

STATE OF OKLAHOMA

2nd Session of the 44th Legislature (1994)

HOUSE BILL NO. 2398

By: Isaac

AS INTRODUCED

An Act relating to banks and trust companies;
amending 6 O.S. 1991, Section 203, which relates to powers of the State Banking Board; deleting grant of certain powers to banks; amending 6 O.S. 1991, Section 208, which relates to records and confidentiality of Banking Department; providing definitions; creating a compliance review committee; providing duties; providing for confidentiality of certain documents; providing exception to confidentiality of certain documents; amending 6 O.S. 1991, Section 209, which relates to examinations and reports; modifying limitation period for proof of publication; amending 6 O.S. 1991, Section 402, which relates to powers of banks and trust companies; modifying certain limitations on certain banking powers; deleting limitation of certain powers of banks regarding branches; authorizing State Banking Board to prohibit exercise of certain powers; amending 6 O.S. 1991, Section 406, as amended by Section 1, Chapter 295, O.S.L. 1992 (6 O.S. Supp. 1993, Section 406), which relates to amendments and changes; clarifying location change application; amending 6 O.S. 1991, Section 419, which relates to leasing of personal

property; modifying total investment allowed by bank for benefit of certain persons; providing that certain duties or obligations not be imposed on banks; providing exception; amending 6 O.S. 1991, Section 1417, as amended by Section 8, Chapter 295, O.S.L. 1992 (6 O.S. Supp. 1993, Section 1417), which relates to advertisement of confusingly similar names; modifying time period which certain advertisements shall be deemed in compliance; amending 6 O.S. 1991, Section 2006, as amended by Section 7, Chapter 90, O.S.L. 1992 (6 O.S. Supp. 1993, Section 2006), which relates to succession and powers of credit unions; deleting certain power to invest in certain funds; amending 6 O.S. 1991, Section 2205, which relates to authorized disclosures or releases of financial records; authorizing disclosure or release of financial records upon Oklahoma State Bureau of Narcotics and Dangerous Drugs Control subpoena; repealing 6 O.S. 1991, Section 716, which relates to purchase of bank's own stock as treasury stock; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 6 O.S. 1991, Section 203, is amended to read as follows:

Section 203. In addition to other powers conferred by the Oklahoma Banking Code, the Board shall have power to:

(1) Regulate its own procedures and practice, except as may be hereafter provided by law.

(2) Define any term not defined in the Oklahoma Banking Code.

(3) Adopt and promulgate reasonable and uniform rules and regulations to govern the conduct, operation and management of all banks or trust companies created, organized or existing under or by virtue of the laws of this state, and to govern the examination, valuation of assets and the statements and reports of such banks or trust companies, and the form on which such banks or trust companies shall report their assets, liabilities and reserves, and charge off bad debts and otherwise keep their records and accounts, ~~and to grant to all banks such powers not otherwise specified, as may now or hereafter be conferred upon national banks by the laws of the United States,~~ and otherwise to govern the administration of the Oklahoma Banking Code.

(a) Each bank and trust company and each officer, director, owner, stockholder, agent and employee thereof shall comply with every rule and regulation promulgated so long as the same remain in force.

(b) The Board may amend, modify or repeal rules and regulations now in force and effect or hereafter adopted. Copies of such amendments and modifications and notice of repeal shall be mailed to each bank and trust company within ten (10) days after such action is taken.

(4) Restrict the withdrawal of deposits from all, or one or more, banks where the Board finds that extraordinary circumstances make such restriction necessary for the proper protection of depositors in the affected institution or institutions.

(5) Authorize banks or trust companies under circumstances in which they are not given authority under the Oklahoma Banking Code to participate in any public agency hereafter created under the laws

of this state, or of the United States, the purpose of which is to afford advantages or safeguards to banks or trust companies, and to authorize compliance with all requirements and conditions imposed upon such participants; and to authorize banks to engage in any banking activity in which banks subject to the jurisdiction of the federal government may hereafter be authorized by federal legislation to engage.

(6) Order any person to cease violating a provision of the Oklahoma Banking Code, federal banking law, or a lawful regulation issued thereunder, or to cease engaging in any unsound banking or trust practice. A copy of such order shall be mailed to each director of the bank by which such person is employed.

