

**CHAPTER 7**  
**FOREIGN BANKING CORPORATIONS**

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**NOTE:** Added by P.L. 13-111, effective December 11, 1975.

Article 1  
Definitions

**§7101. Definitions.** As used in this Chapter:

- (1) *Foreign banking corporation* means a banking corporation organized under the laws of a foreign state; and
- (2) *Foreign state* means any foreign government or any department, district, province, county, possession or other similar governmental organization or subdivision of a foreign government, and any agency or instrumentality of any such foreign government or any such organization or subdivision.

Article 2

Transaction of Business

- §7201. Right of Foreign Banking Corporation to Engage in Business.
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- §7210. Loans Secured by Mortgages on Real Property and Acceptance of Assignments of Mortgages Covering Real Property in Territory.
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- §7212. Report to Commissioner: Verification; Content; Formal Verification; Financial Information.
- §7213. Same: Failure to Make Report or Furnish Information Penalty; False Statements.
- §7214. Failure to Comply with Chapter: Penalty.
- §7215. Transaction of Business in Territory on Behalf of Foreign Banking Corporation not Authorized: Penalty.

**§7201. Right of a foreign banking corporation to engage in business.** A foreign banking corporation shall not engage in the banking or trust business in this Territory unless it is licenses to do so pursuant to the provisions of §7205 and unless it first complies with all the provisions of this Chapter and then only to the extent expressly permitted in this Chapter or by regulations of the Board. In transacting such business a foreign banking corporation shall comply with all applicable provisions of this Title and of the laws of this Territory.

**§7202. Requirements to do business in territory.** A foreign banking corporation shall not commence to do business in this Territory until it has met the following requirements:

(a) It is authorized by its charter to transact the character of business described in §7207 and has complied with the laws of the country under which it is incorporated.

(b) It has filed with the Commissioner a certified copy of its charter or articles of incorporation and of its by-laws and a copy of an application for a commercial license pursuant to 11 GCA §§72104 and 72105.

(c) It has furnished to the Commissioner such proof of the nature and character of its business and its financial condition, stock ownership and management as he may require.

(d) 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 costs.

(e) 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.

(f) 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.

(g) It has allocated and assigned to its Guam business a portion of its capital and surplus equal in amount to the amount of capital and surplus required by §4104 for a bank commencing to do business on Guam.

(h) It has deposited with the Director of Administration evidences of indebtedness acceptable to him which:

(1) Are payable to bearer or recorded with the Commissioner's name;

(2) Constitute readily marketable legal investments for funds held by a bank as a fiduciary; and

(3) Have a value equal to seventy-five percent (75%) of the minimum capital and surplus requirements set forth in §4104.

(i) It has received from the License Board of the Department a commercial license pursuant to 11 GCA §72102.

**§7203. Approval of money or securities deposited with the Director of Administration;** deposit with Director of Administration; Responsibility of territory; deposit of moneys; exchange and withdrawal of securities; deposit of additional money or securities; investigation of securities; sale and transfer of securities. Money or securities deposited with the Director of Administration by a foreign banking corporation pursuant to §7202 shall be first be approved by the Commissioner and upon his order shall be deposited with the Director of Administration.

Upon receiving any such deposit the Director of Administration shall give his receipt therefor and shall hold such deposit for the sole benefit of the creditors of such corporation's Guam business. The Territory is responsible for the custody and safe return of any such deposits excepting only money or securities applied for the benefit of such creditors pursuant to any order of court. The Director of

Administration shall deposit any such moneys in a separate fund, herein created, to be called the *Foreign Banking Fund*.

Securities deposited pursuant to this Section may be exchanged from time to time, with the approval of the Commissioner, for other like securities of equal market value. Upon written request to the Commissioner, any such corporation shall be entitled to withdraw from the Director of Administration, from time to time, any amount of its securities so deposited in excess of the amount it is required to maintain on deposit in order to conform with requirements of this Chapter. Upon receiving a written request for such withdrawal or exchange, and satisfactory proof of the facts warranting the same, the Commissioner shall forthwith deliver to the Director of Administration a written order directing the withdrawal or exchange of such securities so as to conform with the provisions of this Chapter. The Director of Administration shall comply with such written order. So long as the corporation so depositing such securities shall continue solvent and shall discharge its Guam obligations promptly, it shall have the right and shall be permitted by the Director of Administration to receive the interest and dividends on any securities deposited by it.

