§1190. Conduct of directors and officers

A. (1) Directors and officers occupy a fiduciary relationship to the savings bank of which they are directors or officers, and a director or officer shall not engage or participate, directly or indirectly, in any business or transaction conducted on behalf of or involving the savings bank which would result in a conflict of their own personal interests with those of the savings bank which they serve, unless:

(a) The business or transactions are conducted in good faith and are honest, fair, and reasonable to the savings bank;
(b) A full disclosure of the business or transaction and the nature of the director's or officer's interest is made to the board of directors; and
(c) The business or transaction is approved in good faith by the board of directors with any interested director abstaining, which approval shall be recorded in the minutes.

(2) Any profits inuring to the officer or director shall not be at the expense of the savings bank. The business or transaction shall not represent a breach of the officer's or director's fiduciary duty and shall not be fraudulent or illegal.

B. Notwithstanding any other provisions of this Part, the commissioner of financial institutions may require the disclosure by directors, officers, and employees of their personal interest, direct or indirect, in any business or transaction on behalf of or involving the savings bank and of their control of or active participation in enterprises having activities related to the business of the savings bank.

C. The following restrictions governing the conduct of directors and officers expressly are specified, but such specification does not excuse such persons from the observance of any other aspect of the general fiduciary duty owed by them to the savings bank which they serve, as follows:

(1) An officer or director of a mutual savings bank shall not hold office or status as a director or officer of another mutual savings bank to which this Chapter applies and which has its domicile in the same parish or in contiguous parishes therewith.

(2) A director shall only receive as remuneration reasonable fees for services as a director or for service as a member of a committee of directors. A director who is also an officer or employee of the savings bank may receive compensation for service as an officer or employee.

(3) A director, savings bank, or officer thereof shall not require, as a condition to the granting of any loan or the extension of any other service by the savings bank or its affiliates, that the borrower or any other person undertake a contract of insurance or any other agreement or understanding with respect to the furnishing of any goods or services, directly or indirectly, with any specific company, agency, or individual.

(4) An officer or director acting as proxy for a member of a mutual savings bank shall not exercise, transfer, or delegate such right in any consideration of a
private benefit or advantage, direct or indirect, accruing to himself nor surrender control or pass his office to any other for any consideration of a private benefit or advantage, direct or indirect. The voting rights of members shall not be the subject of sale or similar transaction, either direct or indirect. Any officer or director who violates the provisions of this Subsection shall be held accountable to the savings bank for any increment.

(5) A director or officer shall not solicit, accept, or agree to accept, directly or indirectly, from any person other than the savings bank any gratuity, compensation, or other personal benefit for any action taken by the savings bank or for endeavoring to procure any such action.

(6) Subject to the approval of the commissioner, a savings bank's articles of incorporation may provide for reasonable indemnification to its officers, directors, and employees in connection with faithful performance of their duties for the savings bank. The commissioner may promulgate model indemnification provisions and may consider provisions available under the Louisiana Business Corporation Act, the Louisiana Banking Act, and those available to national banks.