

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

H

1

HOUSE BILL 933

Short Title: Equitable Liquidation/Conversion.

(Public)

Sponsors: Representative Allred.

Referred to: Business and Labor Sub. on Economic Expansion & Growth, if favorable,
Financial Institutions.

April 12, 1995

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR FAIR AND EQUITABLE LIQUIDATIONS OF
3 MUTUAL ASSOCIATIONS AND SAVINGS BANKS.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 54B-42 reads as rewritten:

6 **"§54B-42. Rules, regulations and reports of voluntary dissolution.**

7 (a) The Administrator shall promulgate rules and regulations governing the
8 dissolution and liquidation of State associations. These rules and regulations shall
9 include, but not be limited to, provisions with respect to:

- 10 (1) The protection and liquidation of assets;
11 (2) The plan of liquidation;
12 (3) Notice to file claims;
13 (4) Claims of members;
14 (5) Payments of claims and distribution; and
15 (6) Final distribution and liquidation.

16 The Administrator shall adopt rules to assure that the plan of liquidation is fair and
17 equitable to all members with respect to claims and distributions and based on the
18 prorated financial interest of the members in the mutual association.

1 (b) Upon completion of liquidation, the liquidators shall file with the
2 Administrator a final report and accounting of the liquidation. The approval of the report
3 by the Administrator shall operate as a complete and final discharge of the liquidators,
4 the board of directors, and each member or stockholder in connection with the liquidation
5 of such association. Upon approval of the report, the Administrator shall issue a
6 certificate of dissolution of the association and shall record same in the manner required
7 by this Chapter for the recording of certificates of incorporation; and upon such
8 recording, the dissolution shall be effective. The Administrator shall not approve the
9 report of a mutual association or issue a certificate of dissolution unless the report and
10 accounting of the liquidation provides that there has been a fair and equitable distribution
11 of the assets of the association based on the prorated financial interest of the members in
12 the mutual association."

13 Sec. 2. Article 3 of Chapter 54B of the General Statutes is amended by adding
14 a new section to read:

15 "**§ 54B-39.1. Prohibition of director and officer incentives.**

16 The officers and directors of a mutual association shall not receive financial
17 incentives related to a merger of the mutual association under this Article."

18 Sec. 3. G.S. 54C-43 reads as rewritten:

19 "**§ 54C-43. Reports of voluntary dissolution.**

20 Upon completion of liquidation, the liquidator shall file with the Administrator a final
21 report and accounting of the liquidation. The Administrator's approval of the report shall
22 operate as a complete and final discharge of the liquidator, the board of directors, and
23 each member or stockholder in connection with the liquidation of the savings bank.
24 Upon approval of the report, the Administrator shall issue a certificate of dissolution of
25 the savings bank and shall record same in the manner required by this Chapter for the
26 recording of certificates of incorporation. The dissolution is effective upon the recording
27 of the certificates of incorporation. The Administrator shall not approve the report of a
28 mutual savings bank or issue a certificate of dissolution unless the report and accounting
29 of liquidation provides that there has been a fair and equitable distribution of the assets of
30 the savings bank based on the prorated financial interest of the members in the mutual
31 association."

32 Sec. 4. Article 3 of Chapter 54C of the General Statutes is amended by adding
33 a new section to read:

34 "**§ 54C-40.1. Prohibition of director and officer incentives.**

35 The officers and directors of a mutual savings bank shall not receive financial
36 incentives related to a merger of the mutual savings bank under this Article."

37 Sec. 5. This act is effective upon ratification.