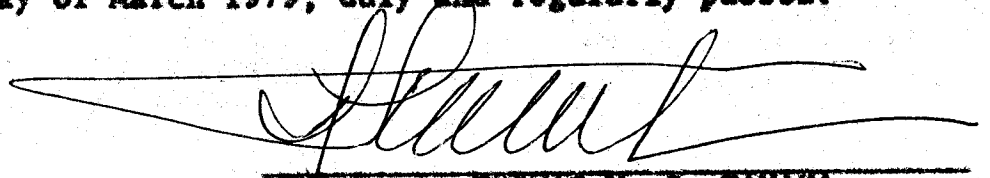


FIFTEENTH GUAM LEGISLATURE
1979 (FIRST) Regular Session

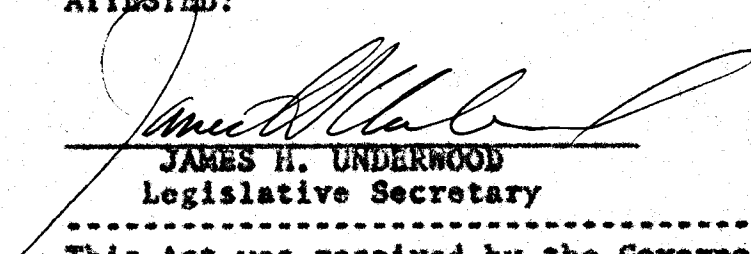
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 1, "An Act to add Sections 30809.1, 30809.2 and 30903 to the Government Code relative to Off-Shore Lending Facility and for other purposes", was on the 9th day of March 1979, duly and regularly passed.



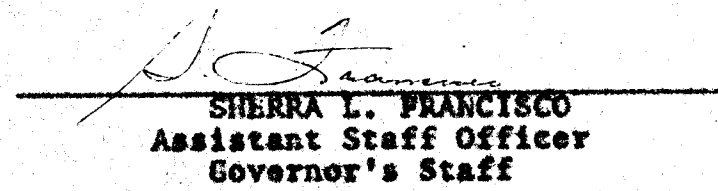
THOMAS V. C. TANAKA
Speaker

ATTESTED:



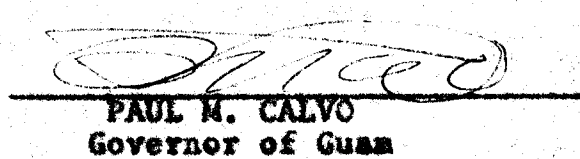
JAMES H. UNDERWOOD
Legislative Secretary

This Act was received by the Governor this 15th day of March 1979, at 10:00 o'clock A.M.



SHERRA L. FRANCISCO
Assistant Staff Officer
Governor's Staff

APPROVED:



PAUL M. CALVO
Governor of Guam

DATED: 3/27/79
PL15-11

FIFTEENTH GUAM LEGISLATURE
1979 (FIRST) Regular Session

Bill No. 1
(As Substituted by
the Committee on
Commerce, Tourism
and Transportation)

Introduced by

F. F. Blas
A. R. Unpingco
K. B. Aguon
C. C. Bamba
E. T. Charfauros
T. C. Crisostomo
E. R. Duenas
E. M. Espaldon
C. A. Kasperbauer
A. C. Lamorena, III
A. M. Palomo
B. M. Palomo
P. F. Perez, Jr.
J. F. Quan
F. J. Quitugua
J. T. San Agustin
F. R. Santos
R. Q. Sudo
R. F. Taitano
T. V. C. Tanaka
J. H. Underwood

AN ACT TO ADD SECTIONS 30809.1, 30809.2
AND 30903 TO THE GOVERNMENT CODE RELATIVE
TO OFF-SHORE LENDING FACILITY AND FOR OTHER
PURPOSES.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Section 30809.1 is added to the Government Code
to read:

"Section 30809.1. Unlawful Operation of Off-Shore
Lending Facility. It shall be unlawful for any person to
operate on Guam an Off-Shore Lending Facility, as defined
in Section 30903(a) of this Title, without the express
written authorization of the Banking Board issued pursuant
to Section 30903(b) of this Title."

1 Section 2. Section 30809.2 is added to the Government Code
2 to read:

3 "Section 30809.2. Unlawful Solicitation or Negotiation
4 for Off-Shore Lending Facility Loans. It shall be unlawful
5 for any person who is an officer, employee or agent in Guam
6 of any bank operating in Guam an Off-Shore Lending Facility,
7 as defined in Section 30903(a) of this Title, to actively
8 solicit or negotiate with any person for a loan with that
9 Off-Shore Lending Facility."

10 Section 3. A new Section 30903 is added to the Government
11 Code to read:

12 "Section 30903. Off-Shore Lending Facility. (a) An
13 'Off-Shore Lending Facility' is a bank office established on
14 Guam solely for the purpose of recording for accounting
15 purposes (i) loans made to borrowers outside of Guam by
16 other offices of the same bank located outside of Guam, or
17 (ii) loans made to borrowers outside of Guam by banks located
18 outside of Guam who are correspondent banks of a bank in
19 Guam which is authorized to operate an Off-Shore Lending
20 Facility and (iii) deposits made by persons outside of Guam
21 with other offices of the same bank located outside of Guam,
22 or (iv) deposits made by persons outside of Guam with
23 correspondent banks of a bank in Guam which is authorized to
24 operate an Off-Shore Lending Facility.

