

Original sponsor: Special Committee on Banking

Offered: 4/19/82  
Referred: Rules

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 752 (L&C) am H

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to financial institutions; and provid-  
7 ing for an effective date."

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

9 \* Section 1. AS 06.05.235(a) is amended to read:

10 (a) Except as provided in (b) or (e) of this section it [IT] is  
11 unlawful for a company to own, control or hold with power to vote 25  
12 percent or more of a class of voting securities or other [THE] capital  
13 stock of one or more state banks or domestic [STATE] bank holding com-  
14 panies subject to regulation under this chapter. [NOTHING IN THIS  
15 SUBSECTION PROHIBITS A COMPANY FROM QUALIFYING AS A BANK HOLDING COMPANY  
16 UNDER (b) OF THIS SECTION.] However, when it becomes a bona fide neces-  
17 sity to avoid loss for a creditor to accept shares of stock in one or  
18 more state banks or domestic bank holding companies constituting more  
19 than 25 percent of the ownership or control of a state bank or domestic  
20 bank holding company in payment of indebtedness owing to the creditor,  
21 shares of stock may be accepted, but the shares of the one or more state  
22 banks or domestic bank holding companies exceeding that 25 percent shall  
23 be promptly disposed of under the supervision of the department.

24 \* Sec. 2. AS 06.05.235(b) is amended to read:

25 (b) A domestic bank holding company, as defined in AS 06.05.540  
26 and organized under AS 10.05, which maintains its principal office and  
27 place of business in the state and conducts its principal operations in  
28 the state, may acquire and own all or any portion of the voting securi-  
29 ties [SHARES] or other capital stock of, or all or substantially all of

1 the assets of, one or more banks or bank holding companies unless the  
2 bank is a recently formed bank. The department may require a domestic  
3 bank holding company to post a bond with the department in an amount  
4 equal to the paid-in capital and paid-in surplus represented by the  
5 proportion of state bank stock directly or indirectly owned, held, or  
6 controlled by it, under conditions the department may prescribe, to  
7 assure full protection of the public. The domestic bank holding company  
8 is subject to an examination by the department or a competent person  
9 designated by the department when the department considers it necessary,  
10 but not less than once each year. The domestic bank holding company  
11 shall pay an examination fee in accordance with AS 06.01.010.

12 \* Sec. 3. AS 06.05.235(c) is amended to read:

13 (c) The department may adopt regulations for [BANK HOLDING] com-  
14 panies qualifying as domestic bank holding companies or out-of-state  
15 bank holding companies under (b) or (e) of this section to assure finan-  
16 cially sound banking organization and practice.

17 \* Sec. 4. AS 06.05.235 is amended by adding new subsections to read:

18 (e) An out-of-state bank holding company as defined in (h) of this  
19 section may acquire and own all or any portion of the voting securities  
20 or other capital stock of, or all or substantially all of the assets of,  
21 one or more state banks, domestic bank holding companies, or national  
22 banks conducting a banking business in the state unless the state bank  
23 or national bank is a recently formed bank. To assure full protection  
24 of the public the department may require an out-of-state bank holding  
25 company that directly or indirectly owns, holds, or controls stock in a  
26 state bank or domestic bank holding company to post a bond with the  
27 department, under conditions the department may prescribe. The amount  
28 of the bond shall be equal to the product obtained by multiplying the  
29 amount of paid-in capital and paid-in surplus of the state bank or

1 domestic bank holding company by the percentage of state bank or domestic  
2 bank holding company stock directly or indirectly owned, held, or con-  
3 trolled by the out-of-state bank holding company.

4 (f) When the department considers it necessary, an out-of-state  
5 bank holding company directly or indirectly owning, holding, or con-  
6 trolling state bank stock or domestic bank holding company stock is  
7 subject to an examination by the department or a competent person desig-  
8 nated by the department. The out-of-state bank holding company shall  
9 pay an examination fee in accordance with AS 06.01.010.

10 (g) As used in this section a "recently formed bank" is a state  
11 bank or national bank conducting a banking business in the state that  
12 commenced that banking business in the state on or after July 1, 1982,  
13 and that has not been in existence and continuously operating in the  
14 state for a period of three years or more. However, the term "recently  
15 formed bank" does not include

16 (1) a bank organized solely for the purpose of facilitating  
17 acquisition of a bank that either has been in existence and continuously  
18 operating in the state as a bank for a three-year period, or was con-  
19 ducting a banking business in the state on or before June 30, 1982;

20 (2) a state bank that the department determines was not  
21 chartered directly or indirectly by an acquiring out-of-state bank  
22 holding company, and that does not have the capacity to continue to  
23 conduct its business independently in a fashion consistent with the  
24 public interest and the interest of depositors, creditors, and share-  
25 holders; or

26 (3) a national bank that the Board of Governors of the Federal  
27 Reserve System, or their designee, determines was not chartered directly  
28 or indirectly by an acquiring out-of-state bank holding company, and  
29 that does not have the capacity to conduct its business independently in

1 a fashion consistent with the public interest of depositors, creditors,  
2 and shareholders.

