

GENERAL ASSEMBLY OF NORTH CAROLINA
1983 SESSION

CHAPTER 1087
SENATE BILL 807

AN ACT TO PERMIT INTERSTATE MERGERS AND ACQUISITIONS OF SAVINGS AND LOAN ASSOCIATIONS AND SAVINGS AND LOAN HOLDING COMPANIES ON A RECIPROCAL BASIS WITHIN A SPECIFIED REGION.

The General Assembly of North Carolina enacts:

Section 1. Chapter 54B of the General Statutes is amended by adding a new Article 3A to read as follows:

"Article 3A.

"North Carolina Regional Reciprocal Savings
and Loan Acquisition Act.

"§ 54B-48.1. **Title.** – This Article shall be known and may be cited as the North Carolina Regional Reciprocal Savings and Loan Acquisition Act.

"§ 54B-48.2. **Definitions.** – Notwithstanding the provisions of G.S. 54B-4, as used in this Article, unless the context requires otherwise:

- (1) 'Acquire', as applied to an association or a savings and loan holding company, means any of the following actions or transactions:
 - a. The merger or consolidation of an association with another association or savings and loan holding company or a savings and loan holding company with another savings and loan holding company.
 - b. The acquisition of the direct or indirect ownership or control of voting shares of an association or savings and loan holding company if, after the acquisition, the acquiring association or savings and loan holding company will directly or indirectly own or control more than five percent (5%) of any class of voting shares of the acquired association or savings and loan holding company.
 - c. The direct or indirect acquisition of all or substantially all of the assets of an association or savings and loan holding company.
 - d. The taking of any other action that would result in the direct or indirect control of an association or savings and loan holding company.
- (2) 'Administrator' means the Administrator of the Savings and Loan Division.

- (3) 'Association' means a mutual or capital stock savings and loan association, building and loan association or savings bank chartered under the laws of any one of the states or by the Federal Home Loan Bank Board, pursuant to the 'Home Owners' Loan Act of 1933', 12 U.S.C. Section 1464, as amended.
- (4) 'Branch office' means any office at which an association accepts deposits. The term branch office does not include:
 - a. Unmanned automatic teller machines, point-of-sale terminals, or similar unmanned electronic banking facilities at which deposits may be accepted;
 - b. Offices located outside the United States; and
 - c. Loan production offices, representative offices, service corporation offices, or other offices at which deposits are not accepted.
- (5) 'Company' means that which is set forth in the Federal Savings and Loan Holding Company Act, 12 U.S.C. Section 1730a(a)(1)(C), as amended.
- (6) 'Control' means that which is set forth in the Federal Savings and Loan Holding Company Act, 12 U.S.C. Section 1730a(a)(2), as amended.
- (7) 'Deposits' means all demand, time, and savings deposits, without regard to the location of the depositor: Provided, however, that 'deposits' shall not include any deposits by associations. For purposes of this Article, determination of deposits shall be made with reference to regulatory reports of condition or similar reports made by or to State and federal regulatory authorities.
- (8) 'Federal association' means an association chartered by the Federal Home Loan Bank Board pursuant to the 'Home Owners' Loan Act of 1933', 12 U.S.C. Section 1464, as amended.
- (9) 'North Carolina association' means an association organized under the laws of the State of North Carolina or under the laws of the United States and that:
 - a. Has its principal place of business in the State of North Carolina;
 - b. Which if controlled by an organization, the organization is either a North Carolina association, Southern Region association, North Carolina savings and loan holding company, or a Southern Region savings and loan holding company; and
 - c. More than eighty percent (80%) of its total deposits, other than deposits located in branch offices acquired pursuant to Section 123 of the Garn-St Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)) or comparable state law, are in its branch offices located in one or more of the Southern Region states.

