

Chapter 715

1983 REPLACEMENT PART

Corporations Controlling Banks

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CROSS REFERENCES

- Administration of banking laws generally, Ch. 706
- Effect of invalidity of chapter 37, Oregon Laws 1983, 1983 c.37 §37
- Financial institution property insurance requirements, limitation, 746.185 to 746.211

715.010 Definitions. As used in this chapter:

(1) "Bank holding company" is a company which controls either a bank or a national bank authorized to do business in this state.

(2) "Company" is a corporation, trust, association, partnership or similar organization.

(3) "Controlling interest" of a bank exists if a company, directly or indirectly, acting through one or more other persons, owns or has power to vote 25 percent or more of any class of voting stock of a bank or of a corporation which is or becomes a bank holding company unless:

(a) The stock of the bank is held in a fiduciary capacity and not for the benefit of the company or of the shareholders, employees or members of the company; or

(b) The stock is acquired, not as a means of circumventing this chapter, but by the company in the ordinary course of business to secure or collect a debt previously contracted in good faith and the company disposes of the stock within two years after the acquisition of the stock. The superintendent may extend the period if an extension will not be detrimental to the public interest or in contravention of any other law.

(4) "Control the management and affairs of an institution" means to possess, directly or indirectly, the power to direct or cause the direction of management and policies of a bank or of a corporation which is or becomes a bank holding company through the ownership of voting stock, by contract or otherwise. [Amended by 1973 c.797 §336; 1977 c.135 §27; 1979 c.88 §15; 1983 c.296 §9]

715.015 Approval required for changing control of management and affairs. (1) If a company proposes to purchase or acquire the capital stock of an institution to change the control of the management and affairs of the institution, the company shall apply to the superintendent for a certificate of approval of the proposed change of control of the institution. The application shall contain the name and address of the proposed new owner of the controlling stock and any other information required by the superintendent to make a determination under this section.

(2) The superintendent shall issue the certificate of approval only if he finds that:

(a) The directors and officers of the proposed new owner who will control the management and affairs of the institution if the change of control takes place are qualified by character, experience and financial responsibility to control and operate the institution in a legal and proper manner;

(b) The interests of the stockholders, depositors and creditors of the institution and the public generally will not be jeopardized by the proposed change in ownership and management; and

(c) The transfer is not disapproved under ORS 706.690.

(3) The superintendent may disapprove an application for a certificate of approval under this section if any of the reasons stated in ORS 707.145 (1) apply to the proposed new owner of the controlling stock.

(4) If a director or officer of an institution, a transfer agent, vendee or vendor has reason to believe that a transfer of stock changes the control of the management and affairs of the institution, he shall immediately notify the superintendent of the transfer. The transfer of stock shall not be effective or be entered upon the books of the institution until the certificate of approval of the transfer is issued. [1973 c.797 §337; 1975 c.544 §41; 1977 c.135 §28; 1979 c.88 §16]

715.020 [Repealed by 1973 c.797 §428]

715.025 When foreign holding company prohibited. After January 1, 1974, a foreign company shall not become a bank holding company. [1973 c.797 §338]

715.030 [Repealed by 1973 c.797 §428]

715.035 Restrictions on loans to holding company or company controlled thereby. (1) A bank may loan its funds to the bank holding company controlling the bank, a company controlled by the bank holding company or an officer, director or employe of the bank holding company or a company controlled by the bank holding company if:

(a) The loan to the bank holding company, or the company controlled by the bank holding company is adequately secured by collateral other than stock or evidences of indebtedness of the bank holding company or the company controlled by the bank holding company.

(b) The combined obligations of the bank holding company, companies controlled by the bank holding company and the officers, directors and employes of the bank holding company and companies controlled by the bank holding company do not exceed 50 percent of the bank's paid-up capital and surplus.

(c) The obligations of any officer or employe of the bank holding company or companies controlled by the bank holding company do not exceed five percent of the paid-up capital and surplus of the bank.

(d) The obligations of any officer, who is actively engaged in the management of the bank holding company or a company controlled by the bank holding company, or of any of the employees of a bank holding company or the companies controlled by the bank holding company in excess of \$10,000 in the aggregate are fully secured by good collateral.

(2) Officers, directors and employees of the bank controlled by a bank holding company shall not be included in determining the limitations of paragraphs (b), (c) and (d) of subsection (1) of this section unless the officer, director or employe of the bank is also serving as an officer, director or employe of the bank holding company controlling the bank or a company controlled by the bank holding company.

(3) All loans made as provided in subsection (1) of this section shall be reported by the officers of the bank to:

(a) The board of directors at its next regular meeting after the making of the loan; and

(b) The superintendent at such times as the superintendent prescribes. [1973 c.797 §339; 1977 c.135 §29, 1983 c.37 §24]

715.040 [Repealed by 1973 c.797 §428]

715.045 Examination of books; payment of costs of examination. (1) The superintendent may examine the books, accounts, records and files of a bank holding company when the superintendent considers it necessary to evaluate the relationship between a bank and the bank holding company.

(2) The bank holding company examined shall pay to the superintendent the actual cost of the examination. [1973 c.797 §340]

715.050 [Repealed by 1973 c.797 §428]

715.055 Reports of condition; penalty for failure to submit. (1) A bank holding company shall submit to the superintendent a report of the condition of the bank holding company within 90 days after close of the fiscal year for the bank holding company.

(2) The bank holding company shall include in the report of condition information which the

superintendent considers necessary to disclose fully the relations between the bank holding company and the bank it controls.

(3) The superintendent may call for reports of condition from a bank holding company, in such form as he may prescribe, if he considers it necessary in order to obtain a full knowledge of the condition of the bank which the bank holding company controls. The bank holding company shall submit the report to the superintendent within 45 days after receiving the call from the superintendent.

(4) A bank holding company may in lieu of all the reports called for in this section, submit to the superintendent a copy of the report furnished by the holding company to the Federal Reserve Bank under the provisions of Regulation Y of the Board of Governors of the Federal Reserve System and any additional information the superintendent may require.

(5) If a bank holding company fails to submit a report of condition as required by this section, the bank holding company shall pay to the superintendent a penalty of \$100 for each day it fails to comply. If the bank holding company delays or refuses to pay the penalty upon demand by the superintendent, the superintendent may maintain an action in his name against the delinquent bank holding company for the recovery of the penalty. [1973 c.797 §341]

715.910 Civil penalties. Any person who violates ORS 715.035 shall forfeit and pay to the State Treasurer to be deposited in the State Banking Fund a civil penalty in an amount determined by the superintendent of not more than \$2,500 for individuals and \$50,000 for institutions. The civil penalty may be recovered as provided in ORS 706.980. [1975 c.544 §43]

715.990 [Amended by 1973 c.797 §342; repealed by 1975 c.544 §62]