

A Bill for an Act Relating to the Hawaii Bank Act of 1931.

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

SECTION 1. Section 403-44, Hawaii Revised Statutes, is amended to read as follows:

**“§403-44 Preferred stock.** Notwithstanding any other provision of law, any bank may, with the approval of the director of regulatory agencies and by vote of shareholders owning at least two-thirds of the stock in the bank then outstanding, upon not less than five days’ notice, given by registered mail pursuant to action taken by its board of directors, issue preferred stock in such amount and with such par value as shall be approved by the director, and make such amendments to its articles of incorporation as may be necessary for this purpose. In the case of any newly organized bank which has not yet issued common stock, the requirement of notice to and vote of shareholders shall not apply. No bank shall issue any certificate of preferred stock unless the shares represented by the certificate have been fully paid, but if the shares have been fully paid, a certificate of preferred stock may be issued therefor, regardless of whether the par value of all preferred stock approved as hereinbefore provided has been fully paid.

The holders of the preferred stock shall be entitled to cumulative dividends at [a] any rate [not exceeding six per cent a year.] fixed by the bank. The holding of the preferred stock (whether as owner or pledgee) by any agency or entity created or established under the laws of the United States for the purpose of furnishing financial assistance to banks, shall not render the corporation, agency, or entity liable for assessments to restore impairments in the capital in such banks as now provided by law with reference to ordinary stockholders of banks. Notwithstanding any other provision of law, the holders of the preferred stock shall have such voting rights, and the stock shall be subject to retirement in such manner and on such terms and conditions, as may be provided in the articles of incorporation with the approval of the director.

No dividends shall be declared or paid on common stock until the cumulative dividends on the preferred stock have been paid in full. If the bank is placed in liquidation or a conservator is appointed therefor, no payments shall be made to the holders of the common stock until the holders of the preferred stock have been paid in full the par value of their stock plus all accumulated dividends.

Any statements with respect to amounts of capital, capital stock, subscribers for or owners of capital stock, or transfers thereof, required by sections 403-23, 403-28, 403-29, 403-32, or 403-39 to be set forth in any application, certificate, articles of

incorporation, charter, or other document or record, shall also be required to include any additional information with respect to preferred stock as may be required or deemed advisable by the director.”

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

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

(Approved April 20, 1982.)