- (10) 'North Carolina Savings and Loan Holding Company' means a savings and loan holding company that:
- a. Has its principal place of business in the State of North Carolina;
 - b. Has total deposits of its Southern Region association subsidiaries and North Carolina association subsidiaries that exceed eighty percent (80%) of the total deposits of all association subsidiaries of the savings and loan holding company other than those association subsidiaries held pursuant to Section 123 of the Garn-St Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)) or comparable state law.
- (11) 'Principal place of business' of an association means the state in which the aggregate deposits of the association are the largest. For the purposes of this Article, the principal place of business of a savings and loan holding company is the state where the aggregate deposits of the association subsidiaries of the holding company are the largest.
- (12) 'Savings and loan holding company' means any company which directly or indirectly controls an association or controls any other company which is a savings and loan holding company.
- (13) 'Service Corporation' means any corporation, the majority of the capital stock of which is owned by one or more associations and which engages, directly or indirectly, in any activities which may be engaged in by a service corporation in which an association may invest under the laws of one of the states or under the laws of the United States.
- (14) 'Southern Region association' means an association other than a North Carolina association organized under the laws of one of the Southern Region states or under the laws of the United States and that:
- a. Has its principal place of business only in a Southern Region state other than North Carolina;
 - b. Which if controlled by an organization, the organization is either a Southern Region association or a Southern Region savings and loan holding company; and
 - c. More than eighty percent (80%) of its total deposits, other than deposits located in branch offices acquired pursuant to Section 123 of the Garn-St Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)) or comparable state law, are in its branch offices located in one or more of the Southern Region states.
- (15) 'Southern Region savings and loan holding company' means a savings and loan holding company that:
- a. Has its principal place of business in a Southern Region state other than the State of North Carolina;
 - b. Has total deposits of its Southern Region association subsidiaries and North Carolina association subsidiaries that exceed eighty percent (80%) of the

total deposits of all association subsidiaries of the savings and loan holding company other than those association subsidiaries held pursuant to Section 123 of the Garn-St Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)) or comparable state law.

- (16) 'Southern Region states' means the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, and the District of Columbia.
- (17) 'State' means any state of the United States and the District of Columbia.
- (18) 'State association' means an association organized under the laws of one of the states.
- (19) 'Subsidiary' means that which is set forth in the Federal Savings and Loan Holding Company Act, 12 U.S.C. Section 1730a(a)(1)(H), as amended.

"§54B-48.3. Acquisitions by Southern Region savings and loan holding companies and Southern Region associations. – (a) A Southern Region savings and loan holding company or a Southern Region association that does not have a North Carolina association subsidiary (other than a North Carolina association subsidiary that was acquired either pursuant to Section 123 of the Garn-St Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)), or comparable provisions in state law, or in the regular course of securing or collecting a debt previously contracted in good faith) may acquire a North Carolina savings and loan holding company or a North Carolina association with the approval of the Administrator. The Southern Region savings and loan holding company or Southern Region association shall submit to the Administrator an application for approval of such acquisition, which application shall be approved only if:

- (1) The Administrator determines that the laws of the state in which the Southern Region savings and loan holding company or Southern Region association making the acquisition has its principal place of business permit North Carolina savings and loan holding companies and North Carolina associations to acquire associations and savings and loan holding companies in that state;
- (2) The Administrator determines that the laws of the state in which the Southern Region savings and loan holding company or Southern Region association making the acquisition has its principal place of business permit such Southern Region savings and loan holding company or Southern Region association to be acquired by the North Carolina savings and loan holding company or North Carolina association sought to be acquired;
- (3) The Administrator determines either that the North Carolina association sought to be acquired has been in existence and continuously operating for more than five years or that all of the

association subsidiaries of the North Carolina savings and loan holding company sought to be acquired have been in existence and continuously operating for more than five years: Provided, that the Administrator may approve the acquisition by a Southern Region savings and loan holding company or Southern Region association of all or substantially all of the shares of an association organized solely for the purpose of facilitating the acquisition of an association that has been in existence and continuously operating as an association for more than five years; and

- (4) The Administrator makes the acquisition subject to any conditions, restrictions, requirements or other limitations that would apply to the acquisition by a North Carolina savings and loan holding company or North Carolina association of an association or savings and loan holding company in the state where the Southern Region savings and loan holding company or Southern Region association making the acquisition has its principal place of business but that would not apply to the acquisition of an association or savings and loan holding company in such state by an association or a savings and loan holding company all the association subsidiaries of which are located in that state;
- (5) With respect to acquisitions involving the merger or consolidation of two associations resulting in a Southern Region association, the application includes a business plan extending for an initial period of at least three years from the date of the acquisition which shall be renewed thereafter for as long as may be required by the Administrator. The association may not deviate without the prior written approval of the Administrator from the business plan which shall address such matters as the Administrator may deem appropriate for the protection of the depositors and members of the acquired North Carolina association and the general public. The business plan shall address, without limitation:
 - a. insurance of depositors' accounts.
 - b. limitation of services and activities to those permitted under this Chapter to North Carolina associations.
 - c. conversion of corporate form or other fundamental changes.
 - d. closing, selling or divesting any or all North Carolina branches.
 - e. protection of the voting rights of North Carolina members.