(7) Affirm, modify, reverse or stay the enforcement of any order or ruling of the Commissioner concerning commercial banks or trust companies.

(8) Suspend a director, officer or employee of a bank or trust company who becomes ineligible to hold his position, or who, after receipt of an order to cease, violates the Oklahoma Banking Code, federal banking law, or a lawful regulation or order issued thereunder, or who is dishonest or who is reckless or grossly incompetent in the conduct of banking business or who has engaged or participated in any unsafe or unsound practice in connection with a bank or trust company. It shall be a criminal offense for any such person, after receipt of a suspension order, to perform any duty or exercise any power of any bank or trust company until the Board shall vacate such suspension order. A suspension order shall specify the grounds thereof. A copy of the order shall be sent to the bank or trust company concerned, and to each member of its board of directors; provided, in absence of circumstances deemed by the Board to require immediate action, no person shall be suspended under the powers herein granted unless he shall have first been afforded a hearing before the Board after not less than ten (10)

days' notice thereof shall have been served upon him by registered or certified mail, return receipt requested.

(9) To fix and establish the amount of interest which a bank may pay on savings and time deposits; provided, such rate shall not exceed nor be less than the maximum rate allowed to national banks by the Board of Governors of the Federal Reserve System. No bank operating under the laws of this state or officer thereof shall agree, directly or indirectly, to pay any interest on deposits at a rate in excess of the amount fixed by the Board.

SECTION 2. AMENDATORY 6 O.S. 1991, Section 208, is amended to read as follows:

Section 208. A. The following records in the Banking Department are designated as public records:

1. All applications for state bank charters and supporting information with the exception of personal financial records of individual applicants;

2. All records introduced at public hearings on bank charter applications;

3. Information disclosing the failure of a state bank and the reasons therefor;

4. Reports of completed investigations which uncover a shortage of funds in a bank, after the reporting of the shortage to proper authorities by the Commissioner;

5. Names of all bank stockholders and officers filed in the office of the Secretary of State; and

6. Regular financial call reports issued at the time of the state bank calls.

B. All other records in the Banking Department shall be confidential and not subject to public inspection; provided, however, that the State Banking Board, State Bank Commissioner, or Deputy Commissioner may divulge such confidential information with

the written approval of the Commissioner after receipt of a written request which shall:

1. Specify the record or records to which access is requested;
and

2. Give the reasons for the request. Such records may also be produced pursuant to a valid judicial subpoena or other legal process requiring production, if the Commissioner determines that the records are relevant to the hearing or proceeding and that production is in the best interests of justice. The records may be disclosed only after a determination that good cause exists for the disclosure. Either prior to or at the time of any disclosure, the Commissioner shall impose such terms and conditions as he deems necessary to protect the confidential nature of the record, the financial integrity of any institution to which the record relates, and the legitimate privacy interests of any individual named in such records.

C. For purposes of this section:

1. "Depository institution" means a state-chartered or federally chartered financial institution located in this state that is authorized to maintain deposit or share accounts;

2. "Compliance review committee" means:

a. an audit, loan review or compliance committee appointed by the Board of Directors of a depository institution, or

b. any other person to the extent the person acts in an investigatory capacity at the direction of a compliance review committee;

3. "Compliance review documents" means documents prepared for or created by a compliance review committee;

4. "Loan review committee" means a person or group of persons who, on behalf of a depository institution, reviews loans held by the institution for the purpose of assessing the credit quality of

the loans, compliance with the loan policies of the institution, and compliance with the applicable laws and regulations; and

5. "Person" means an individual, group of individuals, board, committee, partnership, firm, association, corporation, or other entity.

D. This section applies to a compliance review committee whose functions are to evaluate and seek to improve:

1. Loan underwriting standards;

2. Asset quality;

3. Financial reporting to federal or state regulatory agencies;

or

4. Compliance with federal or state statutory or regulatory requirements.

E. Except as provided in subsection F of this section:

1. Compliance review documents are confidential and are not discoverable or admissible in evidence in any civil action arising out of matters evaluated by the compliance review committee; and

2. Compliance review documents delivered to a federal or state governmental agency remain confidential and are not discoverable or admissible in evidence in any civil action arising out of matters evaluated by the compliance review committee.

