

REFERENCE TITLE: financial institution; depositories

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1614

Introduced by
Senator Rogers

AN ACT

AMENDING TITLE 6, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 18; RELATING
TO FINANCIAL INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 6, Arizona Revised Statutes, is amended by adding
3 chapter 18, to read:

4 CHAPTER 18

5 SPECIAL PURPOSE DEPOSITORY INSTITUTIONS

6 ARTICLE 1. GENERAL PROVISIONS

7 6-1801. Special purpose depository institutions; operating
8 authority; powers; prohibition on lending

9 A. A SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY BE ESTABLISHED IN
10 THIS STATE.

11 B. EACH SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY:

12 1. MAKE CONTRACTS.

13 2. SUE AND BE SUED.

14 3. RECEIVE NOTES AND BUY AND SELL GOLD AND SILVER COINS AND BULLION
15 AS ALLOWED BY FEDERAL LAW.

16 4. CARRY ON A NONLENDING BANKING BUSINESS FOR DEPOSITORS CONSISTENT
17 WITH SUBSECTION C OF THIS SECTION.

18 5. PROVIDE PAYMENT SERVICES AT THE DEPOSITOR'S REQUEST.

19 6. MAKE AN APPLICATION TO BECOME A MEMBER BANK OF THE FEDERAL
20 RESERVE SYSTEM.

21 7. ENGAGE IN ANY OTHER ACTIVITY THAT IS USUAL OR INCIDENTAL TO THE
22 BUSINESS OF BANKING, SUBJECT TO THE PRIOR WRITTEN APPROVAL OF THE DEPUTY
23 DIRECTOR. THE DEPUTY DIRECTOR MAY NOT APPROVE A REQUEST TO ENGAGE IN AN
24 INCIDENTAL ACTIVITY IF THE DEPUTY DIRECTOR FINDS THAT THE REQUESTED
25 ACTIVITY WILL ADVERSELY AFFECT THE SOLVENCY OR THE SAFETY AND SOUNDNESS OF
26 THE SPECIAL PURPOSE DEPOSITORY INSTITUTION OR CONFLICT WITH THIS CHAPTER.

27 8. EXERCISE POWERS AND RIGHTS OTHERWISE AUTHORIZED BY LAW THAT ARE
28 NOT INCONSISTENT WITH THIS CHAPTER.

29 C. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, A SPECIAL PURPOSE
30 DEPOSITORY INSTITUTION MAY NOT MAKE LOANS, INCLUDING TEMPORARY CREDIT
31 RELATING TO OVERDRAFTS. A SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY
32 PURCHASE DEBT OBLIGATIONS.

33 D. A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL MAINTAIN ITS
34 PRINCIPAL OPERATING HEADQUARTERS AND THE PRIMARY OFFICE OF ITS CHIEF
35 EXECUTIVE OFFICER IN THIS STATE.

36 E. AS AUTHORIZED BY THIS SECTION, THE SPECIAL PURPOSE DEPOSITORY
37 INSTITUTION MAY CONDUCT BUSINESS WITH DEPOSITORS OUTSIDE THIS STATE.

38 F. SUBJECT TO THE LAWS OF THE HOST STATE, A SPECIAL PURPOSE
39 DEPOSITORY INSTITUTION MAY OPEN A BRANCH IN ANOTHER STATE IN THE MANNER
40 PRESCRIBED BY THE DEPUTY DIRECTOR. A SPECIAL PURPOSE DEPOSITORY
41 INSTITUTION, INCLUDING ANY BRANCH OF THE INSTITUTION, MAY ONLY ACCEPT
42 DEPOSITS OR PROVIDE OTHER SERVICES UNDER THIS CHAPTER TO DEPOSITORS
43 ENGAGED IN A LAWFUL BUSINESS PURSUANT TO THE LAWS OF THIS STATE, THE LAWS
44 OF THE HOST STATE AND FEDERAL LAW.

6-1802. Depositors; requirements; nature of business

A. A DEPOSITOR MAY NOT MAINTAIN AN ACCOUNT WITH A SPECIAL PURPOSE DEPOSITORY INSTITUTION OR OTHERWISE RECEIVE ANY SERVICES FROM THE INSTITUTION UNLESS THE DEPOSITOR MEETS THE CRITERIA OF THIS SUBSECTION. A DEPOSITOR SHALL:

1. BE A LEGAL ENTITY OTHER THAN A NATURAL PERSON.
2. BE IN GOOD STANDING WITH THE JURISDICTION IN THE UNITED STATES IN WHICH IT IS INCORPORATED OR ORGANIZED.
3. MAINTAIN DEPOSITS WITH THE INSTITUTION TOTALING AT LEAST \$5,000.
4. BE ENGAGED IN A LAWFUL BUSINESS.
5. MAKE SUFFICIENT EVIDENCE AVAILABLE TO THE SPECIAL PURPOSE DEPOSITORY INSTITUTION TO ENABLE COMPLIANCE WITH ANTI-MONEY LAUNDERING, CUSTOMER IDENTIFICATION AND BENEFICIAL OWNERSHIP REQUIREMENTS, AS DETERMINED BY THE INSTITUTION.

