

CHAPTER 750

(Senate Bill 131)

AN ACT to add new Section 108G to Article 11 of the Annotated Code of Maryland (1957 Edition and 1964 Supplement), title "Banks and Trust Companies", sub-heading "General Regulations", to follow immediately after Section 108F thereof, to require reports to the Bank Commissioner of certain transactions and contemplated transactions affecting the voting stock of banks and trust companies, and imposing a penalty for failure to make required reports.

SECTION 1. *Be it enacted by the General Assembly of Maryland, That new Section 108G be and it is hereby added to Article 11 of the Annotated Code of Maryland (1957 Edition and 1964 Supplement), title "Banks and Trust Companies", sub-heading "General Regulations", to follow immediately after Section 108F thereof, and to read as follows:*

108G. (a) Whenever (1) a change occurs or is about to occur in the outstanding voting stock of any State bank or trust company which will result in a change in the control of the institution, or (2) any sales or transfers by or to any one person, corporation or other legal entity of the aggregate of twenty-five per cent (25%) or more of the voting stock of any State bank or trust company is about to be consummated or has been consummated, the president or other chief executive officer of such institution immediately upon obtaining knowledge of such change in the control of the institution or such contemplated or consummated sale or transfer of such stock shall report such facts to the Bank Commissioner.

Whenever application is made for a loan from any State bank or trust company or a loan is made by any such institution, which loan is, or is to be, secured by twenty-five per cent (25%) or more of the voting stock of any State bank or trust company, the president or other chief executive officer of the institution to which the application is made or which makes the loan shall report such fact to the Bank Commissioner, except when the applicant or borrower has been the owner of record of the stock for a period of one year or more, or the stock is of a newly organized State bank or trust company prior to its opening.

(b) As used in this section the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policy of the institution. If there is any doubt as to whether a change in the ownership of the outstanding voting stock of any State bank or trust company is sufficient to effect a change in the control thereof, such doubt shall be resolved in favor of reporting the facts to the Bank Commissioner.

(c) The reports required in this section shall contain whatever information is available to inform the Bank Commissioner of the effect of the sale or loan upon control of the institution whose stock is involved.

(d) Any such president or other chief executive officer who shall knowingly fail to make promptly any such report required in this section or shall knowingly make such a report containing any state-