

# Senate Study Bill 2311

## Conference Committee Text

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1 1 Section 1. NEW SECTION. 524A.1 SHORT TITLE.  
1 2 This chapter shall be known and may be cited as the "Iowa  
1 3 Trust Company Act".  
1 4 Sec. 2. NEW SECTION. 524A.2 DEFINITIONS.  
1 5 As used in this chapter, unless the context otherwise  
1 6 requires:  
1 7 1. "Affiliate" means any corporation, partnership,  
1 8 association, trust, estate, or similar organization of which a  
1 9 trust company or any shareholder of such trust company,  
1 10 directly or indirectly, owns or controls either a majority of  
1 11 the voting shares or more than fifty percent of the number of  
1 12 shares voted for the election of its directors, trustees, or  
1 13 other individuals exercising similar functions at the  
1 14 preceding election, or controls in any manner the election of  
1 15 a majority of such individuals.  
1 16 2. "Bank holding company" means bank holding company as  
1 17 provided in 12 U.S.C. } 1841(a), and includes a company that  
1 18 would become a bank holding company upon completion of an  
1 19 acquisition.  
1 20 3. "Business of banking" means business of banking as  
1 21 defined in section 524.103.  
1 22 4. "Capital stock" means the sum of the par value of the  
1 23 preferred and common shares of a trust company which are  
1 24 issued and outstanding.  
1 25 5. "Capital structure" means the total of the par value of  
1 26 the outstanding preferred and common shares of capital stock,  
1 27 surplus, and undivided profits of a trust company.  
1 28 6. "Fiduciary" means fiduciary as defined in section  
1 29 524.103.  
1 30 7. "Person" means person as defined in section 4.1.  
1 31 8. "Principal place of business", with respect to a trust  
1 32 company, means the location specified in the application for a  
1 33 charter of authority of a trust company, or such other  
1 34 location as is approved by the superintendent from time to  
1 35 time, which is the location for the original trust  
2 1 recordkeeping functions.  
2 2 9. "Superintendent" means the superintendent of banking of  
2 3 this state.  
2 4 10. "Trust company" means a corporation issued a charter  
2 5 under this chapter.  
2 6 Sec. 3. NEW SECTION. 524A.3 AUTHORIZATION.  
2 7 1. The superintendent may issue to a corporation desiring  
2 8 to transact business as a trust company in this state a  
2 9 charter of authority to act in a fiduciary capacity pursuant  
2 10 to this chapter.  
2 11 2. A corporation is eligible to receive or retain a  
2 12 charter of authority under this chapter if all of the shares  
2 13 of that corporation are held by one or more of the following:  
2 14 a. A state or national bank which has its principal place  
2 15 of business in this state.  
2 16 b. A bank holding company which owns or controls a state  
2 17 or national bank that has its principal place of business in  
2 18 this state.  
2 19 c. A combination of banks and bank holding companies  
2 20 described in paragraphs "a" and "b".  
2 21 3. A person shall not transact business as a trust company

2 22 in this state, except for the following:

2 23 a. A corporation holding a charter issued under this  
2 24 chapter.

2 25 b. A trust company that is existing, operating, and  
2 26 authorized to act as a trust company pursuant to section  
2 27 524.1005 or pursuant to any other law of this state on July 1,  
2 28 1996.

2 29 c. A trust company that is chartered under federal law and  
2 30 authorized to transact business as a trust company in this  
2 31 state.

2 32 d. A trust company that is chartered under the laws of  
2 33 another state and authorized to transact business as a trust  
2 34 company in this state.

2 35 Sec. 4. NEW SECTION. 524A.4 APPLICABILITY OF CHAPTER.

3 1 1. The corporate existence of a trust company existing and  
3 2 operating on July 1, 1996, and which is authorized to act as a  
3 3 trust company pursuant to section 524.1005 or pursuant to any  
3 4 other law of this state, shall not be affected by this  
3 5 chapter. All such trust companies, except for a trust company  
3 6 which is supervised by a federal banking or thrift regulatory  
3 7 agency on July 1, 1996, shall be subject to the provisions and  
3 8 requirements of this chapter, except for section 524A.3,  
3 9 sections 524A.5 through 524A.14, and section 524A.32,  
3 10 subsections 2 and 3.

3 11 2. A federally chartered trust company authorized to  
3 12 transact business in this state is subject to the provisions  
3 13 and requirements of this chapter except to the extent  
3 14 preempted by federal law or regulation.

3 15 3. This chapter does not apply to a bank, savings bank, or  
3 16 savings and loan association chartered under state or federal  
3 17 law and authorized to act in a fiduciary capacity in this  
3 18 state.

3 19 Sec. 5. NEW SECTION. 524A.5 ORGANIZATION.

3 20 A corporation organized for and desiring to transact  
3 21 business as a trust company in this state, before commencing  
3 22 such business, shall certify and file with the superintendent  
3 23 an application for a charter of authority. A corporation  
3 24 organized for and desiring to transact business as a trust  
3 25 company in this state shall be organized under chapter 490.

3 26 Sec. 6. NEW SECTION. 524A.6 CONTENTS OF APPLICATION FOR  
3 27 CHARTER OF AUTHORITY.

3 28 1. An application for a charter of authority to transact  
3 29 business as a trust company in this state shall be certified  
3 30 and filed with the superintendent in a form prescribed by the  
3 31 superintendent and shall contain the following information:

3 32 a. The name and address of each applicant associated with  
3 33 the application.

3 34 b. The name of the proposed trust company.

3 35 c. The location of the principal place of business of the  
4 1 proposed trust company.

4 2 d. The duration of the proposed trust company, which shall  
4 3 be perpetual.

4 4 e. The aggregate number of shares of capital stock which  
4 5 the proposed trust company shall have authority to issue, the  
4 6 par value of such shares, and, if the shares are to be divided  
4 7 into classes, the number of shares of each class, a statement  
4 8 of the par value of the shares of each class, and a statement  
4 9 of the preferences, voting rights, limitations, and other  
4 10 relative rights, if any, of the shares of such class or  
4 11 classes.

4 12 f. A copy of the articles of incorporation of the proposed  
4 13 trust company in the form prescribed by chapter 490.

4 14 g. The names and addresses of the stockholders and the  
4 15 ownership percentage of issued and subscribed capital stock of  
4 16 the proposed trust company of each stockholder.

4 17 h. The current locations where each stockholder and bank  
4 18 subsidiary of each stockholder maintains its principal place

4 19 of business and all bank offices, and all proposed business  
4 20 locations of the proposed trust company, designating whether  
4 21 each such location is accessible to customers or not  
4 22 accessible to customers.

4 23 i. The name and address of each director and officer of  
4 24 the proposed trust company and a description of the  
4 25 individual's character, qualifications, experience or  
4 26 familiarity with trust services, and any sanctions imposed  
4 27 against such individual by a governmental entity.

4 28 j. A list of the powers, fiduciary appointments, and  
4 29 fiduciary functions the proposed trust company desires to  
4 30 exercise, which may include a statement to exercise any and  
4 31 all powers, fiduciary appointments, and fiduciary functions  
4 32 which an individual, bank, or trust company may exercise from  
4 33 time to time in this state.

4 34 k. A business plan of the proposed trust company with  
4 35 projected revenue sources and expenses for the first three  
5 1 years of operation.

5 2 l. A statement that the board of directors of the proposed  
5 3 trust company has adopted a statement of principles of trust  
5 4 department management or other policies or guidelines  
5 5 acceptable to the superintendent.

5 6 m. Other relevant information deemed necessary and  
5 7 appropriate by the superintendent.

5 8 2. If at any time while an application is pending or after  
5 9 an application is approved, transfers, changes, or events  
5 10 occur which cause the information contained in the application  
5 11 to be incorrect or incomplete, the applicant shall immediately  
5 12 file a certified report with the superintendent describing the  
5 13 transfers, changes, or events, and containing correct and  
5 14 complete information as required by this section.

5 15 Sec. 7. NEW SECTION. 524A.7 DIRECTORS AND OFFICERS -  
5 16 MINIMUM NUMBER REQUIRED.

5 17 The board of directors of a trust company shall consist of  
5 18 at least five individuals. Each director shall be eighteen  
5 19 years of age or older and a citizen of the United States. A  
5 20 majority of the directors shall be citizens of this state.  
5 21 The officers of a trust company shall include, at a minimum, a  
5 22 president, vice president, and a treasurer. Any one  
5 23 individual may fill two such positions, except that of both  
5 24 president and vice president.

5 25 Sec. 8. NEW SECTION. 524A.8 PUBLICATION OF NOTICE -  
5 26 INVESTIGATION AND EXAMINATION OF APPLICATION - APPROVAL OF  
5 27 APPLICATION.

5 28 1. The applicant shall publish notice of its intention to  
5 29 deliver, or the delivery of, the application for a charter of  
5 30 authority to the superintendent, once each week for two  
5 31 successive weeks in a newspaper of general circulation  
5 32 published in the municipal corporation which is proposed as  
5 33 the principal place of business of the proposed trust company,  
5 34 or if there is none, a newspaper of general circulation  
5 35 published in the county, or in a county adjoining the county,  
6 1 in which the proposed trust company is to have its principal  
6 2 place of business. The first publication of the notice shall  
6 3 appear prior to, or within ten days after, the date of  
6 4 delivery of the application to the superintendent. The first  
6 5 and second publications shall set forth all of the following:

6 6 a. The name of the proposed trust company.

6 7 b. A statement that the trust company seeks a charter of  
6 8 authority under this chapter.

6 9 c. The name and address of each applicant associated with  
6 10 the application.

6 11 d. The name and address of each member of the initial  
6 12 board of directors of the trust company.

6 13 e. The proposed location of the principal place of  
6 14 business of the trust company.

6 15 Within thirty days after the filing of the application, the

6 16 applicant shall deliver to the superintendent proof of  
6 17 publication of the notice required by this section by  
6 18 affidavit of the publisher of the newspaper in which the  
6 19 publication was made.

6 20 2. Upon the filing of an application for a charter of  
6 21 authority to transact business as a trust company in this  
6 22 state, the superintendent shall conduct an investigation of  
6 23 the statements made in the application and the background of  
6 24 the management and controlling shareholder or shareholders.  
6 25 The superintendent shall not approve the application and issue  
6 26 a charter of authority to transact business as a trust company  
6 27 unless the superintendent finds all of the following:

6 28 a. The capital structure meets the minimum amounts as  
6 29 determined pursuant to this chapter including additional  
6 30 amounts if deemed necessary to support the scope of the  
6 31 proposed operation.

6 32 b. The directors possess satisfactory character,  
6 33 qualifications, and general business experience or familiarity  
6 34 with trust services to assure reasonable promise of a  
6 35 successful, safe, and sound operation.

7 1 c. The officers and other management possess satisfactory  
7 2 character, qualifications, and experience or familiarity with  
7 3 trust services to assure reasonable promise of a successful,  
7 4 safe, and sound operation.

7 5 d. The prospects for success based on all of the factors  
7 6 considered are such to allow the operation of the proposed  
7 7 trust company.