B. A DEPOSITOR THAT MEETS THE CRITERIA OF SUBSECTION A OF THIS SECTION SHALL BE ISSUED A DEPOSITORY ACCOUNT AND OTHERWISE RECEIVE SERVICES FROM THE SPECIAL PURPOSE DEPOSITORY INSTITUTION, CONTINGENT ON THE AVAILABILITY OF SUFFICIENT INSURANCE AS DETERMINED BY THE DEPUTY DIRECTOR.

C. A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL REQUIRE THAT A POTENTIAL DEPOSITOR PROVIDE REASONABLE EVIDENCE THAT THE PERSON IS ENGAGED IN A LAWFUL BUSINESS OR IS LIKELY TO OPEN A LAWFUL BUSINESS WITHIN THE NEXT SIX MONTHS. FOR THE PURPOSES OF THIS SUBSECTION, "REASONABLE EVIDENCE" INCLUDES BUSINESS ENTITY FILINGS, ARTICLES OF INCORPORATION OR ORGANIZATION, BYLAWS, OPERATING AGREEMENTS, BUSINESS PLANS, PROMOTIONAL MATERIALS, FINANCING AGREEMENTS OR OTHER EVIDENCE.

6-1803. Required liquid assets; definition

A. A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL MAINTAIN UNENCUMBERED LIQUID ASSETS VALUED AT AT LEAST ONE HUNDRED PERCENT OF ITS DEPOSITORY LIABILITIES.

B. FOR THE PURPOSES OF THIS SECTION, "LIQUID ASSETS" MEANS:

1. UNITED STATES CURRENCY HELD ON THE PREMISES OF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION.
2. UNITED STATES CURRENCY HELD FOR THE SPECIAL PURPOSE DEPOSITORY INSTITUTION BY A FEDERAL RESERVE BANK OR A FEDERALLY INSURED FINANCIAL INSTITUTION.
3. INVESTMENTS THAT ARE HIGHLY LIQUID AND OBLIGATIONS OF THE UNITED STATES TREASURY OR OTHER FEDERAL AGENCY OBLIGATIONS, CONSISTENT WITH RULES ADOPTED BY THE DEPUTY DIRECTOR.

6-1804. Required contingency account

A. A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL MAINTAIN A CONTINGENCY ACCOUNT TO ACCOUNT FOR UNEXPECTED LOSSES AND EXPENSES. A SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY REQUIRE THE PAYMENT OF CONTRIBUTIONS FROM DEPOSITORS TO FUND A CONTINGENCY ACCOUNT. INITIAL CAPITAL PURSUANT TO SECTION 6-1808 CONSTITUTES COMPLIANCE WITH THIS

1 SUBSECTION FOR THE FIRST THREE YEARS A SPECIAL PURPOSE DEPOSITORY
2 INSTITUTION IS IN OPERATION. AFTER THE CONCLUSION OF THE FIRST THREE
3 YEARS OF OPERATION, A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL
4 MAINTAIN A CONTINGENCY ACCOUNT TOTALING AT LEAST TWO PERCENT OF THE
5 DEPOSITORY LIABILITIES OF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION IF
6 THE CONTINGENCY ACCOUNT IS ADEQUATE AND REASONABLE, AS DETERMINED BY THE
7 DEPUTY DIRECTOR.

8 B. A DEPOSITOR SHALL OBTAIN A REFUND OF ANY CONTINGENCY ACCOUNT
9 CONTRIBUTIONS MADE UNDER SUBSECTION A OF THIS SECTION AFTER CLOSING AN
10 ACCOUNT WITH THE SPECIAL PURPOSE DEPOSITORY INSTITUTION.

11 6-1805. Applicable federal and state laws

12 A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL COMPLY WITH ALL
13 APPLICABLE FEDERAL LAWS, INCLUDING THOSE RELATING TO ANTI-MONEY
14 LAUNDERING, CUSTOMER IDENTIFICATION AND BENEFICIAL OWNERSHIP.

15 6-1806. Required disclosures

16 A. A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL DISPLAY ON ANY
17 INTERNET WEBSITE IT MAINTAINS, AND AT EACH WINDOW OR PLACE WHERE IT
18 ACCEPTS DEPOSITS, A SIGN CONSPICUOUSLY STATING THAT DEPOSITS ARE NOT
19 INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, IF APPLICABLE.

