Chapter 715

(1969 reprint)

Corporations Controlling Banks

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CROSS REFERENCES

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715.010 Definitions. As used in this chapter:

(1) "Bank" means any national banking association, or any state bank or trust company, which is under the supervision or control of the Superintendent of Banks of the State of Oregon.

(2) "Commissioner" means the State Corporation Commissioner.

(3) "Control" of a bank, corporation or association by a corporation, occurs when the corporation owns, holds, controls, by itself or in agreement with others, or has an option for the purchase of a majority of the voting stock of any such bank, corporation or association.

715.020 Restrictions on powers of controlling corporation. Any corporation, organized in this state, or licensed to do business herein, which controls any bank, is subject to the following restrictions:

(1) It shall not borrow money or otherwise secure credit, directly or indirectly, from such bank, unless the loan or credit is adequately secured by collateral other than stock or evidences of indebtedness of any corporation which it controls. Loans made by any such bank to any person, corporation or combination of individuals for the benefit of the controlling corporation shall be construed as loans made directly to that corporation.

(2) It shall not sell any stock, securities or other evidences of indebtedness of any other corporation which it controls to or through such bank. It shall not use such bank as an agent for the purpose of selling or otherwise disposing of such stock, securities or other evidences of indebtedness without having first obtained from the commissioner a permit to do so.

(3) It shall not carry as an asset any expenses incident to organization or to the sale of stock after organization.

715.030 Incidental acquisition of bank stock. This chapter does not apply to any corporation which secures control of any bank stock incidental to its other business, if that stock is disposed of within a reasonable time after it is secured. However, any corporation which secures such control of bank stock under this section shall forthwith notify the commissioner of such fact.

715.040 Divulging information prohibited. It is unlawful for the commissioner, or any of his deputies, agents or employes to divulge any information set forth, or disclosed in any examination or report required under this chapter, except in accordance with proper judicial order, as otherwise provided for by law.

715.050 Enforcement of chapter by commissioner. The commissioner shall administer this chapter and may make such rules and regulations as he considers necessary to enforce its provisions. The commissioner may inspect the books and records of all such corporations and require such additional information as may be necessary.

715.990 Penalties. (1) Violation of ORS 715.040 by any officer, deputy or employe of the State of Oregon is punishable, upon conviction, by a fine of not less than $500 or by imprisonment in the county jail for not more than six months, or by both. In addition, the offender shall be disqualified from holding office for or having employment with the State of Oregon for a period of five years from the date of conviction.

(2) Violation of any of the provisions of this chapter by any officer or employe of any corporation controlling the stock of any bank is punishable, upon conviction, by a fine of not more than $5,000 or by imprisonment in the penitentiary for not more than five years, or by both.

(3) Violation of any of the provisions of this chapter by a corporation controlling bank stock makes the corporation liable to a civil penalty in a sum of $10,000, to be collected in an action instituted in the name of the State of Oregon by the Attorney General. This penalty, when collected, shall be for the benefit of the General Fund.