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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 1. Definitions [99 - 217] (*Chapter 1 added by Stats. 2011, Ch. 243, Sec. 2.*)

99. This division, Division 1.1 (commencing with Section 1000), Division 1.2 (commencing with Section 2000), Division 1.6 (commencing with Section 4800), Division 2 (commencing with Section 5000), Division 5 (commencing with Section 14000), Division 7 (commencing with Section 18000), and Division 15 (commencing with Section 31000) shall be known, and may be cited, as the "Financial Institutions Law."

(*Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.*)

101. If and to the extent that any provision of the Financial Institutions Law is preempted by federal law, the provision does not apply and shall not be enforced.

(*Amended by Stats. 2013, Ch. 334, Sec. 6. (SB 537) Effective January 1, 2014.*)

103. The word "bank" as used in the Financial Institutions Law means any incorporated banking institution that shall have been incorporated to engage in commercial banking business, industrial banking, or trust business.

(*Amended by Stats. 2013, Ch. 334, Sec. 7. (SB 537) Effective January 1, 2014.*)

105. Banks are divided into the following classes:

- (a) Commercial banks.
- (b) Industrial banks.
- (c) Trust companies.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

107. “Commercial bank” means a corporation organized for the purpose of engaging in the commercial banking business.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

109. “Commercial banking business” includes, but is not limited to, the business of soliciting, receiving, or accepting of money or its equivalent on deposit as a regular business whether the deposit is made subject to check or is evidenced by a certificate of deposit, a passbook, a note, a receipt, or other writing, provided that nothing herein shall apply to or include money or its equivalent left in escrow, or left with an agent pending investment in real estate or securities for, or on account of, his or her principal. In addition, “commercial banking business” means to lend money on the security of real or personal property or without security; to discount or deal in bills, notes, or other commercial paper; to buy and sell for the account of customers, and, if eligible for investment, for its own account, securities, gold and silver bullion, foreign coins, and bills of exchange; and generally to transact a commercial banking business.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

111. “Industrial bank” means a corporation organized for the purpose of engaging in the industrial banking business.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

113. “Industrial banking business” includes the making of loans and acceptance of deposits, including deposits evidenced by investment or thrift certificates, but excluding demand deposits.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

115. “Trust business” means the business of acting as executor, administrator, guardian or conservator of estates, assignee, receiver, depository or trustee under the appointment of any court, or by authority of any law of this or any other state or of the United States, or as trustee for any purpose permitted by law.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

117. “Trust company” means a corporation, industrial bank, or a commercial bank that is authorized to engage in the trust business.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

119. “Bank” or “banks” includes a public bank, as defined in Section 57600 of the Government Code, commercial banks, industrial banks, and trust companies unless the context otherwise requires. However, “bank” does not include a savings association or a credit union.

(Amended by Stats. 2019, Ch. 442, Sec. 4. (AB 857) Effective January 1, 2020.)

121. (a) “Office” includes head office, branch office, and any other authorized place of business of a licensee.

(b) “Head office” means the principal place of business of a licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

123. “Real property” and “personal property” have the meanings defined in and shall be construed in accordance with Title 1 (commencing with Section 654) of Part 1 of Division 2 of the Civil Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

125. “Commissioner” means the Commissioner of Financial Protection and Innovation and “department” means the Department of Financial Protection and Innovation.

(Amended by Stats. 2022, Ch. 452, Sec. 97. (SB 1498) Effective January 1, 2023.)

127. “Person” means an individual, sole proprietorship, partnership, joint venture, association, trust, estate, business trust, corporation, joint stock company, limited liability company, unincorporated association, sovereign government or agency, instrumentality, or political subdivision thereof, or any similar entity or organization.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

129. Unless the provision or the context otherwise requires, the definitions set forth in this chapter govern the construction of the Financial Institutions Law.

(Amended by Stats. 2013, Ch. 334, Sec. 8. (SB 537) Effective January 1, 2014.)

131. References in this division to the voting of shares shall be construed in accordance with Section 111 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

133. If the articles of a bank provide for more or less than one vote for any share on any matter, the references in Sections 139 and 141 to a majority or other proportion of shares means, as to such matter, a majority or other proportion of the votes entitled to be cast. Whenever, under Division 1 (commencing with Section 100), Title 1 of the Corporations Code, this division, or Division 1.1 (commencing with Section 1000), shares are disqualified from voting on any matter, they shall not be considered outstanding for the determination of a quorum at any meeting to act upon, or the required vote to approve action upon, such matter under any provision of Division 1 (commencing with Section 100), Title 1 of the Corporations Code, of this division, Division 1.1 (commencing with Section 1000), or of the articles or bylaws.

(Amended by Stats. 2013, Ch. 334, Sec. 9. (SB 537) Effective January 1, 2014.)

135. Any requirement in this division for a vote of each class of outstanding shares shall be construed in accordance with Section 117 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

137. “Approved by (or approval of) the board” means approved or ratified by the vote of the board or by the vote of a committee authorized to exercise the powers of the board, except as to any matter not within the competence of the committee under Section 311 of the Corporations Code or any matter for which this division also requires approval of the shareholders or approval of the outstanding shares.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

139. “Approved by (or approval of) the outstanding shares” has the meaning set forth in Section 152 of the Corporations Code and shall include approval by the affirmative vote of a majority of the outstanding shares of each class or series entitled, by any provision of the articles, of this division, or of Division 1 (commencing with Section 100), Title 1 of the Corporations Code, to vote as a class or series on the subject matter being voted upon, and shall also include approval by the affirmative vote of such greater proportion (including all) of the outstanding

shares of any class or series if such greater proportion is required by the articles, by this division, or by Division 1 (commencing with Section 100), Title 1 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

141. “Approved by (or approval of) the shareholders” has the meaning set forth in Section 153 of the Corporations Code and shall include approval or ratification by the affirmative vote or written consent of such proportion (including all) greater than a majority of the shares of any class or series as may be provided in the articles, in this division, or in Division 1 (commencing with Section 100), Title 1 of the Corporations Code for all or any specified shareholder action.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

143. “Articles” has the meaning set forth in Section 154 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

145. “Board” has the meaning set forth in Section 155 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

147. “California” means:

(a) When used with respect to a bank, in the case of a state bank, a bank that is organized under the laws of this state and, in the case of a national bank, a national bank that maintains its main office in this state.

(b) When used with respect to an office of a bank, an office which is located in this state.

(c) When used with respect to any corporation other than a bank, a corporation that is organized under the laws of this state.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

149. “CAMELS composite rating” shall have the meaning set forth in Section 327.8(j) of Title 12 of the Code of Federal Regulations.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

151. "Certificate of correction" means a certificate executed and filed with the Secretary of State pursuant to Section 109 of the Corporations Code, subject, however, to the provisions of Section 1105.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

153. "Certificate of determination" has the meaning set forth in Section 156 of the Corporations Code, subject, however, to the provisions of Section 1104.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

155. "Certificate of revocation" means a certificate executed and filed with the Secretary of State pursuant to the second and third sentences of subdivision (c) of Section 110 of the Corporations Code, subject, however, to the provisions of Section 1106.

(Amended by Stats. 2013, Ch. 334, Sec. 10. (SB 537) Effective January 1, 2014.)

157. "Common shares" has the meaning set forth in Section 159 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

159. (a) "Confidential information" means any information regarding a licensee contained in, or related to, any of the following:

(1) Applications filed with the commissioner.

(2) Examination, operating, condition, or any other reports prepared by, on behalf of, or for the use of, the commissioner.

(3) Information received in confidence by the commissioner.

(b) Confidential information is the property of the commissioner.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

161. "Constituent corporation," when used with respect to a corporation:

(a) In the case of a merger, has the meaning set forth in Section 161 of the Corporations Code.

(b) In the case of a consolidation, means a corporation that is consolidated with one or more other corporations.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

163. “Contributed capital” means all of shareholders’ equity other than retained earnings. However, nothing in this section shall prohibit a bank from transferring amounts from time to time from its retained earnings to its contributed capital, subject to any applicable statutes, regulations, and generally accepted accounting principles.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

165. “Credit union” means a corporation of the type described in Section 14002 organized under the laws of this state or a corporation of similar type organized under the laws of the United States or of any state of the United States other than this state.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

167. “Directors” has the meaning set forth in Section 164 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

169. “Disappearing,” when used with respect to a corporation, means a constituent corporation that is not the surviving corporation.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

171. “Distribution to its shareholders” has the meaning set forth in Section 166 of the Corporations Code. However, in Division 1 (commencing with Section 100), Title 1 of the Corporations Code, in this division, and in Division 1.1 (commencing with Section 1000), “distribution to its shareholders” does not include any purchase of shares by a bank or by a majority-owned subsidiary of a bank which is necessary to reduce or avoid loss to such bank or to such subsidiary on an extension of credit previously made in good faith. Also, in this division and in Division 1.1 (commencing with Section 1000), “distribution to its shareholders” includes any distribution made by a bank or by a majority-owned subsidiary of a bank to the shareholders of any corporation of which such bank is a majority-owned subsidiary.

(Amended by Stats. 2013, Ch. 334, Sec. 11. (SB 537) Effective January 1, 2014.)

173. (a) “Foreign,” when used with respect to a bank, an office of a bank, or any corporation other than a bank, means foreign (other nation) or foreign (other state).

(b) "Foreign banking corporation" means a foreign bank.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

175. "Foreign nation" means any nation other than the United States, including, without limitation, any subdivision, territory, trust territory, dependency, colony, or possession of any nation other than the United States. "Foreign nation" includes Puerto Rico, Guam, American Samoa, the Virgin Islands, and any territory, trust territory, dependency, or insular possession of the United States.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

177. (a) The definition of "state of the United States" in Section 207 does not apply to this section. In this section, "state of the United States" means any state of the United States or the District of Columbia.

(b) "Foreign (other nation)":

(1) When used with respect to a bank, means any bank (including, without limitation, any commercial bank, merchant bank, or other institution that engages in banking activities that are usual in connection with the business of banking in the nation in which the institution is organized or operating) other than (A) a bank that is organized under the laws of a state of the United States or (B) a national bank that maintains its main office in a state of the United States.

(2) When used with respect to an office of a bank, means an office that is located in a place other than a state of the United States.

(3) When used with respect to any corporation other than a bank, means a corporation that is organized under the laws of a foreign nation.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

179. "Foreign (other state)":

(a) When used with respect to a bank, means a bank that is organized under the laws of any state of the United States other than this state, or a national bank that maintains its main office in any state of the United States other than this state, and includes any savings bank, as defined in Section 3(g) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1813(g)), that is organized under the laws of a state other than this state.

(b) When used with respect to an office of a bank, means an office that is located in a state other than this state.

(c) When used with respect to a corporation other than a bank, means a corporation that is organized under the laws of any state of the United States other than this state or under the laws of the United States.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

181. “Insured”:

(a) When used with respect to a bank or an office of a bank, means a bank or office the deposits of which are insured by the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act (12 U.S.C. Sec. 1811 et seq.).

(b) When used with respect to a deposit, means a deposit that is insured by the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act (12 U.S.C. Sec. 1811 et seq.).

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

183. “Law of the domicile” means:

(a) When used with respect to a national bank, the law of the United States.

(b) When used with respect to a state bank, the law of the state of the United States under which the bank is organized.

(c) When used with respect to a foreign (other nation) bank, the law of the foreign nation under which the bank is organized.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

185. “Licensee” has the following meanings:

(a) Any bank authorized by the commissioner pursuant to Section 1042 to transact banking or trust business.

(b) Any industrial bank authorized by the commissioner pursuant to Section 1042 to transact industrial banking business.

(c) Any trust company authorized by the commissioner pursuant to Section 1042 to transact trust business.

(d) Any foreign (other nation) bank that is licensed under Article 2 (commencing with Section 1780) of Chapter 20 or under Article 3 (commencing with Section 1800) of Chapter 20.

(e) Any person licensed by the commissioner as a money transmitter pursuant to Division 1.2 (commencing with Section 2000).

(f) Any person authorized by the commissioner to conduct the business of a savings association pursuant to Division 2 (commencing with Section 5000).

(g) Any credit union authorized by the commissioner to conduct business pursuant to Section 14154.

(h) Any foreign (other state) credit union licensed by the commissioner to conduct business pursuant to Chapter 11 (commencing with Section 16000) of Division 5.

(i) Any foreign (other nation) credit union licensed by the commissioner to conduct business pursuant to Chapter 12 (commencing with Section 16500) of Division 5.

(j) Any industrial loan company authorized by the commissioner to conduct insurance premium finance business pursuant to Division 7 (commencing with Section 18000).

(k) Any corporation licensed by the commissioner as a business and industrial development corporation pursuant to Section 31154.

(Amended by Stats. 2013, Ch. 334, Sec. 12. (SB 537) Effective January 1, 2014.)

186. "Majority-owned subsidiary" has the meaning set forth for "subsidiary" in subdivision (a) of Section 189 of the Corporations Code.

(Added by Stats. 2013, Ch. 334, Sec. 13. (SB 537) Effective January 1, 2014.)

187. "Member of the public" means any person, except an agent, officer, or employee of the department acting within the scope of his or her agency, office, or employment. Member of the public does not include a director, officer, employee, attorney, accountant, or consultant of a licensee, provided that the confidential information in question only pertains to the licensee that employs or utilizes the director, officer, employee, attorney, accountant, or consultant.

(Repealed and added by Stats. 2013, Ch. 334, Sec. 15. (SB 537) Effective January 1, 2014.)

188. "Money transmitter" means a person authorized pursuant to Chapter 3 (commencing with Section 2030) of Division 1.2 to engage in the business of money transmission.

(Added by Stats. 2013, Ch. 334, Sec. 16. (SB 537) Effective January 1, 2014.)

189. (a) "National bank" or "national banking association" means a national banking association organized under the National Bank Act.

(b) For purposes of the Financial Institutions Law, a national bank is deemed to be a corporation.

(Amended by Stats. 2013, Ch. 334, Sec. 17. (SB 537) Effective January 1, 2014.)

190. "Officer" means:

(a) When used with respect to a corporation, any person appointed or designated as an officer of the corporation by or pursuant to applicable law or the articles of incorporation or bylaws of the corporation or any person who performs with respect to the corporation functions usually performed by an officer of a corporation.

(b) When used with respect to a specified person other than a natural person or a corporation, any person who performs with respect to the specified person, functions usually performed by an officer of a corporation with respect to the corporation.

(Added by Stats. 2013, Ch. 334, Sec. 18. (SB 537) Effective January 1, 2014.)

191. "Officers' certificate" has the meaning set forth in Section 173 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

193. "Resulting," when used with respect to a corporation, means:

(a) In the case of a consolidation, the corporation into which the constituent corporations are consolidated.

(b) In the case of a conversion, the corporation into which the converting corporation is converted.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

195. "ROCA supervisory rating" shall have the meaning set forth in Section 327.8(k) of Title 12 of the Code of Federal Regulations.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

197. "Savings association" includes a savings association, a savings and loan association, and a savings bank. However, "savings association" does not include any savings bank of the type defined in Section 3(g) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(g)).

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

199. “Series,” when used with respect to shares, has the meaning set forth in Section 183 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

201. “Shares” has the meaning set forth in Section 184 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

203. “Shareholder” has the meaning set forth in Section 185 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

205. “State”:

(a) When used with respect to a corporation, means a corporation that is organized under the laws of a state of the United States.

(b) When used with respect to an office of a foreign (other nation) bank, means an office that the bank is authorized to maintain under the laws of a state of the United States.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

207. “State of the United States” means any state of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

209. “Surviving,” when used with respect to a corporation, means a corporation in which one or more other corporations are merged.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

211. “Uniform Interagency Trust Rating System (UITRS)” shall have the meaning set forth in the policy statement regarding the uniform interagency trust rating system published by the Federal Financial Institutions Examination Council on October 13, 1998 (63 Fed. Reg. 54704).

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

213. “Uniform Rating System for Informational Technology (URSIT)” shall have the meaning set forth in the policy statement regarding the uniform rating system for information technology published by the Federal Financial Institutions Examination Council on January 20, 1999, and implemented on or before April 1, 1999 (64 Fed. Reg. 3109).

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

215. “Vote” has the meaning set forth in Section 194 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

217. “Voting power” has the meaning set forth in Section 194.5 of the Corporations Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 2. Transition Provisions [250 - 254] (*Chapter 2 added by Stats. 2011, Ch. 243, Sec. 2.*)

250. In this chapter, unless the provision or context requires otherwise:

(a) "New General Corporation Law" means Division 1 (commencing with Section 100), Title 1 of the Corporations Code, as in effect on and after January 1, 1977.

(b) "Prior Banking Law" means this division, as in effect on December 31, 1978.

(c) "Prior General Corporation Law" means Division 1 (commencing with Section 100), Title 1 of the Corporations Code, as in effect on December 31, 1976.

(d) "Revised Banking Law" means this division, as in effect on and after January 1, 1979, and as repealed and readded as of January 1, 2012.

(e) "Subject institution" means:

(1) Any corporation incorporated under the laws of this state which is, with the approval of the commissioner, incorporated for the purpose of engaging in, or which is authorized by the commissioner to engage in, the commercial banking business under this division.

(2) Any corporation incorporated under the laws of this state which is, with the approval of the commissioner, incorporated for the purpose of engaging in, or which is authorized by the commissioner to engage in, the trust

business under this division.

(3) Any corporation incorporated under the laws of this state which is, with the approval of the commissioner, incorporated for the purpose of engaging in, or which is authorized by the commissioner to engage in, business under Article 1 (commencing with Section 1850) of Chapter 21 of Division 1.1.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

251. For purposes of Chapter 23 (commencing with Section 2300) of the new General Corporation Law, in the case of any subject institution existing on January 1, 1979:

(a) The term "new law" shall mean the new General Corporation Law, subject, however, to the provisions of Section 101 of the revised Banking Law.

(b) The term "prior law" shall mean the prior General Corporation Law, subject, however, to the provisions of Section 101 of the prior Banking Law.

(c) The term "effective date" shall mean January 1, 1979.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

252. (a) Sections 600 and 600.2 of the revised Banking Law shall not apply to any subject institution existing on January 1, 1979, unless and until an amendment of the articles of such subject institution is filed with the Secretary of State pursuant to Section 2302 of the new General Corporation Law.

(b) An amendment of the articles of a subject institution existing on January 1, 1979, which is filed with the Secretary of State pursuant to Section 2302 of the new General Corporation Law may be adopted by approval of the board alone in accordance with the second sentence of Section 2302 of the new General Corporation Law, notwithstanding the fact that such amendment changes such articles to conform to the provisions of Sections 600 and 600.2 of the revised Banking Law.

(c) Neither Article 6 (commencing with Section 690), Chapter 5 of the revised Banking Law nor Section 904 of the new General Corporation Law shall apply to an amendment of the articles of a subject institution existing on January 1, 1979, which is filed with the Secretary of State pursuant to Section 2302 of the new General Corporation Law on account of the fact that such amendment conforms such articles to the provisions of Section 600.2 of the revised Banking Law.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

253. In case the board of a subject institution has, prior to January 1, 1979, adopted a resolution levying an assessment on the common shares of such subject institution in accordance with an order issued by the commissioner pursuant to Section 661 of the prior Banking Law:

(a) If the assessment has, prior to January 1, 1979, become a lien on the common shares in accordance with Section 2704 of the prior General Corporation Law, the assessment shall be collected pursuant to the prior General Corporation Law:

(b) Otherwise, the resolution shall be deemed to be rescinded on January 1, 1979.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

254. Article 3 (commencing with Section 640), Chapter 5 of the revised Banking Law applies to any distribution to its shareholders made after January 1, 1979, by a subject institution existing on January 1, 1979, except that any such distribution effected pursuant to a contract for the purchase or redemption of shares entered into by such subject institution prior to January 1, 1979, may be made if permissible under the applicable provisions of the revised Banking Law and the new General Corporation Law or under the applicable provisions of the prior Banking Law and the prior General Corporation Law in effect at the time such contract was entered into.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 3. Department of Financial Protection and Innovation [300 - 414] (*Heading of Chapter 3 amended by Stats. 2022, Ch. 452, Sec. 98.*)

ARTICLE 1. General Provisions [300 - 301] (*Article 1 added by Stats. 2011, Ch. 243, Sec. 2.*)

300. (a) In this section:

(1) "Business and industrial development corporation" means a corporation licensed under Division 15 (commencing with Section 31000).

(2) "Payment instrument" has the same meaning as set forth in Section 2003.

(3) "Stored Value" has the same meaning as set forth in subdivision (x) of Section 2003.

(b) There is in the state government, in the Business, Consumer Services, and Housing Agency, a Department of Financial Protection and Innovation, which has charge of the execution of, among other laws, the laws of this state relating to any of the following: (1) banks or trust companies or the banking or trust business; (2) savings associations or the savings association business; (3) credit unions or the credit union business; (4) persons who engage in the business of receiving money for transmission or such business; (5) issuers of stored value or such business; (6) issuers of payment instruments or the payment instrument business; (7) business and industrial development corporations or the business and industrial development corporation business; (8) insurance premium

finance agencies or the insurance premium finance business; (9) persons offering or making any contract constituting bucketing; (10) persons offering or selling off-exchange commodities; (11) deferred deposit originators; (12) finance lenders and brokers; (13) residential mortgage lenders and servicers; (14) capital access companies; (15) check sellers, bill payers, and proraters; (16) securities issuers, broker-dealers, agents, investment advisers, and investment adviser representatives; (17) mortgage loan originators employed or supervised by finance lenders or residential mortgage lenders; (18) escrow agents; (19) franchisors; (20) persons holding securities as custodians on behalf of securities owners; (21) persons offering or providing consumer financial products or services in this state; and (22) PACE program administrators.

