

Chapter DFI-SB 15

INVESTMENTS IN SERVICE CORPORATION OR SUBSIDIARY

DFI-SB 15.01 Service corporation and subsidiary investments authorized.

Note: Chapter SB 15 was renumbered ch. DFI-SB 15 under s. 13.93 (2m) (b) 1., Stats., and corrections made under s. 13.93 (2m) (b) 6. and 7., Stats., Register, November, 1997, No. 503.

DFI-SB 15.01 Service corporation and subsidiary investments authorized. (1) “INVESTMENT” DEFINED. A savings bank’s investment in a service corporation or subsidiary includes:

- (a) Capital stock and paid in surplus.
- (b) Partnership, joint venture or LLC capital contributions.
- (c) Mortgage loans, commercial loans, loan guarantees and letters of credit related to a service corporation or subsidiary in which a savings bank has invested.
- (d) Liability for the debt of a partnership, joint venture or LLC.
- (e) Any other obligation for direct or contingent payment of a service corporation or subsidiary’s debt.

(2) CONDITIONS OF INVESTMENT. A savings bank may make an investment in a service corporation or subsidiary under s. 214.49, Stats., if:

- (a) The division gives prior written approval of the investment; and
- (b) The service corporation or subsidiary agrees:
 1. To restrict its activities to those authorized in writing by the division.
 2. To be audited by a certified public accountant at least once each fiscal year and deliver a copy of the certified public accountant’s certified report to the division simultaneously with the delivery of the report under subd. 3. to the service corporation or subsidiary.
 3. To file any report requested by the division, submit to periodic examination or audit by the division and pay any expense of the examination or audit.
 4. Not to directly or indirectly enter into a business venture with an officer, director or employee of the savings bank or of a service corporation or subsidiary unless the division gives prior written approval.
 5. To maintain books in accordance with generally accepted accounting principles.
 6. To make all books and records available for examination by the division on a timely basis.

(3) APPLICATION CONTENTS. (a) *Corporations.* An application for approval of an investment in a corporation under this section shall contain:

1. A copy of the corporation’s articles of incorporation.
2. A copy of the corporation’s bylaws.
3. A copy of the certificate of newly-elected officers.
4. An agreement by the corporation and each of its service corporations and subsidiaries to comply with sub. (2) (b).
5. Other information which the division may require.

(b) *Partnerships and joint ventures.* An application for approval of an investment in a partnership or joint venture under this section shall contain the partnership or joint venture agreement and other information which the division may require.

(c) *LLC.* An application for approval of an investment in an LLC shall contain:

1. A copy of the LLC’s articles of organization and any amendments.
2. A copy of the LLC’s operating agreement and any amendments.
3. A list of the members of the LLC.
4. A list of officers, directors or other persons with managerial authority of the LLC.

(4) SPECIAL APPROVAL. A savings bank may make an investment in a service corporation or subsidiary in which it has less than a majority and controlling interest only if the division gives prior written approval.

(5) APPROVAL CONSIDERATIONS. In acting under this section, factors which the division shall consider include:

- (a) The effect on the safety and solvency of the savings bank.
- (b) Compliance by the savings bank with ch. 214, Stats., and rules promulgated under it.
- (c) The anticipated benefit to the savings bank and its depositors and other customers.
- (d) The managerial capabilities and expertise of the personnel of the savings bank and any service corporations or subsidiaries.

Note: This section interprets or implements ss. 214.345 and 214.49, Stats.

History: Cr. Register, February, 1994, No. 458, eff. 3-1-94; CR 98-137: am. (1) (b) and (d), cr. (3) (c) Register February 2003 No. 566, eff. 3-1-03.