7 8 3. Within ninety days after the second publication of the  
7 9 notice required by this section, any person opposing the  
7 10 pending application shall file written objections with the  
7 11 superintendent. Following the expiration of the ninety-day  
7 12 period and prior to making a determination on the pending  
7 13 application, the superintendent shall give adequate notice of  
7 14 the pending application, and may afford all interested  
7 15 persons, including the applicant and any persons objecting to  
7 16 the application, an opportunity for a hearing during which  
7 17 such persons shall be allowed to present evidence in support  
7 18 of, or in opposition to, the pending application. The hearing  
7 19 shall be recorded. The superintendent shall conduct a hearing  
7 20 if any interested person files an objection to the pending  
7 21 application and requests a hearing.

7 22 4. Within one hundred eighty days after receipt of the  
7 23 application for a charter of authority under this chapter, the  
7 24 superintendent shall make a determination whether to approve  
7 25 or disapprove the pending application on the basis of the  
7 26 investigation.

7 27 5. If the superintendent approves the application, the  
7 28 superintendent shall deliver the articles of incorporation,  
7 29 with the superintendent's approval indicated thereon, to the  
7 30 secretary of state and notify the applicant, and such other  
7 31 persons who requested in writing that they be notified of such  
7 32 approval. The receipt of the approved articles of  
7 33 incorporation of a trust company by the secretary of state  
7 34 constitutes filing with that office. The secretary of state  
7 35 shall record the articles of incorporation and forward a copy  
8 1 of them to the county recorder of the county in which the  
8 2 trust company is to have its principal place of business.

8 3 Upon the filing of the articles of incorporation, the  
8 4 secretary of state shall issue a certificate of incorporation  
8 5 and send the certificate to the applicant. If the  
8 6 superintendent disapproves the application, the superintendent  
8 7 shall notify the applicant of the action and the reason for  
8 8 the decision.

8 9 6. The actions of the superintendent shall be subject to  
8 10 judicial review pursuant to chapter 17A.

8 11 7. Upon the issuance of the certificate of incorporation  
8 12 of a trust company, the corporate existence shall begin,

8 13 unless the certificate in conformity with a provision of the  
8 14 articles of incorporation provides that it shall begin on a  
8 15 stated day in the future, in which event the corporate  
8 16 existence shall, without further action by either the  
8 17 incorporators or the secretary of state, begin on the day so  
8 18 stated.

8 19 8. The trust company shall not transact any business as a  
8 20 trust company except such business as is incident to  
8 21 commencement of business, or to the obtaining of subscriptions  
8 22 and payment for its shares, until receipt of the charter of  
8 23 authority to transact business as a trust company from the  
8 24 superintendent. The superintendent shall issue an  
8 25 authorization to transact business as a trust company upon  
8 26 finding that the proposed trust company has complied with all  
8 27 of the requirements of this chapter related to the issuance of  
8 28 such charter and has submitted to the superintendent a  
8 29 certified statement, in the form prescribed by the  
8 30 superintendent, showing that the capital stock, surplus, and  
8 31 undivided profits required by the superintendent in accordance  
8 32 with this chapter have been fully paid.

8 33 Sec. 9. NEW SECTION. 524A.9 EXPENSES OF EXAMINATION OF  
8 34 THE APPLICATION.

8 35 An applicant shall pay all reasonable expenses incurred in  
9 1 an examination and investigation related to the application as  
9 2 deemed necessary and appropriate by the superintendent.

9 3 Sec. 10. NEW SECTION. 524A.10 AMOUNT OF CAPITAL.

9 4 1. The initial minimum amount of capital stock, surplus,  
9 5 and undivided profits required to be raised or subscribed for  
9 6 prior to the filing of an application for a charter of  
9 7 authority to transact business as a trust company in this  
9 8 state is one hundred thousand dollars. However, the  
9 9 superintendent may require additional initial minimum capital  
9 10 stock, surplus, or undivided profits based on the amount and  
9 11 character of the anticipated business of the proposed trust  
9 12 company or the projected revenues and expenses of the proposed  
9 13 trust company, or for the safety of the customers of the  
9 14 proposed trust company.

9 15 2. The ongoing minimum capital requirements shall be based  
9 16 on the nature and extent of the trust activities being  
9 17 conducted by the trust company, but shall not be less than the  
9 18 lesser of the initial minimum established in subsection 2, or  
9 19 the sum of thirty basis points of the market value of those  
9 20 trust assets in which the trust company has either sole or  
9 21 joint investment discretion and ten basis points of the market  
9 22 value of those trust assets in which the trust company does  
9 23 not have investment discretion. However, the superintendent  
9 24 may require from time to time additional ongoing capital based  
9 25 on the nature, extent, and risks of the business being  
9 26 conducted by the trust company, and the amounts and types of  
9 27 insurance protection, including deductible limits, maintained  
9 28 by the trust company.

9 29 3. The ongoing minimum capital requirements shall be  
9 30 adjusted by the trust company annually within one hundred  
9 31 twenty days following the close of the fiscal year of the  
9 32 trust company, or more frequently if requested by the  
9 33 superintendent.

9 34 4. If the trust company does not have insurance to cover  
9 35 this liability of directors and officers of the trust company  
10 1 in amounts and coverages acceptable to the superintendent,  
10 2 then the trust company shall maintain such additional minimum  
10 3 capital requirements as the superintendent deems necessary and  
10 4 appropriate.

10 5 Sec. 11. NEW SECTION. 524A.11 OWNERSHIP AND TRANSFER OF  
10 6 STOCK.

10 7 1. The shares of any trust company shall be owned only by  
10 8 one or more banks, with each having its principal place of  
10 9 business in this state, or one or more bank holding companies

10 10 owning or controlling one or more banks, with each having  
10 11 their principal place of business in this state, or a  
10 12 combination of such banks and bank holding companies. If, at  
10 13 any time, an event occurs or a transfer of shares of stock of  
10 14 a trust company occurs which results in ownership of shares of  
10 15 the trust company by a person or entity that is not a bank  
10 16 having its principal place of business in this state or a bank  
10 17 holding company owning or controlling one or more banks, with  
10 18 each having its principal place of business in this state, the  
10 19 trust company, as of the date of such event or transfer, shall  
10 20 cease to exercise fiduciary powers, appointments, and  
10 21 functions, and otherwise cease to transact business as a trust  
10 22 company in this state.

10 23 2. Shares of stock of the trust company shall not be  
10 24 transferred on the books of the trust company when the capital  
10 25 structure is impaired, except upon approval of the  
10 26 superintendent.

10 27 3. If a transfer of shares of stock of a trust company  
10 28 occurs which results in direct or indirect ownership by a  
10 29 stockholder or an affiliated group of stockholders of ten  
10 30 percent or more of the outstanding stock of the trust company,  
10 31 or in the event additional shares of voting stock of the trust  
10 32 company are transferred to such stockholders or affiliated  
10 33 group of stockholders, the president or other officer of the  
10 34 trust company shall file a certified report which describes  
10 35 the transfer with the superintendent within ten days after  
11 1 such transfer. Such report shall include the names and  
11 2 addresses of the stockholders and their ownership percentage  
11 3 of issued and subscribed stock of the trust company after such  
11 4 transfer and the current locations where each stockholder and  
11 5 bank subsidiary of each stockholder maintains its principal  
11 6 place of business and all bank offices. The superintendent  
11 7 may require the submission of additional information regarding  
11 8 the transfer as the superintendent deems appropriate.

11 9 4. A trust company, with the prior approval of the  
11 10 superintendent, may acquire its own shares and such acquired  
11 11 shares constitute authorized but unissued shares. However, if  
11 12 the articles of incorporation prohibit the reissue of acquired  
11 13 shares, the number of authorized shares shall be reduced by  
11 14 the number of shares acquired, effective upon amendment of the  
11 15 articles of incorporation regarding the number of authorized  
11 16 shares.

11 17 Sec. 12. NEW SECTION. 524A.12 INCREASE OF CAPITAL STOCK.

11 18 1. The capital stock of a trust company may be increased.  
11 19 The president or other chief executive officer of the trust  
11 20 company shall file a certified report with the superintendent  
11 21 within ten days after such increase in capital stock stating  
11 22 all of the following:

- 11 23 a. The amount of the increase.
- 11 24 b. The names and addresses of the subscribers.
- 11 25 c. The amount subscribed by each subscriber.
- 11 26 d. The ownership percentage of issued and subscribed stock  
11 27 of the trust company held by each subscriber after the  
11 28 increase.
- 11 29 e. The current location of the principal place of business  
11 30 and all bank offices of each subscriber and bank subsidiary of  
11 31 each subscriber.
- 11 32 f. That the amounts subscribed have been paid in full to  
11 33 the trust company.

11 34 2. The superintendent may require the submission of  
11 35 additional information regarding the increase in capital stock  
12 1 as the superintendent deems necessary and appropriate.

12 2 Sec. 13. NEW SECTION. 524A.13 RESTORATION OF IMPAIRED  
12 3 CAPITAL.

12 4 The superintendent, if it appears that the capital  
12 5 structure of any trust company is impaired, shall notify the  
12 6 trust company that the trust company must restore the capital

12 7 structure of the trust company within thirty days of receipt  
12 8 of the notice or within such other period as prescribed by the  
12 9 superintendent in the notice. If the capital structure is not  
12 10 restored as required by the superintendent, the superintendent  
12 11 may revoke the charter of authority of the trust company to  
12 12 transact business and may institute proceedings for the  
12 13 appointment of a receiver for the trust company or take such  
12 14 actions under this chapter as the superintendent deems  
12 15 necessary or appropriate.

12 16 Sec. 14. NEW SECTION. 524A.14 DIVIDENDS FROM CAPITAL  
12 17 STOCK PROHIBITED.

12 18 A trust company, during the time it continues in business,  
12 19 shall not make any distribution to its shareholders related to  
12 20 its capital stock which would reduce its capital structure  
12 21 below the minimum capital requirements of this chapter or  
12 22 which would be in violation of applicable corporation law.  
12 23 The current dividends of a trust company shall be paid from  
12 24 undivided profits after deducting losses, based on reasonably  
12 25 current financial statements prepared in accordance with  
12 26 generally accepted accounting principles applicable to a trust  
12 27 company.

12 28 Sec. 15. NEW SECTION. 524A.15 POWERS OF TRUST COMPANIES.

12 29 A trust company may exercise all powers connected with, and  
12 30 necessary or incidental to, carrying on a trust company  
12 31 business, as well as act in any capacity which an individual  
12 32 or corporation acting as a fiduciary in this state may act,  
12 33 subject to any limitations contained in this chapter. Such  
12 34 powers include, but are not limited to, the following:

12 35 1. Subject to the prior approval of the superintendent,  
13 1 acquire and hold, or lease as lessee, only such real property  
13 2 as is used, or is to be used, wholly or substantially, by the  
13 3 trust company in its operations or for future use in its  
13 4 operations.

13 5 2. Subject to the prior approval of the superintendent,  
13 6 acquire and hold ownership interests in an entity engaged  
13 7 solely in holding and operating real property used, or to be  
13 8 used, wholly or substantially, by the trust company in its  
13 9 operations or for future use in its operations.

13 10 3. Subject to the prior approval of the superintendent,  
13 11 acquire and hold ownership interests in an entity organized  
13 12 solely for the purpose of providing data processing services,  
13 13 or other clerical, bookkeeping, accounting, tax, statistical,  
13 14 safekeeping, or similar services, to the trust company.