F. Subsection E of this section does not apply to any information required by statute or regulation to be maintained by or provided to a governmental agency while the information is in the possession of the governmental agency to the extent applicable law expressly authorizes its disclosure.

G. This section may not be construed to limit the discovery or admissibility in any civil action of any documents that are not compliance review documents.

SECTION 3. AMENDATORY 6 O.S. 1991, Section 209, is amended to read as follows:

Section 209. A. Number of examinations - Acceptance of F.D.I.C. or Federal Reserve System examination in lieu of one examination. The State Banking Commissioner shall, at least every eighteen (18) months or as often as he deems advisable, carefully examine the books, records, papers, assets and liabilities of every kind and character owned by, or relating to, every state bank and shall carefully examine the books, records, papers, assets and liabilities of every kind and character owned by, or relating to, every trust company and shall keep himself fully informed as to its financial condition and business methods; shall make and file in his office a correct report in detail disclosing the results of such examination; and shall mail a copy of such report to the bank or trust company examined. However, the Commissioner is authorized to accept in his discretion, in lieu of any three consecutive bank examinations, the examination that may have been made of said bank within a reasonable period by the Federal Deposit Insurance Corporation or by the Board of Governors of the Federal Reserve System, provided a copy of said examination is furnished to the Commissioner. The Commissioner may also, in his discretion, accept any other report relative to the condition of a bank, to include joint or concurrent examinations which may be obtained by said authorities within a reasonable period, in lieu of such report authorized by the laws of this state to be required of such bank by his Department, provided a copy of such report is furnished to the Commissioner.

When requested in writing upon authority of the board of directors or stockholders owning a majority of the capital stock of any bank or trust company, the Commissioner shall, if in his opinion such examination is desirable, make or cause to be made an examination into the affairs and conditions of such bank or trust company. For such examination such bank or trust company shall pay

the same fees as provided for in subsection B of Section 211 of this title.

B. Reports - Number - Dates - Verification. Every bank shall make four reports each year and more often if called upon by the Commissioner and according to the form which may be prescribed by him, and every trust company shall make two reports each year and more often if called upon by the Commissioner and according to the form which may be prescribed by him. They must be verified by the oath or affirmation of the president, cashier or secretary of such bank or trust company, and attested by the signatures of at least two of the directors. Each such report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the corporation at the close of business on any last day by the Commissioner specified, and shall be transmitted to the Commissioner within thirty (30) calendar days after the call date, and shall be published at the expense of the bank or trust company in the same form in which it is made to the Commissioner within ten (10) days after the same is made, by one insertion in a legal newspaper published in the city or town in which such bank or trust company is established, except that, in the event a legal newspaper is not published within the city or town in which such bank or trust company is established, the publication service required shall be made in a legal newspaper published in the county in which such bank or trust company is established, and such proof of publication shall be furnished within five (5) business days after date of last publication, as may be required by the Commissioner. The Commissioner shall also have power to call for special reports from any bank or trust company whenever, in his judgment, the same are necessary in order to gain a full and complete knowledge of its condition; provided, that the reports authorized and required by this section, to be called for by the Commissioner, shall relate to a date prior to the date of such call to be specified therein.

Provided, further, that the Commissioner may accept, in lieu of reports and publications referred to in this section, reports and publications made by banks that are members of the Federal Reserve System on forms provided by the Federal Reserve System.

C. Penalty for failure to make reports - Action to recover penalty - Payment into General Revenue Fund. Every bank or trust company which fails to make and transmit or to publish any report required within the discretion of the Commissioner, under this Code, shall be subject to a penalty not to exceed Fifty Dollars (\$50.00) for each day, after the period respectively therein mentioned, that the bank or trust company delays to make and transmit its report or its proof of publication. Whenever any bank or trust company delays or refuses to pay the penalty herein imposed for a failure to make and transmit or to publish a report, the Commissioner is hereby authorized to maintain an action in the name of the state against the delinquent bank or trust company for the recovery of such penalty, and all sums collected by such action shall be paid into the State Treasury to be credited to the General Revenue Fund.

D. Forms for examination and reports - Preservation for ten years - Confidential nature. For the purpose of carrying into effect the provisions of this Code, the Commissioner shall provide a form for the necessary blanks for such examinations and reports; and all examinations and reports received by him shall be preserved in his office for a period of not less than ten (10) years. Such examination and reports and all other records of operating banks and trust companies in the Banking Department are to be kept confidential, except as permitted by this Code.