(Amended by Stats. 2020, Ch. 157, Sec. 1. (AB 1864) Effective January 1, 2021.)

- 301.** (a) This chapter is applicable to this division, Division 1.1 (commencing with Section 1000), Division 1.2 (commencing with Section 2000), Division 1.6 (commencing with Section 4800), Division 5 (commencing with Section 14000), Division 7 (commencing with Section 18000), and Division 15 (commencing with Section 31000).
- (b) Except as provided in subdivision (c), this article, and Articles 2 (commencing with Section 320) and 3 (commencing with Section 350) are applicable to the administration of laws by the Division of Corporations.
- (c) Sections 329, 330, 332, 335, 336, 357, 378, 379, and 381 are not applicable to the Division of Corporations.

(Amended by Stats. 2013, Ch. 353, Sec. 47. (SB 820) Effective September 26, 2013. Operative July 1, 2013, by Sec. 129 of Ch. 353.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 3. Department of Financial Protection and Innovation [300 - 414] (*Heading of Chapter 3 amended by Stats. 2022, Ch. 452, Sec. 98.*)

ARTICLE 2. Commissioner of Financial Protection and Innovation [320 - 337] (*Heading of Article 2 amended by Stats. 2022, Ch. 452, Sec. 99.*)

320. (a) The chief officer of the Department of Financial Protection and Innovation is the Commissioner of Financial Protection and Innovation. The Commissioner of Financial Protection and Innovation is the head of the department with the authority and responsibility over all officers, employees, and activities in the department and, except as otherwise provided in this code and the Corporations Code, is subject to the provisions of the Government Code relating to department heads.

(b) The Commissioner of Financial Protection and Innovation shall employ legal counsel to act as the attorney for the commissioner in actions or proceedings brought by or against the commissioner under or pursuant to any law under the jurisdiction of the Department of Financial Protection and Innovation, or in which the commissioner joins or intervenes as to a matter within the jurisdiction of the Department of Financial Protection and Innovation, as a friend of the court or otherwise.

(c) The Commissioner of Financial Protection and Innovation shall employ stenographic reporters to take and transcribe the testimony in any formal hearing or investigation before the commissioner or before a person authorized by the commissioner.

(d) Sections 11040 and 11042 of the Government Code do not apply to the Department of Financial Protection and Innovation.

(Amended by Stats. 2020, Ch. 157, Sec. 2. (AB 1864) Effective January 1, 2021.)

321. (a) In this section, “order” means any approval, consent, authorization, exemption, denial, prohibition, requirement, or other administrative action, applicable to a specific case.

(b) Upon the operative date of this section, as amended during the 2019–20 legislative session, the office of the Commissioner of Business Oversight and the Department of Business Oversight shall be renamed the office of the Commissioner of Financial Protection and Innovation and the Department of Financial Protection and Innovation. All powers, duties, responsibilities, and functions of the Commissioner of Business Oversight and the Department of Business Oversight shall be the powers, duties, responsibilities, and functions of the Commissioner of Financial Protection and Innovation and the Department of Financial Protection and Innovation, respectively. The Commissioner of Financial Protection and Innovation and the Department of Financial Protection and Innovation shall retain all of the rights, property, debts, and liability of the Commissioner of Business Oversight and the Department of Business Oversight, respectively. The change of name shall not affect the validity of any action or proceeding by or against the Commissioner of Business Oversight or the Department of Business Oversight, or a predecessor commissioner or department, nor the validity of any permit, certificate, license, or any other action taken under the name of the Commissioner of Business Oversight or the Department of Business Oversight, or a predecessor commissioner or department. All agreements entered into with, and orders and regulations issued by, the Commissioner of Business Oversight or the Department of Business Oversight, or a predecessor commissioner or department, shall continue in effect as agreements, orders, and regulations of the Commissioner of Financial Protection and Innovation or the Department of Financial Protection and Innovation. References in the California Constitution or in any statute or regulation to the Superintendent of Banks or the Commissioner of Financial Institutions or the Commissioner of Corporations or the Commissioner of Business Oversight or to the State Banking Department or the Department of Financial Institutions or the Department of Corporations or the Department of Business Oversight mean the Commissioner of Financial Protection and Innovation or the Department of Financial Protection and Innovation, respectively.

(c) (1) The name change of the Department of Business Oversight to the Department of Financial Protection and Innovation shall not result in any change to the status or authority of the department.

(2) (A) All appointments by the Governor to the Department of Business Oversight shall continue as appointments to the Department of Financial Protection and Innovation.

(B) The confirmation by the Senate of the Commissioner and Senior Deputy Commissioner of Business Oversight for the Division of Corporations shall remain in effect as confirmation by the Senate of the Commissioner and Senior Deputy Commissioner of Corporations and Financial Institutions to the renamed Department of Financial Protection and Innovation.

(Amended by Stats. 2020, Ch. 157, Sec. 3. (AB 1864) Effective January 1, 2021.)

322. The commissioner is appointed by the Governor, and holds office at the pleasure of the Governor. The appointment of the commissioner is subject to confirmation by the Senate.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

323. The commissioner shall be a citizen of the United States and a resident of the state for at least three years prior to his or her appointment. The commissioner shall be chosen solely for his or her qualifications and fitness to perform the duties of his or her office.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

324. The annual salary of the commissioner is provided for by Chapter 6 (commencing with Section 11550) of Part 1 of Division 3 of Title 2 of the Government Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

325. Before entering upon the duties of his or her office, the commissioner shall take and subscribe to the constitutional oath of office and file the same with the Secretary of State.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

326. (a) The Commissioner of Financial Protection and Innovation is responsible for the performance of all duties, the exercise of all powers and jurisdiction, and the assumption and discharge of all responsibilities vested by law in the department and the divisions thereunder. The commissioner has and may exercise all the powers necessary or convenient for the administration and enforcement of, among other laws, the laws described in Section 300. The commissioner may issue rules and regulations consistent with law as the commissioner may deem necessary or advisable in executing the powers, duties, and responsibilities of the department.

(b) In addition to the authority under subdivision (a), the commissioner may bring a civil action or other appropriate proceeding, pursuant to Section 5552 of Title 12 of the United States Code, to enforce the provisions of

the Consumer Financial Protection Act of 2010 (12 U.S.C. Sec. 5481 et seq.), or regulations issued by the federal Consumer Financial Protection Bureau thereunder, with respect to an entity that is licensed, registered, or subject to oversight by the commissioner, and to secure remedies under provisions of the Consumer Financial Protection Act of 2010.

(c) Nothing in this section shall be construed to expand upon or limit the authority granted by Section 5552 of Title 12 of the United States Code (Section 1042 of Subtitle D of Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

(Amended by Stats. 2020, Ch. 157, Sec. 4. (AB 1864) Effective January 1, 2021.)

327. (a) The commissioner shall apply the Interagency Guidance on Nontraditional Mortgage Product Risks issued in September 2006 and the Statement on Subprime Mortgage Lending issued in June 2007 by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration to state-regulated financial institutions, including, but not limited to, privately insured, state-chartered credit unions.

(b) The commissioner may issue emergency and final regulations to clarify the application of this section as soon as possible.

(c) A bank or credit union to which the commissioner applies the documents described in subdivision (a) shall adopt and adhere to policies and procedures that are reasonably intended to achieve the objectives set forth in those documents.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

328. (a) The commissioner may make the agreements that he or she deems necessary or appropriate in exercising his or her powers.

(b) (1) The agreements authorized under subdivision (a) may include, but are not limited to, agreements with agencies of this state, of other states of the United States, of the United States, or of foreign nations that regulate financial institutions, relating to examinations of banks, savings associations, credit unions, industrial loan companies, and other matters.

(2) Any agreement with a government agency that regulates financial institutions is exempt from the advertising and competitive bidding requirements of the Public Contract Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

329. (a) For purposes of this section, the following definitions apply:

(1) "Applicable law" means:

(A) With respect to any bank, Division 1.6 (commencing with Section 4800), and any of the following provisions:

- (i) Article 6 (commencing with Section 405) of Chapter 3.
- (ii) Article 3 (commencing with Section 1130) of Chapter 5 of Division 1.1.
- (iii) Chapter 6 (commencing with Section 1200) of Division 1.1.
- (iv) Chapter 10 (commencing with Section 1320) of Division 1.1.
- (v) Chapter 14 (commencing with Section 1460) of Division 1.1.
- (vi) Article 1 (commencing with Section 1530) of Chapter 15 of Division 1.1.
- (vii) Chapter 16 (commencing with Section 1550) of Division 1.1.
- (viii) Chapter 20 (commencing with Section 1750) of Division 1.1.
- (ix) Section 456.
- (x) Section 457.
- (xi) Section 459.
- (xii) Section 460.
- (xiii) Section 461.

(xiv) Section 1331.

(xv) Chapter 21 (commencing with Section 1850) of Division 1.1.

(xvi) Chapter 18 (commencing with Section 1660) of Division 1.1.

(xvii) Chapter 19 (commencing with Section 1670) of Division 1.1.

(B) With respect to any savings association, any provision of Division 1.6 (commencing with Section 4800) and Division 2 (commencing with Section 5000).

(C) With respect to any insurance premium finance agency, any provision of Division 7 (commencing with Section 18000).

(D) With respect to any business and industrial development corporation, any provision of Division 15 (commencing with Section 31000).

(E) With respect to any credit union, any of the following provisions:

(i) Section 14252.

(ii) Section 14253.

(iii) Section 14255.

(iv) Article 4 (commencing with Section 14350) of Chapter 3 of Division 5.

(v) Section 14401.

(vi) Section 14404.

(vii) Section 14408, only as that section applies to gifts to directors, volunteers, and employees, and the related family or business interests of the directors, volunteers, and employees.

(viii) Section 14409.

(ix) Section 14410.

(x) Article 5 (commencing with Section 14600) of Chapter 4 of Division 5.

(xi) Article 6 (commencing with Section 14650) of Chapter 4 of Division 5, excluding subdivision (a) of Section 14651.

(xii) Section 14803.

(xiii) Section 14851.

(xiv) Section 14858.

(xv) Section 14860.

(xvi) Section 14861.

(xvii) Section 14863.

(F) With respect to any money transmitter, any provision of Division 1.2 (commencing with Section 2000).

(2) "Licensee" means any bank, savings association, credit union, trust company, money transmitter, insurance premium finance agency, or business and industrial development corporation that is authorized by the commissioner to conduct business in this state.

(b) Notwithstanding any other provision of this code that applies to a licensee or a subsidiary of a licensee, after notice and an opportunity to be heard, the commissioner may, by order that shall include findings of fact which incorporates a determination made in accordance with subdivision (e), levy civil penalties against any licensee or any subsidiary of a licensee who has violated any provision of applicable law, any order issued by the commissioner, any written agreement between the commissioner and the licensee or subsidiary of the licensee, or any condition of any approval issued by the commissioner. The commissioner shall have the sole authority to bring any action with respect to a violation of applicable law subject to a penalty imposed under this section.

Except as provided in paragraphs (1) and (2), any penalty imposed by the commissioner may not exceed one thousand dollars (\$1,000) a day, provided that the aggregate penalty of all offenses in any one action against any licensee or subsidiary of a licensee shall not exceed fifty thousand dollars (\$50,000).

(1) If the commissioner determines that any licensee or subsidiary of the licensee has recklessly violated any applicable law, any order issued by the commissioner, any provision of any written agreement between the commissioner and the licensee or subsidiary, or any condition of any approval issued by the commissioner, the commissioner may impose a penalty not to exceed five thousand dollars (\$5,000) per day, provided that the

aggregate penalty of all offenses in an action against any licensee or subsidiary of a licensee shall not exceed seventy-five thousand dollars (\$75,000).

(2) If the commissioner determines that any licensee or subsidiary of the licensee has knowingly violated any applicable law, any order issued by the commissioner, any provision of any written agreement between the commissioner and the licensee or subsidiary, or any condition of any approval issued by the commissioner, the commissioner may impose a penalty not to exceed ten thousand dollars (\$10,000) per day, provided that the aggregate penalty of all offenses in an action against any licensee or subsidiary of a licensee shall not exceed 1 percent of the total assets of the licensee or subsidiary of a licensee subject to the penalty.

(c) Nothing in this section shall be construed to impair or impede the commissioner from pursuing any other administrative action allowed by law.

(d) Nothing in this section shall be construed to impair or impede the commissioner from bringing an action in court to enforce any law or order he or she has issued, including orders issued under this section. Nothing in this section shall be construed to impair or impede the commissioner from seeking any other damages or injunction allowed by law.

(e) In determining the amount and the appropriateness of initiating a civil money penalty under subdivision (b), the commissioner shall consider all of the following:

(1) Evidence that the violation or practice or breach of duty was intentional or was committed with a disregard of the law or with a disregard of the consequences to the institution.

(2) The duration and frequency of the violations, practices, or breaches of duties.

(3) The continuation of the violations, practices, or breaches of duty after the licensee or subsidiary of the licensee was notified, or, alternatively, its immediate cessation and correction.

(4) The failure to cooperate with the commissioner in effecting early resolution of the problem.

(5) Evidence of concealment of the violation, practice, or breach of duty or, alternatively, voluntary disclosure of the violation, practice, or breach of duty.

(6) Any threat of loss, actual loss, or other harm to the institution, including harm to the public confidence in the institution, and the degree of that harm.

- (7) Evidence that a licensee or subsidiary of a licensee received financial gain or other benefit as a result of the violation, practice, or breach of duty.
- (8) Evidence of any restitution paid by a licensee or subsidiary of a licensee of losses resulting from the violation, practice, or breach of duty.
- (9) History of prior violations, practices, or breaches of duty, particularly where they are similar to the actions under consideration.
- (10) Previous criticism of the institution for similar actions.
- (11) Presence or absence of a compliance program and its effectiveness.
- (12) Tendency to engage in violations of law, unsafe or unsound financial institutions practices, or breaches of duties.
- (13) The existence of agreements, commitments, orders, or conditions imposed in writing intended to prevent the violation, practice, or breach of duty.
- (14) Whether the violation, practice, or breach of duty causes quantifiable, economic benefit or loss to the licensee or the subsidiary of the licensee. In those cases, removal of the benefit or recompense of the loss usually will be insufficient, by itself, to promote compliance with the applicable law, order, or written agreement. The penalty amount should reflect a remedial purpose and should provide a deterrent to future misconduct.
- (15) Other factors as the commissioner may, in his or her opinion, consider relevant to assessing the penalty or establishing the amount of the penalty.

(f) The amounts collected under this section shall be deposited in the appropriate fund of the department. For purposes of this subdivision, the term "appropriate fund" means the fund to which the annual assessments of fined licensees, or the parent licensee of the fined subsidiary, are credited.

(Amended by Stats. 2018, Ch. 699, Sec. 1. (SB 1361) Effective January 1, 2019.)

330. The authority vested in the Superintendent of Banks under subdivision (2) of Section 1 of Article XV of the California Constitution is delegated to the commissioner.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

331. The commissioner may adopt and implement any method of accepting electronic filings of applications, reports, or other matters, which, in the opinion of the commissioner, is secure. Any method of electronic filing chosen by the commissioner shall include a method to verify the identity of the person making the filing. The verification shall be deemed to satisfy all other verifications required by the commissioner, and shall have the same force and effect as the use of manual signatures.

(Amended by Stats. 2018, Ch. 699, Sec. 2. (SB 1361) Effective January 1, 2019.)

331.5. (a) (1) A licensee subject to the commissioner's jurisdiction shall establish and maintain an electronic service address designated for receiving communications and documents that are sent by the commissioner to licensees. This electronic service address shall be provided to the commissioner upon licensure. The electronic service address provided to the commissioner shall not be the electronic service address of any individual employee. A licensee shall have the capacity to receive an attachment that accompanies a message sent to its electronic service address, provided the size of the attachment is reasonable in relation to the technology available at the time the attachment is sent.

(2) Prior to changing the electronic service address most recently provided to the commissioner, the licensee shall notify the commissioner of the change and provide to the commissioner his or her new electronic service address. The commissioner may impose a fine of up to fifty dollars (\$50) per day, not to exceed one thousand dollars (\$1,000) in the aggregate, on a licensee who fails to notify the commissioner before changing his or her electronic service address or fails to provide the commissioner a new electronic service address.

(3) The commissioner shall provide each licensee that establishes and maintains an electronic service address in accordance with this section with an electronic service address designated for receiving correspondence from licensees subject to the commissioner's jurisdiction. This service address shall have the capacity to receive an attachment that accompanies a message sent by the licensee, provided the size of the attachment is reasonable in relation to the technology available at the time the attachment is sent.

(b) A communication sent to an electronic service address established pursuant to this section does not satisfy any notice requirement, or displace any law or regulation, that requires notice to be served in a different manner, if a hearing right attaches to the notice.

(Added by Stats. 2018, Ch. 699, Sec. 3. (SB 1361) Effective January 1, 2019.)

332. (a) (1) In this section, "federal law" includes, but is not limited to, the United States Constitution, any federal statute, any federal court decision, and any regulation, circular, bulletin, interpretation, decision, order, and waiver

issued by a federal agency.

(2) The definitions set forth in Section 1750 apply to this section.

(b) (1) Notwithstanding any other provision of law, except as provided in subdivision (c), if the commissioner finds that any provision of federal law applicable to national banking associations doing business in this state is substantively different from the provisions of this code applicable to banks organized under the laws of this state, the commissioner may by regulation make that provision of federal law applicable to banks organized under the laws of this state.

(2) If the commissioner finds that any provision of federal law applicable to foreign (other nation) banks with respect to federal agencies or federal branches in this state is substantively different from the provisions of this code applicable to foreign (other nation) banks with respect to agencies or branch offices licensed by the commissioner under Chapter 20 (commencing with Section 1750) of Division 1.1, the commissioner may by regulation make that provision of federal law applicable to foreign (other nation) banks with respect to agencies or branch offices licensed by the commissioner under Chapter 20 (commencing with Section 1750) of Division 1.1.

(c) (1) Section 11343.4 and Article 5 (commencing with Section 11346) and Article 6 (commencing with Section 11349) of Chapter 3.5 of Part 1 of Division 3 of Title 2 of the Government Code do not apply to any regulation adopted under subdivision (b).

(2) The commissioner shall file any regulation adopted pursuant to subdivision (b), together with a citation to this section as authority for the adoption and a citation to the provisions of federal law made applicable by the regulation, with the Office of Administrative Law for filing with the Secretary of State and publication in the California Code of Regulations.

(3) Any regulation adopted under subdivision (b) shall become effective on the date when it is filed with the Secretary of State unless the commissioner prescribes a later date in the regulation or in a written instrument filed with the regulation.

(4) Any regulation adopted under subdivision (b) shall expire at 12 p.m. on December 31 of the year following the calendar year in which it becomes effective.

(5) Any regulation adopted pursuant to subdivision (b) shall be subject to the following restrictions:

(A) The commissioner shall not renew or reinstate the regulation adopted pursuant to subdivision (b).

(B) The commissioner shall not adopt a new regulation pursuant to subdivision (b), to address the same conformity issue that was addressed by the regulation that expired pursuant to subdivision (c).

(d) The commissioner may adopt regulations pursuant to subdivision (b) that are exempt from the expiration and restrictions of subdivision (c) if the regulations are adopted in compliance with all provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code, including those listed in paragraph (1) of subdivision (c).

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

333. The powers of supervision and examination of all licensees are vested in the commissioner.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

334. The commissioner may promulgate or waive such rules and regulations as may be reasonable or necessary to carry out his or her duties and responsibilities.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

335. (a) The commissioner, whenever in his or her opinion such action is necessary or appropriate to carry out his or her duties, may call a meeting of the board of directors of a licensee.

(b) A meeting of the board of a licensee called by the commissioner shall be held upon four days' notice by first-class mail or 24 hours' notice delivered personally or by telephone. The notice shall be given by the commissioner or, if the commissioner so orders, by an officer of the licensee.

(c) A meeting of the board of a licensee called by the commissioner shall be held at a place within this state as may be designated by the commissioner and specified in the notice of the meeting.

(d) The expenses of a meeting of the board of a licensee called by the commissioner shall be paid by the licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

336. The commissioner may, at any time, require a licensee to write down any asset held by the licensee to a valuation that will represent the asset's then fair market value.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

337. (a) The commissioner, when conducting examinations under Section 500, 14250, 16150, or 16700, shall examine a licensee that maintains a correspondent account or payable-through account for compliance with the federal Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Public Law 111-195), associated federal regulations, and any related presidential executive orders. If the commissioner finds that a licensee is in violation, the commissioner may bring an action in accordance with Section 566, 14302, 16200, or 16900, and shall forward evidence of the violation to the United States Department of the Treasury. For purposes of this section, "correspondent account" and "payable-through account" have the meanings given those terms in Section 5381A of Title 31 of the United States Code.

