House Bill 945 (AS PASSED HOUSE AND SENATE)

By: Representatives Teasley of the 38th, Morris of the 155th, Williamson of the 111th, Dutton of the 166th, Dawkins-Haigler of the 93rd, and others

A BILL TO BE ENTITLED

AN ACT

To amend Article 2 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to banks and trust companies, so as to provide for the issuance of non-cash valued shares by a bank or trust company with approval from the Department of Banking and Finance; to provide for the issuance of dividends from sources other than retained earnings with prior approval from the department; to provide for related matters; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Article 2 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to banks and trust companies, is amended by revising subsection (a) of Code Section 7-1-415, relating to consideration for shares of a bank or trust company, as follows:

"(a) Except as provided in subsection (b) of this Code section and in the case of a distribution of shares under subsection (e) of Code Section 7-1-488 or incident to a merger, consolidation, or other corporate reorganization or rehabilitation authorized by this chapter, shares of a bank or trust company may be issued only for cash in an amount which shall be at least the aggregate par value of the share, unless otherwise approved by the department with the demonstration of good cause, plus such amounts, if any, necessary to assure that after issuance of the shares the bank or trust company will have the paid-in capital required by Code Section 7-1-411 and, in the case of a new bank or trust company, the expense fund required by Code Section 7-1-396."

SECTION 2.

Said article is further amended by revising paragraph (1) of subsection (a) of Code Section 7-1-460, relating to the restrictions on payment of dividends by a bank or trust company, as follows:

"(1) Dividends may be declared and paid in cash or property only out of the retained earnings of the bank or trust company unless otherwise approved in advance by the department on terms consistent with standards of safety and soundness;"

SECTION 3.

All laws and parts of laws in conflict with this Act are repealed.