2.59.2302 A STATE BANK ORGANIZED FOR THE PURPOSE OF BEING A SHELL BANK

(1) For a bank organized solely for the purpose of merging with, or otherwise acquiring, an existing bank or savings association is referred to as a shell bank in this subchapter. A shell bank charter may only be obtained for the purpose of merging an existing bank into the shell bank, or for the purpose of merging the shell bank into an existing bank. A shell bank has no authority to conduct banking business until the shell bank has completed a merger with an existing bank or savings association.

(2) For a shell bank organized for the purpose of merging with, acquiring control of, or acquiring all or substantially all of the assets of an existing bank or savings association, including a mutual savings and loan association, the applicant must comply with 32-1-246, MCA, and the rules adopted thereunder.

(3) Upon approval of a complete application as stipulated in [ARM 2.60.902 (2.59.2303)], the department must issue to the applicant a certificate to organize the shell bank, and the applicant must file articles of incorporation of the shell bank with the department.

(4) The minimum level of capital stock for a shell bank is $5,000. The establishment of a paid-in capital account, contingent fund, or surplus is not required for a shell bank.

(5) If the existing bank is the surviving charter in a merger or consolidation, the shell bank's capital stock may be canceled and transferred to the surplus of the surviving entity at the time of the merger or consolidation, or the stock of the surviving entity may be increased by the amount of the shell bank's capital stock through an amendment to the articles of incorporation of the existing bank.

(6) If the shell bank is the surviving charter in the merger or consolidation, and the total assets of the combined entity is similar to that of the existing bank, the capital stock of the shell bank immediately following the merger or consolidation must, by an amendment to the articles of incorporation of the shell bank, be increased to an amount at least equal to the capital stock of the existing bank prior to the merger or consolidation.

(7) If the shell bank is the surviving charter in the merger or consolidation, and the transaction results in a significant increase in total assets from what the existing bank reflects prior to the merger or consolidation, the capital stock of the shell bank immediately following the merger or consolidation must, by an amendment to the articles of incorporation of the shell bank, be increased to the greater of $1,000,000 or the amount of capital stock of the existing bank immediately prior to the merger or consolidation.

Authorizing statute(s): 32-1-218, 32-1-246, 32-1-371, MCA

Implementing statute(s): 32-1-246, MCA

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