

1 AMENDMENT TO SENATE BILL 1500

2 AMENDMENT NO. _____. Amend Senate Bill 1500 on page 1 by
3 replacing line 5 with the following:
4 "changing Sections 17 and 37 and adding Section 13.6 as
5 follows:

6 (205 ILCS 5/13.6 new)

7 Sec. 13.6. Banks as limited liability companies. A
8 State bank may be chartered as a limited liability company,
9 may convert to a limited liability company, or may merge with
10 and into a limited liability company pursuant to the
11 applicable laws of this State and any rule promulgated by the
12 Commissioner or by the appropriate federal banking agency.
13 If federal law or the federal Office of the Comptroller of
14 the Currency authorizes a national bank to be chartered as a
15 limited liability company or to convert to or merge with a
16 limited liability company, a State bank shall be permitted
17 similar authority subject to terms and conditions that are
18 not more onerous than those applicable to the national bank.

19 (205 ILCS 5/17) (from Ch. 17, par. 324)

20 Sec. 17. Changes in charter.

21 (a) By compliance with the provisions of this Act a

1 State bank may:

2 (1) (blank);

3 (2) increase, decrease or change its capital stock,
4 whether issued or unissued, provided that in no case
5 shall the capital be diminished to the prejudice of its
6 creditors;

7 (3) provide for authorized but unissued capital
8 stock reserved for issuance for one or more of the
9 purposes provided for in subsection (5) of Section 14
10 hereof;

11 (4) authorize preferred stock, or increase,
12 decrease or change the preferences, qualifications,
13 limitations, restrictions or special or relative rights
14 of its preferred stock, whether issued or unissued, or
15 delegate authority to its board of directors as provided
16 in subsection (d), provided that in no case shall the
17 capital be diminished to the prejudice of its creditors;

18 (5) increase, decrease or change the par value of
19 its shares of its capital stock or preferred stock,
20 whether issued or unissued, or delegate authority to its
21 board of directors as provided in subsection (d);

22 (6) (blank);

23 (7) eliminate cumulative voting rights under all or
24 specified circumstances, or eliminate voting rights
25 entirely, as to any class or classes or series of stock
26 of the bank pursuant to paragraph (3) of Section 15,
27 provided that one class of shares or series thereof shall
28 always have voting in respect to all matters in the bank,
29 and provided further that the proposal to eliminate such
30 voting rights receives the approval of the holders of 70%
31 of the outstanding shares of stock entitled to vote as
32 provided in paragraph (7) of subsection (b) of this
33 Section 17;

34 (8) increase, decrease, or change its capital stock

1 or preferred stock, whether issued or unissued, for the
2 purpose of eliminating fractional shares or avoiding the
3 issuance of fractional shares, provided that in no case
4 shall the capital be diminished to the prejudice of its
5 creditors; or

6 (9) make such other change in its charter as may be
7 authorized in this Act.

8 (b) To effect a change or changes in a State bank's
9 charter as provided for in this Section 17:

10 (1) The board of directors shall adopt a resolution
11 setting forth the proposed amendment and directing that
12 it be submitted to a vote at a meeting of stockholders,
13 which may be either an annual or special meeting.

14 (2) If the meeting is a special meeting, written or
15 printed notice setting forth the proposed amendment or
16 summary thereof shall be given to each stockholder of
17 record entitled to vote at such meeting at least 30 days
18 before such meeting and in the manner provided in this
19 Act for the giving of notice of meetings of stockholders.