20 B. WHEN OPENING AN ACCOUNT AND IF APPLICABLE, A SPECIAL PURPOSE
21 DEPOSITORY INSTITUTION SHALL REQUIRE EACH DEPOSITOR TO EXECUTE A STATEMENT
22 ACKNOWLEDGING THAT ALL DEPOSITS AT THE SPECIAL PURPOSE DEPOSITORY
23 INSTITUTION ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.
24 THE SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL PERMANENTLY RETAIN THIS
25 ACKNOWLEDGEMENT.

26 C. A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL INCLUDE IN ALL
27 ADVERTISING A DISCLOSURE THAT DEPOSITS ARE NOT INSURED BY THE FEDERAL
28 DEPOSIT INSURANCE CORPORATION, IF APPLICABLE.

29 6-1807. Formation; articles of incorporation

30 A. EXCEPT AS OTHERWISE PROVIDED BY SUBSECTION C OF THIS SECTION,
31 FIVE OR MORE ADULT PERSONS MAY FORM A SPECIAL PURPOSE DEPOSITORY
32 INSTITUTION. THE INCORPORATORS SHALL FILE ARTICLES OF INCORPORATION
33 PURSUANT TO TITLE 10.

34 B. COPIES OF ALL AMENDED ARTICLES OF INCORPORATION SHALL BE FILED
35 IN THE SAME MANNER AS THE ORIGINAL ARTICLES OF INCORPORATION.

36 C. SUBJECT TO APPLICABLE FEDERAL AND STATE LAW, A BANK HOLDING
37 COMPANY MAY APPLY TO HOLD A SPECIAL PURPOSE DEPOSITORY INSTITUTION.

38 6-1808. Required initial capital and surplus

39 A. THE CAPITAL STOCK OF EACH SPECIAL PURPOSE DEPOSITORY INSTITUTION
40 CHARTERED UNDER THIS CHAPTER SHALL BE SUBSCRIBED FOR AS FULLY PAID STOCK.
41 A SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY NOT BE CHARTERED WITH CAPITAL
42 STOCK OF LESS THAN \$5,000,000.

43 B. A SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY NOT COMMENCE
44 BUSINESS UNTIL THE FULL AMOUNT OF ITS AUTHORIZED CAPITAL IS SUBSCRIBED AND
45 ALL CAPITAL STOCK IS FULLY PAID. A SPECIAL PURPOSE DEPOSITORY INSTITUTION

1 MAY NOT BE CHARTERED WITHOUT A PAID-UP SURPLUS FUND OF AT LEAST THREE
2 YEARS OF ESTIMATED OPERATING EXPENSES IN AN AMOUNT DETERMINED BY THE
3 DEPUTY DIRECTOR.

4 C. A SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY ACQUIRE ADDITIONAL
5 CAPITAL BEFORE APPLYING FOR A CHARTER AND MAY REPORT THIS CAPITAL IN ITS
6 CHARTER APPLICATION.

7 6-1809. Application for charter; fee; subaccount

8 A. A PERSON MAY NOT ACT AS A SPECIAL PURPOSE DEPOSITORY INSTITUTION
9 WITHOUT OBTAINING A CHARTER AND CERTIFICATE OF AUTHORITY TO OPERATE FROM
10 THE DEPUTY DIRECTOR UNDER THIS CHAPTER.

11 B. A PERSON SHALL APPLY TO THE DEPUTY DIRECTOR FOR A CHARTER IN THE
12 FORM PRESCRIBED BY THE DEPUTY DIRECTOR. THE DEPUTY DIRECTOR MAY ADOPT
13 RULES TO ENACT THIS SECTION.

14 C. EACH APPLICATION FOR A CHARTER MUST BE ACCOMPANIED BY AN
15 APPLICATION FEE ESTABLISHED BY THE DEPUTY DIRECTOR BY RULE. THE DEPUTY
16 DIRECTOR SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, MONIES
17 RECEIVED IN THE SPECIAL PURPOSE DEPOSITORY INSTITUTIONS SUBACCOUNT.

18 D. THE SPECIAL PURPOSE DEPOSITORY INSTITUTIONS SUBACCOUNT WITHIN
19 THE FINANCIAL INSTITUTIONS ADMINISTRATION ACCOUNT IS ESTABLISHED. MONIES
20 IN THE SUBACCOUNT SHALL BE USED BY THE DEPUTY DIRECTOR TO SUPERVISE
21 SPECIAL PURPOSE DEPOSITORY INSTITUTIONS AND TO OTHERWISE CARRY OUT THE
22 DUTIES SPECIFIED BY THIS CHAPTER. MONIES IN THE SUBACCOUNT ARE
23 CONTINUOUSLY APPROPRIATED TO THE SUBACCOUNT AND ARE EXEMPT FROM THE
24 PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

25 E. THE INCORPORATORS SHALL SOLICIT CAPITAL BEFORE FILING AN
26 APPLICATION FOR A CHARTER WITH THE DEPUTY DIRECTOR CONSISTENT WITH THIS
27 SECTION. IN THE EVENT AN APPLICATION FOR A CHARTER IS NOT FILED OR IS
28 DENIED BY THE DIRECTOR, ALL CAPITAL SHALL BE PROMPTLY RETURNED WITHOUT
29 LOSS.