13 15 4. Subject to the superintendent's supervision,  
13 16 regulation, and examination of services performed by persons  
13 17 and entities other than a trust company as provided in this  
13 18 chapter, enter into service agreements or contracts with any  
13 19 person or entity for the purpose of providing data processing  
13 20 services, or other clerical, bookkeeping, tax, statistical,  
13 21 safekeeping or similar services, to the trust company, whether  
13 22 on or off the premises of the trust company. Written  
13 23 assurances satisfactory to the superintendent by the trust  
13 24 company and the person or entity shall be furnished to the  
13 25 superintendent prior to the performance of any services  
13 26 certifying that the performance of the services is subject to  
13 27 supervision, regulation, and examination by the superintendent  
13 28 to the same extent as if the services were being performed by  
13 29 the trust company itself on its own premises.

13 30 5. Receive and invest funds in a fiduciary capacity upon  
13 31 such terms and conditions as may be agreed upon.

13 32 6. Accept and execute all such agreements as may be  
13 33 committed to it by any person or entity to act as assignee,  
13 34 receiver, trustee, successor trustee, or depository, and to  
13 35 accept and execute all such trusts as may be committed or  
14 1 referred to it by order, judgment, or decree of any court.

14 2 7. Take, accept, and hold by order, judgment, or decree of  
14 3 any court or by gift, grant, assignment, transfer, devise or

14 4 bequest, any real or personal property in trust, care for,  
14 5 manage, lease, and convey the property pursuant to the trusts,  
14 6 and execute and perform all such trusts.

14 7 8. Act either by itself or jointly with an individual or  
14 8 another trust company, state bank, national bank, savings  
14 9 bank, or savings and loan association authorized to act in a  
14 10 fiduciary capacity in this state, as agent or as attorney-in-  
14 11 fact for any person or entity, public or private.

14 12 9. Act by itself or jointly with any other person  
14 13 qualified to act as a fiduciary, as administrator of the  
14 14 estate of any deceased person, as personal representative, as  
14 15 conservator of the property or guardian of the person of any  
14 16 minor or incompetent or person under any disability, or as  
14 17 trustee for any person or of the estate of any deceased person  
14 18 under the appointment of any court having jurisdiction of the  
14 19 estate of such person. A trust company so appointed as  
14 20 administrator, personal representative, conservator, guardian,  
14 21 or trustee shall give a bond in the same manner as is required  
14 22 for banks acting in a similar fiduciary capacity.

14 23 10. Subject to the approval of the superintendent, borrow  
14 24 money and pledge its real estate for the loan.

14 25 11. Buy, hold, own, and sell all of the following:

14 26 a. Securities issued or guaranteed by the United States,  
14 27 or an authorized agency of the United States, including a  
14 28 corporation or enterprise wholly owned, directly or  
14 29 indirectly, by the United States or with the authority to  
14 30 borrow directly from the United States treasury.

14 31 b. Securities secured by obligations of the United States  
14 32 or an authorized agency of the United States.

14 33 c. Securities of any state, or political subdivision of a  
14 34 state, which possesses general powers of taxation.

14 35 d. Stocks, warrants, bills of exchange, notes, mortgages,  
15 1 banker's acceptances, certificates of deposit in institutions  
15 2 whose accounts are insured, and other investment securities,  
15 3 negotiable and nonnegotiable.

15 4 12. Appointment by a court of this state as receiver,  
15 5 assignee, trustee, conservator, guardian, personal  
15 6 representative, custodian, or administrator. If a trust  
15 7 company is so appointed and required to take an oath, whether  
15 8 to qualify as such appointee or for any other purpose, the  
15 9 president, vice president, treasurer, or any other officer of  
15 10 the trust company, on behalf of the trust company, may make  
15 11 and subscribe the required oath.

15 12 13. Lease, transfer, or convey real property owned or held  
15 13 in trust by the trust company. All such leases, transfers and  
15 14 conveyances, and the instruments affecting such real property,  
15 15 shall be authorized by a resolution of the board of directors,  
15 16 or a committee appointed by the board of directors, and signed  
15 17 in the name of the trust company by its president, vice  
15 18 president, or other authorized officer or officers.

15 19 14. Establish common trust funds for the purpose of  
15 20 furnishing investments to itself as fiduciary, or to itself  
15 21 and others as cofiduciaries, and to invest funds that it  
15 22 lawfully holds for investment in such common trust funds, if  
15 23 the investment is not prohibited by the instrument, judgment,  
15 24 decree, or order creating the fiduciary relationship.

15 25 Sec. 16. NEW SECTION. 524A.16 SUPERINTENDENT'S POWERS.

15 26 1. The superintendent shall supervise and regulate all  
15 27 trust companies and is charged with the administration and  
15 28 execution of the laws of this state relating to trust  
15 29 companies and the business of trust companies, and with such  
15 30 other duties and responsibilities as are imposed upon the  
15 31 superintendent by the laws of this state. The superintendent  
15 32 shall have all powers with respect to trust companies as are  
15 33 possessed by the superintendent with respect to banks having  
15 34 fiduciary powers under chapter 524. The superintendent shall  
15 35 adopt, amend, and repeal such rules pursuant to chapter 17A or

16 1 take other action which, in the superintendent's opinion, is  
16 2 necessary and appropriate to properly and effectively carry  
16 3 out and enforce the provisions of this chapter.

16 4 2. The superintendent, the deputy superintendent, and,  
16 5 upon approval of the superintendent, any assistant or examiner  
16 6 shall have the power to subpoena witnesses, to compel their  
16 7 attendance, to administer an oath, to examine any person under  
16 8 oath, and to require the production of any relevant records,  
16 9 books, and papers. The examination shall be conducted by the  
16 10 superintendent consistent with this chapter.

16 11 3. If a person subpoenaed pursuant to subsection 2  
16 12 neglects or refuses to obey or comply with the terms of the  
16 13 subpoena, neglects or refuses to produce books or papers, or  
16 14 to give testimony as required, the superintendent may apply to  
16 15 the district court of the county in which the trust company  
16 16 has its principal place of business for the enforcement of the  
16 17 subpoena or the issuance of an order compelling such  
16 18 compliance as the court may direct.

16 19 4. A person who refuses to obey an order of the district  
16 20 court issued pursuant to subsection 3 without reasonable cause  
16 21 is subject to punishment for contempt.

16 22 Sec. 17. NEW SECTION. 524A.17 BONDS OF OFFICERS AND  
16 23 EMPLOYEES.

16 24 An officer or employee of a trust company having the care,  
16 25 custody, or control of any funds or securities of the trust  
16 26 company, or funds or securities held for the beneficiaries of  
16 27 its fiduciary obligations, shall provide a bond issued by a  
16 28 surety company authorized to do business in this state  
16 29 indemnifying the trust company and the beneficiaries of its  
16 30 fiduciary obligations against loss which may be incurred by  
16 31 reason of any act of fraud, dishonesty, forgery, theft,  
16 32 larceny, embezzlement, wrongful abstraction, misapplication,  
16 33 misappropriation, or other unlawful act committed by an  
16 34 officer or employee, directly or through connivance with  
16 35 others, until all of such officer's or employee's accounts  
17 1 with the trust company, and the beneficiaries of its fiduciary  
17 2 obligations, have been fully settled and satisfied. The  
17 3 amount and surety are subject to the approval of the board of  
17 4 directors of the trust company. If the agent of a bonding  
17 5 company issuing a bond under this section is an officer or  
17 6 employee of the trust company upon which the bond is issued,  
17 7 the bond so issued shall contain a provision that the bonding  
17 8 company shall not use, either as grounds for rescission or as  
17 9 a defense to liability under the terms and conditions of the  
17 10 bond, the knowledge that the agent was so employed, whether or  
17 11 not the agent received any part of the premium for the bond as  
17 12 a commission.

17 13 Sec. 18. NEW SECTION. 524A.18 ACTIONS REQUIRED,  
17 14 PERMITTED OR PROHIBITED.

17 15 1. A trust company shall keep separate records for all  
17 16 property held as a fiduciary for each account for which such  
17 17 property is held.

17 18 2. A trust company shall not make a loan or extension of  
17 19 credit of any funds held as a fiduciary, directly or  
17 20 indirectly, except for a loan specifically authorized by the  
17 21 terms of an agreement or instrument under which the trust  
17 22 company is designated as fiduciary, to or for the benefit of  
17 23 any of the following:

17 24 a. An affiliate of the trust company or a person or entity  
17 25 which provides services to the trust company pursuant to a  
17 26 contract with the trust company.

17 27 b. A director, officer, or employee of the trust company.

17 28 c. An affiliate, partnership, limited liability company,  
17 29 or other unincorporated association of which a director,  
17 30 officer, or employee of the trust company is a partner or  
17 31 member.

17 32 d. A corporation in which such director, officer, or

17 33 employee has a controlling interest.

17 34 3. Unless authorized by an agreement or instrument  
17 35 creating a fiduciary relationship, a court order, or the laws  
18 1 of this state, a trust company, directly or indirectly, shall  
18 2 not sell any asset or security held by the trust company as a  
18 3 fiduciary to the trust company for its own account or to an  
18 4 affiliate, officer, director, or employee of the trust  
18 5 company, or purchase from the trust company, or an affiliate,  
18 6 officer, director, or employee of the trust company, any asset  
18 7 or security issued by the trust company except for the  
18 8 following:

18 9 a. An investment in which a state bank may invest without  
18 10 limitation pursuant to section 524.901, subsection 3.

18 11 b. An asset purchased by the trust company pursuant to an  
18 12 agreement where the trust company is bound to sell, and the  
18 13 trust company as fiduciary is bound to buy, at a date not more  
18 14 than one year from the date of acquisition by the trust  
18 15 company, and at a price agreed upon at the time of acquisition  
18 16 by the trust company.

18 17 c. An asset sold to the trust company for its own account  
18 18 or purchased in a fiduciary capacity from the trust company  
18 19 with the prior approval of the superintendent.

18 20 Sec. 19. NEW SECTION. 524.19 PROHIBITIONS APPLICABLE TO  
18 21 OFFICERS AND EMPLOYEES.

18 22 An officer or employee of a trust company shall not do any  
18 23 of the following:

18 24 1. Receive anything of value for procuring, or attempting  
18 25 to procure, an investment by the trust company.

18 26 2. Engage, directly or indirectly, in the sale of any kind  
18 27 of insurance, shares of stock, bonds or other securities, or  
18 28 real property, or procure or attempt to procure for a fee or  
18 29 other compensation fiduciary services for any person from a  
18 30 person other than the trust company, unless authorized to do  
18 31 so by the board of directors of the trust company. If so  
18 32 authorized, the board of directors shall also determine the  
18 33 manner in which profits, fees, or other compensation derived  
18 34 from the sale or procurement shall be distributed.

18 35 3. Serve as a personal fiduciary with respect to any  
19 1 matter as to which the trust company is acting as a fiduciary  
19 2 or solicit fiduciary appointments, functions, or powers  
19 3 contrary to or in competition with the fiduciary services  
19 4 exercised or provided by the trust company of which the person  
19 5 is an officer or employee.

19 6 Sec. 20. NEW SECTION. 524A.20 RETENTION OF BOOKS AND  
19 7 RECORDS.