20 (3) At such special meeting, a vote of the
21 stockholders entitled to vote shall be taken on the
22 proposed amendment. Except as provided in paragraph (7)
23 of this subsection (b), the proposed amendment shall be
24 adopted upon receiving the affirmative vote of the
25 holders of at least two-thirds of the outstanding shares
26 of stock entitled to vote at such meeting, unless holders
27 of preferred stock are entitled to vote as a class in
28 respect thereof, in which event the proposed amendment
29 shall be adopted upon receiving the affirmative vote of
30 the holders of at least two-thirds of the outstanding
31 shares of each class of shares entitled to vote as a
32 class in respect thereof and of the total outstanding
33 shares entitled to vote at such meeting. Any number of
34 amendments may be submitted to the stockholders and voted

1 upon by them at one meeting. A certificate of the
2 amendment, or amendments, verified by the president, or a
3 vice-president, or the cashier, shall be filed
4 immediately in the office of the Commissioner.

5 (4) At any annual meeting without a resolution of
6 the board of directors and without a notice and prior
7 publication, as hereinabove provided, a proposition for a
8 change in the bank's charter as provided for in this
9 Section 17 may be submitted to a vote of the stockholders
10 entitled to vote at the annual meeting, except that no
11 proposition for authorized but unissued capital stock
12 reserved for issuance for one or more of the purposes
13 provided for in subsection (5) of Section 14 hereof shall
14 be submitted without complying with the provisions of
15 said subsection. The proposed amendment shall be adopted
16 upon receiving the affirmative vote of the holders of at
17 least two-thirds of the outstanding shares of stock
18 entitled to vote at such meeting, unless holders of
19 preferred stock are entitled to vote as a class in
20 respect thereof, in which event the proposed amendment
21 shall be adopted upon receiving the affirmative vote of
22 the holders of at least two-thirds of the outstanding
23 shares of each class of shares entitled to vote as a
24 class in respect thereof and the total outstanding shares
25 entitled to vote at such meeting. A certificate of the
26 amendment, or amendments, verified by the president, or a
27 vice-president or cashier, shall be filed immediately in
28 the office of the Commissioner.

29 (5) If an amendment or amendments shall be approved
30 in writing by the Commissioner, the amendment or
31 amendments so adopted and so approved shall be
32 accomplished in accordance with the vote of the
33 stockholders. The Commissioner may impose such terms and
34 conditions on the approval of the amendment or amendments

1 as he deems necessary or appropriate. The Commissioner
2 shall revoke such approval in the event such amendment or
3 amendments are not effected within one year from the date
4 of the issuance of the Commissioner's certificate and
5 written approval except for transactions permitted under
6 subsection (5) of Section 14 of this Act.

7 (6) No amendment or amendments shall affect suits
8 in which the bank is a party, nor affect causes of
9 action, nor affect rights of persons in any particular,
10 nor shall actions brought against such bank by its former
11 name be abated by a change of name.

12 (7) A proposal to amend the charter to eliminate
13 cumulative voting rights under all or specified
14 circumstances, or to eliminate voting rights entirely, as
15 to any class or classes or series or stock of a bank,
16 pursuant to paragraph (3) of Section 15 and paragraph (7)
17 of subsection (a) of this Section 17, shall be adopted
18 only upon such proposal receiving the approval of the
19 holders of 70% of the outstanding shares of stock
20 entitled to vote at the meeting where the proposal is
21 presented for approval, unless holders of preferred stock
22 are entitled to vote as a class in respect thereof, in
23 which event the proposed amendment shall be adopted upon
24 receiving the approval of the holders of 70% of the
25 outstanding shares of each class of shares entitled to
26 vote as a class in respect thereof and of the total
27 outstanding shares entitled to vote at the meeting where
28 the proposal is presented for approval. The proposal to
29 amend the charter pursuant to this paragraph (7) may be
30 voted upon at the annual meeting or a special meeting.

31 (8) Written or printed notice of a stockholders'
32 meeting to vote on a proposal to increase, decrease or
33 change the capital stock or preferred stock pursuant to
34 paragraph (8) of subsection (a) of this Section 17 and to

1 eliminate fractional shares or avoid the issuance of
2 fractional shares shall be given to each stockholder of
3 record entitled to vote at the meeting at least 30 days
4 before the meeting and in the manner provided in this Act
5 for the giving of notice of meetings of stockholders, and
6 shall include all of the following information:

7 (A) A statement of the purpose of the proposed
8 reverse stock split.