30 6-1810. Procedure on filing application

31 WHEN THE DEPUTY DIRECTOR RECEIVES AN APPLICATION FOR A SPECIAL
32 PURPOSE DEPOSITORY INSTITUTION CHARTER, THE DEPUTY DIRECTOR SHALL NOTIFY
33 THE APPLICANT IN WRITING WITHIN THIRTY CALENDAR DAYS OF ANY DEFICIENCY IN
34 THE REQUIRED INFORMATION OR THAT THE APPLICATION HAS BEEN ACCEPTED FOR
35 FILING. WHEN THE DEPUTY DIRECTOR IS SATISFIED THAT ALL REQUIRED
36 INFORMATION HAS BEEN FURNISHED, THE DEPUTY DIRECTOR SHALL NOTIFY THE
37 DIRECTOR. IF THE APPLICATION IS DENIED, THE APPLICANT HAS A RIGHT TO A
38 HEARING IN ACCORDANCE WITH TITLE 41, CHAPTER 6, ARTICLE 10.

39 6-1811. Certificate of authority to commence business
40 required; application; failure to commence business

41 A. IF AN APPLICATION IS APPROVED AND A CHARTER IS GRANTED BY THE
42 DIRECTOR PURSUANT TO THIS CHAPTER, A SPECIAL PURPOSE DEPOSITORY
43 INSTITUTION MAY NOT COMMENCE BUSINESS UNTIL THE INSTITUTION RECEIVES A
44 CERTIFICATE OF AUTHORITY TO OPERATE FROM THE DEPUTY DIRECTOR. THE

1 INSTITUTION SHALL APPLY FOR A CERTIFICATE OF AUTHORITY IN THE FORM
2 PRESCRIBED BY THE DEPUTY DIRECTOR.

3 B. IF AN APPROVED SPECIAL PURPOSE DEPOSITORY INSTITUTION FAILS TO
4 COMMENCE BUSINESS WITHIN SIX MONTHS AFTER A CERTIFICATE OF AUTHORITY TO
5 OPERATE IS ISSUED BY THE DEPUTY DIRECTOR, THE CHARTER AND CERTIFICATE OF
6 AUTHORITY SHALL EXPIRE. THE DIRECTOR, FOR GOOD CAUSE SHOWN AND ON AN
7 APPLICATION FILED BEFORE THE SIX-MONTH PERIOD EXPIRES, MAY EXTEND THE TIME
8 WITHIN WHICH THE SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY OPEN FOR
9 BUSINESS.

10 6-1812. Surety bond; pledged investments; investment income;
11 bond or pledge increases; hearings

12 A. EXCEPT AS OTHERWISE PROVIDED BY SUBSECTION B OF THIS SECTION, A
13 SPECIAL PURPOSE DEPOSITORY INSTITUTION, BEFORE TRANSACTING ANY BUSINESS,
14 SHALL PLEDGE OR FINISH A SURETY BOND TO THE DEPUTY DIRECTOR TO COVER COSTS
15 LIKELY TO BE INCURRED BY THE DEPUTY DIRECTOR IN A LIQUIDATION OR
16 CONSERVATORSHIP OF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION. THE AMOUNT
17 OF THE SURETY BOND OR PLEDGE OF ASSETS SHALL BE DETERMINED BY THE DEPUTY
18 DIRECTOR IN AN AMOUNT SUFFICIENT TO DEFRAY THE COSTS OF A LIQUIDATION OR
19 CONSERVATORSHIP.

20 B. IN LIEU OF A BOND, A SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY
21 IRREVOCABLY PLEDGE SPECIFIED CAPITAL EQUIVALENT TO THE BOND REQUIRED UNDER
22 SUBSECTION A OF THIS SECTION. ANY CAPITAL PLEDGED TO THE DEPUTY DIRECTOR
23 UNDER THIS SUBSECTION SHALL BE HELD IN A STATE OR NATIONALLY CHARTERED
24 BANK OR SAVINGS AND LOAN ASSOCIATION HAVING A PRINCIPAL OR BRANCH OFFICE
25 IN THIS STATE. ALL COSTS ASSOCIATED WITH PLEDGING AND HOLDING THE CAPITAL
26 ARE THE RESPONSIBILITY OF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION.