(b) This section shall become inoperative if both of the following conditions occur:

(1) Iran is removed from the United States Department of State's list of countries that have been determined to repeatedly provide support for acts of international terrorism.

(2) Pursuant to the appropriate federal statute, the President determines and certifies to the appropriate committee of the United States Congress that Iran has ceased its efforts to design, develop, manufacture, or acquire a nuclear explosive device or related materials and technology.

(Added by Stats. 2013, Ch. 139, Sec. 2. (AB 978) Effective January 1, 2014. Conditionally inoperative by its own provisions.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.)*

CHAPTER 3. Department of Financial Protection and Innovation [300 - 414] (*Heading of Chapter 3 amended by Stats. 2022, Ch. 452, Sec. 98.)*

ARTICLE 3. Deputies and Employees [350 - 357] (*Article 3 added by Stats. 2011, Ch. 243, Sec. 2.)*

350. The chief deputy shall be appointed by the Governor and hold office at the pleasure of the Governor. The annual salary of the chief deputy shall be fixed by the Governor.

(Amended by Stats. 2013, Ch. 353, Sec. 50. (SB 820) Effective September 26, 2013. Operative July 1, 2013, by Sec. 129 of Ch. 353.)

351. (a) The chief officer of the Division of Corporations and Financial Institutions is the Senior Deputy Commissioner of Financial Protection and Innovation for the Division of Corporations and Financial Institutions. The Senior Deputy Commissioner of Financial Protection and Innovation for the Division of Corporations and Financial Institutions shall be appointed by the Governor, subject to Senate confirmation, and shall hold office at the pleasure of the Governor. The Senior Deputy Commissioner of Financial Protection and Innovation for the Division of Corporations and Financial Institutions shall receive an annual salary as fixed by the Governor.

(b) The chief officer of the Division of Consumer Financial Protection is the Senior Deputy Commissioner of Financial Protection and Innovation for the Division of Consumer Financial Protection. The Senior Deputy Commissioner of Financial Protection and Innovation for the Division of Consumer Financial Protection shall be appointed by the

Governor, subject to Senate confirmation, and shall hold office at the pleasure of the Governor. The Senior Deputy Commissioner of Financial Protection and Innovation for the Division of Consumer Financial Protection shall receive an annual salary as fixed by the Governor.

(Amended by Stats. 2020, Ch. 157, Sec. 5. (AB 1864) Effective January 1, 2021.)

352. The commissioner may employ deputies in addition to the chief deputy, and examiners, appraisers, technical assistants, investigators, administrative assistants, clerks, and other employees that he or she may need to discharge in a proper manner the duties imposed upon him or her by law. He or she shall prescribe their duties and fix their compensation in accordance with classifications made by the State Personnel Board. The commissioner may also, at those times and on those terms as may be approved by the Governor, employ those attorneys as he or she may need.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

353. Before entering upon the duties of his or her office each deputy and examiner shall take and subscribe to the constitutional oath of office.

(Amended by Stats. 2013, Ch. 353, Sec. 53. (SB 820) Effective September 26, 2013. Operative July 1, 2013, by Sec. 129 of Ch. 353.)

354. The commissioner may require, at any time, of any deputy, examiner, or other employee of the department, an official bond in such amount as the commissioner may deem necessary. The premium for bonds required by the commissioner shall be an expense of the department.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

355. The Commissioner of Financial Protection and Innovation, the Senior Deputy Commissioner of the Division of Financial Institutions, or any deputy or employee of the Division of Financial Institutions shall not do or be any of the following with respect to any bank, savings association, credit union, or industrial loan company supervised by the department:

(a) Be indebted, directly or indirectly, as borrower, endorser, surety, or guarantor to any such bank, savings association, credit union, or industrial loan company.

(b) Be an officer, director, or employee of any such bank, savings association, credit union, or industrial loan company.

(c) Own or deal in directly or indirectly, the shares or obligations of any such bank, savings association, credit union, or industrial loan company.

(d) Be interested in or, directly or indirectly, receive from any such bank, savings association, credit union, or industrial loan company or any officer, director, or employee thereof, any salary, fee, compensation, or other valuable thing by way of gift, credit, compensation for services, or otherwise. However, this subdivision does not prohibit any person from being interested in or directly or indirectly receiving (1) anything which is expressly excluded from a definition of "gift" or "honorarium" in the Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code) or in regulations issued under the Political Reform Act of 1974 by the Fair Political Practices Commission or (2) anything which, if received by the commissioner, would constitute a gift or honorarium within the meaning of the Political Reform Act of 1974 or regulations issued under the Political Reform Act of 1974 by the Fair Political Practices Commission but which the commissioner would not be prohibited from receiving under the Political Reform Act of 1974 or regulations issued under the Political Reform Act of 1974 by the Fair Political Practices Commission.

(e) Be interested in or engage in the negotiation of any loan to, obligation of, or accommodation for another person to or with any such bank, savings association, credit union, or industrial loan company.

Notwithstanding the foregoing the commissioner and any deputy or employee may have and maintain one or more deposit or similar accounts in any bank, savings association, credit union, or industrial loan company in this state and may maintain with any bank, savings association, credit union, or industrial loan company in this state a loan which was not obtained in violation of this section if the person reports the loan in writing to the department within 30 days after the person commences their term of appointment or employment with the department and if the loan is not renewed, renegotiated, extended, or otherwise modified on or after July 1, 1997.

A violation of this section by any person shall constitute sufficient grounds for their removal or discharge.

(Amended by Stats. 2022, Ch. 452, Sec. 100. (SB 1498) Effective January 1, 2023.)

356. If the commissioner is unable to perform his or her duties for more than 30 consecutive days or if the office of the commissioner becomes vacant, the chief deputy shall have all the powers and duties of the commissioner until the return or recovery of the commissioner, or, in case of a vacancy, until a new commissioner is appointed by the Governor and qualifies to hold office.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

357. If a deputy commissioner or any examiner has knowledge of the insolvency or unsafe condition of any licensee and willfully fails to report that fact to the commissioner in writing, he or she is guilty of a felony.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 3. Department of Financial Protection and Innovation [300 - 414] (*Heading of Chapter 3 amended by Stats. 2022, Ch. 452, Sec. 98.*)

ARTICLE 4. Administration of the Department [370 - 382] (*Article 4 added by Stats. 2011, Ch. 243, Sec. 2.*)

370. The commissioner may have an office in the City of Sacramento, the City of Los Angeles, the City of San Diego, the City and County of San Francisco, or any other location in the state that he or she considers appropriate. The commissioner shall provide at the expense of the department such office space, furniture, and equipment as may be necessary or convenient for the transaction of the business of the department.

(*Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.*)

372. The department may expend moneys in accordance with law for the necessary travel expenses of officers and employees of the department while traveling in the line of their duties either within or without the state.

(*Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.*)

373. The commissioner shall adopt and keep an official seal. Papers executed by the commissioner in his or her official capacity pursuant to law and bearing the seal, or copies thereof certified by him or her, shall be received in evidence in like manner as the original and may be recorded in the same manner and with the same effect as a deed regularly acknowledged.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

374. (a) Whenever it is necessary for the commissioner to approve any instrument and to affix his or her official seal thereto, the commissioner shall charge a fee of twenty-five dollars (\$25) therefor.

(b) Whenever it is proper for the department to furnish a copy of any paper that has been filed therein and to certify to the paper, the commissioner may charge twenty-five cents (\$0.25) for each page copied.

(c) Whenever the commissioner is required or requested to certify copies of documents, the commissioner may charge a fee of twenty-five dollars (\$25) for certifying the copied documents and for affixing his or her official seal.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

375. Official reports made by the commissioner and verified reports of an examination made by the commissioner, exclusively or in conjunction with or with assistance from any agency of the United States, of a state of the United States, or of a foreign nation are prima facie evidence of the facts stated in the reports for all purposes.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

376. At least once each month, the commissioner shall issue and disseminate as the commissioner deems appropriate a bulletin containing the following information:

(a) Information regarding any of the following actions taken since issuance of the previous bulletin:

(1) The filing, approval, or denial under Chapter 1 (commencing with Section 1000) of Division 1.1 of an application for authority to organize a California state bank, or the issuance under Chapter 3 (commencing with Section 1040) of Division 1.1 of a certificate of authority to a California state bank.

(2) The filing, approval, or denial under Article 1 (commencing with Section 5400) of Chapter 2 of Division 2 of an application for the issuance of an organizing permit for the organization of a California savings association, or for the issuance under Article 2 (commencing with Section 5500) of Chapter 2 of Division 2 of a certificate of authority to a California savings association.

(3) The filing, approval, or denial under Article 2 (commencing with Section 14150) of Chapter 2 of Division 5 of an application for a certificate to act as a credit union, or the issuance of a certificate to engage in the business of a credit union.

(4) The filing, approval, or denial under Division 1.2 (commencing with Section 2000), Division 7 (commencing with Section 18000), or Division 15 (commencing with Section 31000) of an application for a license to engage in business, or the issuance under any of those laws of a license to engage in business.

(5) The filing, approval, or denial under Chapter 20 (commencing with Section 1750) of Division 1.1 of an application by a foreign (other nation) bank to establish its first office of any particular class (as determined under Section 1753) in this state, or the issuance under that chapter of a license in connection with the establishment of such an office.

(6) The filing, approval, or denial under Division 1.6 (commencing with Section 4800) of an application for approval of a sale, merger, or conversion.

(7) The filing, approval, or denial under Article 6 (commencing with Section 5700) of Chapter 2 of Division 2 of an application for approval of a conversion of a federal savings association into a state savings association, or the filing of a federal charter of a state savings association that has converted to a federal savings association.

(8) The filing, approval, or denial under Article 7 (commencing with Section 5750) of Chapter 2 of Division 2 of an application for approval of a reorganization, merger, consolidation, or transfer of assets of a state savings association.

(9) The filing, approval, or denial under Chapter 9 (commencing with Section 15200) of Division 5 of an application for approval of a merger, dissolution, or conversion of a credit union.

(10) The taking of possession of the property and business of a California state bank, savings association, credit union, or person licensed by the commissioner under any of the laws cited in paragraph (4).

(b) Other information as the commissioner deems appropriate.

(Amended by Stats. 2013, Ch. 334, Sec. 21. (SB 537) Effective January 1, 2014.)

377. Notwithstanding any other provision of this code, whenever any provision of the Financial Institutions Law requires the pledge of securities to be deposited with the Treasurer, to ensure the performance of any act or duty, the securities after first being approved by the commissioner and upon the written order of the commissioner, shall be deposited with the Treasurer. The Treasurer, with the consent of the owner of the securities deposited or to be deposited with the Treasurer, may place the securities in the custody of a qualified trust company or bank in the same manner and under the same conditions provided in Article 3 (commencing with Section 16550) of Chapter 4 of Part 2 of Division 4 of Title 2 of the Government Code.

(Amended by Stats. 2013, Ch. 334, Sec. 22. (SB 537) Effective January 1, 2014.)

378. Whenever the commissioner is notified of or discovers a violation of the state law punishable by criminal penalties, he or she shall promptly advise the Attorney General.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

379. (a) For the purposes of this section the following definitions shall apply:

- (1) "Control" has the meaning set forth in subdivision (b) of Section 1250. "Control" also means the ownership of a subject person by means of sole proprietorship, partnership, or by any other similar means.
- (2) "Controlling person" means a person who, directly or indirectly, controls a subject person.
- (3) "Subject person" means any licensee.

(b) Notwithstanding any other provision of law, and subject to subdivision (c), the commissioner may deliver, or cause to be delivered, to local, state, or federal law enforcement agencies fingerprints taken of any of the following:

- (1) An applicant for employment with the department.
- (2) A person licensed, or proposed to be licensed, as a subject person.
- (3) A director, officer, or employee of an existing or proposed subject person.
- (4) An existing or proposed controlling person of a subject person.
- (5) A director, officer, or employee of an existing or proposed controlling person of a subject person.
- (6) A director, officer, or employee of an existing or proposed affiliate of a subject person.

(c) The authorization in subdivision (b) may only be used by the department for the purpose of obtaining information regarding an individual as to the existence and nature of the criminal record, if any, of that individual relating to convictions, and to any arrest for which the individual is released on bail or on his or her own recognizance pending trial, for the commission or attempted commission of a crime involving robbery, burglary,

theft, embezzlement, fraud, forgery, bookmaking, receiving stolen property, counterfeiting, or involving checks or credit cards or using computers.

(d) No request shall be submitted pursuant to this section without the written consent of the person affected.

(e) Any criminal history information obtained pursuant to this section shall be confidential and no recipient shall disclose its contents other than for the purpose for which it was acquired.

(Amended by Stats. 2013, Ch. 334, Sec. 23. (SB 537) Effective January 1, 2014.)

380. (a) The commissioner shall inform appropriate state and federal officials charged with the regulation of financial institutions or securities transactions of any enforcement actions, including, but not limited to, civil or criminal actions, cease and desist orders, license or authorization suspensions or revocations, or an open investigation.

(b) The commissioner shall inform appropriate state and federal officials charged with the regulation of financial institutions or securities transactions if it appears that any bank, bank holding company, savings association, savings and loan holding company, credit union, industrial loan company, industrial loan holding company, or other licensee of the department is conducting its business in a fraudulent, unsafe, unsound, or injurious manner, or has suffered or will suffer substantial financial loss or damage, and it appears to the commissioner that the information is relevant to the regulatory activities of the other agency.

(Amended by Stats. 2014, Ch. 401, Sec. 25. (AB 2763) Effective January 1, 2015.)

381. Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to hearings conducted by the department.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

382. (a) The department shall require fingerprint images from any department employee, prospective employee or applicant seeking employment within the department, contractor, subcontractor, or volunteer who may have access to criminal offender record information.

(b) The fingerprint images described in subdivision (a) shall be furnished to the Department of Justice for the purpose of obtaining state- and national-level criminal record information, and to determine the existence and nature of any of the following:

(1) A record of state or federal convictions and the existence and nature of state or federal arrests for which the person is free on bail or on their own recognizance pending trial or appeal.

(2) Being convicted of, or pleading nolo contendere to, a crime, or having committed an act involving dishonesty, fraud, or deceit, if the crime or act is substantially related to the qualifications, functions, or duties of a person in accordance with this provision.

(3) Any conviction or arrest for which the person is free on bail or on their own recognizance pending trial or appeal that has a reasonable nexus to the information or data that the person will be given access.

(c) When the Department of Justice receives a request for national-level criminal offender record information, it shall forward the request to the Federal Bureau of Investigation. The Department of Justice shall review the information returned from the Federal Bureau of Investigation and compile and disseminate a response as provided under subdivision (k) or (o) of Section 11105 of the Penal Code to the department.

(d) The department shall request subsequent arrest notifications from the Department of Justice as provided under Section 11105.2 of the Penal Code.

(e) The Department of Justice may assess a fee sufficient to cover the processing costs required under this section, as authorized pursuant to subdivision (e) of Section 11105 of the Penal Code.

(f) For purposes of this section, "criminal offender record information" means the same as defined in Section 13102 of the Penal Code.

(Amended by Stats. 2024, Ch. 997, Sec. 6. (AB 179) Effective September 30, 2024.)

[Home](#)[Bill Information](#)[California Law](#)[Publications](#)[Other Resources](#)[My Subscriptions](#)[My Favorites](#)Code: Section: [Up^](#)[Add To My Favorites](#)**FINANCIAL CODE - FIN****DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900]** (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.)***CHAPTER 3. Department of Financial Protection and Innovation [300 - 414]** (*Heading of Chapter 3 amended by Stats. 2022, Ch. 452, Sec. 98.)***ARTICLE 5. Financial Institutions Fund [400- 400.]** (*Article 5 added by Stats. 2011, Ch. 243, Sec. 2.)*

400. As of the operative date of this section, there is established a Financial Institutions Fund in the State Treasury. Except as otherwise provided in Division 5 (commencing with Section 14000), all money collected or received by the commissioner under this code shall be deposited with the Treasurer to the credit of the Financial Institutions Fund.

(*Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.*)

Code: Section: [Up^](#)[Add To My Favorites](#)**FINANCIAL CODE - FIN****DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900]** (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)**CHAPTER 3. Department of Financial Protection and Innovation [300 - 414]** (*Heading of Chapter 3 amended by Stats. 2022, Ch. 452, Sec. 98.*)**ARTICLE 6. State Banking Account [405 - 414]** (*Article 6 added by Stats. 2011, Ch. 243, Sec. 2.*)

405. (a) The commissioner shall annually collect pro rata from the banks and trust companies under the supervision of the department a fund in an amount sufficient in the commissioner's judgment to meet the expenses of the department in administering laws relating to banks or trust companies or to the banking or trust business that are not otherwise provided for and to provide a reasonable reserve for contingencies.

(b) The amount of the annual assessment for the fund on any bank or trust company shall not be less than five thousand dollars (\$5,000). Above that minimum amount, except as otherwise provided in subdivision (c), the annual assessment shall not exceed the sum of the products of a base assessment rate, or percentage thereof, and segregated portions of its total resources, according to the following table:

Segregated Total Resources	Percentage of Base
(In Millions or Fractions Thereof)	Assessment Rate
First \$2	100.0
Next \$18	50.0

Next \$80	12.0
Next \$100	6.25
Next \$800	6.0
Next \$1,000	4.0
Next \$4,000	3.5
Next \$14,000	3.0
Next \$20,000	2.5
Excess over \$40,000	1.5

(c) (1) For purposes of determining the annual assessment on banks and trust companies that have one or more foreign (other state) branch offices, the resources of foreign (other state) branch offices shall be excluded from total resources, except that the commissioner may order the resources of foreign (other state) branch offices to be included in total resources if and to the extent that it is necessary in the commissioner's judgment to meet the expenses of the department on account of foreign (other state) branch offices and a reasonable reserve for contingencies.

(2) If the commissioner finds that a bank or trust company allocated any resource to a foreign (other state) branch office for the purpose, in whole or in part, of reducing its annual assessment, the commissioner may, for purposes of calculating the annual assessment on the bank or trust company, reallocate the resource to the bank's or trust company's head office.

(d) The base assessment rate shall be set by the commissioner from time to time at the commissioner's discretion, not to exceed two dollars and twenty cents (\$2.20) per one thousand dollars (\$1,000) of total resources.

(Amended by Stats. 2013, Ch. 334, Sec. 24. (SB 537) Effective January 1, 2014.)

406. The commissioner shall annually collect from national banking associations and foreign (other state) banks operating trust departments in this state an annual assessment to meet expenses of the department, not exceeding

one one-hundredth of 1 percent of the amount required by law to be deposited with the Treasurer as surety for the faithful performance and execution of all court and private trusts accepted by them.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

407. Whenever the commissioner makes an assessment pursuant to Section 405 or 406, the commissioner shall fix the date when the assessment is due and payable and shall mail or otherwise deliver to each bank and trust company assessed an invoice showing the amount of its assessment and the date when the assessment is due and payable.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

408. The commissioner, in addition to the annual assessment, shall collect from each bank authorized to engage in the trust business, to defray the cost of examination, a fee not to exceed seventy-five dollars (\$75) per hour for each examiner necessarily engaged in the examination of the trust company, trust business, or trust department. The commissioner shall assess the fee upon completion of the examination of the trust company or trust business and shall mail or otherwise deliver an invoice for the fee to the institution. The institution shall pay the fee within 30 days after the invoice is mailed or otherwise delivered to it.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

409. If any bank or trust company fails to make timely payment of any assessment made pursuant to Section 405, 406, or 408, the commissioner may, in the commissioner's sole discretion, (a) cancel the certificate of authority of the bank or trust company to conduct a banking or trust business or (b) levy a civil penalty pursuant to Section 329.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

410. As of the operative date of this section:

(a) The State Banking Fund is converted into a separate account in the Financial Institutions Fund and designated as the State Banking Account.

(b) All moneys and other assets and all liabilities of the State Banking Fund shall be transferred to the State Banking Account.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

411. Except as otherwise provided in Section 413 or 414, all salaries and other expenses of the department, other than those incurred in administering laws relating to savings associations or the savings association business, credit unions or the credit union business, industrial banks, the industrial banking business, insurance premium finance agencies, the insurance premium finance business, or Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, shall be paid out of the State Banking Account in the Financial Institutions Fund. Salaries and other expenses incurred in the liquidation or conservation of any bank (other than an industrial bank) or of any person licensed under Division 1.2 (commencing with Section 2000) or Division 15 (commencing with Section 31000), including the compensation of employees of the department to the extent that they are engaged in that liquidation or conservation, if possible, and if advanced from the State Banking Account in the Financial Institutions Fund, shall constitute a first charge against the assets of the bank or licensee, as the case may be. Salaries and other expenses incurred in the liquidation or conservation of any industrial bank, including the compensation of employees of the department to the extent that they are engaged in that liquidation or conservation, if possible, and if advanced from the Industrial Bank Account in the Financial Institutions Fund, shall constitute a first charge against the assets of the industrial bank.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

412. The commissioner shall deliver all moneys received or collected by the commissioner under Section 405, 406, or 408 or otherwise, other than moneys received or collected by the commissioner under laws relating to savings associations, the savings association business, credit unions, the credit union business, industrial banks, the industrial banking business, insurance premium finance agencies, the insurance premium finance business, or Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, to the Treasurer, who shall deposit the moneys to the credit of the State Banking Account of the Financial Institutions Fund.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

413. (a) In this section, "assessment statute" means any statute that authorizes the commissioner to make or collect an assessment (other than a fine) on financial institutions, including the following:

(1) Sections 405 to 407, inclusive.