9 (B) A statement of the amount of consideration
10 being offered for the bank's stock.

11 (C) A statement that the bank considers the
12 transaction fair to the stockholders, and a
13 statement of the material facts upon which this
14 belief is based.

15 (D) A statement that the bank has secured an
16 opinion from a third party with respect to the
17 fairness, from a financial point of view, of the
18 consideration to be paid, the identity and
19 qualifications of the third party, how the third
20 party was selected, and any material relationship
21 between the third party and the bank.

22 (E) A summary of the opinion including the
23 basis for and the methods of arriving at the
24 findings and any limitation imposed by the bank in
25 arriving at fair value and a statement making the
26 opinion available for reviewing or copying by any
27 stockholder.

28 (F) A statement that objecting stockholders
29 will be entitled to the fair value of those shares
30 that are voted against the charter amendment, if a
31 proper demand is made on the bank and the
32 requirements are satisfied as specified in this
33 Section.

34 If a stockholder shall file with the bank, prior to or at the

1 meeting of stockholders at which the proposed charter
2 amendment is submitted to a vote, a written objection to the
3 proposed charter amendment and shall not vote in favor
4 thereof, and if the stockholder, within 20 days after
5 receiving written notice of the date the charter amendment
6 was accomplished pursuant to paragraph (5) of subsection (a)
7 of this Section 17, shall make written demand on the bank for
8 payment of the fair value of the stockholder's shares as of
9 the day prior to the date on which the vote was taken
10 approving the charter amendment, the bank shall pay to the
11 stockholder, upon surrender of the certificate or
12 certificates representing the stock, the fair value thereof.
13 The demand shall state the number of shares owned by the
14 objecting stockholder. The bank shall provide written notice
15 of the date on which the charter amendment was accomplished
16 to all stockholders who have filed written objections in
17 order that the objecting stockholders may know when they must
18 file written demand if they choose to do so. Any stockholder
19 failing to make demand within the 20-day period shall be
20 conclusively presumed to have consented to the charter
21 amendment and shall be bound by the terms thereof. If within
22 30 days after the date on which a charter amendment was
23 accomplished the value of the shares is agreed upon between
24 the objecting stockholders and the bank, payment therefor
25 shall be made within 90 days after the date on which the
26 charter amendment was accomplished, upon the surrender of the
27 stockholder's certificate or certificates representing the
28 shares. Upon payment of the agreed value the objecting
29 stockholder shall cease to have any interest in the shares or
30 in the bank. If within such period of 30 days the
31 stockholder and the bank do not so agree, then the objecting
32 stockholder may, within 60 days after the expiration of the
33 30-day period, file a complaint in the circuit court asking
34 for a finding and determination of the fair value of the

1 shares, and shall be entitled to judgment against the bank
2 for the amount of the fair value as of the day prior to the
3 date on which the vote was taken approving the charter
4 amendment with interest thereon to the date of the judgment.
5 The practice, procedure and judgment shall be governed by the
6 Civil Practice Law. The judgment shall be payable only upon
7 and simultaneously with the surrender to the bank of the
8 certificate or certificates representing the shares. Upon
9 payment of the judgment, the objecting stockholder shall
10 cease to have any interest in the shares or the bank. The
11 shares may be held and disposed of by the bank. Unless the
12 objecting stockholder shall file such complaint within the
13 time herein limited, the stockholder and all persons claiming
14 under the stockholder shall be conclusively presumed to have
15 approved and ratified the charter amendment, and shall be
16 bound by the terms thereof. The right of an objecting
17 stockholder to be paid the fair value of the stockholder's
18 shares of stock as herein provided shall cease if and when
19 the bank shall abandon the charter amendment.

