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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

5

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 POPU-
LATION 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];

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

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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.

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(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.

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

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