

FINANCE CODE

TITLE 3. FINANCIAL INSTITUTIONS AND BUSINESSES

SUBTITLE E. OTHER FINANCIAL BUSINESSES

CHAPTER 155. BOND INVESTMENT COMPANIES

Sec. 155.001. DEFINITION. In this chapter, "bond investment company" includes a person that places or sells bonds, certificates, or debentures on the partial payment or installment plan.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 155.002. DEPOSIT REQUIRED. (a) Each person doing business in this state as a bond investment company shall deposit with the comptroller, in cash or securities approved by the comptroller, an amount equal to \$5,000.

(b) In addition to the deposit required by Subsection (a), a person doing business in this state as a bond investment company shall deposit semiannually with the comptroller, in cash or securities approved by the comptroller, an amount equal to 10 percent of all net premiums received by the company until the amount deposited equals \$100,000.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 155.003. FAILURE TO MAKE DEPOSIT. (a) A domestic corporation that fails to make the deposit required by this chapter before the 61st day after the date of its organization is considered to have forfeited its charter or certificate of incorporation.

(b) The attorney general shall bring suit in the name of the state to have the charter or certificate of incorporation of a domestic corporation that fails to make a deposit as required by Subsection (a) declared forfeited.

(c) On a finding that a domestic corporation failed to make a deposit as required by Subsection (a), a court in which a proceeding is brought under Subsection (b) shall:

(1) declare the charter or certificate of incorporation of the corporation forfeited;

(2) appoint a receiver for the corporation; and

(3) make equitable compensation for the receiver out of the assets of the corporation.

(d) A receiver appointed under Subsection (c)(2) shall, under the order of the court, distribute to the shareholders the assets of the corporation.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 155.004. RECEIVER ON FAILURE OF CORPORATION. (a) If a corporation that does business in this state as a bond investment company fails, a district court of the county in which the principal office of the corporation is located shall appoint, on application of a shareholder of the corporation, a receiver.

(b) A receiver appointed under Subsection (a) shall:

(1) wind up the affairs of the corporation;

(2) liquidate the debts of the corporation; and

(3) distribute any remaining assets of the corporation, including, if ordered by the court, the deposit made under this chapter to secure the shareholders.

(c) The comptroller may refund a deposit made under this chapter on application of the receiver approved by the court.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 155.005. EXCHANGE OF DEPOSIT. (a) On request, the comptroller may allow a bond investment company that has made a deposit under this chapter to alter the composition of the deposit by exchanging cash for securities or securities for cash.

(b) Securities deposited under this section must be approved by the comptroller on the written advice of the attorney general.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 155.006. RETURN OF DEPOSIT. The comptroller shall return a deposit of cash or securities made under this chapter to a bond investment company if:

(1) the company ceases to do business in this state;

and

(2) the comptroller and the attorney general find that

the company does not have any liabilities in this state.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 155.007. CRIMINAL PENALTY. (a) An officer or agent of a domestic or foreign corporation or company doing business in this state as a bond investment company commits an offense if:

(1) the officer or agent attempts to:

(A) place or sell shares; or

(B) transact any business on behalf of the company; and

(2) the bond investment company has not complied with the deposit requirements of this chapter.

(b) An offense under this section is punishable by:

(1) confinement in jail for a term of not more than six months or less than 30 days;

(2) a fine of not more than \$1,000 or less than \$100;

or

(3) both the fine and confinement.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.