SECTION 4. AMENDATORY 6 O.S. 1991, Section 402, is amended to read as follows:

Section 402. All banks or trust companies now or hereafter organized under the laws of this state shall, without specific mention thereof in its certificate of incorporation, have all the

powers conferred by this Code and the following additional corporate powers:

(1) To continue perpetually as a corporation.

(2) To make contracts.

(3) To sue and be sued, complain and defend, in its corporate name.

(4) To have a corporate seal, which may be altered at pleasure, and to use the same by causing it or a facsimile thereof to be impressed or affixed, or in any manner reproduced.

(5) To make, alter, amend, and repeal bylaws, not inconsistent with its articles of incorporation or with law, for the administration and regulation of the affairs of the corporation.

(6) To elect, appoint or remove officers and agents of the corporation and to define their duties and fix their compensation.

(7) To adopt and operate reasonable bonus, profit-sharing and pension plans for officers and employees.

(8) To make contributions to or for the use or benefit of the following:

(a) The United States, any state, territory, or political subdivision thereof, the District of Columbia or any possession of the United States, for exclusively public purposes;

(b) A corporation, foundation, trust, community chest, or other organization created or organized in the United States, or in any state or territory, or of the District of Columbia, or of any possession of the United States, and organized and operated exclusively for religious, charitable, scientific, veteran rehabilitation service, civic enterprise, literary or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder

or individual, and no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation; or

(c) Other lawful expenditures, contributions and donations; to the extent authorized, approved, or ratified by action of the board of directors of the corporation, except as otherwise specifically provided or limited by its articles of incorporation, its bylaws, or by resolution duly adopted by its stockholders.

(9) A bank now or hereafter organized under the laws of this state, without specific mention in its charter, shall also have the power to act as escrow agent.

(10) A bank shall have the power to exercise by its directors, duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the banking business including, but not limited to, all such powers as may now or hereafter be conferred upon national banks by the laws of the United States and the regulations and policies of the U.S.

Comptroller of the Currency, unless otherwise prohibited or limited by the banking laws of this state, ~~and if authorized~~ or by rule adopted by the Banking Board. ~~Provided, however, the provisions of this paragraph shall not be construed to permit a bank to exercise by its directors, duly authorized officers or agents any powers to establish and operate branches except to the extent expressly permitted in Sections 501 through 506 of this title~~ The State Banking Board may by rule prohibit the exercise of any such power if the Board finds that the exercise thereof will not equalize and maintain the quality of competition between state and national banks.

(11) To lease, hold, purchase and convey any and all real estate in the manner provided in this Code and not otherwise.

(12) To act as fiscal or transfer agent, executor, administrator, guardian of estates, assignee, receiver, depository and trustee, provided such bank or trust company has complied with the laws of this state relating to the organization and regulation of trust companies.

SECTION 5. AMENDATORY 6 O.S. 1991, Section 406, as amended by Section 1, Chapter 295, O.S.L. 1992 (6 O.S. Supp. 1993, Section 406), is amended to read as follows:

Section 406. A. CHANGE OF NAME. A bank or trust company, by majority vote of the outstanding voting stock, may upon written notice to the Commissioner change its corporate name by appropriate amendment of its certificate of incorporation.

B. CHANGE IN LOCATION. (1) An application to change a bank or trust company's main office or branch office location must be authorized by majority vote of the outstanding voting stock. The application shall be submitted upon a form provided by the Commissioner, and shall contain a copy of the resolution adopted by the stockholders at the stockholders' meeting authorizing the proposed change in location, and shall be verified by the president or secretary of the corporation. An application fee to cover the expenses of investigation and hearing in an amount provided by Banking Board rule shall accompany the application;

(2) If the applicant bank's deposits are insured by the Federal Deposit Insurance Corporation, the Commissioner may condition his approval upon the approval of the Federal Deposit Insurance Corporation;

(3) Notice of such application shall be mailed to such persons and organizations as the Commissioner may require; and

(4) The Commissioner may, in his discretion, approve the application and authorize amendment of the certificate of incorporation and shall be guided by the standards prescribed for

the approval of an application to organize, insofar as they are reasonably applicable.

