

Introduced: 2/9/70
Referred: Commerce

IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

SENATE BILL NO. 471

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTH LEGISLATURE - SECOND SESSION

A BILL

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

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

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

(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,
3 or by oath of any two officers of the trust company, shall be filed
4 with the Department of Commerce.

5 (3) A deposit of securities shall be made with the
6 Department of Revenue as provided by this chapter and the regulations
7 of the 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 (b) A certificate of authority may not be issued to a trust
12 company unless the department determines that

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

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

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

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

21 (5) the capital is adequate;

22 (6) any conditions imposed by the department which are
23 necessary to assure sound banking and trust operations have been
24 satisfied.

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

26 Sec. 06.25.105. BRANCH OFFICES. The department may grant a
27 certificate of authority for branch offices to a trust company insured
28 by the Federal Deposit Insurance Corporation if the department deter-
29 mines that the branch office satisfies the criteria established in

1 subsection 50(b) of this chapter

2 * Sec. 4. AS 06.25.230 is amended to read:

3 Sec. 06.25.230. DEPOSIT OF SECURITIES WITH DEPARTMENT OF
4 ADMINISTRATION. A trust company shall keep or deposit with the
5 Department of Administration interest bearing stocks or bonds of the
6 United States or of the State of Alaska, or of any city of this state,
7 or such other interest bearing stocks, bonds or securities approved
8 by the Department of Commerce, in value of 20 per cent of its capital
9 stock. The securities so deposited may not be of less value than
10 \$5,000. The securities shall be registered in the name of the
11 Department of Administration, in trust for the creditors of and
12 depositors with the trust company, subject to sale and transfer and
13 to the disposal of the proceeds thereof, by the Department of Adminis-
14 tration, only on the order of a court of competent jurisdiction. The
15 trust company, so long as it continues solvent and complies with the
16 laws of the state, may be permitted by the Department of Commerce to
17 collect the interest on the securities and from time to time exchange
18 the securities for others of equal value. All securities before they
19 may be accepted by the Department of Administration for filing under
20 this section shall be approved by the Department of Commerce. A trust
21 company that is a member of the Federal Deposit Insurance Corporation
22 or whose deposits are insured in whole or in part by an agency of the
23 United States is exempt from the requirements of this section.

24 * Sec. 5. AS 06.25.250 is repealed.

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

26 Sec. 06.25.255. RESTRICTION OF TRUST AND BANKING SERVICES. The
27 department may restrict or prohibit a trust company from offering
28 designated trust or banking services if it determines the trust company
29 is not qualified to provide such services in a competent manner.

1 * Sec. 7. AS 06.05.185 is amended to read:

2 Sec. 06.05.185. APPLICATION OF GENERAL BANKING LAWS. The
3 provisions of secs. 15, 25, 35, 45, 50, 70, 90 - 270, 438, 440, 441,
4 442, 443, 445, and 525 of this chapter apply to all trust companies
5 engaged in the business of banking in this state.

6 * Sec. 8. This Act takes effect on the day after its passage and
7 approval or on the day it becomes law without approval.