

SENATE No. 1564

The Commonwealth of Massachusetts

SENATE, May 12, 1992.

The committee on Banks and Banking, to whom was referred the petition (accompanied by bill, House, No. 1629) of Angelo M. Scaccia for legislation to authorize mergers between co-operative banks and credit unions; the petition (accompanied by bill, House, No. 3491) of Raymond A. Jordan, Jr., for legislation to authorize mergers between co-operative banks and credit unions; the petition (accompanied by bill, House, No. 4404) of Raymond A. Jordan, Jr., and Alvin E. Thompson for legislation to authorize mergers between co-operative banks and credit unions; and the petition (accompanied by bill, House, No. 4405) of Raymond A. Jordan, Jr., and Alvin E. Thompson for legislation to permit mergers between co-operative banks and credit unions, reports the accompanying bill (Senate, No. 1564).

For the committee,

W. PAUL WHITE.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Two.

AN ACT RELATIVE TO THE MERGER OF SAVINGS BANKS AND COOPERATIVE BANKS WITH CREDIT UNIONS.

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. Chapter 168 of the General Laws is hereby
2 amended by adding after Section 34E the following section: —
3 Section 34F. Any one or more of such corporations and any
4 one or more credit unions, as defined in section one of chapter
5 one hundred and seventy-one, may merge or consolidate into a
6 single savings bank upon such terms as shall have been approved
7 by a vote of at least two-thirds of the board of trustees of each
8 corporation and the board of directors of each credit union, and
9 shall have been approved in writing by the commissioner. The
10 terms of any such merger or consolidation shall be approved by
11 the incorporators of each corporation and the shareholders of each
12 credit union in the manner prescribed herein. A request for such
13 approval by the commissioner shall be accompanied by an
14 investigation fee, the amount of which shall be determined
15 annually by the commissioner of administration under the
16 provisions of section three B of chapter seven, a copy of the terms
17 of any agreement reached by the respective boards of trustees or
18 directors, and certified copies of the votes of such boards. If the
19 commissioner, after such notice and hearing as he may require,
20 is satisfied that a merger or consolidation is in the interests of the
21 depositors and shareholders of the institutions concerned, such
22 merger or consolidation may be approved by him subject to his
23 direction. In making a finding that any such merger or
24 consolidation is in the interests of depositors and shareholders,
25 the commissioner shall also determine whether or not competition
26 among banking institutions will be unreasonably affected and
27 whether or not public convenience and advantage will be
28 promoted. In making such determination, the commissioner shall
29 consider, but not be limited to, a showing of net new benefits.

30 For the purposes of this section, the term "net new benefits" shall
31 mean initial capital investments, job creation plans, consumer and
32 business services, commitments to maintain and open branch
33 offices within the bank's delineated community, as such term is
34 used within section fourteen of chapter one hundred and sixty-
35 seven, and such other matters as the commissioner may determine.

36 Before becoming effective, any merger or consolidation
37 authorized by this section, hereinafter sometimes referred to as
38 a "consolidation", shall have been approved by a vote of at least
39 two-thirds of the corporators of each corporation present,
40 qualified to vote and voting at a meeting specially called to
41 consider the subject and by a vote of at least two-thirds of the
42 shareholders of each credit union present, qualified to vote and
43 voting at a meeting specially called for that purpose. Notice for
44 such meetings shall be given in accordance with the relevant
45 provisions of section nine A of chapter one hundred and sixty-
46 eight and section eleven of chapter one hundred and seventy-one.
47 A certificate under the hands of the presidents and clerks, or other
48 duly authorized officers of all merging or consolidating
49 corporations and credit unions setting forth that each institution,
50 respectively, has complied with the requirements of this section,
51 shall be submitted to the commissioner who, if he shall approve
52 such merger or consolidation, shall endorse his approval upon
53 such certificate and thereupon, such merger or consolidation shall
54 become effective. The commissioner shall not endorse his
55 approval thereon until he has received notice from the Mutual
56 Savings Central Fund, Inc., and the insurer for each such credit
57 union that arrangements satisfactory to each insurer have been
58 made for such merger or consolidation. Upon the merger or
59 consolidation of any such institutions, the provisions of
60 subparagraphs 1 to 6, inclusive, of section thirty-four A shall
61 apply.

