in part by an agency of the United States is
4 exempt from the requirements of this section.

5 * Sec. 6. AS 06.25.250 is repealed.

6 * Sec. 7. AS 06.25 is amended by adding a new section to read:

7 Sec. 06.25.255. RESTRICTION OF TRUST AND BANKING SERVICES. The
8 department may restrict or prohibit a trust company from offering desig-
9 nated trust or banking services if it determines the trust company is
10 not qualified to provide such services in a competent manner.

11 * Sec. 8. AS 06.25 is amended by adding a new section to read:

12 Sec. 06.25.315. REGULATION AND SUPERVISION BY THE DEPARTMENT. The
13 department shall supervise every trust company organized under this
14 chapter so as to promote and maintain a sound banking system and a
15 sound trust company operation, the security of deposits and customers,
16 the preservation of the liquid position of banks and trust companies,
17 and in the interest of preventing injurious credit expansions and con-
18 tractions. The department may promulgate regulations to carry out the
19 provisions of this chapter.

20 * Sec. 9. This Act takes effect on the day after its passage and approval
21 or on the day it becomes law without approval.
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