

Chapter S-L 15

INVESTMENTS IN SUBSIDIARIES

S-L 15.01 Subsidiary investments authorized.

S-L 15.01 Subsidiary investments authorized. (s. 215.13 (26) (f), Stats.) **(1) "INVESTMENT IN SUBSIDIARIES" DEFINED.** An association's investment in subsidiaries includes:

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

(2) CONDITIONS OF INVESTMENT. An association may make an investment in subsidiaries under s. 215.13 (26) (f), Stats., if:

- (a) The commissioner gives prior written approval of the investment; and
- (b) The subsidiary agrees:

1. To restrict its activities to those authorized in writing by the commissioner;

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 commissioner simultaneously with the delivery of the report to it;

3. To file any report requested by the commissioner, submit to periodic examination by the commissioner and pay the expense of the examinations and audits;

4. Not to directly or indirectly enter into a business venture with an officer, director or employe of a the association or of a subsidiary unless the commissioner 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 commissioner on a timely basis.

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

1. A copy of the corporation's articles of incorporation certified by an officer of the corporation;
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 subsidiaries to comply with sub. (2) (b); and
5. Other information which the commissioner 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 commissioner may require.

(4) SPECIAL APPROVAL. An association may make an investment in a subsidiary in which it has less than a majority and controlling interest only if the commissioner gives prior written approval.

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

- (a) The effect on the safety and solvency of the association;
- (b) Compliance by the association with ch. 215, Stats. and chs. S-L 1 to 19;
- (c) The anticipated benefit to the association and its depositors and other customers; and
- (d) The managerial capabilities and expertise of the personnel of the association and its subsidiaries.

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