

Enrolled
Senate Bill 734

Sponsored by COMMITTEE ON JUDICIARY (at the request of Oregon Bankers Association)

CHAPTER

AN ACT

Relating to issuance of stock in certain financial institutions; creating new provisions; and amending ORS 707.350.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 707.350 is amended to read:

707.350. (1) An institution or Oregon stock savings bank [*shall*] **may** not issue any certificate of stock until full payment for the stock has been received. Stock sold after initial organization of the institution or Oregon stock savings bank **to a person other than a director, officer or employee of the institution or Oregon stock savings bank** shall be paid in the same manner as required in the organization of an institution or Oregon stock savings bank **under ORS 707.200. Stock issued after the initial organization of the institution or Oregon stock savings bank to a director, officer or employee of the institution or Oregon stock savings bank may be issued for consideration consisting of cash, real property and improvements to real property, tangible personal property, other securities of the institution or Oregon stock savings bank or, subject to subsection (2) of this section, services performed or services to be performed under contract. In the absence of fraud, the judgment of the board of directors of the institution or Oregon stock savings bank as to the sufficiency of the consideration for the stock issued under this section is conclusively presumed to be valid.**

(2) **Stock may not be issued to directors, officers or employees of an institution or Oregon stock savings bank in consideration of services performed or services to be performed under contract unless the plan to issue the stock is approved as follows:**

(a) **The Director of the Department of Consumer and Business Services approves the plan. For purposes of this subsection, the director approves the plan if the director either approves the plan in writing or does not disapprove the plan in a writing delivered to the institution or Oregon stock savings bank within 30 days after the director receives notice and a copy of the plan.**

(b) **The holders of at least two-thirds of the outstanding shares of the institution or Oregon stock savings bank entitled to vote on the plan approve the plan in a vote taken at the annual shareholders' meeting or a special shareholders' meeting. Written or printed notice of the plan must be delivered personally or by mail to each shareholder entitled to vote at the meeting. The notice must be delivered or mailed not less than 10 days and not more than 60 days before the date of the meeting during which the vote will be taken. The notice must describe the plan in reasonable detail, state that the plan must be approved in accordance with this subsection and state that issuing shares under the plan will dilute the interests of existing shareholders in the institution or Oregon stock savings bank.**

[2)] (3) Notwithstanding [subsection] subsections (1) and (2) of this section, an institution or Oregon stock savings bank shall have the power to create and issue the number of shares of stock stated in its articles of incorporation or the amendments thereto.

SECTION 2. The amendments to ORS 707.350 by section 1 of this 2007 Act apply to stock issued by an institution or Oregon stock savings bank on or after the effective date of this 2007 Act.

Passed by Senate April 9, 2007

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Secretary of Senate

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President of Senate

Passed by House May 25, 2007

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Speaker of House

Received by Governor:

.....M.,....., 2007

Approved:

.....M.,....., 2007

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Governor

Filed in Office of Secretary of State:

.....M.,....., 2007

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Secretary of State