19 8 1. A trust company shall retain its business records for  
19 9 the periods prescribed in this section, except as may be  
19 10 otherwise prescribed by state or federal law or rule.

19 11 2. A trust company shall retain permanently the minute  
19 12 books of meetings of its stockholders and directors, its  
19 13 capital stock ledger, capital stock certificate ledger or  
19 14 stubs, and all other records which the superintendent,  
19 15 pursuant to this section, shall require to be retained  
19 16 permanently.

19 17 3. All other records of a trust company shall be retained  
19 18 for such periods as the superintendent, pursuant to this  
19 19 section, shall prescribe.

19 20 4. The superintendent, as deemed necessary and  
19 21 appropriate, may adopt, amend, and repeal rules classifying  
19 22 all records to be maintained by trust companies, prescribing  
19 23 the periods for which records of various classes shall be  
19 24 retained, and prescribing the manner in which records of the  
19 25 destruction of records are to be recorded and maintained. The  
19 26 periods may be permanent or for a term of years. Prior to  
19 27 adoption, amendment, or repeal of the rules, the  
19 28 superintendent shall consider all of the following:

19 29 a. Actions and administrative proceedings in which the

19 30 production of trust company records might be necessary or  
19 31 advisable.

19 32 b. State and federal statutes of limitation applicable to  
19 33 the actions or proceedings.

19 34 c. The availability of information contained in trust  
19 35 company records from other sources.

20 1 d. Other matters as the superintendent deems pertinent to  
20 2 the interest of customers and shareholders of a trust company  
20 3 and to the interest of the people of this state in having such  
20 4 records available.

20 5 5. A trust company may destroy any record which has been  
20 6 retained for the period prescribed in accordance with the  
20 7 terms of this section for retention of records of its class  
20 8 and, after it has destroyed a record, is under no duty to  
20 9 produce the record except as may be otherwise required by  
20 10 state or federal law or rule.

20 11 6. A trust company, instead of retaining the original  
20 12 records, may cause any or all of its records and the records  
20 13 of others held at any time in its custody, including those  
20 14 held by it as a fiduciary, to be photographed or otherwise  
20 15 reproduced to a permanent form. A photograph or reproduction  
20 16 shall have the same force and effect as the original record  
20 17 and be admitted in evidence in the same manner as the  
20 18 original.

20 19 7. A trust company may cause any or all transactions,  
20 20 information, and data occurring in the regular course of its  
20 21 operations to be recorded and maintained by electronic means.  
20 22 If the electronic records of such transactions, information,  
20 23 and data are converted to writing, such writings shall  
20 24 constitute the original records of the transactions,  
20 25 information, and data, and shall have the force and effect of  
20 26 the original records.

20 27 8. Except to the extent preempted by federal law, this  
20 28 section shall apply to all trust companies authorized to  
20 29 transact business in this state.

20 30 9. This section shall not be construed to affect any duty  
20 31 of a trust company to preserve the confidentiality of those  
20 32 records deemed to be confidential records by law or rule.

20 33 Sec. 21. NEW SECTION. 524A.21 REPORTS TO SUPERINTENDENT.

20 34 1. A trust company shall provide to the superintendent  
20 35 annual financial statements within forty-five days after the  
21 1 end of each fiscal year of the trust company. The annual  
21 2 financial statements shall be accompanied by the unqualified  
21 3 opinion of an independent accountant, if required by the  
21 4 superintendent. The superintendent may require such other  
21 5 financial reports as the superintendent deems necessary and  
21 6 appropriate. Financial statements shall be prepared in  
21 7 accordance with generally accepted accounting principles  
21 8 applicable to trust companies.

21 9 2. The superintendent may require a trust company to  
21 10 establish an autonomous internal audit control system which  
21 11 shall be subject to the approval of the superintendent, or may  
21 12 require periodic examinations of the financial condition of a  
21 13 trust company, and written reports of the examinations, to be  
21 14 performed by the board of directors or by a certified public  
21 15 accountant or a firm of the accountants, or both, as the  
21 16 superintendent deems necessary and appropriate.

21 17 3. If, at any time, an event occurs or a transfer of  
21 18 shares of stock of a trust company occurs which results in  
21 19 ownership of shares of the trust company by a person or entity  
21 20 that is not a bank having its principal place of business in  
21 21 this state or a bank holding company owning or controlling one  
21 22 or more banks having its principal place of business in this  
21 23 state, the president or other officer of the trust company  
21 24 shall file a certified report describing the event or transfer  
21 25 with the superintendent within ten days after the event or  
21 26 transfer.

21 27 4. If, at any time, a trust company maintains a business  
21 28 location that has not been approved by the superintendent or  
21 29 an event occurs or a transfer of shares of stock of the trust  
21 30 company occurs which results in the existence of a business  
21 31 location of the trust company in violation of this chapter,  
21 32 the president or other officer of the trust company shall file  
21 33 a certified report describing the event or transfer which  
21 34 results in such condition with the superintendent within ten  
21 35 days after the event or transfer.

22 1 5. A trust company shall maintain a complete and correct  
22 2 list of the names and addresses of the directors, officers,  
22 3 and stockholders of the trust company and the number of shares  
22 4 and their percentage ownership of issued and subscribed  
22 5 capital stock of the trust company held by each director,  
22 6 officer, and stockholder. The list shall also include the  
22 7 locations of the principal place of business and all bank  
22 8 offices of each stockholder and bank subsidiary of each  
22 9 stockholder. The list shall be subject to public inspection  
22 10 during usual business hours. A copy of the list as of the  
22 11 date of the adjournment of each annual meeting of  
22 12 stockholders, certified by the president or other officer of  
22 13 the trust company, shall be filed with the superintendent  
22 14 within ten days after the annual meeting.

22 15 Sec. 22. NEW SECTION. 524A.22 EXAMINATION OF TRUST  
22 16 COMPANIES.

22 17 1. The superintendent, either personally or by one or more  
22 18 persons appointed by the superintendent, shall examine each  
22 19 trust company at least once every twenty-four months, and may  
22 20 examine any trust company or service provider at any time if  
22 21 the superintendent deems it necessary or advisable, to make a  
22 22 full and careful examination and inquiry into the condition of  
22 23 the affairs of such trust company or service provider. The  
22 24 affairs of a trust company or service provider shall include,  
22 25 but not be limited to, clerical, accounting, bookkeeping,  
22 26 statistical, data processing, safekeeping, or similar  
22 27 functions of a trust company.

22 28 2. The superintendent and a person appointed by the  
22 29 superintendent pursuant to subsection 1 may administer an oath  
22 30 to any person whose testimony is required during an  
22 31 examination, and compel the appearance and attendance of any  
22 32 person for the purpose of examination, by summons, subpoena,  
22 33 or attachment, in the manner authorized with respect to the  
22 34 attendance of persons as witnesses in court. All books and  
22 35 papers which are necessary for examination by the  
23 1 superintendent or person so appointed shall be produced, and  
23 2 their production may be compelled in a like manner.

23 3 3. A trust company subject to examination, supervision,  
23 4 and regulation by the superintendent shall pay to the  
23 5 superintendent fees, established by the state banking board,  
23 6 based on the costs and expenses incurred in the discharge of  
23 7 the duties imposed upon the superintendent by this chapter.  
23 8 The fees shall include, but are not limited to, costs and  
23 9 expenses for salaries, expenses, and travel for employees,  
23 10 office facilities, supplies, and equipment. Upon completion  
23 11 of an examination pursuant to this chapter, the examiner in  
23 12 charge of the examination shall render a bill for the fees, in  
23 13 duplicate, and shall deliver one copy of the bill to the trust  
23 14 company and one copy to the superintendent. Failure to pay  
23 15 the amount of the fees to the superintendent within ten days  
23 16 after the date of billing shall subject the trust company to  
23 17 an additional charge equal to five percent of the amount of  
23 18 the fees for each day the payment is delinquent.

23 19 4. On every examination, inquiry shall be made as to the  
23 20 condition and resources of the trust company generally, the  
23 21 mode of conducting and managing its affairs, the action of its  
23 22 directors, the investments of its funds, the safety and  
23 23 prudence of its management, the security afforded to its

23 24 customers, and whether the requirements of its charter and of  
23 25 the laws of this state have been complied with in the  
23 26 administration of its affairs.

23 27 5. Any data processing services, or other clerical,  
23 28 bookkeeping, accounting, tax, statistical, safekeeping, or  
23 29 similar services, which a trust company causes to be  
23 30 performed, by contract or other agreement, whether on or off  
23 31 its premises, is subject to both of the following:

23 32 a. Supervision, regulation, and examination by the  
23 33 superintendent to the same extent as if the services were  
23 34 being performed by the trust company itself on its own  
23 35 premises.

24 1 b. The provision of written assurances to the  
24 2 superintendent, which are satisfactory to the superintendent,  
24 3 by the trust company and the person or entity performing the  
24 4 services, prior to the performance of the services.

24 5 6. The superintendent, in lieu of making a direct  
24 6 examination and inspection, may accept the examination and  
24 7 report of an authorized federal agency.

24 8 7. A report of examination pursuant to this section and  
24 9 any copies of such report are the property of the  
24 10 superintendent, are confidential, and shall only be disclosed  
24 11 pursuant to section 524.215.

24 12 Sec. 23. NEW SECTION. 524A.23 REFUSAL TO SUBMIT TO  
24 13 EXAMINATION.

24 14 In the event an officer of a trust company subject to  
24 15 supervision by the superintendent under this chapter, or a  
24 16 person or entity performing services for the trust company,  
24 17 refuses to submit the books, records, papers, and instruments  
24 18 of the trust company, person, or entity to the examination and  
24 19 inspection of the superintendent or any appointee, or in any  
24 20 manner obstructs or interferes with the examination and  
24 21 investigation of the trust company, person, or entity, or  
24 22 refuses to be examined under oath concerning any of the  
24 23 affairs of the trust company, person, or entity, the  
24 24 superintendent may revoke the charter of authority of the  
24 25 trust company to transact business and may institute  
24 26 proceedings for the appointment of a receiver for the trust  
24 27 company or take such actions under this chapter as the  
24 28 superintendent deems necessary or appropriate.

24 29 Sec. 24. NEW SECTION. 524A.24 POWER OF SUPERINTENDENT TO  
24 30 ISSUE ORDERS.

24 31 1. If it appears to the superintendent that a trust  
24 32 company is engaging or has engaged, or the superintendent has  
24 33 reasonable cause to believe that the trust company is about to  
24 34 engage, in an unsafe or unsound practice in conducting the  
24 35 business of the trust company, or is violating or has  
25 1 violated, or the superintendent has reasonable cause to  
25 2 believe that the trust company is about to violate, any  
25 3 provision of this chapter or of any rule adopted pursuant to  
25 4 this chapter, or any condition imposed in writing by the  
25 5 superintendent in connection with the approval of any matter  
25 6 required by this chapter, or any written agreement entered  
25 7 into with the superintendent, or engage in any other practice  
25 8 deemed unsafe or unsound by the superintendent, the  
25 9 superintendent may issue and serve upon the trust company a  
25 10 written notice containing a statement of the facts  
25 11 constituting the alleged violation or violations, or the  
25 12 unsafe or unsound practice or practices, and fixing a time and  
25 13 place at which a hearing shall be held to determine whether an  
25 14 order to cease and desist from the violation or practice  
25 15 should be issued to the trust company.

