ACT No. 83

HOUSE BILL NO. 666

BY REPRESENTATIVE REYNOLDS

1	AN ACT
2	To amend and reenact R.S. 6:213(B), 291(D) and (E), 705(C)(2), 786(D), and 1191(C) and
3	to enact R.S. 6:213(C), relative to banking regulations; to provide relative to articles
4	of incorporation; to allow and restrict authorizing reversion of ownership interests;
5	to allow and restrict limited liability; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 6:213(B), 291(D) and (E), 705(C)(2), 786(D), and 1191(C) are
8	hereby amended and reenacted and R.S. 6:213(C) is hereby enacted to read as follows:
9	§213. Articles of incorporation, filing, form, content; letter of acceptance for filing
10	* * *
11	B.(1) Notwithstanding the provisions of R.S. 6:291, the articles of
12	incorporation may contain other provisions for the regulation of the business and the
13	conduct of the affairs of the state bank including any provision authorized by R.S.
14	12:24(C)(3) or (4) in Paragraphs (2) or (3) of this Subsection, but they shall not
15	contain any provision which is in derogation of the provisions of this law or violates
16	any other provision of the laws of this state or of the laws of the United States.
17	(2)(a) The articles of incorporation of a bank or bank holding company may
18	contain a provision that any of the following not claimed by the entitled shareholder
19	despite reasonable efforts by the corporation to pay dividends or redemption price
20	or deliver certificates for shares to the shareholder shall revert in full ownership to
21	the corporation:
22	(i) Cash.
23	(ii) Property or share dividends.

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1	(iii) Shares issuable to shareholders in connection with a reclassification of
2	stock.
3	(iv) The redemption price of redeemed shares.
4	(b) An obligation of the corporation to pay the dividend or the redemption
5	price or issue the shares shall, in any event, exist for no less than one year after the
6	dividend or redemption price became payable or after the shares became issuable.
7	(c) The obligation of the corporation to pay the dividend or redemption price
8	or issue the shares shall thereupon cease, but the board of directors may, at any time
9	and for any reason satisfactory to the board, authorize either of the following:
10	(i) Payment of the amount of any cash, property dividend, or redemption
11	price, ownership of which has reverted to the corporation pursuant to a provision of
12	the articles authorized by this Section, to the entity who would be entitled thereto had
13	such reversion not occurred.
14	(ii) Issuance of any shares, ownership of which has reverted to the
15	corporation pursuant to a provision of the articles authorized by this Section, to the
16	entity who would be entitled thereto had such reversion not occurred.
17	(3)(a) The articles of incorporation of a bank or a bank holding company
18	may contain a provision eliminating or limiting the personal liability of a director or
19	officer to the corporation or its shareholders for monetary damages for breach of
20	fiduciary duty as a director or officer, provided that the provision shall not eliminate
21	or limit the liability of a director or officer for any of the following:
22	(i) A breach of a duty of loyalty, which is imposed on a director or officer,
23	to the bank, bank holding company, or its shareholders.
24	(ii) Acts or omissions not in good faith or involving intentional misconduct
25	or involving a knowing violation of law.
26	(iii) Liability incurred pursuant to R.S. 12:1-833.
27	(iv) Any transaction from which the director or officer derived an improper
28	personal benefit.

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1	(b) For the purposes of this Paragraph, no provision shall eliminate or limit
2	the liability of a director or officer for any act or omission that occurred prior to the
3	date the provision becomes effective.
4	(2) C. When all fees and charges have been paid as required by law, the
5	commissioner shall review the filed articles and, if the articles comply with the
6	provisions of this law, shall issue a letter of acceptance for filing endorsed with the
7	date and hour, if requested, of his acceptance. If the commissioner finds that the
8	articles of incorporation violate any part of this law, he shall notify the proposed
9	incorporators of such violation and shall require that the articles be amended to
10	conform to the provisions of this Section.
11	* * *
12	§291. Relation and liability of directors and officers to bank and bank holding
13	company stockholders
14	* * *
15	D. The provisions of this Section shall not affect the right of incorporators
16	or shareholders of banks or bank holding companies to include in articles of
17	incorporation provisions as authorized by R.S. $12:24(C)(4)$ or R.S. $6:213(B)(1)$ R.S.
18	<u>6:213(B).</u>
19	E. Notwithstanding any other law to the contrary, particularly but not
20	exclusively R.S. 12:91, the provisions of this Section shall be the sole and exclusive
21	law governing the relation and liability of directors and officers to their bank or
22	holding company or to the shareholders thereof or to any other person or entity,
23	except that the provisions of R.S. 12:92 R.S. 12:1-833 shall remain applicable to
24	directors and officers of bank holding companies.
25	* * *
26	§705. Incorporation; articles of incorporation; content; bylaws
27	* * *
28	C. The articles may also contain any of the following:
29	* * *

1 (2) Any other provision for the regulation of the business and conduct of the 2 affairs of the corporation not prohibited by this Chapter or other laws of this state, 3 including any provision authorized by R.S. 12:24(C)(4) R.S. 6:213(B)(3). The 4 provisions of R.S. 12:24(C)(4) R.S. 6:213(B)(3) may be included in the articles of 5 both mutual and stock associations. 6 7 §786. Relation and liability of directors and officers 8 9 D. The provisions of this Section shall not affect the right of incorporators 10 or shareholders of financial institutions to include in articles of incorporation 11 provisions as authorized by R.S. 12:24(C)(4) R.S. 6:213(B)(3) or R.S. 6:705. 12 §1191. Relation and liability of directors and officers 13 14 15 C. The provisions of this Section shall not affect the right of incorporators 16 or shareholders of savings banks to include in articles of incorporation provisions as 17 authorized by R.S. 12:24(C)(4) R.S. 6:213(B)(3). 18 SPEAKER OF THE HOUSE OF REPRESENTATIVES PRESIDENT OF THE SENATE GOVERNOR OF THE STATE OF LOUISIANA

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APPROVED: _____