27 C. THE DEPUTY DIRECTOR MAY ADOPT RULES TO ESTABLISH INVESTMENT
28 GUIDELINES OR INVESTMENT OPTIONS FOR THE PURPOSES OF THE PLEDGE OR SURETY
29 BOND REQUIRED BY THIS SECTION.

30 D. IN THE EVENT OF A LIQUIDATION OR CONSERVATORSHIP OF A SPECIAL
31 PURPOSE DEPOSITORY INSTITUTION, THE DEPUTY DIRECTOR, WITHOUT REGARD TO
32 PRIORITIES, PREFERENCES OR ADVERSE CLAIMS, MAY REDUCE THE SURETY BOND OR
33 CAPITAL PLEDGED UNDER THIS SECTION TO CASH AS SOON AS PRACTICABLE AND USE
34 THE CASH TO DEFRAY THE COSTS ASSOCIATED WITH THE LIQUIDATION OR
35 CONSERVATORSHIP.

36 E. INCOME FROM CAPITAL PLEDGES UNDER SUBSECTION B OF THIS SECTION
37 SHALL BE PAID TO THE SPECIAL PURPOSE DEPOSITORY INSTITUTION, UNLESS A
38 LIQUIDATION OR CONSERVATORSHIP TAKES PLACE.

39 F. IF THE CURRENT SURETY BOND OR PLEDGED CAPITAL IS INSUFFICIENT,
40 THE DEPUTY DIRECTOR MAY REQUIRE A SPECIAL PURPOSE DEPOSITORY INSTITUTION
41 TO INCREASE ITS SURETY BOND OR PLEDGED CAPITAL BY PROVIDING AT LEAST
42 THIRTY DAYS' WRITTEN NOTICE TO THE INSTITUTION. THE SPECIAL PURPOSE
43 DEPOSITORY INSTITUTION MAY REQUEST A HEARING NOT MORE THAN THIRTY DAYS
44 AFTER RECEIVING WRITTEN NOTICE FROM THE DEPUTY DIRECTOR UNDER THIS
45 SUBSECTION.

6-1813. Reports and examinations; supervisory fees; required private insurance and bond

A. THE DEPUTY DIRECTOR MAY REQUEST REPORTS VERIFIED UNDER OATH FROM A SPECIAL PURPOSE DEPOSITORY INSTITUTION.

B. EVERY SPECIAL PURPOSE DEPOSITORY INSTITUTION IS SUBJECT TO THE EXAMINATION FOR THE DEPUTY DIRECTOR. THE DEPUTY DIRECTOR OR A FULLY APPOINTED EXAMINER SHALL VISIT AND EXAMINE SPECIAL PURPOSE DEPOSITORY INSTITUTIONS ON A SCHEDULE ESTABLISHED BY RULE. THE DEPUTY DIRECTOR OR A DULY APPOINTED EXAMINER SHALL MAKE A COMPLETE AND CAREFUL EXAMINATION OF THE CONDITION AND RESOURCES OF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION, THE MODE OF MANAGING INSTITUTION AFFAIRS AND CONDUCTING BUSINESS, THE ACTIONS OF OFFICERS AND DIRECTORS IN THE INVESTMENT AND DISPOSITION OF FUNDS, THE SAFETY AND PRUDENCE OF INSTITUTION MANAGEMENT, COMPLIANCE WITH THE REQUIREMENTS OF THIS CHAPTER AND OTHER MATTERS AS THE DEPUTY DIRECTOR MAY REQUIRE. AFTER AN EXAMINATION, THE SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL REMIT TO THE DEPUTY DIRECTOR AN AMOUNT EQUAL TO THE TOTAL COST OF THE EXAMINATION. THE DEPUTY DIRECTOR SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, MONIES RECEIVED INTO THE SPECIAL PURPOSE DEPOSITORY INSTITUTION SUBACCOUNT ESTABLISHED BY SECTION 6-1809.

C. A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL PAY SUPERVISORY FEES IN AN AMOUNT TO BE DETERMINED BY THE DEPUTY DIRECTOR. A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL PAY FOR THE COSTS OF ADMINISTERING THIS CHAPTER. THE DEPUTY DIRECTOR SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, MONIES RECEIVED INTO THE SPECIAL PURPOSE DEPOSITORY INSTITUTION SUBACCOUNT ESTABLISHED BY SECTION 6-1809.

D. A SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL MAINTAIN APPROPRIATE INSURANCE OR A BOND COVERING THE OPERATIONAL RISKS OF THE INSTITUTION, WHICH SHALL INCLUDE COVERAGE FOR DIRECTORS AND OFFICERS LIABILITY, ERRORS AND OMISSIONS LIABILITY AND INFORMATION TECHNOLOGY INFRASTRUCTURE AND ACTIVITIES LIABILITY.

