

INTERPRETIVE LETTER 94-012 (JUNE 30, 1994)

Laws of California are reciprocal with laws of Illinois for interstate acquisitions.

This letter is in reply to your request that the Illinois Commissioner of Banks and Trust Companies (ACommissioner@) find that the banking laws of the state of California with respect to interstate acquisitions are reciprocal with such laws in Illinois. As outlined in this letter, we conclude that California's and Illinois's interstate banking laws are reciprocal.

Section 3.071 of the Illinois Bank Holding Company Act (AAct@), 205 ILCS 10/3.071 (1992), provides that an out-of-state bank holding company may acquire an Illinois bank or bank holding company if the laws of the state that is the principal place of business of the out-of-state bank holding company expressly authorize the acquisition by an Illinois bank holding company of a bank or bank holding company in that state Aunder qualifications and conditions which are not unduly restrictive when compared to those imposed by the laws of Illinois.@

We have reviewed California bank holding company law, Cal. Fin. Code ' 3750 - 3761 (West 1992), and we specifically find that an Illinois bank holding company could acquire a California bank holding company and its subsidiary banks under terms and conditions that are similar to those imposed under Illinois law on an acquiring California institution. Therefore, the Commissioner now finds, as of the date of this letter, that the laws of California are reciprocal with the laws of Illinois.

When a specific California bank holding company applies to acquire a Illinois bank or Illinois bank holding company, the Commissioner will again have to make the reciprocity finding in response to that application. However, absent any material changes to the interstate banking provisions of California or to the Illinois Act, a California bank holding company will be permitted to acquire an Illinois bank holding company subject to the provisions of the Act.