(2) Section 2042.

(3) Article 2 (commencing with Section 8030) of Chapter 7 of Division 2.

(4) Article 4 (commencing with Section 14350) of Chapter 3 of Division 5.

(5) Section 1533.

(b) The commissioner may charge to and collect from the Financial Institutions Fund, the Credit Union Fund, each of the accounts included in the Financial Institutions Fund, and each of the programs included in the State Banking Account an amount equal to the fund's, account's, or program's pro rata share of those expenses of the department which, in the opinion of the commissioner, it is not feasible to attribute to any single one of the funds, accounts, or programs. The fund's, account's, or program's pro rata share shall be determined and paid in the manner and at the time ordered by the commissioner.

(c) The provisions of any assessment statute that authorize the commissioner to make or collect an assessment for the purposes specified in the assessment statute include authority for the commissioner to make and collect an assessment for the additional purpose of providing money in an amount that will, in the commissioner's judgment, be sufficient to make payments that may be required under subdivision (b).

(Amended by Stats. 2013, Ch. 334, Sec. 25. (SB 537) Effective January 1, 2014.)

414. Notwithstanding any other provision of this code or of Section 53667 of the Government Code, the commissioner may, at any time during a fiscal year, pay any expense of the department from any of the following accounts and funds: the State Banking Account, the Savings and Loan Account, the Industrial Bank Account, the Financial Institutions Fund, the Credit Union Fund, and the Local Agency Deposit Security Fund. However, if the commissioner pays an expense of the department from an account or fund from which the expense is not, except for this section, permitted to be paid, the commissioner shall, as of a date within that fiscal year, reimburse the account or fund from which the expense was paid by making a transfer from the account or fund from which the expense would have been permitted to be paid.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 4. Operations [450 - 464] (*Chapter 4 added by Stats. 2011, Ch. 243, Sec. 2.*)

450. (a) In this section, "governmental agency" includes, without limitation, any agency of this state, of any other state of the United States, of the United States, or of any foreign nation.

(b) The commissioner may furnish information to a governmental agency that regulates financial institutions.

(c) The commissioner may furnish to a governmental agency that administers a loan guarantee or similar program, information relating to a person who participates in the program.

(d) The commissioner may furnish to a governmental agency that regulates business activities, other than the type described in subdivision (b), information relating to any of the following:

(1) A suspected violation of a law administered by the agency.

(2) A person involved in an application to the agency for a license, approval, or other authorization.

(e) The commissioner may furnish to a governmental agency that is a law enforcement agency information relating to a suspected crime.

(f) The commissioner may furnish information to any person who provides share insurance or guaranty of the shares of a credit union in accordance with Section 14858, 16004, or 16503.

(g) The commissioner may furnish confidential information regarding a licensee to the directors, officers, employees, attorneys, accountants, and consultants of that licensee in accordance with Section 452.

(h) This section does not prescribe the only circumstances under which the commissioner may furnish information.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

451. With the prior approval of the commissioner, a foreign (other state) or foreign (other nation) financial institutions regulatory agency may examine a licensee and any of its offices, provided that the agency has a regulatory interest in the licensee. Any regulatory agency approved by the commissioner under this section shall be considered a supervisory agency under subdivision (f) of Section 7480 of the Government Code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

452. (a) Directors, officers, employees, attorneys, accountants, or consultants of a licensee may not disclose in any manner to any person confidential information regarding the licensee received from the commissioner. The prohibition in this section shall not apply to disclosures of confidential information by directors, officers, employees, attorneys, accountants, or consultants of the licensee:

(1) Made pursuant to a subpoena or other discovery proceeding.

(2) Made to any state or federal prosecuting or investigatory agency or authority.

(3) Made to any state, federal, or foreign (other nation) financial institutions regulatory agency that has a direct regulatory interest in the licensee.

(4) Made to any state or federal taxing agency.

(5) Made as otherwise required by law.

(6) Made as otherwise authorized by the commissioner in writing.

(b) Any director, officer, employee, attorney, accountant, or consultant that discloses confidential information in a manner other than allowed by this section shall be liable for a civil penalty not to exceed fifty thousand dollars (\$50,000). The commissioner may impose a penalty under this section in accordance with the procedures set forth in Section 329.

(c) The prohibition set forth in subdivision (a) shall not apply to any discussion, analysis, or other use of confidential information provided by the commissioner that occurs between directors, officers, employees, attorneys, accountants, or consultants of the licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

453. Every licensee shall make and file with the commissioner whenever required by him or her a report in any form as the commissioner may prescribe and verified in any manner the commissioner prescribes, showing its financial condition and any other information as the commissioner may require at the close of business on any day designated by him or her. Any verification shall state that each of the officers making the verification has a personal knowledge of the matters in the report and that each of them believes that each statement in the report is true.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

454. The commissioner shall call for the report specified in Section 453 from all licensees at least four times each year upon dates selected by the commissioner.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

455. The commissioner may at any time require any licensee to make and file with him or her a special report furnishing any information as the commissioner may specify when necessary to inform him or her fully of the actual financial condition and all other affairs of the licensee. The reports shall be in the form and filed on a date prescribed by the commissioner and shall, if required by the commissioner, be verified in any manner that he or she prescribes.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

456. Every licensee shall keep its corporate records, financial records, and books of account in words and figures of the English language and in form satisfactory to the commissioner.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

457. Every licensee shall notify the commissioner of any change in the following officers of the licensee, to the extent that those officers exist within the licensee: chairperson, chief executive officer, president, general manager, managing officer, chief financial officer, or chief credit officer.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

458. (a) Each report required under this article, or under any other provision of law administered by the commissioner, shall be filed with the commissioner at the time that the commissioner may require. If any licensee fails to make any required report at the time specified by the commissioner or fails to include therein any matter required by this article, any provision of law administered by the commissioner, or by the commissioner, it shall be liable to the people of this state in the sum of not more than one hundred dollars (\$100) for each day that the report is delayed or withheld by the failure or neglect of the licensee.

(b) The provisions of Section 329 shall not apply to this section.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

459. (a) Every licensee shall file with the commissioner one copy of all material filed by the licensee with a federal agency that is charged with the supervision and regulation of that licensee, or a law enforcement agency.

(b) Each copy required to be filed pursuant to subdivision (a) shall be filed with the commissioner on or before the date upon which the original is filed with the agencies specified in subdivision (a) and shall be available for inspection by the public except to the extent the information contained therein is accorded confidential treatment under state or federal law or regulations.

(Amended by Stats. 2014, Ch. 64, Sec. 9. (AB 2742) Effective January 1, 2015.)

460. Any person intentionally making a false statement in any report required to be rendered under this article or other provision of law administered by the commissioner is guilty of perjury.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

461. Any debt due a licensee on which interest is past due and unpaid for the period of one year shall be charged off, unless the debt is well secured or is in process of collection.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

462. Any person that provides services to any licensee, at the request of the commissioner, shall submit to an examination by the commissioner. Should the commissioner deem it necessary or desirable that an examination be made of a person, the examination shall be made at the expense of the person examined. If the person refuses to permit an examination to be made, the commissioner may order every licensee receiving services from that person

to discontinue receiving those services or otherwise conducting business with that person, and the licensees shall comply with that order.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

463. (a) All references in this code and the Corporations Code to financial statements, balance sheets, income statements, and statements of changes in financial position of a licensee, and all references to assets, liabilities, earnings, retained earnings, shareholders' equity, net worth, and similar accounting items of a licensee, mean those financial statements or those items prepared or determined in conformity with generally accepted accounting principles then applicable in the United States, fairly presenting in conformity with generally accepted accounting principles accepted in the United States the matters which they purport to present, subject to any specific accounting treatment required by any applicable provision of the Corporations Code, this code, or any regulation, order issued by the commissioner, or agreement entered into by the commissioner and a licensee.

(b) The commissioner may, by regulation or order, require that any financial statement or accounting item of a licensee be prepared or determined in a manner other than in conformity with generally accepted accounting principles accepted in the United States if the commissioner finds that such other manner is necessary or appropriate to carry out the purposes or provisions of this code.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

464. (a) An officer of a financial institution, within the meaning of Section 1101(1) of the federal Right to Financial Privacy Act of 1978 (12 U.S.C. Sec. 3401(1)), shall furnish the State Department of Health Care Services or its designee with information in the possession of the bank or company regarding the assets of any person who is applying for, or is receiving assistance or benefits from, the State Department of Health Care Services and has provided authorization pursuant to Section 14013.5 of the Welfare and Institutions Code.

(b) The obtaining of financial records by the State Department of Health Care Services, or its designee, pursuant to this section shall be subject to the cost reimbursement requirements of Section 1115(a) of the federal Right to Financial Privacy Act of 1978 (12 U.S.C. Sec. 3415(a)) and shall be at no cost to the applicant, recipient, or any other person, as defined in paragraph (3) of subdivision (c) of Section 14013.5 of the Welfare and Institutions Code.

(c) An authorization obtained by the State Department of Health Care Services, or its designee, under Section 14013.5 of the Welfare and Institutions Code shall be considered as meeting the requirements of Section 1103(a) of the federal Right to Financial Privacy Act of 1978 (12 U.S.C. Sec. 3403(a)) and, notwithstanding Section 1104(a)

of the federal Right to Financial Privacy Act of 1978 (12 U.S.C. Sec. 3404(a)), need not be furnished to the financial institution.

(d) The certification requirements of Section 1103(b) of the federal Right to Financial Privacy Act of 1978 (12 U.S.C. Sec. 3403(b)) shall not apply to requests by the State Department of Health Care Services, or its designee, pursuant to an authorization provided under Section 14013.5 of the Welfare and Institutions Code.

(e) A request by the State Department of Health Care Services, or its designee, pursuant to an authorization provided under Section 14013.5 of the Welfare and Institutions Code shall be deemed to meet the requirements of Section 1104(a)(3) of the federal Right to Financial Privacy Act of 1978 (12 U.S.C. Sec. 3404(a)(3)) and of Section 1102 of the act (12 U.S.C. Sec. 3402), relating to a reasonable description of financial records.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 5. Examinations and Reports-Banking [500 - 521] (*Chapter 5 added by Stats. 2011, Ch. 243, Sec. 2.*)

ARTICLE 1. Examination [500 - 509] (*Article 1 added by Stats. 2011, Ch. 243, Sec. 2.*)

500. (a) (1) For purposes of this section, "foreign bank" means the business in this state of every foreign (other nation) bank licensed under Article 3 (commencing with Section 1800) of Chapter 20 of Division 1.1.

(2) For purposes of this subdivision, an examination made by the commissioner in conjunction with or with assistance from a bank regulatory agency of the United States, of a state of the United States, or of a foreign nation is deemed to be an examination caused by the commissioner.

(3) No provision of this subdivision shall be deemed to require that the commissioner cause an examination to be made onsite at the offices of a bank.

(4) The commissioner shall cause every California state bank and every foreign bank to be examined to the extent and whenever and as often as the commissioner shall deem it advisable, but in no case less frequently than once every 12 months, except that the following banks shall be examined pursuant to federal law no less frequently than state banks and foreign banks that meet the respective federal criteria:

(A) California state banks that meet the criteria set forth in Section 1820(d)(4) of Title 12 of the United States Code.

(B) Foreign banks that meet the criteria set forth in Section 211.26(c)(2) of Title 12 of the Code of Federal Regulations.

(5) The examinations required by paragraph (4) may be conducted in alternate examination periods, as appropriate, if the commissioner determines that an examination of the state bank by the appropriate federal regulator, insuring or guaranteeing corporation during the intervening examination period carries out the purpose of this section. The commissioner may not accept two consecutive examinations, or two consecutive examination reports, made by federal regulators, insuring or guaranteeing corporations, or agencies with respect to the condition of the state bank.

(6) The commissioner shall cause every California state trust company to be examined to the extent and whenever and as often as the commissioner shall deem it advisable, but in no case less frequently than once every 24 months.

(7) The commissioner may examine subsidiaries of every California state bank, state trust company, and foreign (other nation) bank licensed under Article 3 (commencing with Section 1800) of Chapter 20 of Division 1.1 to the extent and whenever and as often as the commissioner shall deem it advisable.

(b) The commissioner may at any time examine any of the following:

(1) Any office of a bank organized under the laws of this state.

(2) Any office of a foreign (other state) bank that maintains an office in this state.

(3) Any office of a foreign (other nation) bank that maintains an office in this state.

(c) The officers and employees of every California state bank, California state trust company, and foreign bank being examined shall exhibit to the examiners, on request, any or all of its securities, books, records, and accounts and shall otherwise facilitate the examination so far as it may be in their power.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

501. (a) Whenever, in the judgment of the commissioner, it is necessary or advisable to make an extra examination of or to devote any extraordinary attention to any bank, any foreign bank, or any office of a foreign bank, he or she has the authority to do so and to charge and collect from the bank or foreign bank, in the case of an extra examination, an amount not exceeding seventy-five dollars (\$75) per hour for each examiner engaged in the

examination and, in the case of extraordinary attention, an amount not exceeding the department's expenses in providing the extraordinary attention, including, but not limited to, compensation of employees.

(b) Whenever in the judgment of the commissioner it is necessary or expedient for any examiner engaged in any examination to travel outside this state, the commissioner may charge for the travel expenses of the examiner.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

502. (a) The commissioner may by order or regulation grant exemptions from this section in cases where the commissioner finds that the requirements of this section are not necessary.

(b) Each California state bank shall, within 90 days after the end of each fiscal year, or within such extended time as the commissioner may prescribe, file with the commissioner an audit report for the fiscal year.

(c) The audit report called for in subdivision (b) shall comply with all of the following provisions:

(1) The audit report shall contain those audited financial statements of the bank for or as of the end of the fiscal year prepared in accordance with generally accepted accounting principles and any other information that the commissioner may require.

(2) The audit report shall be based upon an audit of the bank conducted in accordance with generally accepted auditing standards and any other requirements that the commissioner may prescribe.

(3) The audit report shall be prepared by an independent certified public accountant or independent public accountant who is not unsatisfactory to the commissioner.

(4) The audit report shall include or be accompanied by a certificate or opinion of the independent certified public accountant or independent public accountant that is satisfactory in form and content to the commissioner. If the certificate or opinion is qualified, the commissioner may order the bank to take such action as the commissioner may find necessary to enable the independent certified public accountant or independent public accountant to remove the qualification.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

503. The commissioner, whenever in his or her opinion the condition of the bank, trust company, or foreign banking corporation is such as to require such audit, may require any bank, trust company, or foreign banking corporation

to employ a certified public accountant to make a special audit of the affairs of such bank or trust company at its expense.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

504. The commissioner, for good cause, at any time and from time to time may employ appraisers to appraise the value of any investment, asset, or property held or upon which a lien is held as security for a loan. The bank, trust company, or foreign banking corporation shall pay to the commissioner on demand the cost of such appraisal.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

505. The commissioner, a deputy commissioner, and every examiner assigned to an examination may administer an oath to any person whose testimony is required for the purposes of any examination authorized by this division and may by issuance of subpoena compel the appearance of any person and the production of any evidence for the purposes of the examination.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

506. Whenever he or she deems it expedient, the commissioner may call a meeting of the stockholders of any bank or trust company. Notice of the time and place of the meeting shall be given to each stockholder by a notice mailed to the stockholder by registered mail at the stockholder's last known address at least 15 days before the date of the meeting. Any expenses of such meeting shall be borne by the bank or trust company.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

507. During any emergency period declared by the President of the United States, each bank shall conform to any order of the commissioner directed to it, relating to and conforming with regulations, limitations, or restrictions which are applicable thereto prescribed by the Secretary of the Treasury, the Comptroller of the Currency, or the Board of Governors of the Federal Reserve System regulating or governing the operations of banks which are members of the Federal Reserve System.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

508. During any emergency period declared by the Governor no bank shall transact any banking business except to such extent and subject to such regulations, limitations, or restrictions as may be prescribed by the commissioner, which, as to member banks, shall be as consistent as the exigencies of the situation permit with the provisions of the Federal Reserve Act and regulations issued thereunder or, as to insured banks, shall be as consistent as the

exigencies of the situation permit with the rules and regulations governing banks whose deposits are insured by the Federal Deposit Insurance Corporation.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

509. (a) The commissioner may, in his or her discretion, bring an action in the name of the people of this state in a superior court to enjoin a violation of, to enforce compliance with, or to collect a penalty or other liability imposed under, this division or any regulation or order issued under this division. The amount of any penalty or liability collected shall be deposited into the State Banking Account in the Financial Institutions Fund. Upon a proper showing, a permanent or preliminary injunction, restraining order, or writ of mandate shall be granted, and a monitor, receiver, conservator, or other designated fiduciary or officer of the court may be appointed for the defendant or the defendant's assets, or other appropriate relief may be granted.

(b) A receiver, monitor, conservator, or other designated fiduciary officer of the court appointed by the superior court pursuant to this section may, with the approval of the court, exercise all of the powers of the defendant's officers, directors, partners, trustees, or of persons who exercise similar powers and perform similar duties, including the filing of a petition for bankruptcy. No action at law or in equity may be maintained by any party against the commissioner, or a receiver, monitor, conservator, or any other designated fiduciary officer of the court by reason of their exercising these powers or performing these duties pursuant to the order of, or with the approval of, the superior court.

(c) If the commissioner determines it is in the public interest, the commissioner may include in an action authorized by subdivision (a), a claim for ancillary relief, including, but not limited to, a claim for restitution, disgorgement, or damages on behalf of the person injured by the act or practice that is the subject matter of the action. The court has jurisdiction to award additional relief.

(d) The provision of subdivision (a) that authorizes the appointment of a monitor, receiver, conservator, or other designated fiduciary or officer of the court, and subdivisions (b) and (c) do not apply to any of the following:

(1) A state bank that is authorized by the commissioner to transact commercial banking or trust business.

(2) A national bank.

(3) A foreign (other state) bank that maintains a branch office in this state in accordance with federal law, the law of this state, and the law of the bank's domicile.

(4) A foreign (other nation) bank that is licensed by the commissioner to maintain a branch office or agency, as defined in Section 1750, in this state.

(5) A foreign (other nation) bank that maintains a federal branch or agency, as defined in Section 1750, in this state.

(e) The provisions of this section that authorize the commissioner to bring actions and seek relief are not intended to, and do not, affect any right that any other person may have to bring the same or similar actions, or to seek the same or similar relief.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 5. Examinations and Reports-Banking [500 - 521] (*Chapter 5 added by Stats. 2011, Ch. 243, Sec. 2.*)

ARTICLE 2. Reports [520 - 521] (*Article 2 added by Stats. 2011, Ch. 243, Sec. 2.*)

520. (a) A California state bank shall prominently display in the lobby of its main office and each branch office, except an automated teller machine branch office, a notice that any person may obtain a financial report from the bank. The notice shall include the address and telephone number of the person or office to be contacted for a financial report. The bank shall, promptly after receiving a request for a financial report, mail or otherwise furnish the financial report to the requester. The first financial report shall be provided without charge.

(b) The financial report called for in this section shall contain either (1) the information that the commissioner may require by regulation or (2) in the absence of a regulation, the last balance sheet and income statement, each without any schedules, that the bank filed with the commissioner pursuant to Section 453.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

521. (a) A bank or credit union subject to the examination authority of the commissioner shall report annually, on or before March 1, to the commissioner on the amount of revenue earned from overdraft fees and nonsufficient funds fees collected in the most recently completed calendar year and the percentage of that revenue as a proportion of the net income of the bank or credit union.

(b) (1) The commissioner shall publish, pursuant to paragraph (2), in a report the data for each bank or credit union required by subdivision (a) and make the report available on the department's internet website.

(2) (A) The commissioner shall publish the first report required by this subdivision on or before March 31, 2023, covering data from the 2022 calendar year.

(B) In a calendar year beginning on or after January 1, 2024, the commissioner shall publish the report required by this subdivision on or before March 31 covering data from the most recently completed calendar year.

(c) As used in this section:

(1) "Nonsufficient funds fees" means fees resulting from the initiation of a transaction that exceeds the customer's account balance if the customer's bank or credit union declines to make the payment.

(2) "Overdraft fees" means fees resulting from the processing of a debit transaction that exceeds a customer's account balance.

(Added by Stats. 2022, Ch. 847, Sec. 1. (SB 1415) Effective January 1, 2023.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.)*

CHAPTER 6. Enforcement [550 - 595] (*Chapter 6 added by Stats. 2011, Ch. 243, Sec. 2.)*

ARTICLE 1. General Provisions [550 - 554] (*Article 1 added by Stats. 2011, Ch. 243, Sec. 2.)*

550. In this article:

- (a) "Appropriate licensee business" means the business that a licensee may conduct in accordance with the charter or license that the commissioner has issued to that licensee.
- (b) "Customer" means a depositor of a bank, a member of a credit union, or a customer of any other licensee.
- (c) "Holding company" shall have the meaning set forth in Section 1280.
- (d) "Officer of a subject institution" means any director, officer, official, or employee of the subject institution.
- (e) "Person" means a subject institution or a subject person.
- (f) "Subject institution" means any of the following:
 - (1) Licensee.
 - (2) Subsidiary of a licensee.
 - (3) Foreign (other state) or foreign (other nation) bank or credit union that maintains an office in this state, with respect to any such office other than a national bank or federal credit union.

