



## Ohio Revised Code

### Section 1181.05 Conflicts of interest.

Effective: January 1, 2018

Legislation: House Bill 49 - 132nd General Assembly

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(A) As used in this section, "consumer finance company" means any person required to be licensed or registered under Chapter 1321., 1322., 4712., 4727., or 4728. or sections 1315.21 to 1315.30 of the Revised Code.

(B) Neither the superintendent of financial institutions nor any other employee of the division of financial institutions shall do any of the following: have a business or investment interest, directly or indirectly, in any state bank, trust company, credit union, or consumer finance company that is under the supervision of the superintendent of financial institutions or in any affiliate of any such financial institution or company; directly or indirectly borrow money from any such financial institution or company; serve as a director or officer of or be employed by any such financial institution or company; or own an equity interest in any such financial institution or company or in any of its affiliates. For purposes of this section, an equity interest does not include the ownership of an account in a mutual savings and loan association or in a savings bank that does not have permanent stock or the ownership of a share account in a credit union.

(C) Subject to division (G) of this section, an employee of the division of financial institutions may retain any extension of credit that otherwise would be prohibited by division (B) of this section if both of the following apply:

(1) The employee obtained the extension of credit prior to October 29, 1995, or the commencement of the employee's employment with the division, or as a result of a change in the employee's marital status, the consummation of a merger, acquisition, transfer of assets, or other change in corporate ownership beyond the employee's control, or the sale of the extension of credit in the secondary market or other business transaction beyond the employee's control.

(2) The employee liquidates the extension of credit under its original terms and without renegotiation.



If the employee chooses to retain the extension of credit, the employee shall immediately provide written notice of the retention to the employee's supervisor. Thereafter, the employee shall be disqualified from participating in any decision, examination, audit, or other action that may affect that particular creditor.

(D) Subject to division (G) of this section, an employee of the division of financial institutions may retain any ownership of or beneficial interest in the securities of a financial institution or consumer finance company that is under the supervision of the division of financial institutions, or of a holding company or subsidiary of such a financial institution or company, which ownership or beneficial interest otherwise would be prohibited by division (B) of this section, if the ownership or beneficial interest is acquired by the employee through inheritance or gift, prior to October 29, 1995, or the commencement of the employee's employment with the division, or as a result of a change in the employee's marital status or the consummation of a merger, acquisition, transfer of assets, or other change in ownership beyond the employee's control.

If the employee chooses to retain the ownership or beneficial interest, the employee shall immediately provide written notice of the retention to the employee's supervisor. Thereafter, the employee shall be disqualified from participating in any decision, examination, audit, or other action that may affect the issuer of the securities. However, if the ownership of or beneficial interest in the securities and the subsequent disqualification required by this division impair the employee's ability to perform the employee's duties, the employee may be ordered to divest self of the ownership of or beneficial interest in the securities or to resign.

(E) Notwithstanding division (B) of this section, an employee of the division of financial institutions may have an indirect interest in the securities of a financial institution or consumer finance company that is under the supervision of the division of financial institutions, which interest arises through ownership of or beneficial interest in the securities of a publicly held mutual fund or investment trust, if the employee owns or has a beneficial interest in less than five per cent of the securities of the mutual fund or investment trust, and the mutual fund or investment trust is not advised or sponsored by a financial institution or consumer finance company that is under the supervision of the division of financial institutions. If the mutual fund or investment trust is subsequently advised or sponsored by a financial institution or consumer finance company that is under the supervision of the division of financial institutions, the employee shall immediately provide written notice of the



ownership of or beneficial interest in the securities to the employee's supervisor. Thereafter, the employee shall be disqualified from participating in any decision, examination, audit, or other action that may affect the financial institution or consumer finance company. However, if the ownership of or beneficial interest in the securities and the subsequent disqualification required by this division impair the employee's ability to perform the employee's duties, the employee may be ordered to divest self of the ownership of or beneficial interest in the securities or to resign.

(F)(1) For purposes of this section, the interests of an employee's spouse or dependent child arising through the ownership or control of securities shall be considered the interests of the employee, unless the employee can demonstrate to the satisfaction of the superintendent that the interests are solely the financial interest and responsibility of the spouse or dependent child, the interests are not in any way derived from the income, assets, or activity of the employee, and any financial or economic benefit from the interests is for the personal use of the spouse or dependent child.

(2) If an employee's spouse or dependent child obtains interests arising through the ownership or control of securities and, pursuant to division (F)(1) of this section, the interests are not considered the interests of the employee, the employee shall immediately provide written notice of the interests to the employee's supervisor. Thereafter, the employee shall be disqualified from participating in any decision, examination, audit, or other action that may affect the issuer of the securities.

(G) For purposes of divisions (C) and (D) of this section, both of the following apply:

(1) With respect to any employee of the former division of consumer finance who, on the first day of the first pay period commencing after September 26, 1996, becomes an employee of the division of financial institutions, the employee's employment with the division of financial institutions is deemed to commence on the first day of the first pay period commencing after September 26, 1996.

(2) With respect to any employee who, on October 29, 1995, became an employee of the division of financial institutions, the employee may, notwithstanding divisions (C) and (D) of this section, retain any extension of credit by a consumer finance company that was obtained at any time prior to the first day of the first pay period commencing after September 26, 1996, or retain any ownership of or beneficial interest in the securities of a consumer finance company, or of a holding company or subsidiary of such a company, that was acquired at any time prior to the first day of the first pay



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period commencing after September 26, 1996. If the employee chooses to retain the extension of credit or the ownership or beneficial interest, the employee shall comply with divisions (C) and (D) of this section.