6-1814. Suspension or revocation of charter

THE DEPUTY DIRECTOR MAY SUSPEND OR REVOKE THE CHARTER OF A SPECIAL PURPOSE DEPOSITORY INSTITUTION IF, AFTER NOTICE AND OPPORTUNITY FOR A HEARING, THE DEPUTY DIRECTOR DETERMINES ANY OF THE FOLLOWING:

1. THE SPECIAL PURPOSE DEPOSITORY INSTITUTION HAS FAILED OR REFUSED TO COMPLY WITH AN ORDER.

2. THE APPLICATION FOR THE CHARTER CONTAINED A FALSE STATEMENT, MATERIAL MISREPRESENTATION OR MATERIAL OMISSION.

3. AN OFFICER, DIRECTOR OR AGENT OF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION, IN CONNECTION WITH AN APPLICATION FOR A CHARTER, EXAMINATION, REPORT OR OTHER DOCUMENT FILED WITH THE DEPUTY DIRECTOR, KNOWINGLY MADE A FALSE STATEMENT, MATERIAL MISREPRESENTATION OR MATERIAL OMISSION TO THE DIRECTOR, THE DEPUTY DIRECTOR OR A DULY AUTHORIZED AGENT OF THE DIRECTOR OR DEPUTY DIRECTOR.

6-1815. Continuing jurisdiction

IF THE CHARTER OF A SPECIAL PURPOSE DEPOSITORY INSTITUTION IS SURRENDERED, SUSPENDED OR REVOKED, THE INSTITUTION CONTINUES TO BE SUBJECT TO THIS CHAPTER DURING ANY LIQUIDATION OR CONSERVATORSHIP.

6-1816. Failure of institution; unsound or unsafe condition; applicability of other insolvency and conservatorship provisions

IF THE DEPUTY DIRECTOR FINDS THAT A SPECIAL PURPOSE DEPOSITORY INSTITUTION HAS FAILED OR IS OPERATING IN AN UNSAFE OR UNSOUND CONDITION, THE DEPUTY DIRECTOR SHALL CONDUCT A LIQUIDATION OR APPOINT A CONSERVATOR.

6-1817. Voluntary dissolution of special purpose depository institution; liquidation; reorganization; application for dissolution; filing fee; filing; revocation of charter

A. A SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY VOLUNTARILY DISSOLVE IN ACCORDANCE WITH THIS SECTION. VOLUNTARY DISSOLUTION SHALL BE ACCOMPLISHED BY EITHER LIQUIDATING OR REORGANIZING THE SPECIAL PURPOSE DEPOSITORY INSTITUTION INTO AN APPROPRIATE BUSINESS ENTITY THAT DOES NOT ENGAGE IN ANY ACTIVITY AUTHORIZED FOR ONLY A SPECIAL PURPOSE DEPOSITORY INSTITUTION. ON COMPLETE LIQUIDATION OR COMPLETION OF THE REORGANIZATION, THE DEPUTY DIRECTOR SHALL REVOKE THE CHARTER OF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION AND AFTERWARD, THE COMPANY SHALL NOT USE THE WORD "SPECIAL PURPOSE DEPOSITORY INSTITUTION" OR "BANK" IN ITS BUSINESS NAME OR IN CONNECTION WITH ITS ONGOING BUSINESS.

B. THE SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY DISSOLVE ITS CHARTER EITHER BY LIQUIDATION OR REORGANIZATION. THE BOARD OF DIRECTORS SHALL FILE AN APPLICATION FOR DISSOLUTION WITH THE DEPUTY DIRECTOR, ACCOMPANIED BY A FILING FEE ESTABLISHED BY THE DEPUTY DIRECTOR BY RULE. THE APPLICATION SHALL INCLUDE A COMPREHENSIVE PLAN FOR DISSOLUTION SETTING FORTH THE PROPOSED DISPOSITION OF ALL ASSETS AND LIABILITIES, IN REASONABLE DETAIL TO EFFECT A LIQUIDATION OR REORGANIZATION, AND ANY OTHER PLANS REQUIRED BY THE DEPUTY DIRECTOR. THE PLAN OF DISSOLUTION SHALL PROVIDE FOR THE DISCHARGE OR ASSUMPTION OF ALL OF THE KNOWN AND UNKNOWN CLAIMS AND LIABILITIES OF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION. ADDITIONALLY, THE APPLICATION FOR DISSOLUTION SHALL INCLUDE OTHER EVIDENCE, CERTIFICATES, AFFIDAVITS, DOCUMENTS OR INFORMATION AS THE DEPUTY DIRECTOR MAY REQUIRE, INCLUDING DEMONSTRATION OF HOW ASSETS AND LIABILITIES WILL BE DISPOSED, THE TIMETABLE FOR EFFECTING DISPOSITION OF THE ASSETS AND LIABILITIES AND A PROPOSAL OF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION FOR ADDRESSING ANY CLAIMS THAT ARE ASSERTED AFTER DISSOLUTION HAS BEEN COMPLETED. THE DEPUTY DIRECTOR SHALL EXAMINE THE APPLICATION FOR COMPLIANCE WITH THIS SECTION, THE BUSINESS ENTITY LAWS APPLICABLE TO THE REQUIRED TYPE OF DISSOLUTION AND APPLICABLE RULES. THE DEPUTY DIRECTOR MAY CONDUCT A SPECIAL EXAMINATION AS DESCRIBED IN SECTION