20 (c) The purchase and holding and later resale of
21 treasury stock of a state bank pursuant to the provisions of
22 subsection (6) of Section 14 may be accomplished without a
23 change in its charter reflecting any decrease or increase in
24 capital stock.

25 (d) A State bank may amend its charter for the purpose
26 of authorizing its board of directors to issue preferred
27 stock; to increase, decrease, or change the par value of
28 shares of its preferred stock, whether issued or unissued; or
29 to increase, decrease, or change the preferences,
30 qualifications, limitations, restrictions, or special or
31 relative rights of its preferred stock, whether issued or
32 unissued; provided that in no case shall the capital be
33 diminished to the prejudice of the bank's creditors. An
34 amendment to the bank's charter granting such authority shall

1 establish ranges, limits, or restrictions that must be
2 observed when the board exercises the discretion authorized
3 by the amendment.

4 Once such an amendment is adopted and approved as
5 provided in this subsection, and without further action by
6 the bank's stockholders, the board may exercise its delegated
7 authority by adopting a resolution specifying the actions
8 that it is taking with respect to the preferred stock. The
9 board may fully exercise its delegated authority through one
10 resolution or it may exercise its delegated authority through
11 a series of resolutions, provided that the board's actions
12 remain at all times within the ranges, limitations, and
13 restrictions specified in the amendment to the bank's
14 charter.

15 A resolution adopted by the board under this authority
16 shall be submitted to the Commissioner for approval. The
17 Commissioner shall approve the resolution, or state any
18 objections to the resolution, within 30 days after the
19 receipt of the resolution adopted by the board. If no
20 objections are specified by the Commissioner within that time
21 frame, the resolution will be deemed to be approved by the
22 Commissioner. Once approved, the resolution shall be
23 incorporated as an addendum to the bank's charter and the
24 board may proceed to effect the changes set forth in the
25 resolution.

26 (Source: P.A. 91-322, eff. 1-1-00; 92-483, eff. 8-23-01.);

27 and

28 on page 2 by inserting immediately below line 32 the
29 following:

30 "Section 10. The Savings Bank Act is amended by adding
31 Section 1007.125 and changing Section 1008 as follows:

32 (205 ILCS 205/1007.125 new)

1 Sec. 1007.125. Limited liability company. "Limited
2 liability company" means a limited liability company
3 organized under the Limited Liability Company Act.

4 (205 ILCS 205/1008) (from Ch. 17, par. 7301-8)

5 Sec. 1008. General corporate powers.

6 (a) A savings bank operating under this Act shall be a
7 body corporate and politic and shall have all of the powers
8 conferred by this Act including, but not limited to, the
9 following powers:

10 (1) To sue and be sued, complain, and defend in its
11 corporate name and to have a common seal, which it may
12 alter or renew at pleasure.

13 (2) To obtain and maintain insurance by a deposit
14 insurance corporation as defined in this Act.

15 (3) To act as a fiscal agent for the United States,
16 the State of Illinois or any department, branch, arm, or
17 agency of the State or any unit of local government or
18 school district in the State, when duly designated for
19 that purpose, and as agent to perform reasonable
20 functions as may be required of it.

21 (4) To become a member of or deal with any
22 corporation or agency of the United States or the State
23 of Illinois, to the extent that the agency assists in
24 furthering or facilitating its purposes or powers and to
25 that end to purchase stock or securities thereof or
26 deposit money therewith, and to comply with any other
27 conditions of membership or credit.

28 (5) To make donations in reasonable amounts for the
29 public welfare or for charitable, scientific, religious,
30 or educational purposes.

31 (6) To adopt and operate reasonable insurance,
32 bonus, profit sharing, and retirement plans for officers
33 and employees and for directors including, but not

1 limited to, advisory, honorary, and emeritus directors,
2 who are not officers or employees.

