

Senate Bill 734

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

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Permits institution or Oregon stock savings bank to issue stock to directors, officers or employees of institution or Oregon stock savings bank without requiring full payment for stock before issuance. Permits institution or Oregon stock savings bank to accept cash, real property and improvements to real property, tangible personal property, other securities of institution or Oregon stock savings bank, or services as consideration for stock issued.

Requires affirmative two-thirds vote of approval by holders of outstanding shares entitled to vote at annual shareholders' meeting or special shareholders' meeting and approval of Director of Department of Consumer and Business Services to accept services as consideration for stock issued.

A BILL FOR AN ACT

1
2 Relating to issuance of stock in certain financial institutions; creating new provisions; and amending
3 ORS 707.350.

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

5 **SECTION 1.** ORS 707.350 is amended to read:

6 707.350. (1) An institution or Oregon stock savings bank [*shall*] **may** not issue any certificate
7 of stock until full payment for the stock has been received. Stock sold after initial organization of
8 the institution or Oregon stock savings bank **to a person other than a director, officer or em-**
9 **ployee of the institution or Oregon stock savings bank** shall be paid in the same manner as re-
10 quired in the organization of an institution or Oregon stock savings bank **under ORS 707.200. Stock**
11 **issued after the initial organization of the institution or Oregon stock savings bank may be**
12 **issued for consideration consisting of cash, real property and improvements to real property,**
13 **tangible personal property, other securities of the institution or Oregon stock savings bank**
14 **or, subject to subsection (2) of this section, services performed or services to be performed**
15 **under contract. In the absence of fraud, the judgment of the board of directors of the insti-**
16 **tution or Oregon stock savings bank as to the sufficiency of the consideration for the stock**
17 **issued under this section is conclusively presumed to be valid.**

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

21 (a) **At least two-thirds of the holders of outstanding shares of the institution or Oregon**
22 **stock savings bank entitled to vote on the plan approve the plan affirmatively in a vote taken**
23 **at the annual shareholders' meeting or a special shareholders' meeting. Written or printed**
24 **notice of the plan must be delivered personally or by mail to the Director of the Department**
25 **of Consumer and Business Services and to each shareholder entitled to vote at the meeting.**
26 **The notice must be delivered or mailed not less than 10 days and not more than 60 days be-**
27 **fore the date of the meeting during which the vote will be taken. The notice must describe**
28 **the plan in reasonable detail, state that the plan must be approved in accordance with this**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 subsection and state that issuing shares under the plan will dilute the interests of existing
2 shareholders in the institution or Oregon stock savings bank.

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

8 [(2)] (3) Notwithstanding [subsection] subsections (1) and (2) of this section, an institution or
9 Oregon stock savings bank shall have the power to create and issue the number of shares of stock
10 stated in its articles of incorporation or the amendments thereto.

11 **SECTION 2.** The amendments to ORS 707.350 by section 1 of this 2007 Act apply to stock
12 issued by an institution or Oregon stock savings bank on or after the effective date of this
13 2007 Act.

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