(4) Any other person lawfully conducting the business of a bank or credit union in this state other than a national bank or federal credit union.

(g) "Subject person," when used with respect to a subject institution, means any of the following:

(1) Director, officer, employee, or agent of the subject institution.

(2) Member, consultant, joint venture partner, or other person that participates in the affairs of a subject institution.

(3) Independent contractor, including any attorney, appraiser, or accountant, who knowingly or recklessly participates in any of the following acts if the act caused or is likely to cause more than a minimal financial loss to, or a significant adverse effect on, the subject institution:

(A) A violation of any applicable law, regulation, or order.

(B) A breach of fiduciary duty.

(C) An unsafe or unsound act.

(h) "Violation" includes any act performed, alone or with other persons, for or toward causing, bringing about, participating in, counseling, aiding, or abetting a violation of any applicable statute, regulation, provision of a written order issued by the commissioner, or provision of a written agreement made between the commissioner and a subject institution or subject person.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

551. Any subject person who is entitled to a hearing pursuant to this article may waive that right at any time. A waiver under this section shall relieve the commissioner from having to issue a formal notice of hearing that would otherwise be required by this article.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

552. (a) Within 30 days after an order is issued pursuant to Section 567, 581, 582, 586, or 591, or subdivision (c) of Section 587, the person to whom the order is issued may file with the commissioner an application for a hearing on the order.

(b) If the commissioner fails to commence the hearing within 15 business days after the application is filed with the commissioner or within any longer period to which the person subject to the order consents, the order shall be

deemed rescinded.

(c) Within 30 days after the hearing, or within any longer period to which the person consents, the commissioner shall affirm, modify, or rescind the order. If the commissioner fails to affirm, modify, or rescind the order within that time limit, the order shall be deemed rescinded.

(d) The right to petition for judicial review of the order shall not be affected by the failure of the person subject to the order to apply to the commissioner for a hearing on the order pursuant to subdivision (a).

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

553. In addition to any other action or requirement the commissioner deems necessary or advisable, an order issued pursuant to Section 580, 581, 582, 585, 586, or 587 may require the person subject to the order to do any of the following:

(a) Make restitution or provide reimbursement, indemnification, or guarantee against loss, if the subject institution, subject person, or holding company was unjustly enriched by the action or violation or if the action or violation involved a reckless disregard for any provision of this division, of any regulation or order issued under this division, of any other applicable law, or of any agreement with the commissioner.

(b) Restrict the growth of the subject institution.

(c) Dispose of any loan or other asset.

(d) Correct violations of law.

(e) Employ qualified officers or employees, who may be subject to approval of the commissioner.

(f) Limit the activities or functions of the subject institution, subject person, or holding company.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

554. If the commissioner takes possession of a subject institution without a prior notice or hearing, or takes action against a subject person without prior notice or hearing, the commissioner shall, upon taking possession or taking that action, concurrently provide to the subject institution or subject person a written order. The order shall set forth the condition or conditions of the subject institution or action or actions of the subject person that constitute the basis or bases for the commissioner's action. In any case where the commissioner takes possession of a subject institution, the commissioner shall establish, by clear evidence, the basis for his or her action.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.)*

CHAPTER 6. Enforcement [550 - 595] (*Chapter 6 added by Stats. 2011, Ch. 243, Sec. 2.)*

ARTICLE 2. Actions Involving the Conduct of Business by Unauthorized Persons [560 - 567] (*Article 2 added by Stats. 2011, Ch. 243, Sec. 2.)*

560. No person who has not received a certificate from the commissioner authorizing it to engage in the banking business shall solicit or receive deposits, issue certificates of deposit with or without provision for interest, make payments on checks, or transact business in the way or manner of a bank or trust company.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

561. No person who has not received a certificate from the commissioner authorizing it to engage in the banking business shall advertise that it is accepting deposits, and issuing notes or certificates therefore, or make use of any office sign, at the place where its business is transacted, having thereon any artificial or corporate name, or other words indicating that the place or office is the place or office of a bank or trust company, that deposits are received there or payments made on checks, or any other form of banking business is transacted, nor shall any person make use of or circulate any letterheads, billheads, blank notes, blank receipts, certificates, or circulars, or any written or printed paper, whatever, having thereon any artificial or corporate name or other words indicating that the business is the business of a bank or trust company, or transact business in a way or manner as to lead the public to believe that its business is that of a bank or trust company, except to the extent expressly authorized by this division.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

562. No person who has not received a certificate from the commissioner authorizing it to engage in the banking business shall transact business under any name or title that contains the word "bank" or "banker" or "banking" or "industrial bank" or "industrial loan company" or "investment and loan" or "savings bank" or "thrift and loan" or "trust" or "trustee" or "trust company" or act or advertise in any manner that indicates that the business is the business of a bank or trust company. Any building and loan association or savings association having in its corporate name words not clearly indicating the nature of its business shall state, on all signs, letterheads, and advertising matter, "This is a building and loan association" or "This is a savings association" or words to that effect.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

563. No provision of Section 560, 561, or 562 prohibits any of the following from transacting any business or performing any activity if it is authorized by applicable law to transact the business or perform the activity and is not prohibited by any applicable law, other than Section 560, 561, or 562, from transacting the business or performing the activity:

- (a) Any California state commercial bank, industrial bank, or trust company.
- (b) Any national bank.
- (c) Any insured foreign (other state) state bank.
- (d) Any foreign (other state) state bank that is licensed by the commissioner under Article 3 (commencing with Section 1700) of Chapter 19 of Division 1.1 to maintain a facility, as defined in Section 1670, in this state.
- (e) Any foreign (other nation) bank that is licensed by the commissioner under Chapter 20 (commencing with Section 1750) of Division 1.1 to maintain an office in this state.
- (f) Any foreign (other nation) bank that maintains a federal agency, as defined in subdivision (g) of Section 1750, or federal branch, as defined in subdivision (h) of Section 1750, in this state.
- (g) Any California state corporation that is incorporated for the purpose of engaging in, and that is authorized by the commissioner to engage in, business under Article 1 (commencing with Section 1850) of Chapter 21 of Division 1.1.
- (h) Any corporation incorporated under Section 25A of the Federal Reserve Act (12 U.S.C. Sec. 612 et seq.).
- (i) Any foreign corporation that is licensed by the commissioner under Article 1 (commencing with Section 1850) of Chapter 21 of Division 1.1 to maintain an office in this state and to transact at that office business under Article 1

(commencing with Section 1850) of Chapter 21 of Division 1.1.

(j) Any industrial bank that is organized under the laws of another state of the United States and is insured by the Federal Deposit Insurance Corporation.

(Amended by Stats. 2013, Ch. 334, Sec. 26. (SB 537) Effective January 1, 2014.)

564. Any person or any bank violating any provision of the foregoing sections of this article shall be liable to the people of the state in the amount of one hundred dollars (\$100) per day or part thereof during which that violation continues.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

565. No person shall represent by advertisement, circular, or otherwise, or in any manner mislead anyone to believe, that any securities are legal investments for savings banks in this state or conform to the requirements of law relating to such investments, unless those securities are in fact at that time legal investments for such banks or do in fact so conform. Any person violating the provisions of this section shall be guilty of a misdemeanor and shall be punishable by a fine of not more than one thousand dollars (\$1,000) or by imprisonment in a county jail not exceeding one year, or by both such fine and imprisonment.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

566. (a) The commissioner may bring an action in the name of the people of this state in superior court to enjoin any violation of, to enforce compliance with, or to collect any penalty or other liability imposed under, any law subject to the jurisdiction of the commissioner. The commissioner may bring an action in the name of the people of this state in superior court to enjoin any violation of, to enforce compliance with, or to collect any penalty or other liability imposed under, any regulation promulgated under the power of the commissioner. The commissioner may bring an action in the name of the people of this state in superior court to enjoin any violation of, to enforce compliance with, or to collect any penalty or other liability imposed under, any (1) agreement entered into with the commissioner or (2) order issued by the commissioner. Upon a proper showing, a permanent or preliminary injunction, restraining order, or writ of mandate shall be granted, and a monitor, receiver, conservator, or other designated fiduciary or officer of the court may be appointed for the defendant or the defendant's assets, or other relief may be granted as appropriate.

(b) A receiver, monitor, conservator, or other designated fiduciary officer of the court appointed by the court pursuant to this section may, with the approval of the court, exercise all of the powers of the defendant's officers, directors, partners, trustees, or persons who exercise similar powers and perform similar duties. No action at law or

in equity may be maintained by any party against the commissioner or a receiver, monitor, conservator, or other designated fiduciary or officer of the court by reason of his or her exercise of those powers or performing these duties pursuant to the order of, or with the approval of, the court.

(c) If the commissioner finds that it is in the public interest, the commissioner may include in any action authorized by subdivision (a) a claim for ancillary relief, including a claim for restitution, disgorgement, or damages on behalf of the person injured by the act or practice constituting the subject matter of the action, and the court shall have jurisdiction to award ancillary relief.

(d) Neither the provision of subdivision (a) that authorizes the appointment of a monitor, receiver, conservator, or other designated fiduciary or officer of the court nor any provision of subdivision (b) or (c) applies to any of the following:

(1) A licensee that is authorized by the commissioner to transact appropriate licensee business.

(2) A foreign (other state) or foreign (other nation) bank or credit union that maintains an office in this state in accordance with federal law, the law of this state, and the law of the bank or credit union's domicile.

(e) The provisions of this section that authorize the commissioner to bring actions and seek relief are not intended to, and do not, affect any right that any other person may have to bring the same or similar actions or to seek the same or similar relief.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

567. If the commissioner finds that a person has conducted, or that there is reasonable cause to believe that a person is about to conduct, business that requires a license issued by the commissioner and that person has not been issued the required license, the commissioner may, without any prior notice or hearing, order the person to cease and desist from conducting any unauthorized business unless and until the person is issued a license to engage in appropriate licensee business.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

**Code:** ▼**Section:** [Up^](#)[Add To My Favorites](#)**FINANCIAL CODE - FIN****DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900]** (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.)***CHAPTER 6. Enforcement [550 - 595]** (*Chapter 6 added by Stats. 2011, Ch. 243, Sec. 2.)***ARTICLE 3. Orders Against Licensees and Subject Persons [580 - 583]** (*Article 3 added by Stats. 2011, Ch. 243, Sec. 2.)*

580. If, after notice and an opportunity to be heard, the commissioner finds any of the factors set forth in subdivision (a) or (b) with respect to any subject institution, subject person, or any holding company, the commissioner may order the subject institution, subject person, or holding company to cease and desist from the act or violation:

(a) That the subject institution, subject person, or holding company has engaged or participated, is engaging or participating, or that there is reasonable cause to believe that the subject institution, subject person, or holding company is about to engage or participate, in any unsafe or unsound act with respect to the business of the subject institution.

(b) That the subject institution, subject person, or holding company has violated, is violating, or that there is reasonable cause to believe that the subject institution, subject person, or holding company is about to violate any:

(1) Provision of any division subject to the jurisdiction of the commissioner.

(2) Provision of any regulation promulgated by, or subject to the jurisdiction of, the commissioner.

(3) Provision of any other applicable law.

(4) Provision of any written agreement between the subject institution, subject person, or holding company, and the commissioner.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

581. If the commissioner finds that any of the factors set forth in Section 580 is true with respect to any subject institution, subject person, or holding company, and that the action, omission, or violation is likely to have any of the consequences set forth in subdivisions (a) to (d), inclusive, the commissioner may, without any prior notice or opportunity to be heard, order the subject institution or subject person to cease and desist from the following:

(a) Any act, omission, or violation that may cause the insolvency of the subject institution.

(b) Any act, omission, or violation that may cause significant dissipation of the assets or earnings of the subject institution.

(c) Any act, omission, or violation that may weaken the condition of the subject institution.

(d) Any act, omission, or violation that may otherwise prejudice the interests of the customers of the subject institution.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

582. If the commissioner finds that a subject institution's books or records are so incomplete or inaccurate that the commissioner is unable through the normal supervisory process to determine the financial condition of the subject institution or the details or purpose of any transaction or transactions that may materially affect the financial condition of the subject institution, the commissioner may, without any prior notice or hearing, order the subject institution to do either of the following:

(a) Cease any activity or practice that gave rise, in whole or in part, to the incomplete or inaccurate state of the books or records.

(b) Take affirmative action to restore the books or records to a complete and accurate state.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

583. (a) The commissioner shall make public on the department's Internet Web site all final orders issued pursuant to Sections 329, 567, 580, 581, 582, 585, 586, 587, 2148, 14303, 14304, 14305, 14307, 14308, 14309, 14310,

16200.5, 16900.5, 18349.5, 18356, 18357, 18358, 18359, 18363, 18367, and 18415.3 all decisions to modify or rescind an order pursuant to Sections 588, 14311, 16205, and 16905, all decisions to revoke or suspend a license pursuant to Sections 590, 591, 2149, 16202, 16203, 16902, 16903, 18349, and 18353, all decisions to revoke or suspend the designation of an agent pursuant to Sections 2150 and 2151, all decisions to approve resumption of business pursuant to Section 14314, and all decisions to take possession of the property and business of a licensee pursuant to Sections 592, 2149, 2150.2, 14313, 14315, 14319, 16206, 16906, 18415, and 18415.4. This public notice shall be in addition to the notice required pursuant to Section 594.

(b) If the commissioner makes a determination in writing that the publication of a final order or decision referenced in subdivision (a) would seriously threaten the safety or soundness of a regulated institution subject to that order or decision, the commissioner may delay publication of the order or decision for a reasonable time.

(c) If the commissioner makes a determination that the publication of a final order or decision referenced in subdivision (a) would reveal information which would identify a customer of the institution subject to the order, the commissioner may redact from the order, prior to publication, any information that, in the determination of the commissioner, would identify any customer of the subject institution.

(Amended by Stats. 2018, Ch. 699, Sec. 4. (SB 1361) Effective January 1, 2019.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.)*

CHAPTER 6. Enforcement [550 - 595] (*Chapter 6 added by Stats. 2011, Ch. 243, Sec. 2.)*

ARTICLE 4. Suspension or Removal of Subject Persons [585 - 589] (*Article 4 added by Stats. 2011, Ch. 243, Sec. 2.)*

585. If, after notice and an opportunity to be heard, the commissioner finds that any of the factors set forth in subdivision (a), any of the factors set forth in subdivision (b), and any of the factors set forth in subdivision (c) are true with respect to a subject person of a subject institution or holding company, the commissioner may issue an order suspending or removing the subject person from the subject person's office, if any, with the subject institution or holding company, and prohibiting the subject person from participating in any manner in the conduct of the affairs of the subject institution or holding company without the approval of the commissioner:

(a) (1) That the subject person has, directly or indirectly, violated, or has caused a subject institution to violate, any provision of any:

(A) Division subject to the jurisdiction of the commissioner.

(B) Regulation promulgated by, or subject to the jurisdiction of, the commissioner.

(C) Other applicable law.

(D) Order issued by the commissioner or under the commissioner's authority.

(E) Written agreement between the subject institution, subject person, or holding company and the commissioner.

(2) That the subject person has, directly or indirectly, engaged or participated in any unsafe or unsound act in connection with the business of the subject institution, holding company, or any other business institution.

(3) That the subject person has, directly or indirectly, engaged or participated in any act that constitutes a breach of the subject person's fiduciary duty.

(b) That, by reason of the act, violation, or breach of fiduciary duty described in subdivision (a):

(1) The subject institution, holding company, or business institution has suffered or will probably suffer financial loss or other harm.

(2) The rights or interests of the customers or members of the subject institution have been or could be prejudiced.

(3) The subject person has received financial gain or other benefit.

(c) That the act, violation, or breach of fiduciary duty described in subdivision (a) either involves dishonesty on the part of the subject person or demonstrates the subject person's willful or continuing disregard for the safety or soundness of the subject institution, holding company, or business institution.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

586. If the commissioner finds that any of the factors set forth in subdivision (a) of Section 585, any of the factors set forth in subdivision (b) of Section 585, and any of the factors set forth in subdivision (c) of Section 585 are true with respect to a subject person of a subject institution, and that it is necessary or advisable for the protection of the subject institution or holding company, or the rights or interests of the customers or members of the subject institution, the commissioner may, without any prior notice or opportunity to be heard, issue an order suspending the subject person from the subject person's office, if any, with the subject institution or holding company, and prohibiting the subject person from participating in any manner in the conduct of the affairs of the subject institution or holding company without the prior approval of the commissioner.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

587. (a) If the commissioner finds that any of the factors set forth in paragraph (1) and the factor set forth in paragraph (2) are true with respect to a subject person or former subject person of a subject institution or holding

company, the commissioner may, without any prior notice or opportunity to be heard, issue an order suspending the subject person or former subject person from his or her office, if any, with the subject institution or holding company and prohibiting him or her from further participating in any manner in the conduct of the affairs of the subject institution or holding company without the approval of the commissioner:

(1) That the subject person or former subject person has been charged in an indictment issued by a grand jury or in an information, complaint, or similar pleading issued by a United States attorney, district attorney, or other governmental official or agency authorized to prosecute crimes, with commission of or participation in any of the following:

(A) A crime that involves dishonesty or breach of trust and that is punishable by imprisonment for a term exceeding one year.

(B) A criminal violation of any provision of this division.

(C) A criminal violation of Section 1956, 1957, or 1960 of Title 18 of, or Section 5322 or 5324 of Title 31 of, the United States Code.

(D) A criminal violation of a law of any jurisdiction other than the United States that is substantially similar to any of the statutes specified in subparagraph (C).

(2) That continued or resumed service or participation by the subject person or former subject person may pose a threat to the rights or interests of the customers or members of the subject institution or may threaten to impair public confidence in the subject institution.

(b) An order issued pursuant to subdivision (a) shall remain in effect until the indictment or the information, complaint, or similar pleading is finally disposed of or, if the order is earlier terminated by the commissioner, until the order is so terminated.

(c) If the commissioner finds that the factors set forth in paragraphs (1) and (2) are true with respect to a subject person or former subject person of a subject institution or holding company, the commissioner may, without any prior notice or opportunity to be heard, issue an order suspending or removing the subject person or former subject person from his or her office, if any, with the subject institution or holding company and prohibiting him or her from further participating in any manner in the affairs of the subject institution or holding company without the approval of the commissioner:

(1) That the subject person or former subject person has been finally convicted of any crime of the type described in paragraph (1) of subdivision (a). For purposes of this paragraph, an agreement to enter a pretrial

diversion or similar program is deemed to be a conviction.

(2) That continued or resumed service or participation by the subject person or former subject person may pose a threat to the interests of the customers of the subject institution or may threaten to impair public confidence in the subject institution.

(d) The fact that any subject person of a subject institution charged with a crime of the type described in paragraph (1) of subdivision (a) is not finally convicted of the crime does not preclude the commissioner from issuing an order regarding the subject person pursuant to any other provision of this article.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

588. (a) Any subject institution, subject person of a subject institution, or former subject person of a subject institution to whom an order is issued under Sections 585 to 587, inclusive, may apply to the commissioner to modify or rescind the order. In deciding whether to grant or deny the application, the commissioner shall consider whether it is in the public interest to modify or rescind the order and whether it is reasonable to believe that the subject person or former subject person will, if and when he or she becomes a subject person of a subject institution or holding company, comply with all applicable provisions of law, or any regulation or order issued by the commissioner.

(b) The right of any subject person or former subject person of a subject institution or holding company to whom an order is issued under Sections 585 to 587, inclusive, to petition for judicial review of the order shall not be affected by the failure of the subject institution or holding company to apply to the commissioner pursuant to subdivision (a) to modify or rescind the order.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

589. (a) In this section, "subject financial institution" means any:

(1) Licensee or any bank or credit union that maintains an office in this state.

(2) Affiliate of any of the institutions specified in paragraph (1).

(3) Subsidiary of any of the institutions specified in paragraph (1).

(4) Holding company of any of the institutions specified in paragraph (1).

(b) It is unlawful for any subject person or former subject person of a subject financial institution to whom an order is issued under Sections 585 to 587, inclusive, willfully to do, directly or indirectly, any of the following without the approval of the commissioner, so long as the order is in effect:

(1) Act as a subject person of any subject financial institution.

(2) Vote any shares or other securities having voting rights for the election of any person as a director of a subject financial institution.

(3) Solicit, procure, transfer or attempt to transfer, or vote any proxy, consent, or authorization with respect to any shares or other securities of a subject financial institution having voting rights.

(4) Otherwise to participate in any manner in the affairs of any subject financial institution.