(b) A Southern Region savings and loan holding company or Southern Region association that has a North Carolina association subsidiary (other than a North Carolina association subsidiary that was acquired either pursuant to Section 123 of the Garn-St Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)), or comparable provisions in North Carolina law, or in the regular course of securing or collecting a debt previously contracted in good faith) may acquire any North Carolina association or North Carolina savings and loan holding company with the approval of the

Administrator. The Southern Region savings and loan holding company shall submit to the Administrator an application for approval of such acquisition, which application shall be approved only if:

- (1) The Administrator determines either that the North Carolina association sought to be acquired has been in existence and continuously operating for more than five years or that all of the association subsidiaries of the North Carolina savings and loan holding company sought to be acquired have been in existence and continuously operating for more than five years: Provided, that the Administrator may approve the acquisition by a Southern Region savings and loan holding company or Southern Region association of all or substantially all of the shares of an association organized solely for the purpose of facilitating the acquisition of an association that has been in existence and continuously operating as an association for more than five years; and
- (2) The Administrator makes the acquisition subject to any conditions, restrictions, requirements or other limitations that would apply to the acquisition by the North Carolina savings and loan holding company or North Carolina association of an association or savings and loan holding company in the State where the Southern Region savings and loan holding company or Southern Region association making the acquisition has its principal place of business but that would not apply to the acquisition of an association or savings and loan holding company in such state by a savings and loan holding company all the association subsidiaries of which are located in that state.
- (3) With respect to acquisitions involving the merger or consolidation of two associations resulting in a Southern Region association, the application includes a business plan extending for an initial period of at least three years from the date of the acquisition which shall be renewed thereafter for as long as may be required by the Administrator. The association may not deviate without the prior written approval of the Administrator from the business plan which shall address such matters as the Administrator may deem appropriate for the protection of the depositors and members of the acquired North Carolina association and the general public. The business plan shall address, without limitation:
 - a. insurance of depositors' accounts.
 - b. limitation of services and activities to those permitted under this Chapter to North Carolina associations.
 - c. conversion of corporate form or other fundamental changes.
 - d. closing, selling or divesting any or all North Carolina branches.
 - e. protection of the voting rights of North Carolina members.

(c) The Administrator shall rule on any application submitted under this section not later than 90 days following the date of submission of a complete application. If the Administrator fails to rule on the application within the requisite 90-day period, the

failure to rule shall be deemed a final decision of the Administrator approving the application.

"§ 54B-48.4. Exceptions. – A North Carolina savings and loan holding company, a North Carolina association, a Southern Region savings and loan holding company, or a Southern Region association may acquire or control, and shall not cease to be a North Carolina savings and loan holding company, a North Carolina association, a Southern Region savings and loan holding company, or a Southern Region association, as the case may be, by virtue of its acquisition or control of:

- (1) An association having branch offices in a state not within the region, if such association has been acquired pursuant to the provisions of Section 123 of the Garn-St Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)), or comparable provisions of state law;
- (2) An association which is not a Southern Region association if such association has been acquired in the regular course of securing or collecting a debt previously contracted in good faith, and if the association or savings and loan holding company divests the securities or assets acquired within two years of the date of acquisition. A North Carolina association, a North Carolina savings and loan holding company, or a Southern Region association may retain these interests for up to three additional periods of one year if the Administrator determines that the required divestiture would create undue financial difficulties for that association or savings and loan holding company.

"§ 54B-48.5. Prohibitions. – (a) Except as may be expressly permitted by federal law, no savings and loan holding company that is not either a North Carolina savings and loan holding company or a Southern Region savings and loan holding company shall acquire a North Carolina savings and loan holding company or a North Carolina association.