25 16 2. A trust company which fails to appear at the hearing is  
25 17 deemed to have consented to the issuance of a cease and desist  
25 18 order. If upon such consent, or if upon the record made at  
25 19 the hearing, the superintendent finds that a violation or  
25 20 unsafe or unsound practice specified in the notice is

25 21 established, the superintendent may issue and serve upon the  
25 22 trust company an order to cease and desist from any such  
25 23 violation or practice. The order may require the trust  
25 24 company and its directors, officers, and employees to cease  
25 25 and desist from any such violation or practice and, further,  
25 26 to take affirmative action to correct the conditions resulting  
25 27 from any such violation or practice.

25 28 3. An order issued pursuant to this section becomes  
25 29 effective upon service of the order on the trust company and  
25 30 remains effective except to the extent that it is stayed,  
25 31 modified, terminated, or set aside by action of the  
25 32 superintendent or of the district court of the county in which  
25 33 the trust company has its principal place of business.

25 34 4. The superintendent may apply to the district court of  
25 35 the county in which the trust company has its principal place  
26 1 of business for the enforcement of an order pursuant to this  
26 2 section and the court shall have jurisdiction and power to  
26 3 order and require compliance with the order.

26 4 Sec. 25. NEW SECTION. 524A.25 SPECIAL MEETING OF BOARD  
26 5 OF DIRECTORS.

26 6 1. Whenever the superintendent deems it necessary or  
26 7 advisable, the superintendent may cause a meeting of the board  
26 8 of directors of a trust company to be held in the manner and  
26 9 at such time and place as the superintendent may direct. A  
26 10 report of an examination required or allowed by this chapter,  
26 11 conclusions drawn from the report by the superintendent,  
26 12 recommendations made relative to the report, and any other  
26 13 matters concerning the operation and condition of the trust  
26 14 company may be presented to the board of directors by the  
26 15 superintendent. The trust company shall record the  
26 16 recommendations and conclusions of the superintendent in the  
26 17 minutes of the board of directors of the trust company.

26 18 2. Each member of the board of directors shall certify to  
26 19 the superintendent that the member has read and understands  
26 20 the conclusions and recommendations of the superintendent.

26 21 Sec. 26. NEW SECTION. 524A.26 REFUSAL TO COMPLY.

26 22 A trust company which refuses or neglects for a period of  
26 23 thirty days after written notice demanding compliance with any  
26 24 lawful requirement of the superintendent is deemed to have  
26 25 relinquished its charter of authority and the superintendent  
26 26 shall revoke its authority to transact business. The  
26 27 superintendent shall give written notice of the revocation to  
26 28 the trust company and begin an action for the appointment of a  
26 29 receiver or take such actions under this chapter as the  
26 30 superintendent deems necessary or appropriate. The trust  
26 31 company shall not have a right to a hearing under section  
26 32 524A.27 in the event of the relinquishment of its charter of  
26 33 authority under this section.

26 34 Sec. 27. NEW SECTION. 524A.27 RIGHT TO HEARING.

26 35 Except as otherwise provided in this chapter, a trust  
27 1 company subject to revocation of its charter of authority  
27 2 shall be afforded the right to a hearing in accordance with  
27 3 the provisions of chapter 17A, in addition to any other rights  
27 4 which the trust company is or may be entitled to under chapter  
27 5 17A.

27 6 Sec. 28. NEW SECTION. 524A.28 INSOLVENCY.

27 7 1. The proceedings pursuant to this section are the  
27 8 exclusive remedy and the only proceedings which may be  
27 9 commenced in any court for the dissolution or winding up of  
27 10 the affairs of, or for the appointment of a receiver for, a  
27 11 trust company authorized to transact business in this state  
27 12 pursuant to a charter issued by the superintendent under this  
27 13 chapter or any trust company existing, operating, and  
27 14 authorized to act as a trust company in this state pursuant to  
27 15 section 524.1005 on July 1, 1996.

27 16 2. a. The superintendent may give written notice to the  
27 17 board of directors of a trust company upon a finding with

27 18 respect to a trust company of any of the following:

27 19 (1) Its capital is impaired or it is otherwise in an  
27 20 unsound condition.

27 21 (2) Its business is being conducted in an unlawful manner,  
27 22 in violation of an order of the superintendent, or in a  
27 23 fraudulent or unsafe manner.

27 24 (3) It is unable to continue operations.

27 25 (4) Its examination has been obstructed or impeded.

27 26 b. If the superintendent, after providing notice under  
27 27 paragraph "a", finds that the situation resulting in the  
27 28 notice is not corrected to the superintendent's satisfaction  
27 29 within thirty days after the notice, the superintendent, at  
27 30 the termination of the thirty-day period, shall take  
27 31 possession and control of the trust company, its assets, and  
27 32 the assets held for beneficiaries of its fiduciary  
27 33 obligations, in the same manner as provided for the  
27 34 examination, reorganization, or liquidation through  
27 35 receivership.

28 1 3. If, in addition to a finding under subsection 1, the  
28 2 superintendent is of the opinion and finds that an emergency  
28 3 exists which may result in serious losses to the beneficiaries  
28 4 of fiduciary relationships with the trust company, the  
28 5 superintendent, in the superintendent's discretion and without  
28 6 giving notice pursuant to subsection 1, and whether or not  
28 7 proceedings under subsection 1 have been instituted or are  
28 8 pending, may immediately take possession and control of the  
28 9 trust company, its assets, and the assets held for  
28 10 beneficiaries of its fiduciary obligations, in the same manner  
28 11 as provided for the examination, reorganization, or  
28 12 liquidation through receivership.

28 13 4. The superintendent may take possession and control of a  
28 14 trust company, its assets, and the assets held for  
28 15 beneficiaries of its fiduciary obligations by posting upon the  
28 16 premises of each office at which the trust company transacts  
28 17 its business as a trust company a notice reciting that the  
28 18 superintendent is assuming possession and control pursuant to  
28 19 this chapter, and the time when the possession and control is  
28 20 deemed to commence.

28 21 5. Promptly after taking possession and control of a trust  
28 22 company, the superintendent shall do the following:

28 23 a. File a copy of the notice in the district court of the  
28 24 county in which the trust company has its principal place of  
28 25 business, which cause shall be entered as an action upon the  
28 26 dockets of the court under the name and style of "In the  
28 27 Matter of the Possession and Control of the Superintendent of  
28 28 Banking of the (insert the name of the trust company)". If  
28 29 the superintendent determines that no practical possibility  
28 30 exists to reorganize the trust company after reasonable  
28 31 efforts have been made, the superintendent, if the  
28 32 superintendent has not previously done so, shall also apply  
28 33 for the appointment of a receiver or such other proceeding as  
28 34 is appropriate under the circumstances. The determination may  
28 35 be made at the time of, or at any time subsequent to, the  
29 1 superintendent taking possession and control of a trust  
29 2 company. The court shall have jurisdiction to hear and  
29 3 determine all issues and matters pertaining to or connected  
29 4 with the superintendent's possession and control of the trust  
29 5 company, and any further issues and matters pertaining to or  
29 6 connected with the superintendent's possession and control as  
29 7 may be submitted to the court by the superintendent for  
29 8 adjudication.

29 9 b. The superintendent, immediately upon filing an  
29 10 application for dissolution and if the superintendent has not  
29 11 previously done so, shall examine the affairs of the trust  
29 12 company or appoint another trust company, bank, or other  
29 13 suitable person to make the examination as the  
29 14 superintendent's agent. The examination shall be conducted in

29 15 accordance with the provisions of this chapter relating to  
29 16 examinations and the trust company, bank, or other suitable  
29 17 person conducting the examination is authorized to exercise on  
29 18 behalf of the superintendent, all of the powers and authority  
29 19 granted to the superintendent under this chapter. The report  
29 20 of examination shall, to the extent reasonably possible,  
29 21 identify those governing agreements and instruments with  
29 22 specific instructions concerning the appointment of a  
29 23 successor fiduciary. A copy of the report shall be filed in  
29 24 any dissolution proceeding filed by the superintendent. The  
29 25 reasonable fees and necessary expenses of the examining trust  
29 26 company, bank, or other suitable person, as approved by the  
29 27 superintendent or as recommended by the superintendent and  
29 28 approved by the court if a dissolution proceeding has been  
29 29 filed, shall be borne by the subject trust company and shall  
29 30 have the same priority for payment as the reasonable and  
29 31 necessary expenses of the superintendent in conducting an  
29 32 examination.

29 33 c. If deemed necessary and appropriate by the  
29 34 superintendent, the superintendent, as soon as practical,  
29 35 shall seek the advice and instruction of the court concerning  
30 1 the removal of the trust company as to all of its fiduciary  
30 2 accounts and fiduciary appointments and the appointment of a  
30 3 successor fiduciary, which may be the examining trust company,  
30 4 to take over and administer all of the fiduciary accounts and  
30 5 fiduciary appointments being administered by the trust  
30 6 company. The trust company, bank, or other suitable person  
30 7 appointed to make the examination shall make a proper  
30 8 accounting, in the manner and scope as determined by the  
30 9 superintendent to be practical and advisable under the  
30 10 circumstances, on behalf of the trust company and the  
30 11 appointment of a guardian ad litem shall not be required to  
30 12 review the accounting.

30 13 6. Upon taking possession and control of a trust company,  
30 14 the superintendent is vested with the full powers of  
30 15 management and control, including, but not limited to, all of  
30 16 the following:

30 17 a. The power to continue or to discontinue the business.

30 18 b. The power to stop or to limit the payment of its  
30 19 obligations.

30 20 c. The power to collect and to use its assets and to give  
30 21 valid receipts and acquittances for the assets.

30 22 d. The power to employ and to pay any necessary  
30 23 assistants.

30 24 e. The power to execute any instrument in the name of the  
30 25 trust company.

30 26 f. The power to commence, defend, and conduct in the name  
30 27 of the trust company any action or proceeding in which the  
30 28 trust company may be a party.

30 29 g. The power, upon the order of the court, to sell and  
30 30 convey the assets of the trust company, in whole or in part,  
30 31 and to sell or settle bad or doubtful debts upon such terms  
30 32 and conditions as may be fixed in the order.

30 33 h. The power, upon the order of the court, to make and  
30 34 carry out agreements with other trust companies, financial  
30 35 institutions, or the United States or any agency of the United  
31 1 States, for the payment or assumption of the trust company's  
31 2 liabilities, in whole or in part, and to transfer assets and  
31 3 make guaranties, in whole or in part, in connection with the  
31 4 assets.

31 5 i. The power, upon the order of the court, to borrow money  
31 6 in the name of the trust company and pledge its assets as  
31 7 security for the loan.

31 8 j. The power to terminate the superintendent's possession  
31 9 and control by restoring the trust company to its board of  
31 10 directors.

31 11 k. The power to reorganize the trust company as provided

31 12 in this chapter.

31 13 1. Upon the order of the court and without the appointment  
31 14 of a receiver, the power to determine that the trust company  
31 15 has been closed for the purpose of liquidation without  
31 16 adequate provision being made for payment of its fiduciary  
31 17 obligations, and upon such determination, the trust company is  
31 18 deemed to have been closed on account of the inability to meet  
31 19 its obligations to its beneficiaries.