(Amended by Stats. 2013, Ch. 334, Sec. 27. (SB 537) Effective January 1, 2014.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.)*

CHAPTER 6. Enforcement [550 - 595] (*Chapter 6 added by Stats. 2011, Ch. 243, Sec. 2.)*

ARTICLE 5. Suspension or Possession of a License [590 - 595] (*Article 5 added by Stats. 2011, Ch. 243, Sec. 2.)*

590. The commissioner may revoke or suspend any license issued by, or under the authority of, the commissioner, if, after notice and opportunity to be heard, the commissioner finds any of the following:

(a) The licensee has violated, is violating, or that there is reasonable cause to believe that the licensee is about to violate, any provision of any of the following:

- (1) Any division subject to the jurisdiction of the commissioner.
- (2) Any regulation promulgated by, or subject to the jurisdiction of, the commissioner.
- (3) A provision of any other applicable law.
- (4) A provision of any order issued by the commissioner.
- (5) A provision of any written agreement between the licensee and the commissioner.
- (6) A condition imposed on any written approval granted by the commissioner.

- (b) Any fact or condition exists which, if it had existed at the time of the original application for the license, would be grounds for denying the application for the license.
- (c) The licensee is conducting its business in an unsafe or unsound manner.
- (d) The licensee is in such condition that it is unsafe or unsound for the licensee to transact appropriate licensee business.
- (e) The licensee has inadequate capital or net worth or is insolvent.
- (f) The licensee failed to pay any of its obligations as they came due or is reasonably expected to be unable to pay its obligations as they come due.
- (g) The licensee has applied for an adjudication of bankruptcy, reorganization, arrangement, or other relief under any bankruptcy, reorganization, insolvency, or moratorium law, or that any person has applied for any such relief under any such law against the licensee and the licensee has by any affirmative act approved of, or consented to, the action or the relief has been granted.
- (h) The licensee has ceased to transact the business the licensee is authorized to conduct pursuant to its license.
- (i) The licensee refuses to submit its books, papers, and affairs to the inspection of any examiner.
- (j) Any officer of the licensee refuses to be examined upon oath touching the concerns of the licensee.
- (k) The licensee has, with the approval of its board, requested the commissioner to take possession of its property and business.

(Amended by Stats. 2013, Ch. 334, Sec. 28. (SB 537) Effective January 1, 2014.)

591. If the commissioner finds that any of the factors set forth in Section 590 is true with respect to any licensee and that it is necessary for the protection of the public interest, the commissioner may issue an order immediately suspending or revoking the licensee's license.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

592. If the commissioner finds that any of the factors set forth in subdivisions (a) to (k), inclusive, is true with respect to a licensee, the commissioner may by order, without any prior notice or opportunity to be heard, take possession of the property and business of the licensee:

- (a) The licensee has violated any provision of (1) any division subject to the jurisdiction of the commissioner, (2) any regulation promulgated by, or subject to the jurisdiction of, the commissioner, (3) any provision of any other applicable law, (4) any provision of any order issued by the commissioner, (5) any provision of any written

agreement made between the commissioner and the licensee, or (6) a condition imposed on any written approval granted by the commissioner.

(b) The licensee is conducting its business in an unsafe or unsound manner.

(c) The licensee is in such condition that it is unsafe or unsound for the licensee to transact appropriate licensee business.

(d) The licensee has inadequate capital or net worth or is insolvent.

(e) If the licensee is a bank, the tangible shareholders' equity of the bank is less than the following:

(1) If the bank is a commercial bank or industrial bank, the greater of three percent of the bank's total assets or one million dollars (\$1,000,000).

(2) If the bank is a trust company other than a commercial bank authorized to engage in trust business, one million dollars (\$1,000,000).

(f) The licensee failed to pay any of its obligations as they came due or is reasonably expected to be unable to pay its obligations as they come due.

(g) The licensee has applied for an adjudication of bankruptcy, reorganization, arrangement, or other relief under any bankruptcy, reorganization, insolvency, or moratorium law, or that any person has applied for any such relief under any such law against the licensee and the licensee has by any affirmative act approved of or consented to the action or the relief has been granted.

(h) The licensee has ceased to transact the business the licensee is authorized to conduct pursuant to its license.

(i) The licensee refuses to submit its books, papers, and affairs to the inspection of any examiner.

(j) Any officer of the licensee refuses to be examined upon oath touching the concerns of the licensee.

(k) The licensee has, with the approval of its board, requested the commissioner to take possession of its property and business.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

593. (a) If the commissioner takes possession of the property and business of a licensee pursuant to Section 592, the licensee may, within 10 days, apply to the superior court in the county where its head office is located to enjoin further proceedings. The court may, after citing the commissioner to show cause why further proceedings should not be enjoined and after a hearing, dismiss the application or enjoin the commissioner from further proceedings and order the commissioner to surrender the property and business of the licensee to the licensee or make any

further order as may be just. The judgment of the court may be appealed by the commissioner or by the licensee as allowed by law.

(b) At any time after the commissioner takes possession of the property and business of a licensee pursuant to Section 592, the licensee may, with the approval of the commissioner, resume business upon conditions as the commissioner may prescribe.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

594. (a) Upon taking possession of the property and business of any licensee, the commissioner shall give notice of that fact to all persons holding or having in their possession any assets of the licensee. No person knowing of the taking, or who has been notified thereof, shall have a lien or charge upon any assets of the licensee for any payment, advance, or clearance thereafter made or for any liability thereafter incurred.

(b) The giving of notice in accordance with this section shall not be deemed to be a prerequisite to the taking of possession of the property and business of the licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

595. The commissioner is deemed to take possession of the entire property and business of a licensee when the commissioner takes possession of the business and property of the head office of the licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 7. Liquidation and Conservation [600 - 710] (*Chapter 7 added by Stats. 2011, Ch. 243, Sec. 2.*)

ARTICLE 1. General Provisions [600 - 609] (*Article 1 added by Stats. 2011, Ch. 243, Sec. 2.*)

600. In this chapter, "Federal Insurance Agency" means the Federal Deposit Insurance Corporation or the National Credit Union Administration, as appropriate, or their respective successors-in-interest.

(Amended by Stats. 2013, Ch. 334, Sec. 29. (SB 537) Effective January 1, 2014.)

601. Upon taking possession of the property and business of any licensee, the commissioner has authority, and it is his or her duty, to collect all moneys due to the licensee and to do other acts as are necessary or expedient to collect, conserve, or protect the licensee's assets, property, and business, and he or she shall proceed to conserve or liquidate the affairs of the licensee as provided in this article.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

602. No attachment shall be issued against the property of any licensee subject to conservation or liquidation pursuant to this article.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

603. Upon taking possession of the property and business of any licensee pursuant to Section 592, the commissioner may proceed to liquidate or conserve the licensee in the manner provided by this article.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

604. Upon taking possession of the property and business of a licensee pursuant to Section 592, the commissioner may tender to any person or persons an appointment as conservator, liquidator, receiver, or liquidating committee of the licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

605. The commissioner shall supervise the acts of the conservator, liquidator, receiver, or liquidating committee appointed under this article and may remove the conservator, liquidator, receiver, or any or all members of the liquidating committee in his or her discretion.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

606. If required by the commissioner, the conservator, liquidator, receiver, or members of the liquidating committee appointed under this article shall provide proof of bond coverage that extends to the conservator, liquidator, receiver, or members of the liquidating committee. The bond shall include fraud, dishonesty, and faithful performance coverage. The premium for that bond shall be paid out of the assets of the licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

607. (a) If the commissioner retains possession of the assets of the licensee for the purpose of liquidation or conservation, the commissioner shall, to the extent possible, use the services of civil service employees of the commissioner's office, and the attorneys employed by the commissioner or the Department of Justice shall render all necessary legal services, as the commissioner may request.

(b) The commissioner, from time to time, under his or her official seal, may appoint one or more special deputy commissioners as his or her agent or agents with the powers specified in the certificate of appointment to assist him or her in the duties of conservation or of liquidation and distribution. The certificate of appointment shall be filed in the office of the commissioner and a certified copy in the office of the clerk of the county in which the head office of the licensee is located. The commissioner may employ counsel and procure expert assistance and advice as may be necessary in the liquidation and distribution of the assets of the licensee and for that purpose may retain any of the officers or employees of the licensee as the commissioner may deem necessary.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

608. The compensation of civil service employees, special deputies, counsel, and other employees and assistants appointed to assist in the conservation or liquidation of any licensee and the distribution of its assets and all expenses of supervision and liquidation shall be fixed by the commissioner and shall be paid out of the funds of the licensee in the hands of the commissioner. The expenses of liquidation shall be reported to the court upon each application for payment of a dividend.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

609. If a licensee is not insured by a Federal Insurance Agency, upon the commissioner taking possession of the business and property of the licensee, the superior court of the State of California for the county in which the head office of the licensee is located shall have exclusive original jurisdiction of all proceedings relating thereto and of any action or other proceedings brought under the provisions of this article. All papers relating to the proceeding, including copies of the certificate of appointment of any special deputy and the inventories required to be filed, shall be filed and be made a part of the record of the proceeding without the payment of any additional fees. No damages may be awarded in the proceeding but, if sought, may only be recovered in a separate action.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.)*

CHAPTER 7. Liquidation and Conservation [600 - 710] (*Chapter 7 added by Stats. 2011, Ch. 243, Sec. 2.)*

ARTICLE 2. Conservation or Liquidation of an Insured Licensee [620 - 624] (*Article 2 added by Stats. 2011, Ch. 243, Sec. 2.)*

620. If the licensee whose property and business has been taken pursuant to Section 592 is insured by a Federal Insurance Agency, the commissioner may tender to the appropriate Federal Insurance Agency an appointment as conservator, liquidator, or receiver of the licensee. The commissioner shall determine whether the licensee whose property and business has been taken shall be liquidated or conserved. If the Federal Insurance Agency accepts the appointment, the Federal Insurance Agency shall have, in addition to any powers conferred by applicable federal law, the powers conferred on the commissioner pursuant to this chapter.

(Amended by Stats. 2015, Ch. 190, Sec. 29. (AB 1517) Effective January 1, 2016.)

621. The Federal Insurance Agency may be, and act as, a conservator, liquidator, or receiver without bond.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

622. If the Federal Insurance Agency accepts the appointment in accordance with Section 620, the rights of customers and other creditors of the insured licensee shall be determined in accordance with the applicable provisions of the laws of this state.

(Amended by Stats. 2015, Ch. 190, Sec. 30. (AB 1517) Effective January 1, 2016.)

623. The Federal Insurance Agency conservator, liquidator, or receiver shall possess with respect to the insured licensee all the powers, rights, and privileges given the commissioner under this article with respect to the conservation or liquidation of a licensee, as appropriate, and the property and assets of which he or she has taken possession, except insofar as the same may be in conflict with the provisions of applicable federal law.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

624. (a) The commissioner may sell to any other licensee any part or the whole of the business of a licensee that is subject to liquidation or conservatorship. The purchase and sale shall be approved by the purchasing licensee, as follows:

(1) If the purchasing licensee is organized under the laws of this state, by two-thirds of all of its directors.

(2) If the licensee is any licensee other than a licensee organized under the laws of this state, in accordance with the laws of the jurisdiction under which the licensee is organized.

(b) (1) Subject to any applicable federal statutes and regulations, any bank or credit union organized under the laws of this state may, with the approval of two-thirds of all of its directors, purchase from the receiver of a national banking association or a federal credit union the whole or any part of the business of the national banking association or federal credit union.

(2) Subject to any applicable federal statutes and regulations and any applicable laws of the jurisdiction under which a foreign corporation is organized, any foreign corporation or office of a foreign corporation that is licensed by the commissioner to transact business in this state and that is authorized to accept shares or deposits in this state, may purchase from the receiver of a national banking association or federal credit union the whole or any part of the business of the national banking association or federal credit union.

(c) The provisions of Chapter 12 (commencing with Section 1200) and Chapter 13 (commencing with Section 1300) of Division 1 of Title 1 of the Corporations Code shall not apply to any purchase and sale of the type described in subdivision (a) or (b).

(d) When a purchase and sale of the type described in subdivision (a) or (b) becomes effective, the licensee shall, ipso facto and by operation of law and without further transfer, substitution, act, or deed, to the extent provided in

the agreement of the purchase and sale or in the order of the court approving the purchase and sale and except as withheld or limited by the agreement or by the order:

(1) Succeed to the rights, obligations, properties, assets, investments, shares, deposits, demands, and agreements of the licensee whose business is sold, subject to the right of every customer of a licensee to withdraw his or her shares or deposit in full on demand after the sale, irrespective of the terms under which the share or deposit was made.

(2) Succeed to the rights, obligations, properties, assets, investments, shares, deposits, demands, and agreements of the licensee whose business is sold under all trusts, executorships, administrations, guardianships, conservatorships, agencies, and other fiduciary or representative capacities, to the same extent as though the purchasing licensee had originally assumed, acquired, or owned the same, subject to the rights of trustors and beneficiaries under the trusts so sold to nominate another or succeeding trustee of the trust so sold after the sale.

(3) Succeed to and be entitled to take and execute the appointment to executorships, trusteeships, guardianships, conservatorships, and other fiduciary and representative capacities to which the licensee whose business is sold is or may be named in wills, whenever probated, or to which it is or may be named or appointed by any other instrument.

(e) For purposes of subdivision (d), any purchase and sale of the type referred to in subdivision (d) shall be deemed to be effective at the time provided in the agreement of the purchase and sale or in the order of the court approving the purchase and sale.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.)*

CHAPTER 7. Liquidation and Conservation [600 - 710] (*Chapter 7 added by Stats. 2011, Ch. 243, Sec. 2.)*

ARTICLE 3. Conservatorship of an Uninsured Licensee [640 - 652] (*Article 3 added by Stats. 2011, Ch. 243, Sec. 2.)*

640. Whenever the commissioner deems it necessary in order to conserve the assets of any licensee that does not have federal deposit or share insurance for the benefit of the customers and other creditors, he or she may appoint a conservator of the licensee and require the conservator to post a bond as the commissioner deems proper. The conservator, under the direction of the commissioner, shall take possession of the books, records, and assets of every description of the licensee and take any action as the conservator may deem necessary to conserve the assets of the licensee pending further disposition of its business.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

641. A conservator appointed in accordance with Section 640 has all of the powers and rights with relation to the business and the property of the licensee for which he or she is appointed conservator as are possessed by the commissioner under this article with relation to a licensee of which the commissioner has taken possession, and the conservator is subject to the same obligations as are imposed upon the commissioner under this article. During the time that the conservator remains in possession of the licensee the rights of the licensee, and of all persons with respect thereto, subject to the other provisions of this article, are the same as if the commissioner had taken possession of the property and business of the licensee for the purposes of liquidation. All expenses of the conservatorship shall be paid out of the assets of the licensee and shall be a lien thereon which shall be prior to any

other lien. The conservator shall receive a salary in an amount no greater than that which would be paid by the commissioner to a special deputy in charge of the liquidation of a licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

642. The commissioner may order an examination at the earliest possible date of a licensee for which the commissioner has appointed a conservator.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

643. While any licensee is in the hands of a conservator, the commissioner may require the conservator to set aside and make available for withdrawal by customers and for payment to other creditors on a ratable basis such amounts as in the opinion of the commissioner may safely be used for that purpose.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

644. The commissioner, in his or her discretion, may permit the conservator to receive shares or deposits, but any shares or deposits received while the licensee is in the hands of a conservator shall be held as trust funds and shall not be subject to any limitation as to payment or withdrawal. The shares or deposits shall be segregated and shall not be used to liquidate any indebtedness of the licensee existing at the time the conservator was appointed or for the payment of any later indebtedness incurred for the purpose of liquidating any indebtedness of the licensee existing at the time the conservator was appointed. The shares or deposits shall be kept on hand in cash, invested in direct obligations of the United States, or deposited with the Federal Reserve Bank.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

645. If the commissioner is satisfied that it may be done safely and that it would be in the public interest, he or she may terminate a conservatorship and permit the licensee for whom a conservator was appointed to resume the transaction of its business under the direction of its board, subject to any terms, conditions, restrictions, and limitations as the commissioner may prescribe.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

646. The conservator of a licensee that has been permitted to resume accepting member shares or deposits shall first cause a notice to be published in a newspaper of local circulation. The notice shall state the date on which the affairs of the licensee will be returned to its board and that the provisions of Section 644 will not be effective after 30 days from that date. The form of the notice and the newspaper in which the same is to be published shall be

first approved by the commissioner. On the date of the publication of the notice, the conservator shall mail a copy of the notice to every person who made any deposit in the licensee after the date of the appointment of the conservator. The conservator shall address the copy of the notice to the persons who have made the deposits at the addresses appearing upon the books of the licensee. The conservator shall also mail a similar notice to every person making a deposit in the licensee after the date of the publication of the notice and before the affairs of the licensee are returned to its board.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

647. The commissioner may assess and collect from all licensees for whom a conservator is appointed their ratable share of the costs incurred in the administration of this article.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

648. Any licensee that the commissioner has taken possession of pursuant to Section 592, and for which a conservator has been appointed pursuant to this article, may be reorganized under a plan that requires the consent of any of the following:

- (a) Customers and other creditors of the licensee representing at least 75 percent in amount of its total member shares or deposits and other liabilities as shown by the books of the licensee, excluding member shares or deposits and other liabilities which are to be satisfied in full under the provisions of the plan.
- (b) Stockholders owning at least two-thirds of the outstanding stock as shown by the books of the licensee.
- (c) Members of the licensee.
- (d) Customers and other creditors of the licensee representing at least 75 percent in amount of its total shares or deposits and other liabilities as shown by the books of the licensee, excluding shares or deposits and other liabilities that are to be satisfied in full under the provisions of the plan, and, if applicable to the licensee, of stockholders owning at least two-thirds of its outstanding stock as shown by the books of the licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

649. All customers, creditors, stockholders, if applicable, and other interested persons shall be given notice of any proposed plan of reorganization in the manner and at the times as the commissioner directs.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

650. No plan of reorganization shall become effective until the commissioner finds that the plan is fair and equitable to all customers, creditors, and stockholders, if applicable, and is in the public interest and until the commissioner approves the same in writing, subject to any conditions, restrictions, and limitations as the commissioner may prescribe.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

651. No creditor having security for the payment of his, her, or its claim shall be affected in his, her, or its right to enforce the security by the provisions of any plan for the reorganization of the licensee. Any plan of reorganization involving the reduction of claims of creditors shall apply only to that portion of a secured creditor's loan that is not covered by the pledged security.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

652. When any plan of reorganization becomes effective, all books, records, and assets of the licensee shall be disposed of in accordance with the provisions of the plan and the affairs of the licensee shall be conducted by its board in the manner provided by the plan and under the conditions, restrictions, and limitations that may have been prescribed by the commissioner. When any plan of reorganization adopted and approved as herein provided becomes effective, all customers and other creditors and, if applicable, stockholders of the licensee, whether or not they have consented to the plan of reorganization, shall be fully and in all respects subject to and bound by the plan's provisions and the claims of all customers and other creditors shall be treated as if they had consented to the plan of reorganization.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 7. Liquidation and Conservation [600 - 710] (*Chapter 7 added by Stats. 2011, Ch. 243, Sec. 2.*)

ARTICLE 4. Liquidation of an Uninsured Licensee [670 - 692] (*Heading of Article 4 amended by Stats. 2015, Ch. 190, Sec. 31.*)

670. Upon taking possession of the property and business of a licensee that does not have federal deposit or share insurance, the commissioner may sell, compromise, or compound any bad or doubtful debt owing the licensee for a principal sum not exceeding ten thousand dollars (\$10,000), upon those terms as the commissioner may deem proper. If the principal sum thereof exceeds ten thousand dollars (\$10,000), the commissioner may compromise, compound, or sell the debt upon those terms as the court may approve. If it appears improbable that a recovery on a debt can be had, and that the costs of an action to collect would be lost, and the principal sum thereof does not exceed five hundred dollars (\$500), the commissioner may determine that no suit thereon shall be brought. If the principal sum of that debt exceeds ten thousand dollars (\$10,000), the commissioner may determine that no suit thereon be brought after obtaining approval of the court.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

671. The commissioner may sell any real or personal property of the licensee for cash or on credit and on any other terms and conditions as the commissioner may deem proper, subject to the approval of the court.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

672. (a) The commissioner may, with the approval of the court, sell any part or the whole of the business of a licensee to any other licensee. The purchase and sale shall be approved by the purchasing licensee, as follows:

(1) If the purchasing licensee is organized under the laws of this state, by two-thirds of all of its directors.

(2) If the licensee is any licensee other than a licensee organized under the laws of this state, in accordance with the laws of the jurisdiction under which the licensee is organized.

(b) (1) Subject to any applicable federal statutes and regulations, any bank or credit union organized under the laws of this state may, with the approval of two-thirds of all of its directors and of the commissioner, purchase from the receiver of a national banking association or a federal credit union the whole or any part of the business of the national banking association or federal credit union.

(2) Subject to any applicable federal statutes and regulations and any applicable laws of the jurisdiction under which a foreign corporation is organized, any foreign corporation or any office of a foreign corporation that is licensed by the commissioner to transact business in this state and that is authorized to accept shares or deposits in this state, may, with the approval of the commissioner, purchase from the receiver of a national banking association or federal credit union the whole or any part of the business of the national banking association or federal credit union.