C. CHANGE IN NUMBER AND PAR VALUE OF SHARES. Upon application of a bank or trust company authorized by a majority vote of the outstanding voting stock to amend its articles of incorporation by changing the number and par value of shares without altering the capital structure, the Commissioner shall approve the application and authorize amendment unless the change will inequitably affect the interest of any stockholders and the bank or trust company does not have sufficient surplus and undivided profits to pay dissenting stockholders the fair value of their shares and have remaining the required paid-in surplus.

D. BANK'S ABANDONMENT OF TRUST POWERS. Upon application approved by majority vote of the outstanding voting stock authorizing the abandonment of its trust powers, the Commissioner may, in his discretion, approve the application and permit amendment of the applicant's certificate of incorporation.

E. OTHER AMENDMENTS. The Commissioner may, in his discretion, permit amendments to the applicant's certificate of incorporation in addition to those specifically set forth in Section 405 and Section 406 of this title, if he finds and determines the public and interested parties would be served by the approval of such amendments.

F. RIGHT OF DISSENT. Shareholders of banking corporations shall have the right of dissent to corporate action, in the same manner as provided by Section 1104 of this title with respect to the adoption of the following type of amendments to the applicant's certificate of incorporation:

(1) With respect to holders of a class of stock, a decrease in the par value per share of the outstanding shares of such class of stock, or a reverse stock split that decreases the aggregate par

value of a shareholder's total shares of the affected class of stock;

(2) A change of the main office location to a different town or city;

(3) With respect to preferred shareholders, a conversion of preferred stock into common stock, other than in accordance with conversion features, if any, which were contained in the terms of the preferred stock when it was originally issued; and

(4) With respect to preferred shareholders, any other amendment which would modify preferred stock to reduce the dividend rate, to make cumulative dividends noncumulative, to reduce the redemption or liquidation price, to eliminate or adversely affect any conversion rights or to eliminate or diminish any voting rights related thereto.

The provisions of this subsection shall not apply to transactions which are subject to dissenters' rights as provided by Sections 1104 and 1109 of this title. Shareholders of banking corporations shall also be entitled to appraisal rights granted with respect to any type of transaction pursuant to the provisions of the Oklahoma General Corporation Act, except for transactions subject to dissenters' rights as provided by the provisions of this section and Sections 1104 and 1109 of this title.

SECTION 6. AMENDATORY 6 O.S. 1991, Section 419, is amended to read as follows:

Section 419. A bank may become the owner and lessor of personal property upon the specific request of and for the use of a customer. Except upon the written approval of the Commissioner, the term of the lease shall in no event exceed ten (10) years and all such leases shall provide for the payment of monthly rentals the total of which shall at least equal the cost to the bank of the personal property so leased. The total investment by a bank for benefit of any person, copartnership, association or corporation, combined with

all other obligations of such person to the bank, shall at no time exceed twenty percent (20%) of the capital ~~stock of such bank~~ ~~actually paid in and unimpaired and twenty percent (20%) of its unimpaired~~ surplus ~~fund~~ and undivided profits of the bank.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 425 of Title 6, unless there is created a duplication in numbering, reads as follows:

Unless a state or national bank shall have expressly agreed in writing to assume special or fiduciary duties or obligations, no such duties or obligations will be imposed on the bank with respect to a depositor of the bank or a borrower, guarantor or surety, and no special or fiduciary relationship shall be deemed to exist.

SECTION 8. AMENDATORY 6 O.S. 1991, Section 1417, as amended by Section 8, Chapter 295, O.S.L. 1992 (6 O.S. Supp. 1993, Section 1417), is amended to read as follows:

Section 1417. A. Definitions. As used in this section:

1. "Bank" means any person having a state, national or foreign bank charter.

