

A Bill for an Act Relating to Trust Companies.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Chapter 406, Hawaii Revised Statutes, is amended:

1. By adding a new section to be appropriately designated and to read:

~~“§406-~~ **Application to do a trust business; fee; contents.** Any corporation or joint-stock company organized under the laws of the State may file an application with the director of regulatory agencies for authority to do business as a trust com-

pany. The applicant shall pay to the director of regulatory agencies at the time of filing the application an investigation fee of \$1,000, which fee shall in no case be refunded. The application shall be in duplicate and shall specify:

- (1) The location where the company proposes to conduct its trust business. The premises shall be occupied and used solely by the trust company.
- (2) That the amount of the capital stock of the trust company shall be fully paid in cash to the trust company before commencement of the trust business.
- (3) The names and residence addresses of all subscribers to the capital stock of the trust company, including the number of shares, the amount of the capital stock subscribed and percentage of ownership.
- (4) The name of the managing officer of the trust company. A separate sheet shall be attached showing the integrity, experience, and qualification of the managing officer to conduct a trust business.
- (5) The names and residence addresses of the proposed officers and directors of the trust company.
- (6) Any other information which the director of regulatory agencies may require.

The director of regulatory agencies shall grant to any corporation or joint-stock company, complying with the requirements of this section and sections 406-2 and 406-3, a certificate that it is qualified to act as a trust company."

2. By amending section 406-2 to read:

**"§406-2 Conditions precedent to doing business.** No corporation or joint-stock company shall do business as a trust company, except on the following conditions:

- (1) Its corporate name shall contain the word "trust."
- (2) It shall be organized for the purpose of doing business as a trust company, and that object shall be expressed in its charter or articles of association.
- (3) Its capital stock shall not be less than \$1,000,000 fully paid in cash; provided that the foregoing requirement as to paid-up capital stock shall not apply to any corporation or joint-stock company qualified to do business as a trust company before July 31, 1980, and having on that date a paid-up capital stock of less than the minimum requirement, or having an application for authority to do a trust business pending with the department before July 31, 1980. However, such qualified trust company with less than \$1,000,000 paid-up stock shall not open an additional office or place of business after July 31, 1980, unless or until it has attained \$1,000,000 in paid-up stock. No corporation or joint-stock company at any time qualified to act as a trust company shall reduce its paid-up capital stock to less than the minimum requirement, and no corporation or joint-stock company at any time qualified to act as a trust company and having a paid-up capital stock equal to or less than the minimum requirement shall reduce its paid-up capital stock in any amount.
- (4) Its paid-in capital shall be represented by cash."

3. By amending Section 406-3 to read:

**"§406-3 Conditions precedent to qualification.** No corporation or joint-stock company shall become qualified to do business as a trust company, and the

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certificate provided for in section 406- shall not be issued to any corporation or joint-stock company, until the director of regulatory agencies is satisfied with or without a hearing on the application: (1) that the proposed trust company is to be qualified for legitimate objects as contemplated by this chapter; (2) that the character, financial responsibility, and general fitness of the officers and the directors of the proposed trust company are such as to command the confidence of the community in which the proposed trust company is to be located and to warrant the belief that the business of the proposed trust company will be honestly and efficiently conducted; and (3) that data and facts submitted support reasonable assurances of the profitability of the operation of the proposed trust company. The director may prescribe rules and regulations for the implementation of this chapter, including rules and regulations governing proceedings in connection with any hearing or investigation. Any decision of the director adverse to the applicant shall be reviewable upon appeal to the circuit court of the first judicial circuit as provided in chapter 91. The court shall hear the appeal de novo without a jury.”

SECTION 2. Statutory material to be repealed is bracketed. New material is underscored.\*

SECTION 3. This Act shall take effect upon its approval.

(Approved May 26, 1981.)

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\*The text has been edited pursuant to HRS §23G-16.5, authorizing omission of the brackets, bracketed material, and underscoring.