

# VIRGINIA ACTS OF ASSEMBLY -- 1994 SESSION

## CHAPTER 5

*An Act to amend the Code of Virginia by adding sections numbered 6.1-32.18:1, 6.1-32.18:2, and 6.1-32.18:3, relating to trust companies; stock.*

[H 186]

Approved March 3, 1994

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding sections numbered 6.1-32.18:1, 6.1-32.18:2, and 6.1-32.18:3 as follows:**

*§ 6.1-32.18:1. Par value of shares; payment of shares; reacquisition of shares; how subscriptions to stock to be paid; disposition of money received before institution opens; stock option plans.*

*A. A trust company shall not issue no-par stock. The stock of a trust company shall be paid for in money at not less than par value, and a trust company shall not begin business until it has received payment in full of the amounts of initial capital specified in its certificate of authority.*

*B. Money received for subscriptions to or purchases of stock of a trust company before it opens for business shall be deposited in escrow in one or more insured financial institutions or invested in United States government obligations, under the joint control of at least two organizing directors of the trust company, each of whom shall be bonded for an amount not less than the total amount of money under their control. Such funds, together with any income thereon, less such organizational expenses as have been approved by the company's board of directors, shall be remitted to the trust company on the day it opens for business. In the event the trust company is denied a certificate of authority, or it is otherwise determined that the trust company will not open for business, such funds, after payment of any amount owing for expenses in connection with such attempted organization, including reasonable consulting fees, attorneys' fees, salaries, filing fees and other expenses, shall be refunded to subscribers or shareholders. The directors of the trust company, individually, jointly and severally, shall be liable for any failure of the trust company to refund such funds to the subscribers or shareholders. This liability may be enforced by a suit in equity instituted by one or more of the subscribers or stockholders on behalf of all subscribers or stockholders against the trust company and one or more of its directors.*

*C. The requirement that capital stock be paid for in money shall not be construed to prohibit the establishment, as otherwise authorized by law, of stock option plans and stock purchase plans, or the issuance of stock pursuant to such plans. Such plans shall be established only after the trust company has opened for business and shall be approved by the shareholders of the company in accordance with applicable provisions of the Virginia Stock Corporation Act (§ 13.1-601 et seq.).*

*§ 6.1-32.18:2. Commissions, fees, etc., for sale of stock not permitted.*

*The Commission shall not issue a certificate of authority to a trust company if any commissions, fees, brokerage, or other compensation by whatever name have been paid or contracted to be paid by the trust company, or by anyone in its behalf, directly or indirectly, to any person, partnership, corporation or other entity for the sale of stock in such trust company. Nothing herein shall be construed to prohibit a trust company which has been issued a certificate of authority and is conducting operations from paying or contracting to pay such commissions or fees in connection with the issue or reissue of shares of stock of the trust company.*

*§ 6.1-32.18:3. Reacquisition of shares; dividends.*

*A trust company may not purchase, redeem or otherwise reacquire shares of stock it has issued, except that the Commission, upon the petition of a trust company, may permit the company to reacquire its own stock, if the Commission finds that the proposed reacquisition will not jeopardize the safety and soundness of the trust company and will not be contrary to the public interest.*

*The board of directors of any trust company may declare a dividend of so much as it judges expedient of the net undivided profits of the trust company, after providing for all expenses, losses, interest and taxes owed by the trust company. However, before any dividend is declared, capital funds originally paid in shall have been restored by earnings to their initial level, and no dividend shall be declared or paid by the trust company that would impair the paid-in capital of the trust company. Notwithstanding the foregoing provisions of this section, the Commission may limit the payment of dividends by a trust company when it is determined that the limitation is in the public interest and is necessary to ensure the financial soundness of the trust company.*