
DIGEST

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HB 666 Engrossed

2015 Regular Session

Reynolds

Abstract: Authorizes banks or bank holding companies to utilize certain provisions in limited circumstances to allow reversionary events and to provide for limited liability for directors and officers.

Present law includes statutory references to repealed provisions of law. Proposed law removes those references. Proposed law updates these references.

Proposed law allows the articles of incorporation for banks or bank holding companies to include provisions that allow ownership rights over cash, property, or share dividends, shares issuable to shareholders in connection with a reclassification of stock, or the redemption price of redeemed shares to revert in full to the bank or bank holding company in certain circumstances. Proposed law limits those reversion events to circumstances in which the entitled shareholder or property owner has not claimed the shares once they have become issuable or the dividend or redemption price once they have become payable within a reasonable time.

Proposed law indicates that a "reasonable time" shall not, in any event, be less than one year after the shares became issuable or after the dividend or redemption price became payable.

Proposed law further limits those reversion events to circumstances in which the bank or bank holding company has made "reasonable efforts" to deliver the certificates for the shares or pay the dividend or redemption price to the shareholder within that "reasonable time".

Proposed law requires that the "reasonable time" has expired and the "reasonable efforts" have been made by the bank or bank holding company before ownership of the cash, property, or share dividends, shares issuable to shareholders in connection with a reclassification of stock, or the redemption price of redeemed shares may revert in full to the bank or bank holding company. However, proposed law authorizes, regardless of the existence of one of these provisions and regardless of whether the requirements imposed on these provisions have been satisfied, the bank or bank holding company to pay the amount of any cash, property dividend, or redemption price or to issue any shares, ownership of which has reverted to the bank or bank holding company, to the entity who would be entitled thereto had the reversion not occurred.

Proposed law allows the articles of incorporation for banks or bank holding companies to include provisions that eliminate or limit the personal liability of their directors and officers to the corporation or to their shareholders for monetary damages when they breach their fiduciary duty as a director or officer.

Proposed law prohibits these limited liability provisions from eliminating or limiting the liability of directors or officers for:

- (1) Any breach of a duty of loyalty to the bank, bank holding company, or its shareholders.
- (2) Acts or omissions not in good faith or involving intentional misconduct or involving a knowing violation of law.
- (3) Any transaction from which the director or officer derived an improper personal benefit.
- (4) Any act or omission that occurred prior to the date the provision became effective.

(Amends R.S. 6:213(B), 291(D) and (E), 705(C)(2), 786(D), and 1191(C); Adds R.S. 6:213(C))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Make technical changes.