

1 AN ACT concerning financial regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Savings Bank Act is amended by changing  
5 Sections 1007.35, 8015, 11003, and 11005 and by adding Section  
6 2001.40 as follows:

7 (205 ILCS 205/1007.35) (from Ch. 17, par. 7301-7.35)

8 Sec. 1007.35. "Control", unless specified otherwise in  
9 this Act, shall mean:

10 (1) the ability of any person, entity, persons, or  
11 entities acting alone or in concert with one or more  
12 persons or entities, to own, hold, or direct with power to  
13 vote, or to hold proxies representing, 10% or more of the  
14 voting shares or rights of capital stock of a savings bank,  
15 savings bank subsidiary, savings bank affiliate, or  
16 savings bank holding company or 10% or more of the members  
17 shares of a mutual savings bank or mutual savings bank  
18 holding company;

19 (2) the ability to achieve in any manner the election  
20 or appointment of a majority of the directors of a savings  
21 bank; or

22 (3) the power to direct or exercise significant  
23 influence over the management or policies of the savings

1 bank or savings bank affiliate.

2 "Control" does not include the voting of proxies obtained  
3 from depositors if the proxies are voted as directed by a  
4 majority of the board of directors of the savings bank or of a  
5 committee of directors when the committee's composition and  
6 powers may be revoked by a majority vote of the board of  
7 directors.

8 (Source: P.A. 92-483, eff. 8-23-01.)

9 (205 ILCS 205/2001.40 new)

10 Sec. 2001.40. Company. "Company" means any corporation,  
11 limited liability company, partnership, joint venture, trust,  
12 estate, association, or unincorporated association.

13 (205 ILCS 205/8015) (from Ch. 17, par. 7308-15)

14 Sec. 8015. Change in control.

15 (a) No person, whether acting directly or indirectly or  
16 through or in concert with one or more persons, may acquire  
17 control of a savings bank operating under this Act without  
18 prior approval of the Commissioner. Any person, whether acting  
19 directly or indirectly or through or in concert with one or  
20 more persons, shall give the Commissioner 60 days written  
21 notice of intent to acquire control of a savings bank or  
22 savings bank affiliate operating under this Act. The  
23 Commissioner shall promulgate rules to implement this  
24 provision including definitions, application, procedures,

1 ~~standards for approval or disapproval.~~

2 (b) Any person seeking to acquire control of a savings bank  
3 or subsidiary of a savings bank operating under this Act shall  
4 submit an application in the form required by the Commissioner.  
5 ~~The Commissioner may examine the books and records of any~~  
6 ~~person giving notice of intent to acquire control of a savings~~  
7 ~~bank operating under this Act.~~

8 (c) The Commissioner may examine the books and records of  
9 the applicant and related persons, investigate any matter  
10 relevant to the application, and require the applicant to  
11 submit additional information and documents. ~~The Commissioner~~  
12 ~~may approve or disapprove an application for change of control.~~

13 (d) The Commissioner shall not approve an acquisition of  
14 control unless the application and related examination and  
15 investigation permit the Commissioner to find positively on all  
16 of the following matters:

17 (1) The applicant has filed a complete application, has  
18 cooperated with all examinations and investigations of the  
19 Commissioner, and has submitted all information and  
20 documents requested by the Commissioner.

21 (2) The applicant and proposed management have the  
22 necessary competence, experience, integrity, and financial  
23 ability.

24 (3) The business plans of the applicant are consistent  
25 with the safe and sound operation of the savings bank and  
26 the purposes of this Act.

1           (4) The acquisition of control would not be inequitable  
2           to members, borrowers or creditors of the savings bank.

3           (5) The applicant and proposed management have  
4           complied with subsection (e) of this Section.

5           (e) Shares of stock or mutual members shares acquired in  
6           violation of subsection (a) of this Section shall not be voted  
7           and shall not be counted in calculating the total number of  
8           shares eligible to vote. In addition to any other action  
9           authorized under this Act, the Commissioner may require  
10           divestment of shares of stock acquired in violation of this  
11           Section and may require retirement of the withdrawal value of  
12           accounts providing mutual member voting shares acquired in  
13           violation of this Section, in which case the savings bank shall  
14           pay accrued interest on the retired withdrawal value and shall  
15           not assess any penalty for early withdrawal.

