

# Chapter 714

1989 EDITION

## Branch Banking

### BRANCH BANKING

- 714.030 Branches not in compliance with chapter prohibited
- 714.040 Application required to establish branch; fee; time limitation; penalty
- 714.060 Authority to establish branches; capital requirements
- 714.080 Reports of deposits of branches
- 714.100 Display of words "branch" and "office"
- 714.110 Moving or discontinuing branch
- 714.130 National bank's authority to establish branches
- 714.140 Application to establish branch banks in foreign countries or invest in foreign banks required; approval or rejection by director
- 714.150 Investment in foreign banks; agreement between foreign bank and director as prerequisite; effect of failure to comply with agreement
- 714.160 Furnishing information about foreign branches or foreign banks to director on demand; examination of foreign branches or foreign banks
- 714.170 Separate accounts for foreign branches

### CUSTOMER BANK COMMUNICATION TERMINALS

- 714.200 Definition for ORS 714.210 to 714.992
- 714.210 Use of CBCT's; permitted uses; verification; application of ORS 714.040 to 714.110

- 714.220 Operation of CBCT's; use of banking institution employees
- 714.240 Corporation created to establish CBCT's; banking institution as stockholder
- 714.250 Use of CBCT facilities by banking institutions not having offices within state; use of facilities by savings associations or credit unions
- 714.260 Report to director of installation or removal of CBCT; investigation
- 714.270 Prohibitions on use of CBCT for banking information

### PENALTIES

- 714.992 Penalties

### CROSS REFERENCES

- Bank closings, Saturdays, holidays and emergencies, 707.430
- Bank deposits and collections, Ch 74
- Extranational institutions, Ch. 713

### 714.210 to 714.992

- CBCT, definition, 706 005
- Operation of CBCT facilities by mutual savings banks, 716 645

## FINANCIAL INSTITUTIONS

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**BRANCH BANKING**

714.010 [Repealed by 1973 c.797 §428]

714.020 [Repealed by 1973 c.797 §428]

**714.030 Branches not in compliance with chapter prohibited.** (1) Except as expressly authorized in ORS 714.030 to 714.130 and 714.210 to 714.992, an institution shall not open or maintain any branch.

(2) This section does not apply to branches of foreign or extranational institutions existing or authorized to do business in this state as a foreign or extranational institution on February 28, 1933. After February 28, 1933, in every respect a branch of a foreign or extranational institution described in this subsection shall be governed by and comply with ORS 714.030 to 714.130 and 714.210 to 714.992, to the same extent as institutions organized and doing business in this state on February 28, 1933.

(3) Except as provided in subsection (2) of this section, foreign institutions and extranational institutions shall not establish branches. [Amended by 1973 c.797 §321, 1975 c.725 §17]

**714.040 Application required to establish branch; fee; time limitation; penalty.**

(1) Before any branch is established, the board of directors of an institution desiring to establish a branch shall file an application with the director. The fee for filing the application is \$1,000. The application shall be investigated, approved or disapproved and subject to appeal in the same manner as is provided in ORS 707.080 for the organization of an institution. An institution shall not establish or operate any branch without first receiving the written approval of the director.

(2) A branch shall commence business within one year after the application for the branch has been approved by the director. If a branch fails to commence business within the year or according to any extension of time granted by the director, the approval of the application shall be withdrawn and the branch may not operate.

(3) For each day an institution operates a branch without first receiving the written approval of the director, the institution is subject to a penalty of \$100. The penalty shall be assessed and collected as prescribed in ORS 706.570 (2). [Amended by 1971 c.68 §4; 1973 c.797 §322; 1975 c.544 §40a; 1977 c.135 §26]

714.050 [Amended by 1973 c.797 §323; repealed by 1979 c.826 §1]

714.055 [1973 c.797 §324; repealed by 1979 c.826 §1]

**714.060 Authority to establish branches; capital requirements.** (1) A bank having an unimpaired capital actually paid in, in cash of not less than \$1 million, and a trust company having an unimpaired capital actually paid in, in cash of not less than

\$500,000, may establish and maintain one or more branches if the unimpaired capital and surplus of the bank or trust company is equal to the aggregate amount required by law to organize institutions in the places where the principal office and branches are to be located.

