

Sec. 36a-136-12. Actions by commissioner on conversion application

(a) The commissioner may approve the conversion only if the commissioner makes the determinations required by subsection (l) of section 36a-136 of the Connecticut General Statutes, provided a plan of conversion that is fair to depositors shall at a minimum:

(1) Give priority to depositors to purchase stock of the converting institution in accordance with section 36a-136-18 of the Regulations of Connecticut State Agencies;

(2) Provide for a qualifying deposit as defined in subdivision (26) of section 36a-136-1 of the Regulations of Connecticut State Agencies;

(3) Provide for an eligibility record date as defined in subdivision (14) of section 36a-136-1 of the Regulations of Connecticut State Agencies and a supplemental eligibility record date as defined in subdivision (33) of section 36a-136-1 of the Regulations of Connecticut State Agencies;

(4) Provide that the insurable accounts and deposits of the converted institution shall be insured by the Federal Deposit Insurance Corporation; and

(5) Provide that each eligible account holder and supplemental eligible account holder of the converting institution shall receive, without payment, a withdrawable deposit account or accounts in the converted institution equal in withdrawable amount to the withdrawal value of such eligible account holder's or supplemental eligible account holder's deposit account or accounts in the converting institution.

(b) The commissioner shall review the appraisal filed under subdivision (2) of subsection (a) of section 36a-136-8 of the Regulations of Connecticut State Agencies in determining whether to approve the conversion application. The appraisal shall be subject to the following:

(1) Independent persons experienced and expert in corporate appraisal, and acceptable to the commissioner, shall prepare the appraisal report;

(2) An affiliate of the appraiser may serve as an underwriter or selling agent if the converting institution ensures that the appraiser is separate from the underwriter or selling agent affiliate and the underwriter or selling agent affiliate does not make recommendations or affect the appraisal;

(3) The appraiser shall not receive any fee in connection with the conversion other than for appraisal services;

(4) The appraisal report shall include a complete and detailed description of the elements of the appraisal, a justification for the appraisal methodology and sufficient support for the conclusions;

(5) If the appraisal is based on a capitalization of the converting institution's pro forma income, it shall indicate the basis for determining the income to be derived from the sale of shares and demonstrate that the earnings multiple used is appropriate, including future earnings growth assumptions;

(6) If the appraisal is based on a comparison of the converting institution's shares with outstanding shares of existing capital stock banking institutions, the existing capital stock banking institutions shall be reasonably comparable in size, market area, competitive conditions, risk profile, profit history and expected future earnings;

(7) The commissioner may decline to process the application for conversion and deem it materially deficient or substantially incomplete if the initial appraisal report is materially

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deficient or substantially incomplete; and

(8) The converting institution shall not represent or imply that the commissioner approved the appraisal.

(c) The commissioner may require the converting institution to amend the conversion application if further explanation is necessary, material is missing or needs to be corrected.

(d) The commissioner shall deny the conversion application if the application does not meet the requirements of sections 36a-136-1 to 36a-136-48, inclusive, of the Regulations of Connecticut State Agencies, unless the commissioner waives the requirement under subsection (j) or (k) of section 36a-136 of the Connecticut General Statutes.

(Adopted effective September 7, 2007)