

IC 28-1-31

Chapter 31. Conversion of an Out-of-State Financial Institution Charter Into a Commercial Bank

IC 28-1-31-1

"Charter conversion"

Sec. 1. As used in this chapter, "charter conversion" means the conversion of an out-of-state financial institution to a commercial bank.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-2

"Commercial bank"

Sec. 2. As used in this chapter, "commercial bank" means a bank or trust company (as defined by IC 28-1-1-3(2)).

As added by P.L.1-2006, SEC.490.

IC 28-1-31-3

"Department"

Sec. 3. As used in this chapter, "department" means the department of financial institutions and, if applicable, the department's authorized delegate.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-4

"Effective time of the charter conversion"

Sec. 4. As used in this chapter, "effective time of the charter conversion" means:

- (1) the date on which articles of conversion are filed with the secretary of state; or
- (2) the date designated in the articles of conversion.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-5

"Out-of-state financial institution"

Sec. 5. As used in this chapter, "out-of-state financial institution" means a bank or savings bank organized under the laws of any other state or the United States that has a branch or branches in Indiana that were established under IC 28-2-17 or IC 28-2-18.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-6

Financial institution may effect charter conversion

Sec. 6. An out-of-state financial institution may, upon approval of the department, effect a charter conversion.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-7

Procedures for charter conversion

Sec. 7. The department shall prescribe procedures for charter

conversions. The procedures prescribed by the department must include the following:

- (1) The out-of-state financial institution shall prepare and submit to the department a plan of charter conversion that provides the terms and conditions of the charter conversion as required by the department.
- (2) The plan of charter conversion must be adopted by not less than a majority of the board of directors of the out-of-state financial institution.
- (3) Upon approval of a plan of charter conversion by the board of directors of the out-of-state financial institution, the plan of charter conversion and a certified copy of the resolution of the board of directors approving the plan of charter conversion must be submitted to the department for approval.
- (4) The plan of charter conversion must be conditioned upon the approval of not less than a majority of the total number of votes cast at a regular or special meeting of the shareholders.
- (5) The out-of-state financial institutions shall provide to the department the additional relevant information requested by the department in connection with the plan of charter conversion.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-8

Approval of plan of charter conversion

Sec. 8. (a) The department may approve or disapprove the plan of charter conversion filed under section 7 of this chapter.

(b) Solicitation of the votes of voting parties may occur before receipt of the approval of the department.

(c) The department may not approve the plan of charter conversion unless the department finds, after appropriate investigation or examination, and without the requirement of a public hearing, that the following requirements have been fulfilled:

- (1) The resulting commercial bank will operate in a safe, sound, and prudent manner.
- (2) The proposed charter conversion will not result in a commercial bank that has inadequate capital, unsatisfactory management, or poor earnings prospects.
- (3) The management or other principals of the out-of-state financial institution are qualified by character and financial responsibility to control and operate in a legal and proper manner the commercial bank proposed to be formed as a result of the charter conversion.
- (4) The interests of the depositors, the creditors, and the public generally will not be jeopardized by the proposed charter conversion.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-9

Resulting commercial bank; rights, privileges, and duties

Sec. 9. Upon conversion of an out-of-state financial institution,

the resulting commercial bank:

- (1) possesses all of the rights, privileges, immunities, and powers of a commercial bank;
- (2) unless otherwise provided in this chapter, is subject to all of the duties, restrictions, obligations, and liabilities of a commercial bank; and
- (3) succeeds by operation of law to all rights and property of the converting out-of-state financial institution and shall be subjected to all debts, obligations, and liabilities of the converting out-of-state financial institution as if the commercial bank had incurred the debts and liabilities.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-10

Resulting commercial bank may wind up activities and retain assets

Sec. 10. The department may authorize the resulting commercial bank to do the following:

- (1) Wind up any activities that are legally engaged in by the out-of-state financial institution at the time of charter conversion but that are not permitted to commercial banks.
- (2) Retain any assets that are legally held by the out-of-state financial institution at the effective time of the charter conversion but that may not be held by commercial banks for a transitional period.

The terms and conditions of the transitional period under subdivisions (1) and (2) are at the discretion of the department. However, the transitional period may not exceed ten (10) years after the effective time of the charter conversion.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-11

Retention of branches

Sec. 11. A commercial bank created by charter conversion may retain all branches lawfully established.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-12

Filing articles of charter conversion

Sec. 12. In order to effect the charter conversion, the converting out-of-state financial institution shall file articles of charter conversion, bearing the approval of the director of the department, with the secretary of state. The converting out-of-state financial institution shall also file copies of the articles of charter conversion with the county recorder of the county where the principal office of the commercial bank is located.

As added by P.L.1-2006, SEC.490.

IC 28-1-31-13

Resulting commercial bank subject to statutes and rules

Sec. 13. Upon the effective time of charter conversion, the converted commercial bank shall, unless otherwise provided in this chapter, immediately become subject to all statutes and rules applicable to commercial banks.

As added by P.L.1-2006, SEC.490.