**Section 1075.1700 Acquisition of Control of Savings Bank**

a) As used in this Section, the following definitions apply:

1) "Affiliate" means any company that controls, is controlled by, or is under common control with a person.

2) "Company" means a corporation, a partnership, an association, a joint stock company, a trust or an unincorporated organization.

3) "Control" means the ability of any person, entity, persons, or entities acting alone or in concert with one or more persons or entities, to own, hold, or direct with power to vote, or to hold proxies representing, 10% or more of the voting shares or rights of a savings bank, savings bank subsidiary, savings bank affiliate, or savings bank holding company, or the ability to achieve in any manner the election or appointment of a majority of the directors of a savings bank. This definition shall not apply to the voting of proxies obtained from depositors if the proxies are voted as directed by a majority of the board of directors of the savings bank or of a committee of organization directors when the committee's composition and powers may be revoked by a majority vote of the board of directors.

4) "Person" means an individual, a company or a group acting in concert.

5) "Associate", when used to indicate relationship with any person, means:

A) any corporation or organization (other than the applicant or a wholly owned subsidiary of the applicant) of which the person is an officer or partner or is, directly or indirectly, either alone or together with one or more members of his or her immediate family, the beneficial owner of 10% or more of any class of securities;

B) any trust or other estate in which the person has a substantial beneficial interest or as to which the person serves as trustee or in a similar fiduciary capacity;

C) any relative or spouse of the person or any relative of the spouse, who has the same home as the person or who is an organization director or officer of the savings bank or a related entity; or

D) anyone who has an agreement, arrangement, or understanding, with the person, the purpose or effect of which is to enable the person to enter into and consummate any transaction described in subsection (m) on terms more advantageous than had the transaction been entered into or consummated by a person who was not a party to the agreement, arrangement, or understanding.

6) "Savings Bank Holding Company" means any company defined by Section 2001.35 of the Act.

b) It is unlawful for any person to acquire control of a savings bank or related entity unless acquired pursuant to this Section. Any acquisition of control in violation of this Section shall be ineffective and void.

c) Application to acquire control of a savings bank shall be made to the Director. The application shall be under oath or affirmation, and shall contain substantially all the following information, plus any additional information that the Director may prescribe as necessary or appropriate to protect depositors, borrowers, stockholders, creditors, or the public interest.

1) The identity and banking and business experience of each person by whom or on whose behalf the acquisition is to be made, including, but not limited to, his or her business activities and affiliations during the past 10 years, and a description of any pending legal or administrative proceedings in which he or she is a party and any criminal indictment or any conviction of such person by any state or federal court.

2) If not entirely described in subsection (c)(1), for each person by whom or on whose behalf the acquisition is to be made, any past (for the past 10 years), present or proposed affiliation with an insured depository institution, including, but not limited to, any past, present or proposed employment and all affiliation or connection of the kind described under the definition of "affiliated person of a savings bank or insured institution" as defined in this Section.

3) Financial Statements

A) A statement of the assets and liabilities, including contingent liabilities, of each person by whom or on whose behalf the acquisition is to be made, as of the end of the fiscal year for each of the 5 years immediately preceding the date of the notice, including statements of income and source and application of funds for each of the fiscal years then concluded, all prepared in accordance with generally accepted accounting principles consistently applied.

B) An interim statement of the assets and liabilities, including contingent liabilities, for each person by whom or on whose behalf the acquisition is to be made, including related statements of income and source and application of funds, as of a date not more than 90 days before the date of the filing of the notice.

4) The terms of the proposed acquisition and the manner in which the acquisition is to be made.

5) The identity, source and amount of the funds or other consideration used, or to be used, in making the acquisition. If any part of these funds or other consideration has been or is to be borrowed or otherwise obtained to make the acquisition, a description of the transaction, the names of the parties, and any arrangements, agreements, or understandings with those parties.

6) Any plans or proposals that any acquiring party may have to liquidate the bank, to sell its assets or merge it with any company or to make any other major change in its business or corporate structure or management.

7) The identity of any person employed, retained, or to be compensated by the acquiring party, or by any person on his or her behalf, to make solicitations or recommendations to stockholders to assist in the acquisition, and a brief description of the terms of the employment, retainer, or arrangement for compensation.

8) Copies of all invitations or tenders or advertisements making a tender offer to stockholders for purchase of their stock to be used in connection with the proposed acquisition.