1 6-1813 OF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION FOR THE PURPOSES OF
2 EVALUATING THE APPLICATION.

3 C. IF THE DEPUTY DIRECTOR FINDS THAT THE APPLICATION IS INCOMPLETE,
4 THE DEPUTY DIRECTOR SHALL RETURN IT FOR COMPLETION NOT LATER THAN SIXTY
5 DAYS AFTER IT IS FILED. IF THE APPLICATION IS FOUND TO BE COMPLETE BY THE
6 DEPUTY DIRECTOR, THE DEPUTY DIRECTOR SHALL APPROVE OR DENY THE APPLICATION
7 NOT LATER THAN THIRTY DAYS AFTER IT IS FILED. IF THE DEPUTY DIRECTOR
8 APPROVES THE APPLICATION, THE SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY
9 PROCEED WITH THE DISSOLUTION PURSUANT TO THE PLAN OUTLINED IN THE
10 APPLICATION, SUBJECT TO ANY FURTHER CONDITIONS THE DEPUTY DIRECTOR MAY
11 PRESCRIBE. IF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION SUBSEQUENTLY
12 DETERMINES THAT THE PLAN OF DISSOLUTION NEEDS TO BE AMENDED TO COMPLETE
13 THE DISSOLUTION, THE SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL FILE AN
14 AMENDED PLAN WITH THE DEPUTY DIRECTOR AND OBTAIN APPROVAL TO PROCEED UNDER
15 THE AMENDED PLAN. IF THE DEPUTY DIRECTOR DENIES THE APPLICATION OR
16 AMENDED PLAN, THE SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY APPEAL THE
17 DECISION TO THE DIRECTOR.

18 D. ON COMPLETION OF ALL ACTIONS REQUIRED UNDER THE PLAN OF
19 DISSOLUTION AND SATISFACTION OF ALL CONDITIONS PRESCRIBED BY THE DEPUTY
20 DIRECTOR, THE SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL SUBMIT A
21 WRITTEN REPORT OF ITS ACTIONS TO THE DEPUTY DIRECTOR. THE REPORT SHALL
22 CONTAIN A CERTIFICATION MADE UNDER OATH THAT THE REPORT IS TRUE AND
23 CORRECT. FOLLOWING RECEIPT OF THE REPORT, THE DEPUTY DIRECTOR, NOT LATER
24 THAN SIXTY DAYS AFTER THE FILING OF THE REPORT, SHALL EXAMINE THE SPECIAL
25 PURPOSE DEPOSITORY INSTITUTION TO DETERMINE WHETHER THE DEPUTY DIRECTOR IS
26 SATISFIED THAT ALL REQUIRED ACTIONS HAVE BEEN TAKEN IN ACCORDANCE WITH THE
27 PLAN OF DISSOLUTION AND ANY CONDITIONS PRESCRIBED BY THE DEPUTY DIRECTOR.
28 IF ALL REQUIREMENTS AND CONDITIONS HAVE BEEN MET, THE DEPUTY DIRECTOR,
29 WITHIN THIRTY DAYS OF THE EXAMINATION, SHALL NOTIFY THE SPECIAL PURPOSE
30 DEPOSITORY INSTITUTION IN WRITING THAT THE DISSOLUTION HAS BEEN COMPLETED
31 AND ISSUE A CERTIFICATE OF DISSOLUTION.

32 E. ON RECEIVING A CERTIFICATE OF DISSOLUTION, THE SPECIAL PURPOSE
33 DEPOSITORY INSTITUTION SHALL SURRENDER ITS CHARTER TO THE DEPUTY DIRECTOR.
34 THE SPECIAL PURPOSE DEPOSITORY INSTITUTION SHALL THEN FILE ARTICLES OF
35 DISSOLUTION AND OTHER DOCUMENTS AS REQUIRED BY TITLE 10 FOR A CORPORATION.
36 IN THE CASE OF REORGANIZATION, THE SPECIAL PURPOSE DEPOSITORY INSTITUTION
37 SHALL FILE DOCUMENTS AS PRESCRIBED BY TITLE 10.