25 (b) Before any bank may operate an Off-Shore Lending
26 Facility in Guam, a written license authorized by the Banking
27 Board and issued by the Commissioner shall first be obtained.

1 (1) Any bank authorized to conduct banking
2 business in Guam under the provisions of this Title
3 shall be issued a license upon the filing by it of a
4 verified statement with the Banking Board that it
5 intends to establish and operate an Off-Shore Lending
6 Facility and that such Off-Shore Lending Facility shall
7 be operated in accordance with the provisions of this
8 Title.

9 (2) Any bank not authorized to conduct banking
10 business in Guam under the provisions of this Title
11 may, subject to the regulations of the Banking Board,
12 be issued a license after it has met the following
13 requirements:

14 (i) It is authorized by its charter to trans-
15 act the character of business described in Section
16 30903 and has complied with the laws of the juris-
17 diction under which it is incorporated.

18 (ii) It has filed with the Banking Board a
19 certified copy of its charter or articles of in-
20 corporation and of its by-laws and a copy of an
21 application for a commercial license pursuant to
22 Sections 16101 and 16102 of this Code.

23 (iii) It has furnished to the Banking Board
24 such proof of the nature and character of its
25 business and its financial condition, stock owner-
26 ship and management as it may require.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

(iv) It has designated the Commissioner and his successor in office by a duly executed instrument in writing, its agent, upon whom process directed to the corporation may be served. The Commissioner shall forward by mail, postage prepaid, a copy of every process served upon him under the provisions of this subdivision, addressed to the manager or agent of such corporation at its principal place of business in this territory. For each copy of process, the Commissioner shall collect the sum of Twenty-Five Dollars (\$25.00) which shall be paid by the plaintiff or moving party at the time of service, to be recovered by him as a part of his cost.

(v) It has complied with all applicable requirements of the Civil Code of Guam relating to foreign corporations except matters specifically otherwise provided for in this Title.

(vi) Its manager or agent residing in this territory has taken an oath that he will, as far as the duty devolves upon him, diligently and honestly administer the affairs of the corporation and will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to the corporation and the oath, subscribed by the manager or agent taking it, has been transmitted to the Commissioner and filed in his office.

(vii) It has received from the License Board of the department a commercial license in accordance

1 (3) The license issued pursuant to this Subsection
2 shall be for a term of five (5) years renewable for
3 terms of five (5) years. The license fee for each five
4 (5) year license period shall be Five Hundred Dollars
5 (\$500.00) payable at the time an application for licen-
6 sure is filed with the Commissioner. If the license
7 is not issued, the Five Hundred Dollars (\$500.00) fee
8 shall be refunded to the applicant.

9 (c) No bank authorized to operate an Off-Shore Lending
10 Facility in Guam shall permit any officer, employee or agent
11 of the bank within Guam to actively solicit or negotiate any
12 loan for an Off-Shore Lending Facility.

13 (d) Interest earned by a bank through the operation of
14 an Off-Shore Lending Facility in Guam shall not be treated as
15 Guam source income for tax purposes; (1) provided the bank
16 has been authorized to operate an Off-Shore Lending Facility;
17 and (2) provided there has been no violation of Subsection
18 (c) of this section.

19 (e) Interest paid by a bank to a depositor having funds
20 on deposit with it through an Off-Shore Lending Facility
21 shall not be treated as Guam source income for tax purposes
22 (1) provided the bank has been authorized to operate an
23 Off-Shore Lending Facility, (2) provided there has been no
24 violation of Subsection (c) of this section, (3) provided the
25 depositor is not engaged in a trade or business within Guam,
26 and (4) provided the depositor is not a citizen or resident
27 of Guam.

1 (f) Each Off-Shore Lending Facility shall submit to
2 the Banking Board twice in each calendar year a report of its
3 condition as of such dates as it may fix. Such reports
4 shall contain such information as the Banking Board may
5 reasonably require to ascertain whether or not the Off-Shore
6 Lending Facility is being operated in accordance with the
7 provisions of this Section 30903, but such reports shall not
8 extend to any of the activities of the bank other than those
9 of the Off-Shore Lending Facility. This subsection shall in
10 no way impede or limit other powers of examination which
11 exist pursuant to this Title or other provisions of law.

12 (g) In the event a court of competent jurisdiction
13 shall, in any respect or with regard to any class of banks,
14 hold invalid any provision contained in this section, the
15 invalidity shall not effect any other provision of this
16 section or the rights of other classes of banks. Upon a
17 holding of invalidity, this section shall be construed as if
18 the invalid provision had never been contained herein or had
19 never been made applicable to the other classes of banks."

20 Section 4. Section 23354(c) of the Government Code is
21 amended to read:

22 "(c) In lieu of all other license and registration
23 fees, (1) implements of husbandry and (2) road building
24 and construction equipment other than motor trucks, trailers,
25 semi-trailers and pole or pipe dollies, operated on highways
26 only in moving from one site to another, shall be subject
27 to annual registration. The fee for such registration shall
28 be Three Dollars and Fifty Cents (\$3.50) for each 1,000
29 pounds of gross weight of said vehicles.