(c) The provisions of Chapter 12 (commencing with Section 1200) and Chapter 13 (commencing with Section 1300) of Division 1 of Title 1 of the Corporations Code shall not apply to any purchase and sale of the type described in subdivision (a) or (b).

(d) When a purchase and sale of the type described in subdivision (a) or (b) becomes effective, the purchasing licensee shall, by operation of law and without further transfer, substitution, act, or deed, to the extent provided in the agreement of the purchase and sale or in the order of the court approving the purchase and sale and except as withheld or limited by the agreement or by the order:

(1) Succeed to the rights, obligations, properties, assets, investments, shares, deposits, demands, and agreements of the licensee whose business is sold, subject to the right of every customer of the licensee whose shares or deposit is sold to withdraw his or her shares or deposit in full on demand after the sale, irrespective of the terms under which the deposit was made.

(2) Succeed to the rights, obligations, properties, assets, investments, shares, deposits, demands, and agreements of the licensee whose business is sold under all trusts, executorships, administrations, guardianships, conservatorships, agencies, and other fiduciary or representative capacities, to the same extent as though the purchasing licensee had originally assumed, acquired, or owned the same, subject to the rights of trustors and beneficiaries under the trusts so sold to nominate another or succeeding trustee of the trust so sold after the sale.

(3) Succeed to and be entitled to take and execute the appointment to executorships, trusteeships, guardianships, conservatorships, and other fiduciary and representative capacities to which the licensee whose business is sold is or may be named in wills, whenever probated, or to which it is or may be named or appointed by any other instrument.

(e) For purposes of subdivision (d), any purchase and sale of the type referred to in subdivision (d) shall be deemed to be effective at the time provided in the agreement of the purchase and sale or in the order of the court approving the purchase and sale.

(Amended by Stats. 2013, Ch. 334, Sec. 31. (SB 537) Effective January 1, 2014.)

673. Within six months after taking possession of the property and business of any licensee that does not have federal deposit or share insurance, the commissioner may terminate or adopt any executory contract to which the licensee may be a party, including leases of real or personal property. Claims for damages resulting from the termination of any contract or lease may be filed and allowed, but no claim of a landlord for damages resulting from the rejection of an unexpired lease of real property or under any covenant of the lease shall be allowed in an amount exceeding the rent reserved by the lease, without acceleration, for the year succeeding the date of the surrender of the premises plus the amount of any unpaid accrued rent without acceleration. Any claim shall be filed within 30 days of the date of the termination or within the time that claims are to be filed under Section 680, whichever is longer.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

674. The commissioner, in his or her own name or in the name of the licensee, may execute, acknowledge, and deliver any and all conveyances and other instruments necessary or appropriate to effectuate the sale of any real or personal property or to effectuate any other transaction in connection with the liquidation of a licensee or the distribution of its assets. Any conveyance or other instrument executed by the commissioner pursuant to this authority shall be valid and effectual for all purposes as though the same had been executed by the officers of the licensee by authority of its board of directors. Whenever the commissioner sells any real property of the licensee a

certified copy of the order of the court approving the sale shall be recorded in the county in which any part of the real property is located.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

675. The commissioner, in the name of the delinquent licensee or in his or her own name, may prosecute and defend any and all actions and other legal proceedings appropriate or necessary to the liquidation of the licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

676. The commissioner from time to time shall deposit all moneys coming into his or her hands in the course of the liquidation of the licensee in one or more state banks or state credit unions and in the event of the suspension or insolvency of the depository shall be preferred before all other deposits.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

677. The commissioner shall make an inventory of the assets of the licensee in duplicate and file one in the office of the commissioner and one with the clerk of the county in which the head office of the licensee is located to be filed with the papers in the liquidation proceedings. The inventory shall be open for inspection at all reasonable times.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

678. When the time fixed for the presentation of claims has expired, the commissioner shall make in duplicate a full and complete list of all claims presented, including and specifying claims that have been rejected by the commissioner, and a list of all claims of customers as shown by the books or records of the licensee for which claims have not yet been presented, and shall file one copy of the list in the commissioner's office and one with the clerk of the county in which the head office of the licensee is located to be filed with the papers in the liquidation proceedings. Before each application to the court for leave to declare a dividend, the commissioner shall file a supplemental list of claims presented since the last preceding list was filed, including and specifying any claims that have been rejected by him or her. The list of claims and of claims of customers as shown by the books or records of the licensee shall be open for inspection at all reasonable times.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

679. The commissioner shall cause notice to be given by advertisement in any newspapers of general circulation as he or she may select weekly for three consecutive months, calling on all persons who have claims against the licensee to present the same to the commissioner and make legal proof thereof at a place to be specified therein

and within four months of the date of the first publication of the notice, which date shall be specified in the notice. The notice shall also state that all claims other than those of customers appearing upon the books or records of the licensee shall be forever barred if not filed within the four months' period and that all claims of customers appearing upon the books or records of the licensee will be forever barred, except as herein provided, if not filed prior to the filing of a petition for a final dividend. The commissioner shall also mail a similar notice to all persons, including customers whose names appear as creditors upon the books of the licensee and whose addresses appear upon the books or records of the licensee, and shall enclose therewith a printed form of notice of claim.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

680. All claims of every kind against the licensee or against any property owned or held by the licensee shall be presented to the commissioner in writing verified by the claimant or someone on his or her behalf within four months of the date of the first publication of the notice to creditors. Any claim, other than the claim of a customer whose claim appears upon the books or records of the licensee, not presented within the four months' period shall be forever barred and any claim of a customer whose claim appears upon the books or records of the licensee that is not so presented prior to the date of the filing of the petition of the commissioner with the court for approval of the payment of the final dividend shall be forever barred except as to any moneys remaining after all debts for which claims were duly filed have been paid in full with interest. If the commissioner doubts the validity of any claim, he or she may reject the claim and serve notice of the rejection upon the claimant either by mail or personally. An affidavit of the mailing or personal service of the notice shall be prima facie evidence of the receipt thereof and shall be filed with the commissioner. Any action upon a rejected claim shall be brought within three months after the date of mailing or personal service of the notice of rejection.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

681. At any time and from time to time after the expiration of the time fixed for the presentation of claims, the commissioner, after obtaining approval of the court, may declare and pay one or more dividends upon all approved claims out of the funds remaining in his or her hands after the payment of expenses and after setting aside an amount sufficient to pay to all customers, who have not yet filed claims but whose claims appear upon the books or records of the licensee, their pro rata share of the funds then available for the payment of a dividend. At any time after the expiration of one year from the date of the first publication of notice to creditors and after obtaining the approval of the court, the commissioner may declare and pay a final dividend.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

682. (a) Expenses and claims of unsecured creditors have priority in the following order:

- (1) Expenses of liquidation and approved claims for fees and assessments due the department.
- (2) Approved claims given priority under other provisions of state or federal law, including, but not limited to, Sections 676 and 710.
- (3) Approved claims for "deposits," as that term is defined in 12 U.S.C. Section 1813(I), but including obligations of the type described in 12 U.S.C. Section 1813(I)(5)(A) and (B).
- (4) Approved claims for other general liabilities.
- (5) Approved claims for obligations subordinated to deposits and other general liabilities.

(b) Interest shall be given the same priority as the claim on which it is based, but no interest shall be paid on any claim until the principal of all claims within the same class has been paid or adequately provided for in full.

(c) Any funds remaining shall be paid to the members or shareholders, as appropriate.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

683. Objections to any claim not rejected by the commissioner may be made by any person interested by filing a copy of the objection with the commissioner, who shall present the copy to the court at the time of the next application for approval of the declaration of a dividend. The court shall thereupon dispose of the objections or may order a reference for that purpose, and should the objections to any claim be sustained by the court or by the referee, the claim shall not be allowed by the commissioner until the claimant has established the claim by judgment.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

684. Dividends remaining unpaid and any sums available for payment of shares or deposits for which no claim was filed, which remain in the hands of the commissioner six months after the order for the payment of a final dividend, shall be deposited in the State Treasury. The shares or deposits shall be deemed to have been received under Chapter 7 (commencing with Section 1500) of Title 10 of Part 3 of the Code of Civil Procedure, and shall be subject to claim or other disposition as provided in that chapter. The commissioner may pay over the moneys held by him

or her to the persons respectively entitled thereto at any time prior to depositing the shares or deposits in the State Treasury, upon being furnished satisfactory evidence of the persons' right to the same.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

685. Whenever, under the provisions of this article, the commissioner is required to transmit unclaimed money or other unclaimed property to any state officer for deposit in the State Treasury, the commissioner, upon request of the Controller, shall transmit to the Controller all signature cards and any other identifying information available from the records of the licensee, covering the money or other property. Upon receipt by the Controller of the signature cards or other identifying information, the licensee and the commissioner shall be relieved of all responsibility therefor. The signature cards and other identifying information may be destroyed or otherwise disposed of by the Controller whenever, in his or her discretion, their further retention by him or her is no longer required in the interest of the customers or the state.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

686. All approved claims of customers and other creditors shall bear interest at the rate provided by law on judgments from the date that the commissioner takes possession of the property and business of the licensee.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

687. If the licensee has in its possession for safekeeping or storage any jewelry, plate, money, specie, bullion, stocks, bonds, securities, valuable papers, or other valuable personal property, or has rented any vaults, safes, or safe-deposit boxes, the commissioner shall cause to be mailed, by registered mail, postage prepaid, to any known person claiming to be or appearing on the books of the licensee to be the owner of the property or to the person in whose name the safe, vault, or box stands a notice notifying the person to remove all of the personal property within a specified fixed period of not less than 60 days.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

688. On the last day fixed in the notice for the removal of the property or on the date when the property is removed or the box surrendered, any contract between the person owning the property or holding the box and the licensee shall cease and the amount of the unearned prepaid rent or charges, if any, shall become a debt of the licensee to the person.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

689. If any property is not removed within the time fixed by the notice mailed by the commissioner, the commissioner may dispose of the property as the court, on application thereto, shall direct. The commissioner may cause any safe, vault, or box to be opened in his or her presence or in the presence of one of the special deputy commissioners and of a notary not an officer or employee of the licensee or of the commissioner. The contents thereof, if any, shall be sealed by the notary in a package upon which the notary shall distinctly mark the name and address of the person in whose name the safe or box stands upon the books of the licensee and shall attach thereon a list and a description of the property within the package. The package so sealed and addressed, together with the list and description may be kept by the commissioner in one or more of the safes or boxes of the licensee or elsewhere until delivered to the person whose name it bears or until otherwise disposed of as directed by the court.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

690. (a) When the commissioner has completed the liquidation of the licensee, he or she shall petition the court for an order declaring the licensee duly wound up and dissolved.

(b) After any notice as the court may direct and a hearing, the court may make an order declaring the licensee duly wound up and dissolved. The order shall declare all of the following:

(1) The licensee has been duly wound up.

(2) A final franchise tax return, if any, as described by Section 23332 of the Revenue and Taxation Code, has been filed with the Franchise Tax Board as required under Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code, and any tax or penalty due under the Corporation Tax Law has been paid, and the licensee's known debts and liabilities have been paid or adequately provided for, or any taxes, penalties, debts, and liabilities have been paid so far as the licensee's assets permitted, as the case may be. If there are known debts or liabilities for the payment of which adequate provision has been made, the order shall describe the provision, setting forth any information necessary to enable the creditor or other person to whom payment is to be made to appear and claim payment of the debt or liability.

(3) All known assets of the licensee have been distributed to its shareholders or wholly applied on account of the licensee's debts and liabilities.

(4) The licensee is dissolved.

(c) The court may make additional orders and grant further relief as it deems proper upon the evidence submitted.

(d) Upon the making of the order declaring the licensee dissolved, the corporate existence of the licensee shall cease, except for the purposes of any necessary further winding up.

(e) Upon the making of the order declaring the licensee dissolved, the commissioner shall file with the Secretary of State a copy of the order, certified by the clerk of the court.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

691. Whenever this article requires court approval of any step in the liquidation proceedings, approval shall be given after a hearing upon notice as the court may direct. At the hearing, the court may by order approve the actions of the commissioner for which he or she has petitioned the court's approval or it may, by appropriate order, otherwise direct the commissioner in the matter in connection with which the petition was filed.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

692. Whenever, in the opinion of the commissioner, the liquidation or reorganization of any licensee taken in charge by him or her would be facilitated, or the public interests and the interests of customers or stockholders would be served, the commissioner may borrow money on behalf of the licensee from any federal agency authorized to lend money to receivers, trustees, liquidating agents, or other agents or supervisory authorities in charge of licensees that are closed or in process of liquidation and, with approval of the court, the commissioner may secure any borrowings by the pledge of the assets of the licensee in any manner and amount the commissioner deems necessary, proper, or expedient.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.)*

CHAPTER 7. Liquidation and Conservation [600 - 710] (*Chapter 7 added by Stats. 2011, Ch. 243, Sec. 2.)*

ARTICLE 5. Disposal of Unclaimed Trust Property [700 - 702] (*Article 5 added by Stats. 2011, Ch. 243, Sec. 2.)*

700. Whenever any licensee is being liquidated or whenever the trust business of any licensee has been discontinued and the licensee has in its possession money or other property held by it in trust or for safekeeping and the beneficiaries or persons entitled thereto are unknown or cannot be found, the commissioner or the licensee, upon obtaining approval of the superior court of the county in which the liquidation proceedings are pending or in which the head office of the licensee is situated, may do the following:

(a) In the case of money, deliver it to the Treasurer.

(b) In the case of other property, deliver it to the Controller for deposit in the State Treasury.

(*Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.*)

701. Upon the delivery of any money to the Treasurer or upon the delivery of any property to the Controller, a certified copy of the order of the court approving the delivery shall be given to the Controller, and upon the delivery of any money to the Treasurer a notice giving the amount delivered shall be filed with the Controller. Upon the receipt of any money or other properties, the Treasurer or the Controller, as the case may be, shall issue a receipt for the same and the receipt shall be deemed a voucher in favor of the licensee to the same extent as though executed by the beneficiary or other person entitled thereto.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

702. All money or other property delivered to the Treasurer or Controller pursuant to this article shall be deemed to be delivered for deposit in the State Treasury under the provisions of Chapter 7 (commencing with Section 1500) of Title 10 of Part 3 of the Code of Civil Procedure and shall be subject to claim or other disposition as provided in that chapter.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

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DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 7. Liquidation and Conservation [600 - 710] (*Chapter 7 added by Stats. 2011, Ch. 243, Sec. 2.*)

ARTICLE 6. Priorities [710- 710.] (*Article 6 added by Stats. 2011, Ch. 243, Sec. 2.*)

710. The holder or transferor of a negotiable instrument transferred to a licensee for collection has a preferred claim in the amount of the liability of the licensee on the instrument if the instrument was forwarded to the licensee by any person or by any other financial institution for collection and remittance, if payment therefor has not been made and if the same has been collected either in whole or in part by the licensee, unless the holder or transferor is a voluntary depositor in the licensee and the proceeds of the collection, at his or her request, have been credited by the licensee to his or her account.

(*Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.*)

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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 8. Voluntary Liquidation [720 - 721] (*Chapter 8 added by Stats. 2011, Ch. 243, Sec. 2.*)

720. Any licensee that voluntarily has ceased to do the business for which it is licensed shall immediately notify the commissioner and proceed to liquidate its affairs. Any share or deposit or other sum that has not been paid to the person entitled thereto within six months after the licensee ceased to conduct a business shall be paid into the State Treasury. The deposits with the State Treasury shall be deemed to have been received under the provisions of Chapter 7 (commencing with Section 1500) of Title 10 of Part 3 of the Code of Civil Procedure and shall be subject to claim or other disposition as provided in that chapter. If the commissioner has reason to conclude that the liquidation of the licensee is not being safely or expeditiously conducted, he or she may take possession of the business and property of the licensee in the same manner and with the same effect and subject to the same rights accorded the licensee as if he or she had taken possession pursuant to Chapter 7 (commencing with Section 600), and he or she may proceed to liquidate the licensee's affairs in the same manner as provided in that article. When the licensee has been completely liquidated, its corporate existence shall be dissolved in the manner provided by law.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

721. If the licensee referred to in Section 720 is a state-chartered credit union and the commissioner has taken possession of the business and property of the credit union, the commissioner may appoint a liquidating agent or a liquidating committee of three members of the credit union to liquidate the business and assets of the credit union

in the manner provided in Article 2 (commencing with Section 15250) of Chapter 9 of Division 5, except that, in lieu of the certificate required under Section 15252, the commissioner shall prepare and file in the office of the Secretary of State a certificate of commencement of liquidation proceedings upon taking possession of the business and assets, and the commissioner or his or her authorized deputy shall countersign the certificate referred to in Sections 15257 and 15258 whenever liquidation is involuntary. The commissioner may, however, prepare and file a final certificate whenever he or she retains possession of the assets of any credit union for the purpose of liquidation. The liquidating agent need not be a member of the credit union to be liquidated and may be a person, firm, or corporation, as determined by the commissioner.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 9. Approval of Names of Nonbank Corporations [730 - 734] (*Chapter 9 added by Stats. 2011, Ch. 243, Sec. 2.*)

730. In this chapter:

(a) "Nonbank corporation" means any corporation incorporated or proposed to be incorporated under the laws of this state, other than (1) any bank or (2) any corporation incorporated or proposed to be incorporated under the laws of this state for the purpose of transacting business under Article 1 (commencing with Section 1850) of Chapter 21 of Division 1.1.

(b) "Subject name," means a name of a nonbank corporation which, as set forth, or as proposed to be set forth, in the articles of such nonbank corporation, includes "bank," "trust," "trustee," or related words.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

731. An application for a certificate of approval of the subject name of a nonbank corporation shall be in such form, shall contain such information, shall be signed in such manner, and shall (if the commissioner so requires by regulation or order) be verified in such manner, as the commissioner may by regulation or order require.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

732. The fee for filing with the commissioner an application for a certificate of approval of the subject name of a nonbank corporation shall be twenty-five dollars (\$25).

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

733. If the commissioner finds, with respect to an application for a certificate of approval of the subject name of a nonbank corporation, that the subject name does not indicate that the nonbank corporation is engaged in the banking, industrial banking, or trust business, the commissioner shall issue a certificate of approval of the subject name. If the commissioner finds otherwise, the commissioner shall deny the application.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

734. Promptly after the articles of a nonbank corporation, with the certificate of approval of the subject name of such nonbank corporation attached thereto, are filed with the Secretary of State, such nonbank corporation shall file with the commissioner a copy of such articles certified by the Secretary of State.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 10. Legal Investments for Nonbank Licensees [800 - 819] (*Chapter 10 added by Stats. 2011, Ch. 243, Sec. 2.*)

800. As used in this chapter, unless the context requires otherwise, the following terms have the following meanings:

(a) "Net direct debt" of any public corporation means all indebtedness of every kind after deducting from the indebtedness sinking funds available for the payment thereof, any indebtedness evidenced by tax anticipation notes for the payment of which nondelinquent taxes are pledged, obligations payable only from special assessments, revenue obligations payable only from special revenues pledged for their payment, and such proportion of any indebtedness issued for revenue producing works, properties, or utilities that have been in operation for at least one year as the amount of the annual net revenue therefrom bears to the amount of the annual debt service requirements of those bonds.

(b) "Net overlapping debt" of any public corporation means the proportion of the net direct debt as above defined of any other public corporation (herein called overlapping corporation) that lies wholly or partially within the boundaries of the public corporation as the assessed valuation of the taxable property of the overlapping public corporation lying within the boundaries of the public corporation as shown by the last official equalized county assessment roll bears to the assessed valuation of all taxable property of the overlapping public corporation as shown by the last official equalized county assessment roll.

(c) "Funded debt," as used in this chapter, means all interest-bearing indebtedness of a corporation not maturing within one year of the date the indebtedness was incurred.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

801. Any securities or other assets that are described in Sections 803 to 819, inclusive, are legal investments for savings banks.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

802. Where any laws of this state provide that the moneys of any pension fund, retirement plan, trust fund, or the moneys of any special fund the investment of which is governed by law, or the funds of any political subdivision or public corporation may or shall be invested in securities which are a legal investment for savings banks, that law shall be deemed to authorize or require, as the case may be, that those moneys be invested in securities in which savings banks were authorized to invest their funds by the provisions of the Bank Act as it read prior to January 1, 1949, other than paragraph (f) of subdivision 5 of Section 61 of that act, or in bonds, debentures, and notes legal for investments for savings banks in the State of New York or the State of Massachusetts as of the time the investment is made or in securities in which commercial banks are authorized to invest their funds by the provisions of Sections 803 to 819, inclusive.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

803. Gold and silver bullion and United States mint certificates of ascertained value.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

804. Stock of a federal reserve bank or of a federal home loan bank to the extent authorized by Section 1325.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

805. Bonds or other interest-bearing notes and obligations of the United States and those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

806. Bonds of the State of California and those for which the faith and credit of the State of California are pledged for the payment of principal and interest and in registered warrants of the State of California.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

807. Bonds of any flood control and water conservation districts, or any zone thereof, having an assessed valuation on taxable real property of not less than one million dollars (\$1,000,000), county, city and county, city, metropolitan water district, municipal utility district, special districts established by and within any municipal utility district, transit district, rapid transit district including sales tax revenue bonds of the district, metropolitan transit authority, flood control district, or school district of the State of California (herein referred to generally as public corporation) except the bonds of any particular such public corporation which may be declared ineligible for investment by savings banks by regulations of the commissioner.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

808. Bonds of any other political subdivision, public corporation, or district of the State of California (herein referred to generally as public corporations) having the power, without limit as to rate or amount; to levy taxes to pay the principal and interest of the bonds upon all property within its boundaries subject to taxation by such public corporation, provided the net direct debt of such public corporation together with its net overlapping debt does not exceed 25 percent of the assessed valuation of the taxable property within its boundaries according to the last official equalized county assessment roll.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

809. (a) Any of the following subject to the conditions set forth in subdivision (b) to (d), inclusive.