9) In lieu of the application and information required by subsections (c)(1) through (8), the Director may accept a certified true and accurate copy of notice or application filed with the federal depository institution regulator for the purpose of gaining approval of the proposed change in control or acquisition transaction; provided that the federal application or notice is filed in compliance with the 60 day notice period prescribed by Section 8015 of the Act. Nothing in this subsection (c)(9) precludes the Director from requiring the applicant to file additional information as permitted by this Section.

d) When a person, other than an individual or corporation, is required to file an application under this Section, the Director may require that the information required by subsections (c)(1), (2), (3), and (7) be given with respect to each person, as defined in subsection (a)(3), who has an interest in or controls a person filing an application under this Section.

e) When a corporation is required to file an application under this Section, the Director may require that information required by subsections (c)(1), (2), (3), and (7) be given for the corporation, each officer and director of the corporation, and each person who is directly or indirectly the beneficial owner of 25% or more of the outstanding voting securities of the corporation.

f) If any tender offer, request, or invitation for tenders or other agreements to acquire control is proposed to be made by a registration statement under the Securities Act of 1933 (15 USC 77a et seq.), or in circumstances requiring the disclosure of similar information under the Securities Exchange Act of 1934 (15 USC 78a et seq.), the registration statement or application may be filed with the Director instead of the requirements of this Section.

g) Any acquiring party shall deliver a copy of any notice or application required by this Section to the savings bank proposed to be acquired within 2 days after the notice or application is filed with the Director.

h) Any person who willfully or intentionally violates this Section is subject to Section 11006(1) of the Act. Each day's violation shall be considered a separate violation. This subsection in no way limits investigation, examination, prosecution, conviction, levying of fines, or any other legal action or remedy carried out pursuant to any other applicable state or federal law.

i) The Director may disapprove the acquisition of a savings bank after the filing of a complete application if:

1) The poor financial condition of any acquiring party may adversely affect the financial stability of the savings bank or may adversely affect the interest of depositors, borrowers, creditors, or stockholders;

2) The plan or proposal of the acquiring party to liquidate the savings bank, to sell its assets, to merge it with any person, or to make any other major change in its business, corporate structure, or management may adversely affect the financial stability of the savings bank, is not fair and reasonable to its depositors, borrowers, creditors, or stockholders or is not otherwise in the public interest;

3) Insufficient banking and business experience or a lack of competence orintegrity of any acquiring party may adversely affect the savings bank or the savings bank's depositors, borrowers, creditors, or stockholders;

4) The information provided by the application is insufficient for the Director to determine whether the acquisition should be approved or the Director is unable to verify the information provided or to examine the qualifications of the acquiring party; or

5) The acquisition is not otherwise in the public interest.

j) The Director shall set forth the basis for disapproval of any proposed acquisition in writing and shall provide a copy of the findings and order to the applicants and to the bank involved. The findings and order shall not be disclosed to any other party and shall not be subject to public disclosure unless the findings or order are appealed and subject to hearing.

k) Whenever a change in control occurs, each party to the transaction shall report promptly to the Director any changes or replacement of its chief executive officer or of any organization director occurring in the next 12 month period, including in its report a statement of the past and current business and professional affiliations of the new chief executive officers or organization directors.

l) For a period of 10 years following the acquisition of control by any person, neither the acquiring party nor any associate or affiliate of the acquiring party or the acquired savings bank shall receive any loan or the use of any of the funds of, nor purchase, lease, or otherwise receive any property from, nor receive any consideration from the sale, lease, or any other conveyance of property to, any savings bank in which the acquiring party has control; except that:

1) the provisions of this subsection (l) shall not apply to transactions permitted under sections 22(g), 22(h), 23A or 23B of the Federal Reserve Act (12 USC 375a, 375b, 371c and 371c-1), or transactions with any person (including such person's affiliates and associates) after the person ceases to be in control of the savings bank, or ceases to be an affiliate or associate of a person in control of a savings bank; and

2) upon application by any acquiring party or associate or affiliate or affiliated person of a savings bank or insured institution subject to this subsection (l), the Director may approve a transaction between a savings bank and the acquiring party, person, or associate or affiliate or affiliated person of a savings bank or insured institution, upon finding that the terms of the transaction are at least as advantageous to the savings bank as the savings bank would obtain in a comparable transaction with any person that is not an acquiring party or an associate or affiliate of the acquiring party.

m) To enable any person to purchase any or all shares of its capital stock, no savings bank shall make a loan to, pledge or otherwise transfer any of its assets as security for a loan to such person or to any associate or affiliate or affiliated person of a savings bank or insured institution, or except as otherwise permitted in this subsection, pay any dividends to any such person or associate or affiliate or affiliated person of a savings bank or insured institution except upon a finding by the Director that such transactions are fair to stockholders, depositors, borrowers, and creditors and does not otherwise violate any provision of the Act. Nothing in this Section shall prohibit a dividend among shareholders in proportion to their shareholdings.

n) The accuracy and completeness of any information submitted by the applicants may be determined by the Director pursuant to the Director's examination authority.

(Source: Amended at 30 Ill. Reg. 19068, effective December 1, 2006)