S T A T E O F N E W Y O R K

171

2009-2010 Regular Sessions

I N A S S E M B L Y

(PREFILED)

January 7, 2009

Introduced by M. of A. JEFFRIES, COLTON, PERRY, WRIGHT -- Multi-Sponsored by -- M. of A. HYER-SPENCER -- read once and referred to the Committee on Banks

AN ACT to amend the banking law, in relation to maturity notices

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 389 of the banking law, as amended by chapter 341 of the laws of 1939, is amended to read as follows:

S 389. Matured shares; conversion into shares of another class upon notice. 1. Whenever the dues and dividends credited to instalment or accumulative prepaid shares shall equal their matured value, notice of such maturity shall be given to the holders thereof and the payment of dues thereon shall cease. Such notice shall be mailed to such shareholder at his last known address as it appears on the books of the association and, in the discretion of the board of directors, may contain a further provision that if such shareholder fails to accept payment for such shares, convert such shares into shares of another class or file an application to withdraw such shares within sixty days after the mailing of such notice, the same will be converted into another class of shares specified in such notice. If such additional provision has been included in such notice and the shareholder fails or neglects to accept payment for such shares, convert such shares into shares of another class or file an application to withdraw such shares, within such sixty days, the board of directors may, by resolution, convert such shares into the class of shares specified in such notice. For the purpose of maturing such shares, a special dividend may be credited between regular dividend dates at the same rate at which the last regular dividend was credited. When shares pledged to the association mature, the value of such shares shall, to the extent of the obligation for which they are pledged, be applied in payment thereof. Any remaining balance of such

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD00325-01-9

shares shall be treated as matured shares and any other collateral not required to satisfy such obligation shall be returned.

2. SUCH NOTICE SHALL BE ITEMIZED TO ENUMERATE THE DOLLAR AMOUNT IN THE ACCOUNT AT MATURITY, THE RATE OF INTEREST BEING EARNED AND THE NAME OR NAMES OF ANY AND ALL ACCOUNT HOLDERS AND BENEFICIARIES OF SUCH ACCOUNT.

S 2. The banking law is amended by adding a new section 245-a to read as follows:

S 245-A. MATURED SHARES; CONVERSION INTO SHARES OF ANOTHER CLASS UPON NOTICE. 1. WHENEVER THE DUES AND DIVIDENDS CREDITED TO INSTALMENT OR ACCUMULATIVE PREPAID SHARES SHALL EQUAL THEIR MATURED VALUE, NOTICE OF SUCH MATURITY SHALL BE GIVEN TO THE HOLDERS THEREOF AND THE PAYMENT OF DUES THEREON SHALL CEASE. SUCH NOTICE SHALL BE MAILED TO SUCH SHAREHOLDER AT HIS LAST KNOWN ADDRESS AS IT APPEARS ON THE BOOKS OF THE ASSOCIATION AND, IN THE DISCRETION OF THE BOARD OF DIRECTORS, MAY CONTAIN A FURTHER PROVISION THAT IF SUCH SHAREHOLDER FAILS TO ACCEPT PAYMENT FOR SUCH SHARES, CONVERT SUCH SHARES INTO SHARES OF ANOTHER CLASS OR FILE AN APPLICATION TO WITHDRAW SUCH SHARES WITHIN SIXTY DAYS AFTER THE MAILING OF SUCH NOTICE, THE SAME WILL BE CONVERTED INTO ANOTHER CLASS OF SHARES SPECIFIED IN SUCH NOTICE. IF SUCH ADDITIONAL PROVISION HAS BEEN INCLUDED IN SUCH NOTICE AND THE SHAREHOLDER FAILS OR NEGLECTS TO ACCEPT PAYMENT FOR SUCH SHARES, CONVERT SUCH SHARES INTO SHARES OF ANOTHER CLASS OR FILE AN APPLICATION TO WITHDRAW SUCH SHARES, WITHIN SUCH SIXTY DAYS, THE BOARD OF DIRECTORS MAY, BY RESOLUTION, CONVERT SUCH SHARES INTO THE CLASS OF SHARES SPECIFIED IN SUCH NOTICE. FOR THE PURPOSE OF MATURING SUCH SHARES, A SPECIAL DIVIDEND MAY BE CREDITED BETWEEN REGULAR DIVIDEND DATES AT THE SAME RATE AT WHICH THE LAST REGULAR DIVIDEND WAS CREDITED. WHEN SHARES PLEDGED TO THE BANK MATURE, THE VALUE OF SUCH SHARES SHALL, TO THE EXTENT OF THE OBLIGATION FOR WHICH THEY ARE PLEDGED, BE APPLIED IN PAYMENT THEREOF. ANY REMAINING BALANCE OF SUCH SHARES SHALL BE TREATED AS MATURED SHARES AND ANY OTHER COLLATERAL NOT REQUIRED TO SATISFY SUCH OBLIGATION SHALL BE RETURNED.

