

HOUSE No. 1016

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

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 appearing in the 2006
2 Official Edition, is hereby amended by striking out the first paragraph and inserting in place
3 thereof the following paragraphs:—

4 Upon the affirmative vote of two-thirds of the incorporators who vote on the proposal, a
5 savings bank may convert, subject to this section, into a savings bank or savings and loan
6 association chartered under the laws of the United States.

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

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

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

15 (c) the impact on the financial and other interests of depositors in the savings bank.

16 The commissioner may require changes to the plan of conversion and information
17 statement. The commissioner may also require any equitable disclosure he determines applicable
18 to the transaction. The commissioner may specify the form, type and other material aspects of
19 the plan of reorganization and information statement to be sent to members. The commissioner
20 shall review the contents of the plan before the board of trustees presents the conversion plan to
21 the corporators for a vote. The commissioner shall approve the contents of the conversion plan
22 and information statement only if the commissioner is satisfied of all of the following:

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

25 (b) The information statement discloses the impact on the depositors' financial and other
26 interests in the savings bank.

27 (c) The conversion would not be made to circumvent a pending supervisory action that is
28 initiated by the commissioner or other regulatory agency because of a concern over the safety
29 and soundness of the savings bank.

30 Upon approval of the contents of the conversion plan and information statement by the
31 commissioner, the savings bank shall call a special meeting of the corporators to vote on the
32 conversion plan. At least fourteen days before the meeting, the savings bank shall mail to each
33 corporator a notice of the meeting, the conversion plan and information statement.

34 Certified copies of records of all proceedings held by the board of trustees and
35 corporators of the savings bank shall be filed with the commissioner. In addition the savings
36 bank shall furnish a certified copy of consent or approval of the federal regulatory authority.
37 Upon acceptance of such charter the savings bank's charter from the Commonwealth shall cease
38 to exist.

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

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

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

46 Upon the affirmative vote of two-thirds of the shareholders who vote on the proposal, a
47 co-operative bank may convert, subject to this section, into a co-operative bank or savings bank
48 or savings and loan chartered under the laws of the United States.

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

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

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

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

58 The commissioner may require changes to the plan of conversion and information
59 statement. The commissioner may also require any equitable disclosure he determines applicable
60 to the transaction. The commissioner may specify the form, type and other material aspects of
61 the plan of reorganization and information statement to be sent to shareholders.

62 The commissioner shall review the contents of the plan before the board of directors
63 presents the conversion plan to the shareholders for a vote. The commissioner shall approve the
64 contents of the conversion plan and information statement only if the commissioner is satisfied
65 of all of the following:

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

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

70 (c) The conversion would not be made to circumvent a pending supervisory action that is
71 initiated by the commissioner or other regulatory agency because of a concern over the safety
72 and soundness of the co-operative bank.

73 Upon approval of the contents of the conversion plan and information statement by the
74 commissioner, the co-operative bank shall call a special meeting of the shareholders to vote on

75 the conversion plan. At least fourteen days before the meeting, the co-operative bank shall mail
76 to each shareholder a notice of the meeting, the conversion plan and information statement.

77 Certified copies of records of all proceedings held by the board of directors and
78 shareholders of the co-operative bank shall be filed with the commissioner. In addition the co-
79 operative bank shall furnish a certified copy of consent or approval of the federal regulatory
80 authority. Upon acceptance of such charter the co-operative bank's charter from the
81 Commonwealth shall cease to exist.

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

85 SECTION 4. Section 36 of chapter 172 of the General Laws, as so appearing, is hereby
86 amended by striking out subsection B and inserting in place thereof the following subsection:—

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

92 Upon the affirmative vote of two-thirds of the holders of each class of capital stock who
93 vote on the proposal, a trust company may convert, subject to this section, into a trust company
94 or commercial bank chartered under the laws of the United States.

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

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

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

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

104 The commissioner may require changes to the plan of conversion and information
105 statement. The commissioner may also require any equitable disclosure he determines applicable
106 to the transaction. The commissioner may specify the form, type and other material aspects of
107 the plan of reorganization and information statement to be sent to stockholders.

108 The commissioner shall review the contents of the plan before the board of directors
109 presents the conversion plan to the stockholders for a vote. The commissioner shall approve the
110 contents of the conversion plan and information statement only if the commissioner is satisfied
111 of all of the following:

112 The plan discloses to the members information concerning the advantages and
113 disadvantages of the proposed conversion.

114 The information statement discloses the impact on the stockholder's financial and other
115 interests in the trust company.

116 The conversion would not be made to circumvent a pending supervisory action that is
117 initiated by the commissioner or other regulatory agency because of a concern over the safety
118 and soundness of the trust company.

119 Upon approval of the contents of the conversion plan and information statement by the
120 commissioner, the trust company shall call a special meeting of the stockholders to vote on the
121 conversion plan. At least fourteen days before the meeting, the trust company shall mail to each
122 stockholder a notice of the meeting, the conversion plan and information statement.

123 Certified copies of records of all proceedings held by the board of directors and
124 stockholders of the trust company shall be filed with the commissioner. In addition the trust
125 company shall furnish a certified copy of consent or approval of the federal regulatory authority.
126 Upon acceptance of such charter the trust company's charter from the Commonwealth shall
127 cease to exist.

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

131 The commissioner may determine that documents to be sent to stockholders which have
132 been submitted to and reviewed by a federal agency meet the requirements of this subsection.