31 20 7. Upon taking possession and control of a trust company,  
31 21 the superintendent shall make an examination of the condition  
31 22 of the trust company and an inventory of its assets and the  
31 23 assets held for beneficiaries of its fiduciary obligations.  
31 24 Unless the time is extended by order of the court, or unless  
31 25 the superintendent has otherwise settled the affairs of a  
31 26 trust company pursuant to this chapter, within sixty days from  
31 27 the time of taking possession and control of the trust company  
31 28 for the purpose of examination, reorganization, or liquidation  
31 29 through receivership, the superintendent shall either  
31 30 terminate possession and control by restoring the trust  
31 31 company to its board of directors or appoint a receiver which  
31 32 may be the superintendent, a trust company, bank, or other  
31 33 suitable person, and order the liquidation of the trust  
31 34 company as provided in this chapter. All necessary and  
31 35 reasonable expenses, including reasonable attorney's fees, of  
32 1 the superintendent's possession and control and of the  
32 2 reorganization or liquidation of the trust company shall be a  
32 3 priority claim and shall be borne by the subject trust company  
32 4 and may be paid to the superintendent from the assets of the  
32 5 trust company as distinguished from the assets of  
32 6 beneficiaries of fiduciary relations.

32 7 8. If the superintendent takes possession and control of a  
32 8 trust company or appoints a receiver, any period of limitation  
32 9 fixed by a statute, court rule, or agreement which would  
32 10 otherwise expire on a claim or right of action of the trust  
32 11 company, on its own behalf or on behalf of a beneficiary in  
32 12 any of its fiduciary capacities, or upon which an appeal must  
32 13 be taken or a pleading or other document must be filed by the  
32 14 trust company, on its own behalf or on behalf of a beneficiary  
32 15 in any of its fiduciary capacities, in any pending action or  
32 16 proceeding, is tolled for a period of six months after the  
32 17 commencement of such possession and control, or after the  
32 18 appointment of a receiver, whichever is later, and no  
32 19 judgment, lien, levy, attachment, or other similar legal  
32 20 process shall be enforced upon or satisfied in whole or in  
32 21 part from any asset of the trust company or from any asset of  
32 22 a beneficiary of any of its fiduciary capacities while the  
32 23 trust company is in the possession and control of the  
32 24 superintendent or receiver, except upon the order of the  
32 25 court.

32 26 9. The superintendent, while in possession and control of  
32 27 a trust company, may propose and implement a reorganization  
32 28 plan, which may be amended as necessary because of changes in  
32 29 circumstances, if the superintendent finds any of the  
32 30 following:

32 31 a. The plan is feasible and fair to all classes of  
32 32 beneficiaries, creditors, and stockholders.

32 33 b. The face amount of the interest accorded to any class  
32 34 of creditors or stockholders under the plan does not exceed  
32 35 the value of the assets upon liquidation, less the full amount  
33 1 of the claims of all prior classes, subject, however, to any  
33 2 fair adjustment for new capital that any class will pay in  
33 3 under the plan.

33 4 c. The plan assures the removal of any director, officer,  
33 5 or employee responsible for an unsound or unlawful action or  
33 6 the existence of an unsound condition.

33 7 d. Any merger or consolidation provided by the plan  
33 8 conforms to the requirements of this chapter and chapter 490.

33 9 e. Any reorganized trust company provided by the plan  
33 10 conforms to the requirements of this chapter and chapter 490  
33 11 for the organization of a trust company.

33 12 10. If the superintendent determines at any time that no  
33 13 reasonable possibility exists for the trust company to be  
33 14 reorganized after reasonable efforts have been made, and that  
33 15 the trust company should be liquidated through receivership,  
33 16 the superintendent shall appoint a receiver. The  
33 17 superintendent may require the receiver to provide such bond  
33 18 and security as the superintendent deems necessary and  
33 19 appropriate. The superintendent shall file a petition for the  
33 20 dissolution or for the winding up of the affairs of the trust  
33 21 company in the district court of the county in which the  
33 22 principal place of business of the trust company is located,  
33 23 and shall publish notice of the petition in a newspaper of  
33 24 general circulation once each week for four consecutive weeks.  
33 25 The notice shall state that a petition for the dissolution or  
33 26 winding up of the affairs of the trust company has been filed  
33 27 and shall state the name and location of the court. The  
33 28 notice shall also state that persons who may have claims  
33 29 against the trust company shall present the claims to the  
33 30 receiver. All persons who may have claims against the assets  
33 31 of the trust company, as distinguished from the assets of the  
33 32 beneficiaries of the fiduciary relations of the trust company,  
33 33 and the receiver to whom the persons have presented their  
33 34 claims, may present the claims to the clerk of the district  
33 35 court, and the allowance or disallowance of the claims by the  
34 1 court in connection with the proceeding is deemed an  
34 2 adjudication in a court of competent jurisdiction.

34 3 11. The receiver of a trust company, under the direction  
34 4 of the superintendent, has the power and authority and is  
34 5 charged with the duties and responsibilities as follows:

34 6 a. To take possession of the title to the books, records,  
34 7 and assets of every description of the trust company for  
34 8 purposes of the receivership.

34 9 b. To proceed to collect all debts, dues, and claims  
34 10 belonging to the trust company.

34 11 c. To file with the superintendent a copy of each report  
34 12 which the receiver makes to the court, together with other  
34 13 reports and records as the superintendent may require.

34 14 d. To sue and defend in the receiver's own name and with  
34 15 respect to the affairs, assets, claims, debts, and choses in  
34 16 action of the trust company.

34 17 e. To surrender to the customers of the trust company,  
34 18 when requested in writing directed to the receiver by the  
34 19 customers, the assets, private papers, and valuables left with  
34 20 the trust company for safekeeping under a custodial or agency  
34 21 agreement, upon satisfactory proof of ownership.

34 22 f. To resign on behalf of the trust company, as soon as  
34 23 reasonably possible, all fiduciary relationships under which  
34 24 the trust company is holding property in a fiduciary capacity  
34 25 for the benefit of another person, preparing in each case,  
34 26 from the records and documents available to the receiver, a  
34 27 proper accounting, in the manner and scope as determined by  
34 28 the superintendent to be practical and advisable under the  
34 29 circumstances, on behalf of the trust company. The receiver,  
34 30 prior to resigning, shall cause a successor trustee or  
34 31 fiduciary to be appointed pursuant to the terms set forth in  
34 32 the governing instrument or agreement or pursuant to chapter  
34 33 633, if applicable, or, if not, then the receiver shall make  
34 34 application to the court having jurisdiction over the  
34 35 dissolution or winding up of the trust company, for the  
35 1 appointment of a successor. The receiver, if a trust company,  
35 2 is not disqualified from acting as successor trustee or  
35 3 fiduciary if appointed under the terms of the governing  
35 4 instrument or agreement, by court order, or by the customer of  
35 5 the trust company whose affairs are being dissolved or wound

35 6 up and, in such case, the appointment of a guardian ad litem  
35 7 shall not be required to review the accounting of the receiver  
35 8 unless the beneficiaries or customers of the trust company  
35 9 request the appointment in writing.

35 10 g. To redeem or purchase collateral hypothecated by the  
35 11 trust company to secure its notes and other evidence of  
35 12 indebtedness if the superintendent deems it to be in the best  
35 13 interest of the creditors of the trust company and so directs  
35 14 the receiver.

35 15 h. To use and employ money of the trust company, in order  
35 16 to protect fully and benefit the trust company, for the  
35 17 purchase or redemption of any property, real or personal, in  
35 18 which the trust company may have any rights by reason of any  
35 19 bond, mortgage, assignment, or other claim to such property,  
35 20 upon the receiver's certification of such facts, together with  
35 21 the receiver's opinions as to the value of the property  
35 22 involved, and the value of the equity the trust company may  
35 23 have in the property, and request for the right and authority  
35 24 to use and employ so much of the money of the trust company as  
35 25 may be necessary to purchase the property, or to redeem the  
35 26 property from a sale if there has been a sale.

35 27 i. To deposit daily all moneys collected by the receiver  
35 28 in any state or national bank selected by the superintendent  
35 29 and invest the moneys in accordance with chapter 633 relating  
35 30 to authorized investments for fiduciaries.

35 31 j. To do such things and take such steps from time to time  
35 32 under the direction and approval of the superintendent as may  
35 33 reasonably appear to be necessary to conserve the trust  
35 34 company's assets and secure the best interests of the  
35 35 creditors of the trust company.

36 1 k. To record any judgment of dissolution entered in a  
36 2 dissolution proceeding and upon such entry turn over to the  
36 3 superintendent a certified copy of the judgment, together with  
36 4 all books of accounts and ledgers of the trust company for  
36 5 preservation, and to turn over the books of accounts and  
36 6 ledgers of the trust company relating to the assets of the  
36 7 beneficiaries of the fiduciary relations to the successor  
36 8 trustee or fiduciary.

36 9 l. To register in the name of the receiver or in the name  
36 10 of the receiver's nominee the assets of beneficiaries of  
36 11 fiduciary relations to the extent deemed necessary or  
36 12 advisable by the receiver.

36 13 m. To review within a reasonable period of time all of the  
36 14 fiduciary accounts and relationships in order to ascertain  
36 15 that the investments by the trust company of the assets of the  
36 16 fiduciary accounts and relationships comply with the terms of  
36 17 the governing instrument or agreement, the prudent person rule  
36 18 governing the investment of the funds, and any other law  
36 19 regulating the investment of the funds.

36 20 n. To be reimbursed for all costs and expenses incurred by  
36 21 the receiver in administering the fiduciary accounts and  
36 22 relationships of the trust company during the period of  
36 23 dissolution or winding up the affairs of the trust company,  
36 24 and to receive out of the assets of the individual fiduciary  
36 25 accounts being administered by the receiver during such period  
36 26 and prior to the appointment of a successor fiduciary, in  
36 27 addition to such costs and expenses, the usual and customary  
36 28 fees charged by the receiver in the administration of similar  
36 29 fiduciary accounts, the fees charged by the trust company for  
36 30 the administration of the individual fiduciary accounts, or  
36 31 such other reasonable fees as approved by the superintendent.

36 32 o. To exercise all of the powers which are vested in  
36 33 trustees under the terms and provisions of chapter 633 with  
36 34 respect to the receiver's administration of the fiduciary  
36 35 accounts and relationships of the trust company during the  
37 1 period of dissolution or winding up the affairs of the trust  
37 2 company.

37 3 p. To deliver to any successor trustee or fiduciary all of  
37 4 the assets belonging to the individual trust or fiduciary  
37 5 account as to which the successor trustee or fiduciary  
37 6 succeeds. Upon delivery, the receiver is relieved of any  
37 7 further duties, responsibilities, or obligations with respect  
37 8 to the assets.

37 9 12. Upon the order of the court, the receiver for the  
37 10 trust company shall have the power and authority and is  
37 11 charged with the duties and responsibilities as follows:

37 12 a. To sell or settle all bad and doubtful debts on such  
37 13 terms as the court shall direct.

37 14 b. To sell the real and personal property of the trust  
37 15 company, as distinguished from the real and personal property  
37 16 of the beneficiaries of such fiduciary relations, on such  
37 17 terms as the court shall direct.