3 (h) As used in this section "out-of-state bank holding company"  
4 means a company that

5 (1) is a bank holding company as defined in the Bank Holding  
6 Company Act of 1956, as amended (12 U.S.C. 1841, et seq.);

7 (2) is registered as a bank holding company with the Board of  
8 Governors of the Federal Reserve System, with the Federal Reserve Bank  
9 of the Federal Reserve District in which the operations of the bank  
10 holding company are principally conducted, or with a Federal Reserve  
11 Bank that the Board of Governors may designate;

12 (3) maintains its principal office and place of business  
13 outside the state; and

14 (4) principally conducts its operations out of the state, as  
15 measured by total deposits held or controlled by it on the date on which  
16 it becomes an out-of-state bank holding company.

17 (i) For the purpose of this section, a trust company organized  
18 under AS 06.25 which is engaged in the business of banking shall be  
19 considered a state bank.

20 \* Sec. 5. AS 06.30.115 is amended to read:

21 Sec. 06.30.115. ACCESS TO BOOKS AND RECORDS OF ASSOCIATION. (a)  
22 Every member or stockholder may inspect the books and records of an  
23 association which pertain to his loan, [OR] savings account, or voting  
24 rights.

25 (b) Except as provided in (a) [AND (c)] of this section, the right  
26 of inspection and examination of the books and records is limited to (1)  
27 the commissioner or his authorized representatives as provided in this  
28 chapter, (2) persons authorized to act for the association, and (3) any  
29 federal instrumentality or agency authorized to inspect or examine the

1 books and records of an insured association.

2 [(c) IN STOCK ASSOCIATIONS EVERY STOCKHOLDER MAY INSPECT THE  
3 GENERAL BOOKS AND RECORDS OF THE ASSOCIATION EXCEPT A STOCKHOLDER MAY  
4 NOT HAVE ACCESS TO THE LOAN AND SAVINGS RECORDS OF OTHER MEMBERS.]

5 \* Sec. 6. AS 06.30.120 is amended to read:

6 Sec. 06.30.120. BOOKS AND RECORDS [PERTAINING TO MEMBERS' ACCOUNTS]  
7 TO BE KEPT CONFIDENTIAL. Except as provided in AS 06.30.115, the [THE]  
8 books and records pertaining to the accounts, [AND] loans, and voting  
9 rights of members, stockholders, savers, and borrowers shall be kept  
10 confidential by the association, its directors, officers and employees,  
11 and by the commissioner, his examiners and representatives, except where  
12 disclosure is compelled by a court of competent jurisdiction. Except  
13 as provided in AS 06.30.115, no [NO] person, including a member or  
14 stockholder may [SHALL] have access to the books and records or [SHALL]  
15 be furnished [OR SHALL POSSESS] a partial or complete list of the members  
16 or stockholders except upon express action and authority of the board of  
17 directors.

18 \* Sec. 7. AS 06.30.145(b) is amended to read:

19 (b) In a stock association each director shall own individually or  
20 jointly with his or her spouse [IN HIS OWN RIGHT] free of any encumbrance  
21 capital stock of the association in an amount equal to at least \$1,000 in  
22 par value.

23 \* Sec. 8. AS 06.30.500(3) is amended to read:

24 (3) Except for participation loans authorized under AS 06.30.  
25 530, no [NO] investment may be made in a conventional loan secured by a  
26 mortgage on a one-to-four family residence unless the mortgaged property  
27 is located inside the state.

28 \* Sec. 9. AS 06.30.520 is amended to read:

29 Sec. 06.30.520. PROPERTY IMPROVEMENT AND CONSUMER LOANS. An

1 association may make property improvement loans to property owners for  
2 maintenance, repair, modernization, improvement, and equipment of their  
3 properties. In addition, an association may make consumer loans. A  
4 property improvement or consumer loan may be made with or without secur-  
5 ity and may be secured by liens on real estate and mobile homes. An  
6 association may not make property improvement loans exceeding 25 percent  
7 of its assets or consumer loans exceeding 40 percent of its assets.

8 \* Sec. 10. AS 06.30.555(b)(4) and AS 45.50.572(f) are repealed.

9 \* Sec. 11. AS 43.70.090 is amended to read:

10 Sec. 43.70.090. The department may adopt regulations necessary to  
11 determine and collect the fees imposed [AND TO ENFORCE] by this chapter  
12 and may promulgate regulations defining the necessary methods of combina-  
13 tion and apportionment for multistate financial institutions required  
14 to file under this chapter.

15 \* Sec. 12. This Act takes effect July 1, 1982.  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29