16           (f) An individual, whether acting directly or indirectly or  
17           through or in concert with one or more persons, shall file  
18           written notice to the Commissioner within 10 days of the  
19           occurrence of either of the following events:

20           (1) becoming, directly or indirectly, the beneficial  
21           owner of more than five percent of the voting shares of a  
22           savings bank or savings bank holding company; or

23           (2) obtaining, directly or indirectly, the power to  
24           cast more than five percent of the member votes of a  
25           savings bank or savings bank holding company.

26           The requirements of this subsection (f) are separate and in

1 addition to the requirements of subsection (a) of this Section.

2 (g) The Commissioner may promulgate rules to implement this  
3 provision, including definitions, form and content of  
4 application or notice, procedures, exemptions, and  
5 requirements for approval.

6 (Source: P.A. 92-483, eff. 8-23-01; 92-811, eff. 8-21-02.)

7 (205 ILCS 205/11003) (from Ch. 17, par. 7311-3)

8 Sec. 11003. Removal and prohibition authority.

9 (a) In addition to other provisions of this Act concerning  
10 officers and directors, the Commissioner may remove or suspend  
11 from any savings bank operating under this Act any officer,  
12 director, employee, or agent of a savings bank, and the  
13 Commissioner may prohibit participation in the affairs of any  
14 savings bank by any current, former, or prospective officer,  
15 director, employee, or agent of a savings bank, if he finds any  
16 of the following that:

17 (1) The person or persons have directly or indirectly  
18 violated any law, regulation, or order including orders,  
19 conditions, and agreements between the savings bank and the  
20 Commissioner or between the savings bank and its federal  
21 regulators.

22 (2) The person or persons have breached their fiduciary  
23 or professional responsibilities to the savings bank.

24 (3) The person or persons have engaged or participated  
25 in unsafe action in conducting the business of a savings

1       bank, a savings bank holding company, or a savings bank  
2       affiliate.

3       (4) The person or persons have obstructed or impeded an  
4       examination or investigation of a savings bank, a savings  
5       bank holding company, or savings bank affiliate.

6       (5) The person or persons have similarly behaved  
7       towards any other insured depository institution or  
8       otherwise regulated entity or that the person or persons  
9       are the subject of any final order issued by the federal  
10      insurer, the Office of the Comptroller of the Currency, the  
11      Federal Reserve Board, a state financial institutions  
12      regulator, the Securities and Exchange Commission, or by a  
13      state or federal court of law.

14      (b) The Commissioner may serve upon a party a written  
15      notice of the Commissioner's intention to remove or suspend the  
16      party from office in the savings bank or to prohibit any  
17      participation in any manner by the party in the affairs of any  
18      savings bank, if the Commissioner finds because of a violation  
19      of subsection (a) any of the following ~~that~~:

20           (1) Any savings bank, other insured depository  
21           institution, or other regulated entity has or probably will  
22           suffer financial loss or other damage.

23           (2) The interests of the savings bank's depositors or  
24           other insured depository institution's depositors have  
25           been or could be prejudiced.

26           (3) The party has received financial gain or other

1 benefit by reason of the violation and the Commissioner  
2 finds that the. ~~(4) The~~ violation or breach involves  
3 personal dishonesty on the part of the party or  
4 demonstrates willful or continuing disregard by the party  
5 for the safety and soundness of the savings bank or other  
6 insured depository institution.

7 (Source: P.A. 92-483, eff. 8-23-01.)

8 (205 ILCS 205/11005) (from Ch. 17, par. 7311-5)

9 Sec. 11005. Institution affiliated party. As used in this  
10 Act, the term "institution affiliated party" shall mean a  
11 director, officer, employee, agent, or controlling stockholder  
12 of a savings bank operating under this Act; a person who has  
13 filed or is required to file a change-in-control application  
14 ~~notice~~ with the Commissioner; any person subject to an order of  
15 or a party to an agreement with the Commissioner pertaining to  
16 a savings bank; a shareholder of, consultant to, joint venture  
17 partner of, or an independent contractor for (including  
18 accountants, appraisers and attorneys) any other person who  
19 participates in a significant way in the affairs of a savings  
20 bank operating under this Act.

21 (Source: P.A. 91-97, eff. 7-9-99.)

22 Section 99. Effective date. This Act takes effect upon  
23 becoming law.