37 18 c. To petition the court for the authority to borrow  
37 19 money, and to pledge the assets of the trust company as  
37 20 security for the loans. Upon the filing of the petition, the  
37 21 practice and procedure shall be as follows:

37 22 (1) The court shall set a date for the hearing of the  
37 23 petition and shall prescribe the form and manner of the notice  
37 24 to be given to the officers, stockholders, creditors, and  
37 25 other persons interested in the trust company.

37 26 (2) During the hearing, any officer, stockholder,  
37 27 creditor, or interested person shall have the right to be  
37 28 heard.

37 29 (3) If the court grants such authority, the receiver may  
37 30 borrow money and issue evidences of indebtedness for the loan,  
37 31 and may secure the payment of the loan by the mortgage,  
37 32 pledge, transfer in trust, or hypothecation of any or all  
37 33 property and assets of the trust company, whether real,  
37 34 personal, or mixed, superior to any charge on the property for  
37 35 the expenses of liquidation.

38 1 (4) The loan may be obtained in an amount, upon such terms  
38 2 and conditions, and with provisions for repayment as deemed  
38 3 necessary or expedient.

38 4 (5) The loan may be obtained for the purposes of  
38 5 facilitating liquidation, protecting or preserving the assets,  
38 6 expediting the making of distributions to creditors, providing  
38 7 for the expenses of administration and liquidation, or aiding  
38 8 in the reopening of the trust company, the merger or  
38 9 consolidation with another trust company, or the sale of its  
38 10 assets.

38 11 (6) The receiver is under no personal obligation to repay  
38 12 any such loan and is authorized to take any action necessary  
38 13 or proper to consummate the loan and to provide for the  
38 14 repayment of the loan. The receiver, when required, may give  
38 15 bond for the faithful performance of all undertakings in  
38 16 connection with the loan.

38 17 (7) Prior to petitioning the court for authority to make  
38 18 any such loan, the receiver may make application for or  
38 19 negotiate any loan subject to obtaining an order of the court  
38 20 approving the loan.

38 21 d. To make and carry out agreements with other trust  
38 22 companies, banks or the United States, or any agency of the  
38 23 United States, for the payment or assumption of the trust  
38 24 company's liabilities, in whole or in part, and the receiver  
38 25 may transfer assets and make guaranties in connection with  
38 26 such agreements.

38 27 e. To file with the court, after the expiration of four  
38 28 weeks after the first publication of the superintendent's  
38 29 notice as provided in subsection 10, a correct list of all  
38 30 creditors of the trust company, as shown by its books, who  
38 31 have not presented their claims and the amount of their  
38 32 respective claims after allowing all just credits, deductions,  
38 33 and set-offs as shown by the books of the trust company. A  
38 34 claim filed pursuant to this paragraph is deemed to be proven,

38 35 unless objections are filed to the claim by a party or parties  
39 1 interested in the claim within such time as is fixed by the  
39 2 court.

39 3 f. To petition the court, at the termination of the  
39 4 receiver's administration, for the entry of a judgment of  
39 5 dissolution. After a hearing upon such notice as the court  
39 6 may prescribe, the court may enter a judgment of dissolution  
39 7 whereupon the trust company's corporate existence shall be  
39 8 terminated and the receivership concluded.

39 9 13. The receiver shall serve at the pleasure of the  
39 10 superintendent and upon the receiver's death, inability to  
39 11 act, resignation, or removal by the superintendent, the  
39 12 superintendent may appoint a successor and, upon such  
39 13 appointment, all rights and duties of the predecessor shall at  
39 14 once devolve upon such appointee.

39 15 14. All necessary and reasonable expenses of a  
39 16 receivership, including reasonable receiver's and attorney's  
39 17 fees, approved by the superintendent, shall be paid out of the  
39 18 assets of the trust company. All expenses of any preliminary  
39 19 or other examination into the condition of any such trust  
39 20 company or receivership, and all expenses incident to and in  
39 21 connection with the possession and control of the trust  
39 22 company for the purpose of examination, reorganization, or  
39 23 liquidation through receivership, shall be paid out of the  
39 24 assets of the trust company. A payment authorized under this  
39 25 subsection may be made by the superintendent with moneys and  
39 26 property of the trust company in the possession or control of  
39 27 the superintendent and shall have priority over all claims but  
39 28 shall not give rise to a claim against properties held by the  
39 29 trust company in a fiduciary capacity.

39 30 15. Periodically during a receivership, the superintendent  
39 31 shall pay from moneys of the trust company a ratable dividend  
39 32 on all claims as may be proven to the satisfaction of the  
39 33 superintendent or adjudicated by the court.

39 34 16. If the superintendent takes possession and control of  
39 35 a trust company for the purpose of examination,  
40 1 reorganization, or liquidation through receivership, or if the  
40 2 superintendent appoints a receiver for a trust company and  
40 3 files a petition for the dissolution or the winding up of the  
40 4 affairs of a trust company, and the trust company denies the  
40 5 grounds for such actions, the trust company may at any time  
40 6 within ten days apply to the district court of the county in  
40 7 which the trust company has its principal place of business to  
40 8 enjoin further proceedings. The court shall direct the  
40 9 superintendent to show cause why further proceedings should  
40 10 not be enjoined, and if the court finds that such grounds do  
40 11 not exist, the court shall issue an order enjoining the  
40 12 superintendent and any receiver acting under the  
40 13 superintendent's direction from all further proceedings on  
40 14 account of the alleged grounds.

40 15 17. A trust company which desires to voluntarily cease  
40 16 transacting business as a trust company in this state under  
40 17 this chapter shall furnish to the superintendent satisfactory  
40 18 evidence of its release and discharge from all the obligations  
40 19 and trusts of the trust company, and upon receipt of such  
40 20 evidence, the superintendent shall revoke the charter of  
40 21 authority of the trust company.

40 22 Sec. 29. NEW SECTION. 524A.29 OFFENSES AND PENALTIES.

40 23 An officer, director, employee, or agent of a trust company  
40 24 who willfully and knowingly subscribes to or makes, or causes  
40 25 to be made, a false statement with intent to deceive any  
40 26 person or persons authorized to examine into the affairs of  
40 27 the trust company or with intent to deceive the superintendent  
40 28 or any of the superintendent's administrative officers in the  
40 29 performance of their duties under this chapter, upon  
40 30 conviction, is guilty of a class "C" felony, and is forever  
40 31 disqualified from acting as a director, officer, employee, or

40 32 agent of any trust company.

40 33 Sec. 30. NEW SECTION. 524A.30 SUCCESSION OF FIDUCIARY

40 34 ACCOUNTS.

40 35 1. Subject to the approval of the superintendent, a trust  
41 1 company authorized to transact business as a trust company in  
41 2 this state may enter into an agreement for the succession of  
41 3 fiduciary accounts, whether pursuant to a merger or otherwise,  
41 4 with one or more state or national banks, savings and loan  
41 5 associations, savings banks, or Iowa or federally chartered  
41 6 trust companies, authorized to transact business in this state  
41 7 and authorized to act in a fiduciary capacity. The succeeding  
41 8 party, under the agreement, may agree to succeed the  
41 9 relinquishing party as fiduciary with respect to those  
41 10 fiduciary accounts which are designated in the agreement. The  
41 11 designation of accounts may be by general class or description  
41 12 and may include fiduciary accounts subject to and not subject  
41 13 to court administration, and fiduciary accounts to arise in  
41 14 the future under wills, trusts, court orders, or other  
41 15 documents under which the relinquishing party is named as a  
41 16 fiduciary or is named to become a fiduciary upon the death of  
41 17 a testator or settlor or upon the happening of any other  
41 18 subsequent event. The relinquishing party shall mail a notice  
41 19 of the succession to all persons having an interest in a  
41 20 fiduciary account at their last known addresses, and shall  
41 21 publish a notice of the succession to fiduciary accounts in a  
41 22 newspaper published in the county of the principal place of  
41 23 business of the relinquishing party. After the publication,  
41 24 the succeeding party, without further notice, approval, or  
41 25 authorization, shall succeed to the relinquishing party as to  
41 26 the fiduciary accounts and the fiduciary powers, rights,  
41 27 privileges, duties, and liabilities for the fiduciary  
41 28 accounts. On the effective date of the succession to  
41 29 fiduciary accounts, the relinquishing party is released from  
41 30 the fiduciary duties under the fiduciary accounts and shall  
41 31 discontinue its exercise of trust powers to the fiduciary  
41 32 accounts. This subsection does not absolve a relinquishing  
41 33 party from liabilities arising out of a breach of fiduciary  
41 34 duty occurring prior to the succession to fiduciary accounts.

41 35 2. Within sixty days after the mailing and publication of

42 1 the notice, a person having an interest in a fiduciary account  
42 2 included within the notice and agreement required by  
42 3 subsection 1 may apply to the district court in the county in  
42 4 which the notice is published for the appointment of a new  
42 5 fiduciary on the ground that the succeeding fiduciary will  
42 6 adversely affect the administration of the fiduciary account.  
42 7 After notice to all interested parties and a hearing on the  
42 8 issues, the court may appoint a new fiduciary to replace the  
42 9 succeeding fiduciary if it finds that the substitution of the  
42 10 succeeding fiduciary will adversely affect the administration  
42 11 of the account and that the appointment of the new fiduciary  
42 12 would be in the best interests of the beneficiaries of the  
42 13 fiduciary account. This subsection is in addition to section  
42 14 633.65 governing the removal of a fiduciary.

42 15 Sec. 31. NEW SECTION. 524A.31 NAMES.

42 16 A trust company issued a charter under this chapter shall  
42 17 include the words "trust company" in its name. A trust  
42 18 company shall not use the name of any other trust company  
42 19 authorized to transact business in this state, or a name so  
42 20 similar that it is likely to lead to confusion.

42 21 Sec. 32. NEW SECTION. 524A.32 BUSINESS LOCATIONS.

42 22 1. A trust company shall conduct its business at locations  
42 23 that have been approved by the superintendent. A trust  
42 24 company shall not change any of its business locations or  
42 25 transfer any functions or activities between business  
42 26 locations except upon the prior approval of the  
42 27 superintendent.

42 28 2. A trust company may establish business locations that

42 29 are not accessible to its customers at one or more places  
42 30 within this state. Functions or activities that are  
42 31 permissible at a business location authorized by this  
42 32 subsection may be conducted at a business location that is  
42 33 authorized under subsection 3.

42 34 3. a. A trust company may establish and maintain business  
42 35 locations that are accessible to its customers only as  
43 1 follows:

43 2 (1) Within the principal place of business and the bank  
43 3 offices of a bank that is a stockholder of the trust company.  
43 4 (2) Within the principal place of business and the bank  
43 5 offices of a subsidiary bank of a bank holding company that is  
43 6 a stockholder of the trust company.  
43 7 (3) Within the corporate limits of a city in which a  
43 8 stockholder of the trust company or a bank subsidiary of the  
43 9 stockholder maintains an authorized facility conducting the  
43 10 business of banking.