(2) An institution may establish and maintain one or more branches at any place within or without the State of Oregon, if the unimpaired capital and surplus of the institution is equal to the aggregate amount required by law to organize institutions in the places where the main office and branches are to be located or is sufficient to maintain an acceptable ratio of capital and surplus to deposit liabilities, as determined by the director. [Amended by 1973 c.797 §325, 1985 c.12 §7]

714.065 [1973 c.797 §326; repealed by 1975 c.193 §13]

714.070 [Repealed by 1973 c.797 §428]

**714.080 Reports of deposits of branches.** Upon the call for a report of condition by the director, a banking institution which operates a branch shall report to the director the total of deposits received and held by it through each branch. [Amended by 1973 c.797 §327]

714.090 [Amended by 1971 c.68 §5; repealed by 1973 c.797 §428]

**714.100 Display of words "branch" and "office."** Every institution which maintains a branch shall, on all window signs, in advertising any branch and on letterheads on which the business of a branch is transacted, use in addition to the name of the institution, the words "branch" or "office" or both, preceded by the name of the branch. [Amended by 1963 c.195 §11; 1969 c.360 §1; 1973 c.797 §328]

**714.110 Moving or discontinuing branch.** A branch, once established, may not be moved or discontinued without the previous written approval of the director. [Amended by 1973 c.797 §329]

714.120 [Repealed by 1963 c.402 §11]

**714.130 National bank's authority to establish branches.** A national bank engaged in a general banking business in this state may perform all acts which institutions of this state are permitted to perform under ORS 714.030 to 714.130 and 714.210 to 714.992, if the national bank complies with the particular conditions and restrictions prescribed for institutions of this state, with the exercise of like privileges. [Amended by 1973 c.797 §330]

**714.140 Application to establish branch banks in foreign countries or invest in foreign banks required; approval or rejection by director.** (1) Upon the approval of the director and subject to rules promulgated by the director pursuant to ORS 183.310, 183.315, 183.330, 183.335 and 183.341

to 183.410 an institution which is a member of the Federal Reserve System may:

(a) If it possesses a capital and surplus of at least \$1 million, establish branches in foreign countries or dependencies or insular possessions of the United States to further foreign commerce of the United States and to act, if required to do so, as the fiscal agent of the United States.

(b) Invest an amount not exceeding in the aggregate 10 percent of its paid-in capital and surplus in the stock of banks or corporations chartered or incorporated under the laws of the United States or of any other state, and principally engaged in international or foreign banking, or banking in a dependency or insular possession of the United States, either directly or through the agency, ownership or control of local institutions in foreign countries, or in such dependencies or insular possessions, including the stock of one or more banks or corporations chartered or incorporated under section 25 (a) of the Federal Reserve Act, as approved December 24, 1919.

(2) An institution shall file with the director an application for permission to exercise the powers established in subsection (1) of this section. The application shall specify the name, capital and surplus of the institution filing it, the powers applied for, and the place or places where the banking operations are to be carried on.

(3) The director may approve or reject the application, in whole or in part, if the granting of the application is considered inexpedient. The director may increase or decrease the number of places where the banking operations may be carried on. [Amended by 1973 c.797 §331]

**714.150 Investment in foreign banks; agreement between foreign bank and director as prerequisite; effect of failure to comply with agreement.** (1) Before an institution may purchase stock in any corporation mentioned in ORS 714.140 (1)(b), the corporation shall agree to restrict its operations or conduct its business in the manner and under the limitations prescribed by the director for the places in which the business is to be conducted.