3 (7) To reject any application for membership; to
4 retire deposit accounts by enforced retirement as
5 provided in this Act and the bylaws; and to limit the
6 issuance of, or payments on, deposit accounts, subject,
7 however, to contractual obligations.

8 (8) To purchase stock in service corporations and
9 to invest in any form of indebtedness of any service
10 corporation as defined in this Act, subject to
11 regulations of the Commissioner.

12 (9) To purchase stock of a corporation whose
13 principal purpose is to operate a safe deposit company or
14 escrow service company.

15 (10) To exercise all the powers necessary to
16 qualify as a trustee or custodian under federal or State
17 law, provided that the authority to accept and execute
18 trusts is subject to the provisions of the Corporate
19 Fiduciary Act and to the supervision of those activities
20 by the Commissioner.

21 (11) (Blank).

22 (12) To establish, maintain, and operate terminals
23 as authorized by the Electronic Fund Transfer Act.

24 (13) To pledge its assets:

25 (A) to enable it to act as agent for the sale
26 of obligations of the United States;

27 (B) to secure deposits;

28 (C) to secure deposits of money whenever
29 required by the National Bankruptcy Act;

30 (D) (blank); and

31 (E) to secure trust funds commingled with the
32 savings bank's funds, whether deposited by the
33 savings bank or an affiliate of the savings bank, as
34 required under Section 2-8 of the Corporate

1 Fiduciary Act.

2 (14) To accept for payment at a future date not to
3 exceed one year from the date of acceptance, drafts drawn
4 upon it by its customers; and to issue, advise, or
5 confirm letters of credit authorizing holders thereof to
6 draw drafts upon it or its correspondents.

7 (15) Subject to the regulations of the
8 Commissioner, to own and lease personal property acquired
9 by the savings bank at the request of a prospective
10 lessee and, upon the agreement of that person, to lease
11 the personal property.

12 (16) To establish temporary service booths at any
13 International Fair in this State that is approved by the
14 United States Department of Commerce for the duration of
15 the international fair for the purpose of providing a
16 convenient place for foreign trade customers to exchange
17 their home countries' currency into United States
18 currency or the converse. To provide temporary periodic
19 service to persons residing in a bona fide nursing home,
20 senior citizens' retirement home, or long-term care
21 facility. These powers shall not be construed as
22 establishing a new place or change of location for the
23 savings bank providing the service booth.

24 (17) To indemnify its officers, directors,
25 employees, and agents, as authorized for corporations
26 under Section 8.75 of the Business Corporations Act of
27 1983.

28 (18) To provide data processing services to others
29 on a for-profit basis.

30 (19) To utilize any electronic technology to
31 provide customers with home banking services.

32 (20) Subject to the regulations of the
33 Commissioner, to enter into an agreement to act as a
34 surety.

1 (21) Subject to the regulations of the
2 Commissioner, to issue credit cards, extend credit
3 therewith, and otherwise engage in or participate in
4 credit card operations.

5 (22) To purchase for its own account shares of
6 stock of a bankers' bank, described in Section 13(b)(1)
7 of the Illinois Banking Act, on the same terms and
8 conditions as a bank may purchase such shares. In no
9 event shall the total amount of such stock held by a
10 savings bank in such bankers' bank exceed 10% of its
11 capital and surplus (including undivided profits) and in
12 no event shall a savings bank acquire more than 5% of any
13 class of voting securities of such bankers' bank.

14 (23) With respect to affiliate facilities:

15 (A) to conduct at affiliate facilities any of
16 the following transactions for and on behalf of any
17 affiliated depository institution, if so authorized
18 by the affiliate or affiliates: receiving deposits;
19 renewing deposits; cashing and issuing checks,
20 drafts, money orders, travelers checks, or similar
21 instruments; changing money; receiving payments on
22 existing indebtedness; and conducting ministerial
23 functions with respect to loan applications,
24 servicing loans, and providing loan account
25 information; and

26 (B) to authorize an affiliated depository
27 institution to conduct for and on behalf of it, any
28 of the transactions listed in this subsection at one
29 or more affiliate facilities.

