

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.