2. "Confusingly similar name" means:

a. as applied to the name of any bank, a name which is identical to that of any other bank located within the State of Oklahoma, or a name which:

- (1) contains one or more of the following words with or without the words "State," "National," or "Trust": American, Central, Citizens, City, Commerce, Commercial, Community, Exchange, Farmers & Merchants, First, Guaranty, Oklahoma Peoples, Security or United;
- (2) does not contain a geographical name (other than "Oklahoma") descriptive of the bank's immediate location (street, town, city, county or other local geographical name);

- (3) does not contain other unique or clearly distinguishing words or marks; and
 - (4) is not a federally registered trade name, trademark or service mark owned by or licensed to the particular bank; or
- b. as applied to the name of any person not a bank, a name which is confusingly similar in spelling or wording or sound to the name of any bank located anywhere within the State of Oklahoma, if such name would tend to suggest falsely to the public that the person is the bank or is affiliated with the bank, directly or indirectly; provided, however, nothing contained in this subsection shall prohibit the use of a similar name by a corporation which is in a relationship to the bank of parent, subsidiary, brother-sister corporation or other commonly controlled company.
- c. The Board shall promulgate rules and regulations which govern the use of "confusingly similar names" as defined in subparagraph a of this paragraph.

3. "Local media" means:

- a. any newspaper, radio station or television station with its main office located in the same city or town in which a particular bank's main office is located; and
- b. other means or media of advertising, including without limitation any outdoor signage on the bank's premises, billboards, bulk mailings, and other solicitations to persons who are not customers of the bank, but only to the extent that any such advertising is strictly limited in geographical location or distribution to the same city or town (including the immediate

surrounding unincorporated rural area) where the particular bank's main office is located.

B. It is unlawful for any bank having a confusingly similar name to advertise its name in Oklahoma (including without limitation by means of outdoor signage, newspaper, radio, television, billboards, bulk mailings, and other solicitations to persons who are not customers of the bank) unless said advertising also conspicuously identifies the city or town where that bank has its main office; provided, however, this subsection shall not apply to a bank's advertising through local media.

C. It is unlawful for any bank having a full legal name which is not a confusingly similar name to use a shortened name for purposes of advertising within Oklahoma (including without limitation on outdoor signage, newspaper, radio, television, billboards, bulk mailings, and other solicitations to persons who are not customers of the bank) if that shortened name would be a confusingly similar name and if such advertising does not also conspicuously identify the city or town where that bank has its main office; provided however, this subsection shall not apply to a bank's advertising through local media.

D. It shall be unlawful for any bank which acquires another bank or other financial institution for one or more of its ~~office~~ offices or branches, by merger, purchase and assumption or otherwise, to continue to use the former name of the acquired institution or office, or similar name, for more than six (6) months after the date of acquisition, either on outdoor signage or in other advertising, unless such name is the legal name of the resulting bank; provided, however, nothing contained herein shall prohibit an acquiring bank from using a variation of the former name as a branch title if such variation is at all times used only in combination with the name of the acquiring bank (including the town or city

where that bank has its main office) and the word "branch" on any outdoor signage or in other advertising.

E. It shall be unlawful for any person which is not a bank to use or advertise a confusingly similar name within the State of Oklahoma.

F. The Commissioner may issue an order in accordance with Section 204 of this title to any Oklahoma chartered bank or bank registered pursuant to Section 104 of this title, ordering such bank to cease violating the provisions of this section. This remedy shall be in addition to and not exclusive of the remedy provided in subsection G of this section.

G. Whenever any bank or other person shall use or advertise a name in violation of this section, the district court from which lawful service is obtained shall, upon suit by the Commissioner or any injured person, issue an injunction restraining such use or advertisement. Provided, that the Commissioner shall be deemed to be a necessary party to any suit brought pursuant to this section and any suit brought by the Commissioner pursuant to this section shall be properly brought as to both jurisdiction and venue, when brought in a county where the office of the Commissioner is located.

H. Advertisements which were in conformance with this section prior to April 29, 1991, but are not now in conformance with subsections B and C of this section will not be considered to be in violation of the law for a ~~three-year~~ six-year period beginning April 29, 1991. This subsection shall not be interpreted to allow any bank to begin the advertisement of a confusingly similar name which it had not previously used or advertised prior to April 29, 1991, but shall only serve to protect the advertisement of such names as are in lawful use as of April 29, 1991.

SECTION 9. AMENDATORY 6 O.S. 1991, Section 2006, as amended by Section 7, Chapter 90, O.S.L. 1992 (6 O.S. Supp. 1993, Section 2006), is amended to read as follows:

Section 2006. A credit union shall have succession in its corporate name during its existence and shall have power:

(1) To make contracts.

(2) To sue and be sued.

(3) To adopt and use a common seal and alter the same at pleasure.