30 A savings bank intending to conduct or to authorize
31 an affiliated depository institution to conduct at an
32 affiliate facility any of the transactions specified in
33 this subsection shall give written notice to the
34 Commissioner at least 30 days before any such transaction

1 is conducted at an affiliate facility. All conduct under
2 this subsection shall be on terms consistent with safe
3 and sound banking practices and applicable law.

4 (24) Subject to Article XLIV of the Illinois
5 Insurance Code, to act as the agent for any fire, life,
6 or other insurance company authorized by the State of
7 Illinois, by soliciting and selling insurance and
8 collecting premiums on policies issued by such company;
9 and may receive for services so rendered such fees or
10 commissions as may be agreed upon between the said
11 savings bank and the insurance company for which it may
12 act as agent; provided, however, that no such savings
13 bank shall in any case assume or guarantee the payment of
14 any premium on insurance policies issued through its
15 agency by its principal; and provided further, that the
16 savings bank shall not guarantee the truth of any
17 statement made by an assured in filing his application
18 for insurance.

19 (25) To become a member of the Federal Home Loan
20 Bank and to have the powers granted to a savings
21 association organized under the Illinois Savings and Loan
22 Act of 1985 or the laws of the United States, subject to
23 regulations of the Commissioner.

24 (26) To offer any product or service that is at the
25 time authorized or permitted to a bank by applicable law,
26 but subject always to the same limitations and
27 restrictions that are applicable to the bank for the
28 product or service by such applicable law and subject to
29 the applicable provisions of the Financial Institutions
30 Insurance Sales Law and rules of the Commissioner.

31 (b) If this Act or the regulations adopted under this
32 Act fail to provide specific guidance in matters of corporate
33 governance, the provisions of the Business Corporation Act of
34 1983 may be used.

1 (c) A savings bank operating under this Act may, subject
2 to rules of the Commissioner, convert to a limited liability
3 company upon an authorization by the deposit insurance
4 corporation.

5 (Source: P.A. 91-97, eff. 7-9-99; 91-357, eff. 7-29-99;
6 92-483, eff. 8-23-01.)

7 Section 15. The Limited Liability Company Act is amended
8 by changing Section 1-25 as follows:

9 (805 ILCS 180/1-25)

10 Sec. 1-25. Nature of business. A limited liability
11 company may be formed for any lawful purpose or business
12 except:

13 (1) (blank) ~~banking, exclusive of fiduciaries~~
14 ~~organized for the purpose of accepting and executing~~
15 ~~trusts;~~

16 (2) insurance unless, for the purpose of carrying
17 on business as a member of a group including incorporated
18 and individual unincorporated underwriters, the Director
19 of Insurance finds that the group meets the requirements
20 of subsection (3) of Section 86 of the Illinois Insurance
21 Code and the limited liability company, if insolvent, is
22 subject to liquidation by the Director of Insurance under
23 Article XIII of the Illinois Insurance Code;

24 (3) the practice of dentistry unless all the
25 members and managers are licensed as dentists under the
26 Illinois Dental Practice Act; or

27 (4) the practice of medicine unless all the
28 managers, if any, are licensed to practice medicine under
29 the Medical Practice Act of 1987 and any of the following
30 conditions apply:

31 (A) the member or members are licensed to
32 practice medicine under the Medical Practice Act of

1 1987; or

2 (B) the member or members are a registered
3 medical corporation or corporations organized
4 pursuant to the Medical Corporation Act; or

5 (C) the member or members are a professional
6 corporation organized pursuant to the Professional
7 Service Corporation Act of physicians licensed to
8 practice medicine in all its branches; or

9 (D) the member or members are a medical
10 limited liability company or companies.

11 (Source: P.A. 91-593, eff. 8-14-99; 92-144, eff. 7-24-01.)".