(b) Except as required by federal law, a North Carolina savings and loan holding company or a Southern Region savings and loan holding company that ceases to be a North Carolina savings and loan holding company or a Southern Region savings and loan holding company shall as soon as practicable and, in all events, within one year after such event divest itself of control of all North Carolina savings and loan holding companies and all North Carolina associations: Provided, however, that such divestiture shall not be required if the North Carolina savings and loan holding company or the Southern Region savings and loan holding company ceases to be a North Carolina savings and loan holding company or a Southern Region savings and loan holding company, as the case may be, because of an increase in the deposits held by association subsidiaries not located within the region and if such increase is not the result of the acquisition of an association or savings and loan holding company. Provided further that nothing in this Article shall be construed to permit interstate branching by associations nor to require the divestiture of a North Carolina association or a North Carolina savings and loan holding company by a savings and loan holding company which acquired its subsidiary North Carolina association or North Carolina savings and loan holding company prior to the effective date of this Article. Nor shall anything in this Article be

construed to prohibit any savings and loan holding company which has acquired a North Carolina association or North Carolina savings and loan holding company prior to the effective date of this Article from acquiring additional North Carolina associations or North Carolina savings and loan holding companies. Nor shall anything in this Article be construed to limit the authority of the Administrator pursuant to G.S. 54B-44.

"§ 54B-48.6. Applicable laws, rules and regulations. – (a) Any North Carolina association that is controlled by a savings and loan holding company that is not a North Carolina savings and loan holding company shall be subject to all laws of this State and all rules and regulations under such laws that are applicable to North Carolina associations that are controlled by North Carolina savings and loan holding companies.

(b) The Administrator may promulgate rules, including the imposition of a reasonable application and administration fee, to implement and effectuate the provisions of this Article.

"§ 54B-48.7. Appeal of Administrator's decision. – Notwithstanding any other provision of law, any aggrieved party in a proceeding under G.S. 54B-48.3 or G.S. 54B-48.4(2) may, within 30 days after final decision of the Administrator and by written notice to the Administrator, appeal directly to the North Carolina Court of Appeals for judicial review on the record. In the event of an appeal, the Administrator shall certify the record to the Clerk of the Court of Appeals within 30 days after filing of the appeal.

"§ 54B-48.8. Periodic reports; interstate agreements. – (a) The Administrator may from time to time require reports under oath in such scope and detail as he may reasonably determine of each Southern Region savings and loan holding company or Southern Region association subject to this Article for the purpose of assuring continuing compliance with the provisions of this Article.

(b) The Administrator may enter into cooperative agreements with other savings and loan regulatory authorities for the periodic examination of any Southern Region savings and loan holding company or Southern Region association that has a North Carolina association subsidiary and may accept reports of examination and other records from such authorities in lieu of conducting its own examinations. The Administrator may enter into joint actions with other savings and loan regulatory authorities having concurrent jurisdiction over any Southern Region savings and loan holding company or Southern Region association that has a North Carolina association subsidiary or may take such actions independently to carry out his responsibilities under this Chapter and assure compliance with the provisions of this Article and the applicable laws of this State.

"§ 54B-48.9. Enforcement. – The Administrator shall have the power to enforce the provisions of this Article, including the divestiture requirement of G.S. 54B-48.5(b), through an action in any court of this State or any other state or in any court of the United States for the purpose of obtaining an appropriate remedy for violation of any provision of this Article, including such criminal penalties as are contemplated by G.S. 54B-66."

Sec. 2. G.S. 7A-29(a) is amended by inserting the words "the Administrator of savings and loans pursuant to Article 3A of Chapter 54B of the General Statutes," after the words "the North Carolina Utilities Commission".

Sec. 3. Nonseverability. It is the purpose of this Article to facilitate orderly development of thrift organizations that have branch offices in more than one state within the Southern Region. It is not the purpose of this Article to authorize acquisitions of North Carolina savings and loan holding companies or North Carolina associations by savings and loan holding companies that do not have their principal place of business in this State on any basis other than as expressly provided in this Article. Therefore, if any portion of this Article pertaining to the terms and conditions for and limitations upon acquisition of North Carolina savings and loan holding companies and North Carolina associations by savings and loan holding companies that do not have their principal place of business in this State is determined to be invalid for any reason by a final nonappealable order of any North Carolina or federal court of competent jurisdiction, then this entire Article shall be null and void in its entirety and shall be of no further force or effect from the effective date of such order: Provided, however, that any transaction that has been lawfully consummated pursuant to this Article prior to a determination of invalidity shall be unaffected by such determination.