(1) Bonds or other evidences of indebtedness of, or which are unconditionally guaranteed by the Dominion of Canada, the State of Israel, the United States of Mexico, the Commonwealth of Puerto Rico, or any state of the United States other than California, for the payment of both principal and interest of which in United States dollars, the faith and credit of the entity is pledged.

(2) Limited obligations of any state of the United States, other than California, or the Commonwealth of Puerto Rico, payable only from special taxes that are pledged to the payment of principal and interest of the limited obligations.

(3) Bonds or other evidences of indebtedness of any city, county, political subdivision, public corporation, or district (herein referred to generally as public corporations) of any state of the United States, other than California, or of the Dominion of Canada, or of the State of Israel, or of the United States of Mexico or of the

Commonwealth of Puerto Rico, having the power without limit as to rate or amount to levy taxes to pay the principal and interest of the bonds upon all property within its boundaries subject to taxation by the public corporation.

(b) In the case of bonds constituting general obligations of any such state, commonwealth, dominion, or country, such state, commonwealth, dominion, or country has not within 10 years prior to the investment defaulted for a period of more than 90 days in the payment of any part of either principal or interest of any of its debts.

(c) In the case of limited obligations of any state, or commonwealth, all of the following conditions are met:

(1) The state or commonwealth has not, within 10 years prior to the date of the investment, defaulted for a period of more than 90 days in the payment of either principal or interest of any of its debts.

(2) The special taxes pledged for the payment of the limited obligations shall have been collected for five years and shall have averaged at least one and one-half times the debt service requirements, including those for principal, interest, and sinking fund, on all special obligations existing at the time.

(3) The special taxes for each of the five fiscal years shall have equaled at least the amount of all the debt service requirements on the special obligations.

(d) In the case of bonds or other evidences of indebtedness of any public corporation of any state other than California, or of any commonwealth, all of the following conditions are met:

(1) The public corporation has had a corporate existence or been otherwise established and functioning for at least 10 years prior to the time of the investment.

(2) The public corporation has a population of at least 50,000 inhabitants according to the last federal or state census.

(3) The public corporation for a period of at least 10 years prior to the investment has not defaulted in the payment of any part of the principal or interest of any of its debts for a period of more than 90 days.

(4) The net direct debt together with the net overlapping debt of the public corporation does not exceed 10 percent of the assessed valuation of the property subject to taxation by the public corporation according to the last official equalized assessment roll or list upon the basis of which taxes for debt service are based.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

810. Bonds of any irrigation district, water storage district, water conservation district, county water district, reclamation district, drainage district, and any district the primary function of which is the irrigation, reclamation or drainage of land within its boundaries, located in California, other than bonds referred to in Section 807, provided either of the following conditions are met:

(a) The bonds qualify under Section 808.

(b) The bonds have been certified as legal securities for savings banks pursuant to Chapter 1 (commencing with Section 20000) of Division 10 of the Water Code and the certification remains unrevoked and the total outstanding bonded indebtedness of the district including bonds authorized but not issued, but excluding bonds payable solely from revenues and not directly or indirectly from assessments, does not exceed 50 percent of the aggregate of the assessed value of the lands, exclusive of improvements, subject to assessment by the district, and the value of the property owned by the district or to be acquired or constructed with the proceeds of the bonds under consideration.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

811. (a) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, and the Farm Credit Act of 1971.

(b) Debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, and the Farm Credit Act of 1971.

(c) Bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act.

(d) Bonds of any federal home loan bank established under the Federal Home Loan Bank Act.

(e) Stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

812. Bonds, notes or other obligations issued by the Federal Financing Bank, the United States Postal Service, or issued or assumed by the International Bank for Reconstruction and Development, the Tennessee Valley Authority, the Inter-American Development Bank, the Government Development Bank for Puerto Rico, the Asian Development Bank, the International Finance Corporation, or the African Development Bank.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

813. (a) Notes with a maturity not exceeding 15 months after the date of issue, issued in anticipation of uncollected taxes, income, revenue, cash receipts, and other moneys of the State of California or any city, county, city and county, or school district thereof; provided the notes and warrants and the interest thereon shall be a first lien and charge against, and shall be payable from, the first moneys received by the local agency from such pledged moneys; provided the total amount of the notes issued at any one time or during any specified period does not exceed 85 percent of the receipts or revenues.

(b) Grant anticipation notes issued by the agencies and payable not later than 36 months after the date of issue, provided that the total amount of the notes and interest payable thereon issued at any one time or during any specified period does not exceed 80 percent of the grant funds stated in writing by the granting authority as committed or appropriated, and shall be paid on a specified date or dates within a 36-month period from the dating of the notes.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

814. Revenue securities of any state of the United States, or of the Commonwealth of Puerto Rico, and of any city, county, city and county, political subdivision, public corporation, or district (herein referred to generally as public corporations) of any state or commonwealth and of any department, board, agency, or authority of any state or commonwealth or of any public corporation, if the following conditions are met:

(a) The revenue securities constitute obligations payable out of the revenues from a revenue-producing property owned, controlled, or operated by a state, commonwealth, public corporation, or by a department, board, agency, or authority thereof and are secured by the revenues.

(b) Either of the following paragraphs apply:

(1) (A) The net income from the property available for the payment of the securities for the five fiscal years next preceding any such investment, shall have averaged at least one and one-tenth times all debt service requirements for principal, interest, and sinking fund of all revenue securities payable only out of the revenues from that property during each of those fiscal years, and for each of the five fiscal years shall have equaled at least all debt service requirements for principal, interest, and sinking fund of the securities, and for the last fiscal year shall have amounted to at least the maximum annual debt service requirement for any fiscal year thereafter on all such securities that were outstanding during such last fiscal year and which will be outstanding in any fiscal year thereafter.

(B) The gross income from the property, the net income from which is pledged for the payment of the securities, in the last fiscal year prior to the investment was not less than one million dollars (\$1,000,000) if located in California, and was not less than five million dollars (\$5,000,000) if located elsewhere.

(C) The issuer is obligated to maintain rates at least sufficient to meet debt service requirements and such obligation is legally enforceable.

(2) (A) The issuer of the securities is entitled to receive under a legally enforceable contract with a corporation any of the securities of which are a legal investment for savings banks under this chapter annual payments averaging not less than nine hundred thousand dollars (\$900,000) a year commencing with the completion of a project or projects as fixed in the construction contract therefor and continuing during the maximum term for which said revenue securities are to mature.

(B) The issuer of the securities is obligated to maintain rates to produce revenue, or will receive contract payments, either or both of which will be sufficient to meet debt service requirements and such obligation or contract is legally enforceable.

(c) The public corporation or any department, board, agency, or authority thereof which issues the securities, if existing elsewhere than in California, has not within 10 years prior to such investment defaulted for a period of more than 90 days in the payment of principal or interest on any of its debts.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

815. Bonds of any local public housing agency (as defined in the United States Housing Act of 1937, as amended) that are secured by either of the following:

(a) An agreement between the public housing agency and the Public Housing Administration in which the public housing agency agrees to borrow from the Public Housing Administration, and the Public Housing Administration agrees to lend to the public housing agency, prior to the maturity of the obligations (which obligations shall have a maturity of not more than 18 months), moneys in an amount that (together with any other moneys irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of the obligations with interest to maturity thereon, which moneys under the terms of the agreement are required to be used for the purpose of paying the principal of and the interest on such obligations at their maturity.

(b) A pledge of annual contributions under an annual contributions contract between such public housing agency and the Public Housing Administration if the contract shall contain the covenant by the Public Housing Administration that is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as

amended, and if the maximum sum and the maximum period specified in such contract pursuant to that subsection 22(b) shall not be less than the annual amount and the period for payment that are requisite to provide for the payment when due of all installments of principal and interest on the obligations.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

816. Bonds secured by an insurance commitment of the Federal Housing Administration.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

817. Evidences of indebtedness of companies incorporated in the United States and, directly or indirectly, engaged in manufacturing, extraction, merchandising, or commercial financing and in bonds of authorities established pursuant to the California Industrial Development Financing Act (Title 10 (commencing with Section 91500) of the Government Code), to which these companies are obligated with respect to payment subject to the following conditions:

(a) Any unsecured evidences of indebtedness shall be issued by a company substantially all of whose property is free of mortgage and shall carry a covenant by the obligor that they will be secured equally with any mortgage bond, except a purchase money mortgage, which may be later issued.

(b) The company is of a size as to attract at least statewide interest in its publicly held securities and its gross income shall have averaged not less than ten million dollars (\$10,000,000) and its net income shall have averaged not less than one million dollars (\$1,000,000) for the five fiscal years preceding the investment and its gross income was not less than ten million dollars (\$10,000,000) and its net income not less than one million dollars (\$1,000,000) for at least three of these five fiscal years.

(c) Working capital, as measured by consolidated current assets less consolidated current liabilities as shown in the latest published balance sheet, shall exceed 150 percent of the total of consolidated debt due in longer than one year and "minority interest." For that purpose, "minority interest" means any outstanding interest in a subsidiary having a prior claim on the earnings of the subsidiary. However, the foregoing ratio requirement shall not apply in the case of evidences of indebtedness of any corporation whose consolidated gross assets less any valuation reserves exceed five hundred million dollars (\$500,000,000) and whose consolidated current assets exceed consolidated current liabilities by at least one hundred million dollars (\$100,000,000) as shown by the latest published balance sheet. When new financing is involved, the changes in gross assets, capital structure and working capital shall be considered and reliance may be placed on the representations made in the official prospectus prepared under the rules of the Securities and Exchange Commission as to the application of the proceeds of the financing.

(d) The total consolidated debt of the company including current liabilities and "minority interest," as shown on the latest published balance sheet, does not exceed $33\frac{1}{3}$ percent of its gross assets less valuation reserves.

(e) The consolidated annual net income for the five fiscal years next preceding the investment, before deduction of state and federal taxes imposed on or measured by income or profits but after deducting all charges, including reserves, regularly recurring charges for amortization of discount, and expense allocable to funded debt (1) shall have averaged not less than six times the annual consolidated interest charges existing at the time the investment is made; (2) in at least three of the five fiscal years shall have been at least four times the annual consolidated interest charges for the same year; and (3) for the fiscal year next preceding the investment shall have been not less than six times the consolidated interest charges for that year and not less than six times the annual consolidated charges on the funded debt outstanding at the time of the investment.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)

818. Fixed interest railroad bonds meeting the requirements of subdivisions (a) and (b); bonds secured by a mortgage on jointly operated railroad facilities meeting the requirements of subdivision (c); and railroad equipment trust certificates meeting the requirements of subdivision (d).

(a) The railroad bonds are issued by or are assumed, guaranteed, or provision made unconditionally for the payment of principal and interest on specified dates, by a solvent railroad company that meets all of the following conditions:

(1) Operates at least 500 miles of standard gauge road within the continental United States and which has had average annual operating revenues of at least ten million dollars (\$10,000,000) during the five years next preceding the investment.

(2) Has an average annual balance of income available for fixed charges for the last 15 years for which the necessary statistical data are available, when divided by an amount equal to its fixed charges for the last fiscal year, shall produce a quotient which is at least 15 percent higher than the quotient obtained by dividing the average annual balance of income available for fixed charges of all class 1 railroads for the same one 5-year period by an amount equal to the fixed charges of all class 1 railroads for the last year in the period.

(3) Has an average "balance of net income" (computed by deducting the sum of its fixed charges and contingent interest charges for the latest fiscal year from the average annual balance available for fixed charges for the latest 15 years for which the necessary statistical data are available) when divided by its average annual railroad operating income for the same 15-year period, shall produce a quotient at least 15 percent greater than the

quotient obtained by dividing the average balance of income of all class 1 railroads, computed in the same manner, by the average annual railway operating income of all class 1 railroads for the same 15-year period.

(4) Has an average balance of income available for fixed charges for the last three fiscal years preceding the investment that has not been less than one and one-half times its fixed charges for the last fiscal year.

(b) The railroad bonds are secured by any of the following:

(1) A mortgage, either direct or collateral, which shall be a first mortgage on not less than 75 percent of the mileage subject to the mortgage.

(2) A first mortgage on terminal properties comprising the company's principal freight or passenger terminal in a city of not less than 250,000 population according to the latest federal or state census.

(3) A refunding mortgage on not less than 75 percent of the railroad mileage owned or operated by the issuing company under which bonds may be issued for retirement or refunding of all debts secured by prior liens on all or any part of the property (other than liens on equipment) subject to the mortgage; provided, that the amount of debt senior to the refunding mortgage is not more than 50 percent of the sum of all senior debt and the refunding mortgage, or that underlying mortgage bonds in an amount equal to at least 50 percent of the debt outstanding under the refunding mortgage are pledged as security under the refunding mortgage.

(4) A first mortgage on railroad property leased to and operated by the company where the lease extends beyond the maturity date of the bonds and the company has guaranteed, assumed, or committed itself under the terms of the lease to pay principal and interest on the bonds.

(c) Bonds secured by a mortgage on jointly operated railroad facilities must be secured by a first mortgage on a terminal, depot, tunnel, or bridge used by or leased to two or more railroads which have jointly and severally agreed unconditionally to pay the interest and principal of the bonds or have unconditionally guaranteed or assumed the payment, one of which railroads must meet the requirements set forth in subdivision (a).

(d) Railroad equipment trust certificates must be issued by a solvent class 1 railroad whose average balance of income available for fixed charges for the last three fiscal years preceding the investment shall be not less than one and one-half times its fixed charges for the last fiscal year. The certificates must be issued to provide funds for the construction or acquisition of new standard gauge railroad equipment made with the approval of the federal Surface Transportation Board and be secured by equipment trust, lease, conditional sales contract, or first lien on equipment. The aggregate principal amount of those obligations shall not exceed 80 percent of the purchase price

of the equipment and the certificates shall mature within 15 years from the date of issuance in equal annual, semiannual, or monthly installments, beginning not later than one year after the date of issuance.

(e) As used in this section, the terms "balance of income available for fixed charges," "fixed charges," "contingent interest," and "railway operating income" shall have the same meaning as in the accounting reports filed by common carriers by rail pursuant to regulations of the federal Surface Transportation Board except that "balance of income available for payment of fixed charges" shall be computed before deduction of federal income or excess profits taxes, and "fixed charges" and "contingent interest" of the railroad shall be charges existing as of the time the computation is made excluding charges with respect to debt which has been retired or will be retired within six months and for the payment of which funds have been or are contemporaneously being set aside in trust but including charges with respect to new debt issued or in the process of being issued.

(Amended by Stats. 2019, Ch. 143, Sec. 55. (SB 251) Effective January 1, 2020.)

819. Bonds and debentures of gas, electric, or gas and electric companies meeting the requirements of subdivision (a); bonds and debentures of telephone companies meeting the requirements of subdivision (b); and bonds and debentures of water companies meeting the requirements of subdivision (c).

(a) Bonds or debentures of a gas, electric, or gas and electric company shall be of an issue that originally amounted to not less than one million dollars (\$1,000,000) and, if bonds, be secured by a mortgage on substantially all of its physical property, and, if debentures, shall be issued by a company substantially all of whose physical property is free of mortgage and must carry a covenant to be secured equally with any mortgage indebtedness, except a purchase money mortgage, subsequently issued, and both bonds and debentures shall be issued by a public utility corporation that meets all of the following conditions:

(1) Derives more than 50 percent of its gross operating revenue from the business of supplying electricity, artificial gas, or natural gas or all or any of them, and at least 80 percent of its gross operating revenue from all or any of the public utility businesses enumerated in this section.

(2) Shall have had a gross operating revenue of not less than seven million five hundred thousand dollars (\$7,500,000) for its most recent fiscal year.

(3) Has a funded debt not exceeding two-thirds of the value of its physical property as shown by the books of the corporation or by a statement of a certified public accountant issued within one year, which statement may be based upon the books of the corporation, less the amount of any reserves for depreciation, retirement, or amortization of that physical property. Physical property of a corporation shall include the physical property of a

subsidiary corporation if the corporation owns not less than 90 percent of the outstanding voting shares of the subsidiary corporation.

(4) Shall have had earnings including earnings of subsidiaries mentioned in paragraph (3), available for interest payments, before deduction of state and federal taxes imposed on or measured by income or profits, during four of the five most recent fiscal years and during the most recent fiscal year equal to at least twice the existing annual interest charges on the corporation's total funded debt during those respective fiscal years.

(b) Bonds or debentures of telephone companies shall be of an issue originally amounting to at least one million dollars (\$1,000,000) and, if bonds, be secured by a mortgage on substantially all of the physical property of the company, and if debentures shall be issued by a company substantially all of whose physical property is free of mortgage and shall carry a covenant to be secured equally with any mortgage indebtedness, except a purchase money mortgage, subsequently issued, and both bonds and debentures shall be issued by a company that meets all of the following conditions:

(1) During its last fiscal year had gross revenues of at least seven million five hundred thousand dollars (\$7,500,000), more than 50 percent of which was derived from owned properties used in furnishing telephone and other communication services and at least 80 percent of its gross revenues from all or any of the public utility businesses enumerated in this section.

(2) Whose funded debt does not exceed two-thirds of the value of its physical property as shown by the books of the corporation or by a statement of a certified public accountant issued within one year, which statement may be based upon the books of the corporation, less the amount of any reserves shown on the statement for depreciation, retirement or amortization of such physical property. Physical property of a corporation shall include the physical property of a subsidiary corporation if the corporation owns not less than 90 percent of the outstanding voting shares of the subsidiary corporation.

(3) Which for four of the five most recent fiscal years and for the last fiscal year had earnings including earnings of subsidiaries mentioned in paragraph (2) available for the payment of interest charges, before deduction of state and federal taxes imposed on or measured by income or profits, at least equal to twice the interest charges on the company's total funded debt during such respective fiscal years.

(c) Water company bonds or debentures shall be of an issue originally amounting to at least one million dollars (\$1,000,000) and if bonds, be secured by a first mortgage on the company's property, and if debentures, shall be issued by a company substantially all of whose property is free of mortgage and shall carry a covenant to be

secured equally with any mortgage indebtedness, except a purchase money mortgage, subsequently issued, and both bonds and debentures shall be issued by a company that meets all of the following conditions:

- (1) Is the supplier of substantially all water for domestic use in a community or communities having a population of not less than 25,000.
- (2) Whose funded debt does not exceed two-thirds of the value of its physical property as shown by the published statement of the company for its next preceding fiscal period, less the amount of any reserves shown for depreciation, retirement or amortization of such physical property. Physical property of a corporation shall include the physical property of a subsidiary corporation if the corporation owns not less than 90 percent of the outstanding voting shares of the subsidiary corporation.
- (3) Which for four out of the five most recent fiscal years and for the most recent fiscal year shall have had earnings including those of subsidiaries mentioned in paragraph (2) available for the payment of interest charges, before deduction of state and federal taxes imposed on or measured by income or profits, of at least one and one-half times the interest charges on the company's total funded debt during the respective fiscal years.

(Added by Stats. 2011, Ch. 243, Sec. 2. (SB 664) Effective January 1, 2012.)



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FINANCIAL CODE - FIN

DIVISION 1. FINANCIAL INSTITUTIONS [99 - 900] (*Division 1 repealed and added by Stats. 2011, Ch. 243, Sec. 2.*)

CHAPTER 11. Financial Abuse of Victims of Domestic Violence [900- 900.] (*Chapter 11 added by Stats. 2024, Ch. 650, Sec. 1.*)

900. (a) Commencing on or before January 1, 2027, the department shall make available to financial institutions and the general public online resources related to financial abuse of victims of domestic violence for the purpose of protecting survivors' assets and resources.

(b) The online financial abuse resources shall include, but not be limited to, all of the following:

(1) Information on the nexus between domestic violence and financial security.

(2) Information on the prevalence and impacts of financial abuse as it relates to domestic violence and a survivor's employment and credit history.

(3) Information regarding the heightened need to protect the privacy and to respect the integrity of each individual survivor customer of a financial institution.

(4) Information regarding the heightened need to respect the autonomy and agency of each individual survivor customer, including the survivor customer's decision whether or not to inform law enforcement of the financial abuse.

(c) The department may utilize existing internet websites, links, and other online resources and materials from state government departments, nonprofit organizations, and community groups, as appropriate, in order to meet the requirement described in subdivision (a).

(d) This section does not require financial institutions using the information provided online by the department to become mandated reporters of domestic violence.

(e) The department shall annually review and update the online resources required to be posted pursuant to subdivision (a).

(Added by Stats. 2024, Ch. 650, Sec. 1. (AB 2422) Effective January 1, 2025.)