Should any security so depreciate in value as to reduce the deposit below the amount required, additional money or securities shall be deposited at the time such security is presented for deposit or at any time thereafter. The Commissioner may make such charge as may be reasonable and proper for such investigation.

The Director of Administration may sell and transfer any securities deposited pursuant to this Chapter and may dispose of the proceeds only on the order of a court of competent jurisdiction and for the benefit of the creditors of such corporation's business in Guam.

**§7204. Assets, books of account and records in territory for business to be separate: priority of creditors of business in the territory.** Every foreign banking corporation doing business in this Territory shall keep the assets of its Guam business entirely separate and apart from the assets of its business outside Guam as though the Guam business was conducted by a separate and distinct corporation. Every such corporation shall keep separate books of account and separate records for its Guam business in words and figures of the English language and shall observe with respect to such business the applicable requirements of this Title and the rules and regulations of the Board. The creditors of such corporation's Guam business shall be entitled to priority with respect to the assets of the Guam business before such assets may be used or applied for the benefit of its other creditors or transferred to its general business.

**§7205. Approval of application; issuance of license; transfer; display.** The Commissioner shall convey to the Board his recommendation as to whether the application of a foreign banking corporation should be approved. The Board may, in its discretion, direct License Division of the Department to issue such license to such corporation when it is satisfied that the corporation has met all the requirements of this Chapter. The license shall authorize the

corporation to transact the business permitted by §7207 at the location specified therein. No such license shall be transferrable or assignable. Each such license shall be conspicuously displayed at all times in the place of business specified therein.

**§7206. Suspension or revocation of license.** If the Commissioner finds that any foreign banking corporation to which he has issued a license pursuant to §7205 has violated any law or has conducted its affairs in an unauthorized manner, or is in an unsound or unsafe condition, or cannot with safety and expediency continue business, the Commissioner may recommend that the Board suspend or revoke the license of such foreign banking corporation. The Board may then suspend or revoke such license, and shall notify the corporation of such suspension or revocation.

**§7207. Business which may be transacted in territory.** A foreign banking corporation which is authorized by license under §7205 may transact in this Territory the business of buying, selling, paying or collecting bills of exchange, of issuing letters of credit, of receiving money for transmission by draft, check, cable or otherwise, and of making loans. It may transact in this Territory the business of accepting deposits only as provided in §7208.

**§7208. Accepting deposits from foreign state or person, etc. (a)** In this Section, Person means any person, firm, partnership, association, corporation, company, syndicate, estate, trust, business trust or organization of any kind, or any branch or division thereof which is located outside the territory of Guam.

(b) A foreign banking corporation may transact in this Territory the business of accepting deposits from any foreign state or from any person which resides, is domiciled, and maintains its principal place of business outside the territory of Guam, if:

(1) Such foreign banking corporation has complied with all of the requirements of §7202; and

(2) Such foreign banking corporation has received from the Commissioner his written approval to transact such business in this Territory.

(c) A foreign banking corporation which transact such business in this Territory shall, with respect to business transacted by it in this Territory, comply with and be subject to the provision of this Title.

**§7209. Accepting domestic deposits.** (a) In this Section person means any person, firm partnership, association, corporation, company, syndicate, estate, trust, business trust or organization of any kind or any branch or division thereof which is located within the territory of Guam.

(b) A foreign banking corporation may transact in this Territory the business of accepting deposits from any person who is domiciled and maintains its principal place of business within the territory if:

(1) Such foreign banking corporation has complied with all of the requirements of §7202; and

(2) Such deposits may only be accepted from persons who are or were borrowers from a bank accepting the deposit,

provided that the balance of any deposit account shall not exceed the larger of the total current indebtedness of the depositor running to the bank or the largest amount of such indebtedness outstanding on any day during the previous calendar month.

(c) A foreign banking corporation may accept and hold the deposits of other banks within the Territory when a correspondent relationship exists with such other banks. [Added by P.L. 14-74, effective November 8, 1977.]