Sec. 4. G.S. 54B-261(c) is rewritten to read as follows:

"(c) A savings and loan holding company may invest in any investment authorized by its Board of Directors, except as limited by regulations promulgated by the Administrator pursuant to this Article."

Sec. 5. A new subsection (d) is added to G.S. 54B-261 to read as follows:

"(d) Any entity which controls a state stock association, or acquires control of a state stock association, is a savings and loan holding company."

Sec. 6. Article 11 of Chapter 54B of the General Statutes is repealed.

Sec. 7. Section 6 of this act is effective upon ratification. Sections 1 through 5 shall become effective on the earlier of:

- (1) the date on which legislation becomes effective in one of the states listed in G.S. 54B-48.2(16) which authorizes regional acquisitions of savings and loan associations and savings and loan holding companies on a reciprocal basis and which applies to savings and loan associations and savings and loan holding companies in North Carolina; or
- (2) July 1, 1986.

In the General Assembly read three times and ratified, this the 5th day of July, 1984.

CHAPTER 1088 SENATE BILL 845 AN ACT TO AMEND THE PRESENT LAW RELATING TO THE THEFT OF CABLE TELEVISION SERVICES.

Section 1. G.S. 14-118.5 is amended and rewritten in its entirety to read:

"§ 14-118.5. **Theft of cable television service.** – (a) Any person, firm or corporation who, after the effective date of this act, knowingly and willfully attaches or maintains an electronic, mechanical or other connection to any cable, wire, decoder, converter, device or equipment of a cable television system or removes, tampers with, modifies or alters any cable, wire, decoder, converter, device or equipment of a cable television system for the purpose of intercepting or receiving any programming or service transmitted by such

cable television system which person, firm or corporation is not authorized by the cable television system to receive, is guilty of a misdemeanor punishable by a fine not exceeding five hundred dollars (\$500.00), or by imprisonment not exceeding 30 days, or both. Each unauthorized connection, attachment, removal, modification or alteration shall constitute a separate violation.

(b) Any person, firm or corporation who knowingly and willfully, without the authorization of a cable television system, distributes, sells, attempts to sell or possesses for sale in North Carolina any converter, decoder, device, or kit, that is designed to decode or descramble any encoded or scrambled signal transmitted by such cable television system, is guilty of a misdemeanor punishable by a fine not exceeding five hundred dollars (\$500.00) or by imprisonment up to six months, or both. The term 'encoded or scrambled signal' shall include any signal or transmission that is not intended to produce an intelligible program or service without the aid of a decoder, descrambler, filter, trap or other electronic or mechanical device.

(c) Any cable television system may institute a civil action to enjoin and restrain any violation of this section, and in addition, such cable television system shall be entitled to civil damages in the following amounts:

- (1) For each violation of subsection (a), three hundred dollars (\$300.00) or three times the amount of actual damages, if any, sustained by the plaintiff, whichever amount is greater.
- (2) For each violation of subsection (b), one thousand dollars (\$1,000) or three times the amount of actual damages, if any, sustained by the plaintiff, whichever amount is greater.

(d) It is not a necessary prerequisite to a civil action instituted pursuant to this section that the plaintiff has suffered or will suffer actual damages.

(e) Proof that any equipment, cable, wire, decoder, converter or device of a cable television system was modified, removed, altered, tampered with or connected without the consent of such cable system in violation of this section shall be prima facie evidence that such action was taken knowingly and willfully by the person or persons in whose name the cable system's equipment, cable, wire, decoder, converter or device is installed or the person or persons regularly receiving the benefits of cable services resulting from such unauthorized modification, removal, alteration, tampering or connection.

(f) The receipt, decoding or converting of a signal from the air by the use of a satellite dish or antenna shall not constitute a violation of this section.

(g) Cable television systems may refuse to provide service to anyone who violates subsection (a) of this section whether or not the alleged violator has been prosecuted thereunder."

Sec. 2. This act shall become effective October 1, 1984.

In the General Assembly read three times and ratified, this the 5th day of July, 1984.