38 F. IF THE DEPUTY DIRECTOR DETERMINES THAT ALL REQUIRED ACTIONS
39 UNDER THE PLAN FOR DISSOLUTION, OR AS OTHERWISE REQUIRED BY THE DEPUTY
40 DIRECTOR, HAVE NOT BEEN COMPLETED THE DEPUTY DIRECTOR SHALL NOTIFY THE
41 SPECIAL PURPOSE DEPOSITORY INSTITUTION NOT LATER THAN THIRTY DAYS AFTER
42 THIS DETERMINATION AND SHALL DESCRIBE IN WRITING WHAT ADDITIONAL ACTIONS
43 MUST BE TAKEN FOR THE INSTITUTION TO BE ELIGIBLE FOR A CERTIFICATE OF
44 DISSOLUTION. THE DEPUTY DIRECTOR SHALL ESTABLISH A REASONABLE DEADLINE
45 FOR THE SUBMISSION OF EVIDENCE THAT ADDITIONAL ACTIONS HAVE BEEN TAKEN AND

THE DEPUTY DIRECTOR MAY EXTEND ANY DEADLINE ON GOOD CAUSE SHOWN. IF THE SPECIAL PURPOSE DEPOSITORY INSTITUTION FAILS TO FILE A SUPPLEMENTAL REPORT SHOWING THAT THE ADDITIONAL ACTIONS HAVE BEEN TAKEN BEFORE THE DEADLINE OR SUBMIT A REPORT THAT IS FOUND NOT TO BE SATISFACTORY BY THE DEPUTY DIRECTOR, THE DEPUTY DIRECTOR SHALL NOTIFY THE SPECIAL PURPOSE DEPOSITORY INSTITUTION IN WRITING THAT ITS VOLUNTARY DISSOLUTION IS DENIED, AND THE INSTITUTION MAY APPEAL THE DECISION TO THE DIRECTOR.

6-1818. Failure to submit required report; fees; rules

IF A SPECIAL PURPOSE DEPOSITORY INSTITUTION FAILS TO SUBMIT ANY REPORT REQUIRED BY THIS CHAPTER OR RULE WITHIN THE PRESCRIBED PERIOD, THE DEPUTY DIRECTOR MAY IMPOSE AND COLLECT A FEE FOR EACH DAY THE REPORT IS OVERDUE, AS ESTABLISHED BY RULE.

6-1819. Wilful failure to perform duties imposed by law; removal

EACH OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF A SPECIAL PURPOSE DEPOSITORY INSTITUTION, FOLLOWING WRITTEN NOTICE FROM THE DEPUTY DIRECTOR, IS SUBJECT TO REMOVAL ON ORDER OF THE DEPUTY DIRECTOR IF THE OFFICER, DIRECTOR, EMPLOYEE OR AGENT KNOWINGLY OR WILFULLY FAILS TO DO EITHER OF THE FOLLOWING:

1. PERFORM ANY DUTY REQUIRED BY THIS CHAPTER OR OTHER APPLICABLE LAW.
2. CONFORM TO ANY RULE OR ORDER OF THE DEPUTY DIRECTOR.

6-1820. Rules

THE DEPUTY DIRECTOR SHALL ADOPT RULES NECESSARY TO IMPLEMENT THIS CHAPTER.

6-1821. Use of terms or names

A. A PERSON OR ENTITY MAY NOT ADVERTISE, ISSUE OR CIRCULATE ANY PAPER OR EXHIBIT ANY SIGN USING "BANK", "BANKER", "BANKING", "SPECIAL PURPOSE DEPOSITORY INSTITUTION", OR WORDS OF SIMILAR IMPORT OR USE THE NAME OF ANY OTHER FINANCIAL INSTITUTION UNTIL THE PERSON OR ENTITY HAS FULLY COMPLIED WITH THIS ACT.

B. CONSISTENT WITH SUBSECTION A OF THIS SECTION, A SPECIAL PURPOSE DEPOSITORY INSTITUTION MAY REFER TO ITSELF AS A BANK.

6-1822. Federal deposit insurance

THIS CHAPTER DOES NOT PROHIBIT A SPECIAL PURPOSE DEPOSITORY INSTITUTION FROM OBTAINING FEDERAL DEPOSIT INSURANCE CORPORATION INSURANCE, IF AVAILABLE.

Sec. 2. Requirements for enactment; two-thirds vote

Pursuant to article IX, section 22, Constitution of Arizona, this act is effective only on the affirmative vote of at least two-thirds of the members of each house of the legislature and is effective immediately on the signature of the governor or, if the governor vetoes this act, on the subsequent affirmative vote of at least three-fourths of the members of each house of the legislature.