

Senate Bill 532

By: Senators Jackson of the 50th, Tanksley of the 32nd, Smith of the 25th, Stokes of the 43rd, Stephens of the 51st and Golden of the 8th

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated,
2 relating to banks and trust companies, so as to change the five-year age requirement for
3 acquisition of a bank to a three-year age requirement; to provide for related matters; to
4 provide for an effective date; to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 style="text-align:center">**SECTION 1.**

7 Article 2 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to banks
8 and trust companies, is amended by striking Code Section 7-1-608, relating to bank holding
9 companies, lawful and unlawful acquisitions, formations, and mergers, and inserting in its
10 place the following:

11 "7-1-608.

12 (a) It shall be unlawful for a bank holding company to acquire direct or indirect ownership
13 or control of any voting shares of any bank, including any federal savings and loan
14 association or federal savings bank, if, after such acquisition, such bank holding company
15 will directly or indirectly own or control 5 percent or more of the voting shares of such
16 bank, or for any company to become a bank holding company as a result of the acquisition
17 of control of such bank, unless:

18 (1) The bank being acquired is either a 'bank' for the purposes of the federal Bank
19 Holding Company Act of 1956, as amended (12 U.S.C. Section 1841), or a 'savings and
20 loan,' a 'state savings and loan,' a 'savings bank,' or a 'federal savings bank' whose
21 deposits are insured under a federal deposit insurance program; and

22 (2) Such bank of the type described in paragraph (1) of this subsection has been in
23 existence and continuously operating or incorporated as a bank for a period of ~~five~~ three
24 years or more prior to the date of acquisition.

25 (b) Notwithstanding the provisions of this Code section, the following activities are
26 permitted. These activities regarding acquisitions by purchase and by formation are to be

1 considered exceptions to the ~~five-year~~ three-year age requirement contained in paragraph
2 (2) of subsection (a) of this Code section:

3 (1) A bank holding company may acquire all or substantially all of the shares of a bank
4 or trust company organized solely for the purpose of facilitating the acquisition of a
5 federal or state chartered bank, savings and loan association, savings bank, building and
6 loan association, or other corporation doing a banking business in this state or the trust
7 department of such institutions, which has been in existence and continuously operating
8 or incorporated as such an institution or exercising trust powers for the minimum period
9 prescribed in subsection (a) of this Code section;

10 (2) A company may become a bank holding company by virtue of acquiring control of
11 a bank if neither the company nor any other company controlled by or controlling such
12 company controls any other bank domiciled in this state or elsewhere;

13 (3) A bank holding company registered with the department and lawfully owning a bank
14 or a branch of a bank which was formed by the acquisition and subsequent merger of a
15 Georgia bank, which bank or branch does a lawful banking business in this state, may
16 acquire control through formation of a de novo bank in Georgia, provided that
17 departmental approval and any required federal approvals are obtained. No out-of-state
18 bank holding company may enter Georgia to do a banking business by formation of a de
19 novo bank; and

20 (4) A de novo bank established or formed pursuant to paragraph (3) of this subsection
21 shall be subject to the ~~five-year~~ three-year age requirement contained in paragraph (2) of
22 subsection (a) of this Code section. A bank holding company may, however, merge or
23 consolidate a de novo bank which may be less than ~~five~~ three years old and that is
24 established pursuant to paragraph (3) of this subsection into another bank owned by that
25 holding company.

26 (c) The department may waive the application of the ~~five-year~~ three-year age requirement
27 in the case of a bank that has been found by federal or state regulators to be:

28 (1) Insolvent or in an unsafe or unsound condition to transact its business;

29 (2) In a condition where it has generally suspended payment of its obligations without
30 authority of law; or

31 (3) Under any plan, order, or agreement of any kind with the FDIC under Section 12, 13,
32 or 38 of the Federal Deposit Insurance Act, 12 U.S.C. Section 1811, et seq., as amended."

33 SECTION 2.

34 Said article is further amended by striking paragraph (1) of subsection (b) of Code Section
35 7-1-622, relating to provisions applicable to interstate acquisitions or mergers by bank

1 holding companies, eligibility of applicants, and commissioner's ruling required, and
 2 inserting in its place the following:

3 "(1) Directly or indirectly acquire a Georgia bank unless such bank has been in existence
 4 and continuously operated or incorporated as a bank for a period of ~~five~~ three years or
 5 more prior to the date of acquisition. Notwithstanding the foregoing, nothing shall
 6 prohibit an out-of-state bank holding company from acquiring all or substantially all of
 7 the shares of a Georgia bank organized solely for the purpose of facilitating the
 8 acquisition of a bank which has been in existence and continuously operated as a bank
 9 for the requisite ~~five-year~~ three-year period; or".

10 SECTION 3.

11 Said article is further amended by striking subsection (b) of Code Section 7-1-628.3, relating
 12 to prohibited interstate merger transactions, and inserting in its place the following:

13 "(b) An interstate merger transaction shall not be permitted under this part unless the
 14 Georgia bank shall have been in existence and continuously operating or incorporated as
 15 a bank on the date of such merger or acquisition for a period of at least ~~five~~ three years,
 16 subject to any applicable exception contained in subsection (b) of Code Section 7-1-608."

17 SECTION 4.

18 Said article is further amended by striking subsection (c) of Code Section 7-1-628.8, relating
 19 to restrictions on de novo branches, and inserting in its place the following:

20 "(c) By enacting this Code section and Code Section 7-1-628.9, the General Assembly
 21 intends to permit entry into Georgia only by acquisition of or merger with an entire bank,
 22 subject to the ~~five-year~~ three-year rule contained in Code Sections 7-1-608, 7-1-622, and
 23 7-1-628.3."

24 SECTION 5.

25 This Act shall become effective upon its approval by the Governor or upon its becoming law
 26 without such approval.

27 SECTION 6.

28 All laws and parts of laws in conflict with this Act are repealed.