**§7210. Loans secured by mortgages on real property and acceptance of assignments of mortgages covering real property in Territory.** Nothing in this Chapter shall be deemed to prohibit a foreign banking corporation which does not maintain an office in this Territory for the transaction of business from making loans in this Territory secured by mortgages on real property or from accepting assignments of mortgages covering real property situated in this Territory.

**§7211. Loans: Purchase or sale of bonds.** Nothing in this Chapter shall prohibit a foreign corporation, subject to compliance with any applicable laws of this Territory pertaining to foreign corporations and any other applicable law, and which is not engaged in the banking business from lending money or buying or selling bonds in this Territory and for that purpose maintaining offices in this Territory and suing and being sued in this Territory under its corporate name.

**§7212. Report to Commissioner: Verification; Content; Formal verification; Financial Information.** Every foreign banking corporation licensed by the Commissioner to transact business in this Territory, whenever required by the Commissioner, shall make a written report to him, in such form as he shall prescribe, in words and figures of the English language, verified by one of its officers, managers or agents residing in this Territory. Such report shall show the actual financial condition of the corporation's business in this Territory at the close of any past day designated by the Commissioner, and shall set forth such other information as the Commissioner may require. The verification of such report shall state that the person making it has a personal knowledge of the matters therein contained and that he believes that every allegation, statement and matter contained therein is true. If required by the Commissioner such corporation shall furnish complete financial information, in such form and detail as the Commissioner may prescribe, in words and figures of the English language verified by the proper officers, covering all the corporation's business not only in this Territory but elsewhere. The Commissioner or his designee shall also be empowered to enter the premises of any foreign banking corporation and to examine the books of record of its Guam business kept pursuant to §7204.

**§7213. Same: failure to make report or furnish information; penalty; false statements.** If any foreign banking corporation fails to make any report required by the Commissioner or refuses to furnish the required information in the form prescribed, or otherwise refuses

to comply with §7212, it shall be liable to the people of this Territory in the sum of one hundred dollars (\$100.00) per day for each day that such omission continues.

**§7214. Failure to comply with chapter: penalty.** Any foreign banking corporation which is required to comply with the provisions of this Chapter and fails to do so is guilty of a misdemeanor and in addition thereto shall be liable to the people of this Territory in the sum of one hundred dollars (\$100.00) per day for each day that such offense continues.

**§7215. Transaction of business in territory on behalf of foreign banking corporation not authorized: penalty.** Any person who transacts business in this Territory on behalf of a foreign banking corporation which is subject to the provisions of this Chapter but which is not authorized to transact business in this Territory is guilty of a misdemeanor and in addition thereto shall be liable to the people of this Territory in the sum of One Hundred Dollars (\$100.00) per day for each day that such offense continues.

Article 3  
Representation Without Transaction of Business

§7301. Establishment and Maintenance of Office by Representative of Foreign Banking Corporation.

§7302. Maintenance of Place of Business of Representative.

**§7301. Establishment and maintenance of office by representative of foreign banking corporation.** An individual may establish and maintain an office or offices in this Territory as a representative of one or more foreign banking corporations, but only upon first obtaining a license from the Commissioner. The application for such license shall be in such form and shall set forth such information as the Commissioner may require, and shall be accompanied by a fee of two hundred fifty dollars (\$250.00). The Commissioner may grant or refuse the application in his discretion and at any time, in his discretion, revoke any such license. Such representative shall pay an annual license fee of one hundred dollars (\$100.00) for each such office. If more than one individual representative of the same foreign banking corporation uses the same office the annual license fee shall be one hundred dollars (\$100.00) plus twenty-five dollars (\$25.00) for each individual representative over one using the same office.

**§7302. Maintenance of place of business of representative.** Any licensed representative may maintain one or more places of business as his office as such representative, but not as a place of business of the foreign banking corporation. Notwithstanding anything in this Title to the contrary, he may use an office sign at his place of business indicating that such place is the office of a representative of the particular foreign banking corporation which he represents, and he may use in his business, as such representative, the letterheads, circulars and other printed matter of such foreign banking corporation.