43 11 b. The superintendent may determine that a business  
43 12 location is within a principal place of business or bank  
43 13 office of a bank without respect to walls, partitions, or  
43 14 other physical obstructions that are used to segregate the  
43 15 business operations of the trust company from the business  
43 16 operations of the bank. The superintendent may prescribe the  
43 17 means by which the business operations of the trust company  
43 18 shall be physically segregated from the business operations of  
43 19 the bank. The superintendent shall prescribe the means by  
43 20 which the customers of a bank or trust company may readily  
43 21 identify the portions of the premises that are used by the  
43 22 trust company as a business location that is accessible to its  
43 23 customers.

43 24 4. This section applies to all business locations  
43 25 established or maintained by a trust company or by any person  
43 26 or entity providing services to a trust company pursuant to an  
43 27 agreement or contract authorized by this chapter.

43 28 5. If, at any time, a trust company maintains a business  
43 29 location that has not been approved by the superintendent or  
43 30 is in violation of this section, the trust company shall  
43 31 immediately cease to exercise fiduciary powers, appointments,  
43 32 and functions, and otherwise cease to transact business as a  
43 33 trust company at the location.

43 34 Sec. 33. NEW SECTION. 524A.33 MISCELLANEOUS PROVISIONS.

43 35 1. A trust company may become a stockholder in and a  
44 1 member of the federal reserve bank of the federal reserve  
44 2 district where the trust company is located.

44 3 2. Notwithstanding any other provision of law, a trust  
44 4 company when acting as fiduciary, or a trust company when  
44 5 holding securities as custodian for a fiduciary, may deposit,  
44 6 or arrange for the deposit, with the federal reserve bank in  
44 7 its district, any securities the principal and interest of  
44 8 which the United States or any department, agency, or  
44 9 instrumentality of the United States has agreed to pay, or has  
44 10 guaranteed payment, to be credited to one or more accounts on  
44 11 the books of the federal reserve bank in the name of the trust  
44 12 company, to be designated fiduciary or safekeeping accounts,  
44 13 to which account other similar securities may be credited.  
44 14 The records of the trust company shall always show the  
44 15 ownership of the securities held in such account.

44 16 3. A trust company, when acting in this state as a  
44 17 fiduciary or a cofiduciary with others and with the consent of  
44 18 its cofiduciary or cofiduciaries, if any, who are authorized  
44 19 to give such consent, may cause any investment held in any  
44 20 such capacity, to be registered and held in the name of a  
44 21 nominee or nominees of the trust company. The trust company  
44 22 is liable for the acts of any such nominee with respect to any  
44 23 investment so registered.

44 24 4. A trust company chartered under and subject to this  
44 25 chapter is not be subject to sections 524.1001 through

44 26 524.1008, pertaining to state banks authorized to act in a  
44 27 fiduciary capacity and trust companies existing and operating  
44 28 on January 1, 1970.  
44 29 Sec. 34. Section [422.34](#), subsection 1, Code 1995, is  
44 30 amended to read as follows:  
44 31 1. All state, national, private, co-operative, and savings  
44 32 banks, credit unions, title insurance

~~and trust~~

~~companies,~~

44 33 savings and loan associations, production credit associations,  
44 34 insurance companies or insurance associations, reciprocal or  
44 35 inter-insurance exchanges, and fraternal beneficiary  
45 1 associations.

45 2 Sec. 35. Section 422.61, subsection 1, Code Supplement  
45 3 1995, is amended to read as follows:

45 4 1. "Financial institution" means a state bank as defined  
45 5 in section 524.103, subsection 33, a state bank chartered  
45 6 under the laws of any other state, a national banking  
45 7 association,

~~a trust company,~~

~~a federally chartered savings~~

45 8 and loan association, an out-of-state state chartered savings  
45 9 bank, a financial institution chartered by the federal home  
45 10 loan bank board, a non-Iowa chartered savings and loan  
45 11 association, an association incorporated or authorized to do  
45 12 business under chapter 534, or a production credit  
45 13 association.

45 14 Sec. 36. Section 524.107, subsection 2, Code Supplement  
45 15 1995, is amended to read as follows:

45 16 2. A person doing business in this state shall not use the  
45 17 words "bank" or "trust" or use any derivative, plural, or  
45 18 compound of the words "bank", "banking", "bankers", or "trust"  
45 19 in any manner which would tend to create the impression that  
45 20 the person is authorized to engage in the business of banking  
45 21 or to act in a fiduciary capacity, except a state bank  
45 22 authorized to do so by this chapter, a national bank to the  
45 23 extent permitted by the laws of the United States, a state  
45 24 association pursuant to section 534.507, or a federal  
45 25 association to the extent permitted by the laws of the United  
45 26 States, or, insofar as the word "trust" is concerned, an  
45 27 individual permissibly serving as a fiduciary in this state,  
45 28 pursuant to section 633.63, or a trust company authorized to  
45 29 act in a fiduciary capacity pursuant to chapter 524A, or,  
45 30 insofar as the words "trust" and "bank" are concerned, a  
45 31 nonresident corporate fiduciary permissibly serving as a  
45 32 fiduciary in this state pursuant to section 633.64.

45 33 Sec. 37. Section [524.1007](#), subsection 4, Code 1995, is  
45 34 amended to read as follows:

45 35 4. The privilege extended to a state bank by this section  
46 1 is also extended on the same terms and conditions to a trust  
46 2 company authorized to engage in trust business and supervised  
46 3 by a state or federal banking or thrift regulatory agency, and  
46 4 to a national bank located in this state and organized under  
46 5 12 U.S.C. secs. 21 et seq. to engage generally in the banking  
46 6 business.

46 7 Sec. 38. Section [524.1008](#), subsection 4, Code 1995, is  
46 8 amended to read as follows:

46 9 4. The privilege of succeeding to fiduciary accounts that  
46 10 is extended to a state bank by subsection 1 is also extended  
46 11 on the same terms and conditions to a trust company authorized  
46 12 to engage in trust business and supervised by a state or  
46 13 federal banking or thrift regulatory agency, and to a national  
46 14 bank located in this state and organized under 12 U.S.C. secs.  
46 15 21 et seq. to engage generally in the banking business.

46 16 Sec. 39. Section [633.63](#), subsection 2, Code 1995, is

46 17 amended to read as follows:

46 18 2. Banks and trust companies organized under the laws of  
46 19 the United States or state banks, when approved by the  
46 20 superintendent of banking under section 524.1001, and trust  
46 21 companies authorized to engage in trust business pursuant to  
46 22 section 524.1005, chapter 524A, or other state law, are  
46 23 authorized to act in a fiduciary capacity in Iowa.

46 24 Sec. 40. Section [633.203](#), Code 1995, is amended to read as  
46 25 follows:

46 26 633.203 AFFIDAVIT FOR CORPORATE FIDUCIARY.

46 27 In any case where a corporation is acting as a fiduciary  
46 28 under and by virtue of the provisions of chapter 524, division  
46 29 X, chapter 524A, or other law of this state, the affidavit  
46 30 required by section 633.202 shall be executed and made by an  
46 31 officer of such corporation.

46 32 EXPLANATION

46 33 This bill creates a new chapter 524A relating to trust  
46 34 companies.

46 35 New section 524A.1 establishes the title by which the  
47 1 chapter may be cited.

47 2 New section 524A.2 establishes definitions of terms used in  
47 3 the chapter.

47 4 New section 524A.3 grants the superintendent of banking  
47 5 authority to issue a charter of authority to a corporation to  
47 6 transact business as a trust company. The section also  
47 7 defines what corporations are eligible to receive such a  
47 8 charter.

47 9 New section 524A.4 defines the chapter's applicability and  
47 10 provides that the corporate existence of a trust company  
47 11 existing and operating on July 1, 1996, and which is  
47 12 authorized to transact business as a trust company pursuant to  
47 13 section 524.1005 or other applicable state law, is not  
47 14 affected by chapter 524A.

47 15 New section 524A.5 provides that a corporation organized  
47 16 for and desiring to transact business as a trust company is to  
47 17 be organized under chapter 490.

47 18 New section 524A.6 sets forth the information to be  
47 19 included in an application for a charter of authority to act  
47 20 as a trust company.

47 21 New section 524A.7 provides that the board of directors of  
47 22 a trust company shall consist of at least five members. A  
47 23 director shall be 18 years of age or older and a citizen of  
47 24 the United States.

47 25 New section 524A.8 establishes procedures for the  
47 26 application for a charter of authority to engage in the  
47 27 business of a proposed trust company, and for the  
47 28 investigation of the application.

47 29 New section 524A.9 provides that an applicant is to pay all  
47 30 reasonable costs associated with the examination and  
47 31 investigation of the application for a charter of authority.

47 32 New section 524A.10 provides that the minimum capital,  
47 33 surplus, and undivided profits of a trust company which must  
47 34 be raised prior to the filing of the application is \$100,000.

47 35 New section 524A.11 establishes requirements and  
48 1 restrictions on the ownership and transfer of the stock of a  
48 2 trust company.

48 3 New section 524A.12 provides that the capital stock of a  
48 4 trust company may be increased.

48 5 New section 524A.13 establishes requirements relating to  
48 6 the restoration of impaired capital.

48 7 New section 524A.14 establishes certain restrictions  
48 8 relating to the payment of dividends associated with the  
48 9 capital stock of the trust company.

48 10 New section 524A.15 sets forth the powers of a trust  
48 11 company.

48 12 New section 524A.16 sets forth the powers of the  
48 13 superintendent of banking with respect to trust companies.

48 14 New section 524A.17 establishes bonding requirements for  
48 15 the officers and employees of a trust company.  
48 16 New section 524A.18 establishes certain restrictions on the  
48 17 activities of a trust company.  
48 18 New section 524A.19 prohibits certain acts by the officers  
48 19 and employees of a trust company.  
48 20 New section 524A.20 establishes certain requirements  
48 21 relating to the retention of records and documents of a trust  
48 22 company.  
48 23 New section 524A.21 requires a trust company to file  
48 24 certain reports and information with the superintendent.  
48 25 New section 524A.22 establishes requirements for the  
48 26 examination of trust companies by the superintendent of  
48 27 banking.  
48 28 New section 524A.23 establishes a penalty for refusing to  
48 29 submit to an examination by the superintendent.  
48 30 New section 524A.24 grants the superintendent certain  
48 31 powers when a trust company is engaging in unsafe practices.  
48 32 New section 524A.25 provides for special meetings by the  
48 33 board of directors of a trust company.  
48 34 New section 524A.26 establishes a penalty for a trust  
48 35 company refusing to comply with an order of the  
49 1 superintendent.  
49 2 New section 524A.27 establishes a trust company's a right  
49 3 to a hearing with respect to the revocation of its charter of  
49 4 authority.  
49 5 New section 524A.28 establishes procedures in the event of  
49 6 the insolvency of a trust company.  
49 7 New section 524A.29 establishes offenses and penalties  
49 8 relating to fraudulent and misleading acts by an officer,  
49 9 director, or employee of a trust company.  
49 10 New section 524A.30 provides for the succession of interest  
49 11 and duties of a trust company.  
49 12 New section 524A.31 establishes certain requirements on the  
49 13 name of a trust company.  
49 14 New section 524A.32 establishes certain requirements  
49 15 related to the location of offices of a trust company.  
49 16 New section 524A.33 provides for miscellaneous provisions.  
49 17 Several conforming amendments are also made to current law.  
49 18 LSB 4283SC 76  
49 19 mj/sc/14