

# HOUSE . . . . . No. 1369

By Mr. Cauley of Holyoke (by request), petition of Wayne Alderman for legislation relative to the conversion of a co-operative bank into a savings bank. Banks and Banking.

## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty-Three.

### AN ACT RELATIVE TO THE CONVERSION OF A CO-OPERATIVE BANK INTO A SAVINGS BANK.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Chapter 170 of the General Laws is hereby amended by in-  
2 serting after section 49 the following new section under the cap-  
3 tion CONVERSION TO MUTUAL SAVINGS BANK:—

4 *Section 49A.* Any such corporation may convert itself into  
5 a savings bank as defined in section one of chapter one hundred  
6 and sixty-eight of the General Laws, subject to the following  
7 conditions:—

8 (1) Such corporation shall give notice to the board of bank  
9 incorporation of its intention to so convert and shall apply to  
10 said board for its approval of such conversion, and if the board  
11 determines that public convenience and advantage will be pro-  
12 moted by such conversion, the board shall grant such approval  
13 which shall be deemed revoked if such corporation does not con-  
14 summate such conversion within one year after the date of such  
15 approval. Upon receipt of such application, said board shall  
16 furnish such corporation a form of notice specifying the name  
17 and location of such corporation and its proposed name after  
18 conversion, and assigning a date and place for a public hearing  
19 on the application. Such corporation shall publish the notice at  
20 least once a week for three successive weeks, in one or more  
21 newspapers designated by said board and published in the town  
22 wherein the main office of such corporation is located, or if there

23 is no newspaper in said town, in the town wherein a newspaper  
24 is published which is nearest to the location of such corporation.  
25 If said board refuses to approve such conversion, no further pro-  
26 ceedings shall be had, but the application may be renewed after  
27 one year from the date of the refusal, in which case notice of a  
28 public hearing thereon shall be published as hereinbefore pro-  
29 vided. However, upon the grant of or refusal to grant such ap-  
30 proval by the board, the supreme judicial court, upon application  
31 of a person aggrieved thereby, shall have jurisdiction to review  
32 and to confirm or modify the action of the board.

33 (2) If the board of bank incorporation shall grant its approval  
34 as above provided, such conversion may be effected if authorized  
35 by an affirmative vote of shareholders of such corporation hold-  
36 ing, as of the date six months prior to the notice to said board  
37 as provided in subdivision (1) hereof, and affirmatively voting,  
38 shares of the withdrawal value equal to not less than two thirds  
39 of the withdrawal value of all shares and accounts of such cor-  
40 poration outstanding as of said date; provided that such vote  
41 shall be by shareholders voting in person or by proxy at a meet-  
42 ing especially called to consider the subject; and provided, fur-  
43 ther, that notwithstanding the provisions of the second para-  
44 graph of section seven a shareholder in voting on the question of  
45 conversion shall have one vote for each two hundred dollars, or  
46 fraction thereof, of the withdrawal value of his shares, but no  
47 shareholder shall cast more than forty votes. Notice of such  
48 special meeting, containing a statement of the time, place and  
49 the purpose of the meeting shall be sent by the clerk of the cor-  
50 poration to each shareholder at his last address appearing upon  
51 the records of the corporation, by mail, postage prepaid, at least  
52 thirty days before the date of the meeting.

53 There also shall be mailed with the notice of such special  
54 meeting such form of letter concerning the proposed conversion  
55 as the commissioner may approve; provided, that if the com-  
56 missioner shall fail to approve the form of such letter within  
57 thirty days after receipt by him of a written request therefor,  
58 such corporation may mail with said notice such form of letter  
59 as the board of directors may approve. No additional letters  
60 shall be sent to the shareholders concerning the proposed con-  
61 version until approved by the commissioner.

62 A proxy used at such meeting shall not be valid unless it is  
63 in writing, signed by the shareholder, and is in such form as

64 clearly will enable such shareholder to select and indicate his  
65 choice as to whether he favors or opposes the proposed con-  
66 version.

67 After compliance with the first paragraph of this section and  
68 approval of such conversion by the shareholders as required  
69 thereby, such corporation shall cease to be a member bank of  
70 The Co-operative Central Bank, referred to in section one of  
71 chapter forty-five of the acts of nineteen hundred and thirty-  
72 two, as amended, and in section one of chapter seventy-three of  
73 the acts of nineteen hundred and thirty-four, as amended, and  
74 shall cease to be a participating bank in the Co-operative Banks  
75 Employees Retirement Association referred to in sections fifty-  
76 one to fifty-three, inclusive, of this chapter, in the manner and  
77 upon such terms and conditions as the commissioner may direct.

