

HOUSE No. 3576

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, March 24, 1965.

The committee on Banks and Banking, to whom was referred the petition (accompanied by bill, House, No. 672) of the Massachusetts Co-operative Bank League relative to the conversion of co-operative banks into federal savings and loan associations report the accompanying bill (House, No. 3576).

For the committee,

C. E. LUKE DRISCOLL.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO THE CONVERSION OF CO-OPERATIVE BANKS INTO FEDERAL SAVINGS AND LOAN ASSOCIATIONS.

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 49 of chapter 170 of the General Laws,
2 as most recently amended by chapter 246 of the acts of 1956,
3 is hereby further amended by striking out the first, second
4 and third paragraphs and inserting in place thereof the follow-
5 ing two paragraphs (A) and (B): —

6 (A) Any such corporation may convert itself into a federal
7 savings and loan association subject to the conditions herein-
8 after set forth.

9 1. *Application.* — Such corporation (hereinafter sometimes
10 referred to as the “applicant”) shall file in triplicate with the
11 board of bank incorporation (hereinafter sometimes referred
12 to as the “board”) an application in such form as the board
13 shall prescribe, and the board forthwith shall cause a copy to
14 be furnished to The Co-operative Central Bank. The appli-
15 cation shall be signed and sworn to by the president, treasurer
16 and at least two thirds of all the applicant’s directors. The
17 application shall include the following: —

18 (a) Copy of charter or certificate of incorporation of the
19 applicant.

20 (b) Copy of statement of assets and liabilities of the appli-
21 cant as of its bank day next preceding the date of the applica-
22 tion. An exhibit shall be attached to such statement setting
23 forth the total number of all shareholders of the applicant as
24 shown by its last preceding annual report to the Commissioner.

25 (c) A detailed statement of the reasons why the applicant
26 wishes to convert. If the applicant alleges as a reason, in sub-
27 stance, that the charter of a federal savings and loan association

28 or the powers granted thereby are broader than those of a
29 co-operative bank, the application shall specifically set forth
30 the differences claimed, together with copies of the applicable
31 federal and Massachusetts state laws and regulations relied
32 upon by the applicant in support of such allegation.

33 (d) A statement authorizing the commissioner of banks to
34 furnish to the board copies of any criticism contained in re-
35 ports of examination or audit of the applicant, together with
36 any correspondence in reference thereto and any other infor-
37 mation which the board may deem material.

38 (e) A statement giving specific reasons why and in what
39 respects public convenience and advantage will be promoted
40 by the conversion.

41 (f) A detailed statement as to the reasons why the conver-
42 sion (i) will result in no undue injury to other thrift institu-
43 tions located in the city or town in which the applicant is
44 situated; and (ii) will have no adverse effect upon the bank-
45 ing system of the commonwealth as a whole, nor upon the state
46 chartered thrift and home financing system and the public of
47 the commonwealth.

48 (g) A statement of the reasons why no consolidation is feasi-
49 ble between the applicant and another co-operative bank or
50 banks situated (i) in the same city or town as the applicant,
51 or (ii) in the same county as the applicant; and setting forth
52 a summary of any negotiations for consolidation had with any
53 other co-operative bank or banks and the names thereof and
54 the results of such negotiations.

55 (h) A detailed statement (i) setting forth a summary of any
56 discussions or negotiations which at any time have occurred
57 between the applicant and any federal savings and loan asso-
58 ciation for their merger or consolidation, including the name
59 of such association and the results of such discussions or nego-
60 tiations; and (ii) as to whether the applicant contemplates
61 merger or consolidation or sale of all or substantially all of its
62 assets to any federal savings and loan association after the ap-
63 plicant's conversion, if consummated.

64 2. *Notice of Hearing.* — After receipt by said board of such
65 application in form and substance satisfactory to it, the board
66 shall furnish the applicant with a form of notice specifying
67 the name and location of the applicant and its proposed name

68 after conversion, and assigning a date and place for a public
69 hearing on the application. The applicant shall publish the
70 notice at least once a week for three successive weeks, in one
71 or more newspapers designated by said board and published
72 in the town wherein the main office of the applicant is located
73 or, if there is no newspaper in said town, in the town nearest
74 to the location of the applicant wherein a newspaper is pub-
75 lished.

76 3. *Procedure at Hearing.* — The hearing before the board
77 shall be conducted in accordance with the provisions of chapter
78 thirty A. The board shall receive evidence as to whether or not
79 public convenience and advantage will be promoted by the pro-
80 posed conversion, and such other evidence as the board may
81 deem material; provided, however, that there shall not be ad-
82 mitted in evidence any letter or oral statement appearing in
83 substance to favor or not object to the application, or appear-
84 ing to be in opposition thereto, unless offered at the hearing as
85 testimony by the person who shall have signed such letter or
86 made such statement.

87 The Co-operative Central Bank and the Massachusetts Co-
88 operative Bank League, respectively, shall be admitted as parties
89 upon request of their counsel or duly authorized officer. The
90 division of banks and loan agencies shall be an adverse party
91 and it shall be represented by its general counsel or, in his
92 absence or disability, by counsel of such division designated by
93 the commissioner of banks. Any such party shall be deemed
94 to be an aggrieved party in the event a petition for review is
95 filed pursuant to subdivision 7 of this paragraph (A).