(2) If the director determines that the limitations prescribed are not being complied with, the director may investigate the matter. If the investigation shows that the corporation or the institution holding stock in the corporation has not complied with the limitations, the director may require the institution to dispose of stock holdings in the corporation. [Amended by 1973 c.797 §332]

**714.160 Furnishing information about foreign branches or foreign banks to di-**

**rector on demand; examination of foreign branches or foreign banks.** An institution operating foreign branches or investing in the capital stock of banks or corporations, as provided in ORS 714.140 (1), shall furnish information concerning the condition of the branches, banks or corporations to the director upon demand, and the director may order special examinations of the branches, banks or corporations. [Amended by 1973 c.797 §333]

**714.170 Separate accounts for foreign branches.** An institution shall maintain the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office. At the end of each year, the profit or loss accrued at each branch shall be transferred to the general ledger as a separate item. [Amended by 1973 c.797 §334]

### CUSTOMER BANK COMMUNICATION TERMINALS

**714.200 Definition for ORS 714.210 to 714.992.** As used in ORS 714.210 to 714.992, "banking institution" includes a national bank. [1975 c.193 §11; 1985 c.762 §45]

**714.210 Use of CBCT's; permitted uses; verification; application of ORS 714.040 to 714.110.** (1) A banking institution, through its own facilities or those of a corporation described in ORS 714.240, may make available for use by its customers one or more CBCT's. A CBCT may receive or dispense cash, provide information and initiate transactions in accordance with the request or instruction of the customer or the customer's agent. Every transaction initiated through a CBCT shall be subject to verification by the banking institution either by direct wire transmission or otherwise.

(2) ORS 714.040 to 714.110 do not apply to the establishment and maintenance of CBCT's pursuant to ORS 706.005, 714.200 to 714.992 and 716.645 or 714.065 prior to its repeal by section 13, chapter 193, Oregon Laws 1975. [1975 c.193 §3]

**714.220 Operation of CBCT's; use of banking institution employees.** Except for CBCT's located on the premises of the principal place of business of a banking institution or the general banking branches thereof, a CBCT shall be unmanned or manned by someone who is not an employee of the banking institution utilizing the facility; provided, however, that employees of the banking institution may be in the vicinity of such a facility solely for the purposes of providing physical security, instruction in the use of the facility and the installation, maintenance and repair thereof. [1975 c.193 §4]

**714.230** [1975 c.193 §5; repealed by 1989 c.245 §1]

**714.240 Corporation created to establish CBCT's; banking institution as stockholder.** Notwithstanding ORS 708.430 and 716.588, a banking institution may, subject to the approval of the director, acquire and continue to hold a membership in or the fully paid stock of a corporation created to establish and operate CBCT facilities. [1975 c.193 §6; 1979 c.810 §1; 1989 c.245 §2]

**714.250 Use of CBCT facilities by banking institutions not having offices within state; use of facilities by savings associations or credit unions.** (1) CBCT facilities may be made available to banking institutions which do not have banking offices within this state and to savings associations or credit unions which do not have offices within this state provided that reciprocal privileges with respect to like facilities maintained by those institutions, savings associations or credit unions outside this state are thereby obtained for the benefit of banking institutions with banking offices in this state and savings associations or credit unions with offices in this state.

(2) CBCT facilities may be made available to savings associations or credit unions with offices in this state upon such terms and conditions as may be agreed upon by the participating institutions with respect to their use or with respect to their membership or stock ownership in a corporation described in ORS 714.240. [1975 c.193 §7; 1979 c.810 §2]

**714.260 Report to director of installation or removal of CBCT; investigation.**

Within 30 days following the installation or removal of a CBCT, the owner or lessee utilizing such facility shall report its installation or removal to the director in such detail as the director may by regulation require concerning the location, type and use of such facility. The director may require such other reports and conduct such investigations as the director may deem necessary and appropriate to enforce the provisions of ORS 706.005, 714.200 to 714.992 and 716.645 and to assist the director in the preparation and maintenance of an inventory of CBCT facilities established pursuant to ORS 706.005, 714.200 to 714.992 and 716.645. [1975 c.193 §8]

**714.270 Prohibitions on use of CBCT for banking information.** No person shall use or attempt to use a CBCT facility for the purpose of obtaining any information concerning the account or line of credit of a customer with a banking institution without the prior approval of the customer. No person having received prior approval of the customer shall utilize such authority to obtain through the use of the CBCT any information not necessary to the transaction which the customer seeks to accomplish through its use. [1975 c.193 §9]

#### PENALTIES

**714.990** [Repealed by 1973 c.797. §428]

**714.992 Penalties.** Violation knowingly of ORS 714.270 is a Class C felony. [1975 c.193 §10]

## FINANCIAL INSTITUTIONS

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