

AN ACT concerning financial regulation.

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

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

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

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

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

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

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

bank or savings bank affiliate.

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

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

(205 ILCS 205/2001.40 new)

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

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

Sec. 8015. Change in control.

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

~~standards for approval or disapproval.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 11003. Removal and prohibition authority.

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

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

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

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

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

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

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

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

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

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

(3) The party has received financial gain or other

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

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

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

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

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

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