(4) To purchase, hold, and dispose of property necessary and incidental to its operation.

(5) To make loans to its members for provident or productive purposes as the credit committee may approve. Any director, credit committee member, or supervisory committee member may borrow from the credit union in excess of his shareholdings as long as the terms of the loan are not more favorable than the terms of the loans to other members, and as long as the conditions of the loan meet the requirements of the law, the credit union's bylaws, and the official policies established by the credit union's board of directors; and further provided that the aggregate amount of such loans not exceed twenty percent (20%) of the unimpaired capital and surplus of the credit union, and that the loan, if it exceeds the shares and/or deposits of the officer, be approved by both the credit committee and the board of directors, and that the applicant not attend any board or committee meeting while his application is under consideration. No director, officer or committee member may endorse for borrowers. A borrower may repay his loan prior to maturity, in whole or in part, on any business day.

(6) To receive from its members, and other credit unions, state and federal, doing business in this state, payments on shares and deposits, and to require such notice for withdrawal of shares and deposits as the bylaws may provide.

(7) To amend its bylaws in the manner provided by the bylaws, but all amendments to the bylaws must be submitted to and approved by the State Credit Union Board before they become operative.

(8) To invest its funds

(a) in loans exclusively to its members;

(b) in obligations of the United States of America, or securities fully guaranteed as to principal and interest thereby;

(c) in accordance with rules and regulations prescribed by the State Credit Union Board, in the shares, deposits or loans to other credit unions in total amount in either case not exceeding twenty-five percent (25%) of its paid-in or unimpaired capital and surplus; and

~~(d) in such other investments legal for savings or trust funds in the State of Oklahoma; and~~

~~(e)~~ in shares or accounts of banks and savings and loan associations the accounts which are insured by an agency of the federal government.

(9) To make deposits in national banks and in state banks, trust companies, savings and loan associations, and credit unions organized under the laws of this state, any other state, or the United States, operating in accordance with the laws of the State of Oklahoma, or of the laws of the United States and approved by State Credit Union Board as depositories.

(10) To borrow, from any source, in an aggregate amount not exceeding fifty percent (50%) of its shares, deposits and undivided earnings; such borrowed money may be borrowed either by means of bills payable or through rediscounts of its negotiable instruments, and credit unions may pledge their assets as collateral securities therefor.

(11) To fine members, in accordance with the bylaws, for failure to meet their obligations promptly to their credit union.

(12) To impress and enforce a lien upon the shares, deposits, dividends, and interest of any member to the extent of any loan made to him or endorsed by him and any interest or fines payable by him.

(13) To charge an entrance fee as provided in the bylaws.

(14) To hire clerical help.

(15) To exercise such incidental powers as shall be necessary or requisite to enable it to carry on effectively the business for which it is incorporated.

SECTION 10. AMENDATORY 6 O.S. 1991, Section 2205, is amended to read as follows:

Section 2205. (a) Nothing in Sections 2201 through 2206 of this title shall prohibit the disclosure or release of any financial record or information to any supervisory agency in the exercise of its supervisory or regulatory functions with respect to a financial institution.

(b) Nothing in Sections 2201 through 2206 of this title prohibits a financial institution from disclosing or releasing any financial record or information to another financial institution for the usual and regular business purposes of the latter or from providing copies of any financial record to any court or government authority as an incident to perfecting a security interest, proving a claim in bankruptcy or otherwise collecting on a debt either owed the financial institution itself or owed the financial institution in its role as a fiduciary.

(c) Nothing in Sections 2201 through 2206 of this title prohibits a financial institution from notifying a government authority that such institution or an officer, employee or agent of such institution has information that may be relevant to a possible violation of any statute or regulation.

(d) Sections 2201 through 2205 of this title shall not apply to any court order or subpoena issued in connection with proceedings before a multicounty grand jury or by the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, except that a court shall have authority to order a financial institution, on which a multicounty grand jury or an Oklahoma State Bureau of Narcotics and

Dangerous Drugs Control subpoena for customer records has been served, not to notify the customer of the existence of the subpoena or information that has been furnished to the multicounty grand jury or the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control.

SECTION 11. REPEALER 6 O.S. 1991, Section 716, is hereby repealed.

SECTION 12. This act shall become effective September 1, 1994.

44-2-8001 JAF