2. SUCH NOTICE SHALL BE ITEMIZED TO ENUMERATE THE DOLLAR AMOUNT IN THE ACCOUNT AT MATURITY, THE RATE OF INTEREST BEING EARNED AND THE NAME OR NAMES OF ANY AND ALL ACCOUNT HOLDERS AND BENEFICIARIES OF SUCH ACCOUNT.

S 3. The banking law is amended by adding a new section 460-a to read as follows:

S 460-A. MATURED SHARES; CONVERSION INTO SHARES OF ANOTHER CLASS UPON NOTICE. 1. WHENEVER THE DUES AND DIVIDENDS CREDITED TO INSTALMENT OR ACCUMULATIVE PREPAID SHARES SHALL EQUAL THEIR MATURED VALUE, NOTICE OF SUCH MATURITY SHALL BE GIVEN TO THE HOLDERS THEREOF AND THE PAYMENT OF DUES THEREON SHALL CEASE. SUCH NOTICE SHALL BE MAILED TO SUCH SHAREHOLDER AT HIS LAST KNOWN ADDRESS AS IT APPEARS ON THE BOOKS OF THE ASSOCIATION AND, IN THE DISCRETION OF THE BOARD OF DIRECTORS, MAY CONTAIN A FURTHER PROVISION THAT IF SUCH SHAREHOLDER FAILS TO ACCEPT PAYMENT FOR SUCH SHARES, CONVERT SUCH SHARES INTO SHARES OF ANOTHER CLASS OR FILE AN APPLICATION TO WITHDRAW SUCH SHARES WITHIN SIXTY DAYS AFTER THE MAILING OF SUCH NOTICE, THE SAME WILL BE CONVERTED INTO ANOTHER CLASS OF SHARES SPECIFIED IN SUCH NOTICE. IF SUCH ADDITIONAL PROVISION HAS BEEN INCLUDED IN SUCH NOTICE AND THE SHAREHOLDER FAILS OR NEGLECTS TO ACCEPT PAYMENT FOR SUCH SHARES, CONVERT SUCH SHARES INTO SHARES OF ANOTHER CLASS OR FILE AN APPLICATION TO WITHDRAW SUCH SHARES, WITHIN SUCH SIXTY DAYS, THE BOARD OF DIRECTORS MAY, BY RESOLUTION, CONVERT SUCH SHARES INTO THE CLASS OF SHARES SPECIFIED IN SUCH NOTICE. FOR THE PURPOSE OF MATURING SUCH SHARES, A SPECIAL DIVIDEND MAY BE CREDITED BETWEEN REGULAR DIVIDEND DATES AT THE SAME RATE AT WHICH THE LAST REGULAR DIVIDEND WAS CREDITED. WHEN SHARES PLEDGED TO THE CREDIT UNION MATURE, THE VALUE OF

SUCH SHARES SHALL, TO THE EXTENT OF THE OBLIGATION FOR WHICH THEY ARE PLEDGED, BE APPLIED IN PAYMENT THEREOF. ANY REMAINING BALANCE OF SUCH SHARES SHALL BE TREATED AS MATURED SHARES AND ANY OTHER COLLATERAL NOT REQUIRED TO SATISFY SUCH OBLIGATION SHALL BE RETURNED.

2. SUCH NOTICE SHALL BE ITEMIZED TO ENUMERATE THE DOLLAR AMOUNT IN THE ACCOUNT AT MATURITY, THE RATE OF INTEREST BEING EARNED AND THE NAME OR NAMES OF ANY AND ALL ACCOUNT HOLDERS AND BENEFICIARIES OF SUCH ACCOUNT.

S 4. This act shall take effect immediately.