96 4. *Determination of Board.* — In determining whether or not
97 public convenience and advantage will be promoted by the pro-
98 posed conversion, the board shall give careful consideration to
99 the following factors: —

100 (a) The convenience and advantage of the conversion to the
101 applicant and its shareholders, and to the people in the imme-
102 diate community who do business with the applicant.

103 (b) The effect of the conversion, if approved, upon the bank-
104 ing system of the commonwealth as a whole, and upon the
105 state chartered thrift and home financing system and the public
106 of the commonwealth.

107 (c) That the conversion, if approved, will not be incom-

108 patible with legislative policies entrusted to the board for ob-
109 servance.

110 (d) That the necessity exists in the community in which the
111 applicant is situated for a federal savings and loan association
112 in lieu of a co-operative bank.

113 (e) That there is a reasonable probability that the applicant,
114 if converted, will be more successful as a federal savings and
115 loan association than it would be if it continued as a co-opera-
116 tive bank.

117 (f) That the applicant can be converted without undue in-
118 jury to the other properly conducted local thrift and home
119 financing institutions existing in the city or town wherein the
120 applicant is located.

121 (g) That because changes in many of the charter provisions
122 and powers of federal savings and loan associations may be ac-
123 complished at any time by federal regulation, whereas changes
124 in charter provisions and powers of co-operative banks usually
125 may be accomplished only in the annual sessions of the general
126 court, any advantage in charter provisions or powers appearing
127 to be possessed at the time of the hearing by federal savings
128 and loan associations over co-operative banks may be tem-
129 porary and properly may be the subject of change at a sub-
130 sequent session of the general court.

131 5. *Approval of Board.* — If in the judgment of the board,
132 the applicant shall have affirmatively shown at the public hear-
133 ing that the public interest will be better served by the con-
134 version than without it, and if after considering the evidence
135 properly admitted at such hearing and the factors hereinbefore
136 specified in subdivision 4, the board determines that public
137 convenience and advantage will be promoted by the conver-
138 sion, the board shall grant approval thereof which shall be
139 deemed revoked if the applicant does not consummate such
140 conversion within one year after the date of such approval.

141 6. *Disapproval of Board.* — If the board refuses to grant ap-
142 proval of the conversion, no further proceedings shall be had,
143 but a new application may be filed after one year from the date
144 of the refusal and such application shall be subject to all of the
145 requirements of this section.

146 7. *Court Review.* — Upon the grant of or refusal to grant
147 such approval by the board, the supreme judicial court upon

148 application of a person aggrieved thereby shall have jurisdic-
149 tion to review and to confirm, modify or set aside the action of
150 the board.

151 (B) 1. If the board shall grant its approval as hereinbefore
152 provided in subdivision 5 of paragraph (A), such conversion may
153 be effected if authorized by an affirmative vote of a number of
154 shareholders of such corporation entitled to vote, equal at least
155 to a majority of the total number of all shareholders of such
156 corporation as shown by its last preceding annual report to the
157 commissioner; provided that such vote shall be by shareholders
158 voting in person or by proxy at a meeting especially called to
159 consider the subject. Notice of such special meeting, contain-
160 ing a statement of the time, place and purpose of the meeting
161 and a form of proxy, shall be sent by the clerk of the corpora-
162 tion to each shareholder at his last address appearing upon the
163 records of such corporation, by mail, postage prepaid, at least
164 thirty days before the date of the meeting.

165 2. There also shall be mailed with the notice of such special
166 meeting such form of letter concerning the proposed conversion
167 as the commissioner may approve; provided, that if the com-
168 missioner shall fail to approve the form of such letter within
169 thirty days after receipt by him of a written request therefor,
170 such corporation may mail with said notice such form of letter
171 as the board of directors may approve. No additional letters
172 shall be sent to the shareholders concerning the proposed con-
173 version until approved by the commissioner.

174 3. A proxy used at such meeting shall not be valid unless it
175 is in writing, signed by the shareholder, and is in such form as
176 clearly will enable such shareholder to select and indicate his
177 choice as to whether he favors or opposes the proposed con-
178 version.

179 4. The commissioner, by his examiners or by a certified
180 public accountant designated by him, may at the expense of
181 such corporation supervise the preparation and mailing of such
182 notice, statement, letters and form of proxy and to cause the
183 proxies received by such corporation from shareholders to be
184 examined and verified prior to, at or after such meeting.

1 SECTION 2. Said section 49 is hereby further amended by in-
2 serting at the beginning of the fourth paragraph the letter (C)

3 and by inserting at the beginning of the fifth paragraph the
4 letter (D).

1 SECTION 3. This act shall take effect on January first, nine-
2 teen hundred and sixty-six, and effective on said date chapter
3 three hundred and eighty-six of the acts of nineteen hundred
4 and sixty-four is hereby repealed.

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