62 The offices and depots of any credit union merged or
63 consolidated under this section may be maintained as branch
64 offices or depots of the corporation with the written permission
65 of, and under such conditions, if any, as may be approved by the
66 commissioner.

1 SECTION 2. Chapter 170 of the General Laws is hereby
2 amended by inserting after Section 26E the following section: —

3 Section 26F. Any one or more of such corporations and any
4 one or more credit unions, as defined in section one of chapter
5 one hundred and seventy-one, may merge or consolidate into a
6 single cooperative bank upon such terms as shall have been
7 approved by a vote of at least two-thirds of the board of directors
8 of each corporation and the board of directors of each credit
9 union, and shall have been approved in writing by the
10 commissioner. The terms of any such merger or consolidation
11 shall be approved by the shareholders of each corporation and
12 the shareholders of each credit union in the manner prescribed
13 herein. A request for such approval by the commissioner shall be
14 accompanied by an investigation fee, the amount of which shall
15 be determined annually by the commissioner of administration
16 under the provisions of section three B of chapter seven, a copy
17 of the terms of any agreement reached by the respective boards
18 of directors, and certified copies of the votes of such boards. If
19 the commissioner, after such notice and hearing as he may require,
20 is satisfied that a merger or consolidation is in the interests of the
21 depositors and shareholders of the institutions concerned, such
22 merger or consolidation may be approved by him subject to his
23 direction. In making a finding that any such merger or
24 consolidation is in the interests of the depositors and shareholders,
25 the commissioner shall also determine whether or not competition
26 among banking institutions will be unreasonably affected and
27 whether or not public convenience and advantage will be
28 promoted. In making such determination, the commissioner shall
29 consider, but not be limited to, a showing of net new benefits.
30 For the purposes of this section, the term "net new benefits" shall
31 mean initial capital investments, job creation plans, consumer and
32 business services, commitments to maintain and open branch
33 offices within the bank's delineated community, as such term is
34 used within section fourteen of chapter one hundred and sixty-
35 seven, and such other matters as the commissioner may determine.
36 Before becoming effective, any merger or consolidation
37 authorized by this section, hereinafter sometimes referred to as
38 a "consolidation", shall have been approved by a vote of at least
39 two-thirds of the shareholders of each corporation, present,
40 qualified to vote, and voting at a meeting specially called to
41 consider the subject and by a vote of at least two-thirds of the
42 shareholders of each credit union, present, qualified to vote, and

43 voting at a meeting specially called for that purpose. Notice for
44 such meetings shall be given in accordance with the relevant
45 provisions of section twenty-four of this chapter and section
46 eleven of chapter one hundred and seventy-one. A certificate
47 under the hands of the presidents and clerks, or other duly
48 authorized officers of all merging or consolidating corporations
49 and credit unions setting forth that each institution, respectively,
50 has complied with the requirements of this section, shall be
51 submitted to the commissioner who, if he shall approve such
52 merger or consolidation, shall endorse his approval upon such
53 certificate and thereupon, such merger or consolidation shall
54 become effective. The commissioner shall not endorse his
55 approval thereon until he has received notice from the
56 Cooperative Central Bank and the insurer for each such credit
57 union that arrangements satisfactory to each insurer have been
58 made for such merger or consolidation. Upon the merger or
59 consolidation of any such institutions, the provisions of
60 subparagraphs 1 to 6, inclusive, of section twenty-six A shall
61 apply.

62 The offices and depots of any credit union merged or
63 consolidated under this section may be maintained as branch
64 offices or depots of the corporation with the written permission
65 of, and under such conditions, if any, as may be approved by the
66 commissioner.

67 Chapter 171 of the General Laws is hereby amended by
68 inserting after Section 78 the following sections: —

69 Section 78A. Any or or more credit unions may merge or
70 consolidate with one or more savings banks, as defined in section
71 one of chapter one hundred and sixty-eight, into a single savings
72 bank pursuant to the provisions of section thirty-four F of said
73 chapter one hundred and sixty-eight.

74 Section 78B. Any one or more credit unions may merge or
75 consolidate with one or more cooperative banks, as defined in
76 section one of chapter one hundred and seventy, into a single
77 cooperative bank pursuant to the provisions of section twenty-
78 six F of said chapter one hundred and seventy.

