

## CHAPTER 107.

## AN ACT TO AUTHORIZE THE ORGANIZATION AND INCORPORATION OF ANNUITY, SAFE DEPOSIT AND TRUST COMPANIES.

*Be it enacted by the Legislature of the State of Minnesota:*

SECTION 1. Any number of persons, not less than fifteen (15), may associate themselves and become incorporated for the purpose of transacting business as an annuity, safe deposit and trust company upon complying with the provisions of this act; and any company so formed, and its successors, shall be entitled to the rights and privileges, and subject to the duties and obligations, herein prescribed, and shall have perpetual succession.

Safe deposit and trust companies—how formed.

SEC. 2. The provisions of sections two (2), three (3), four (4), seven (7), eight (8), nine (9), ten (10) and eleven (11), of title one (1), chapter thirty-four (34) of the statutes of Minnesota, shall apply to and be observed by persons organizing under this act, except as herein otherwise provided.

Laws governing same.

SEC. 3. The amount of the capital stock of any such corporation shall not be less than two hundred thousand dollars (\$200,000.00), but the same may be increased at any time by a resolution of two-thirds ( $\frac{2}{3}$ ) of the directors, to any amount not exceeding two million dollars (\$2,000,000.00); and the same shall be divided into shares of one hundred dollars (\$100.00) each.

Amount of capital stock.

SEC. 4. No such corporation shall be authorized to transact any business or exercise any powers, as such, until two hundred thousand dollars (\$200,000.00) of its capital stock shall have been subscribed for and one hundred thousand dollars (\$100,000.00) on account of said capital stock shall have been actually paid in, invested and deposited as herein-after provided. Said one hundred thousand dollars (\$100,000.00) shall be invested in bonds of the United States or of the State of Minnesota, or in the bonds of other states which shall have the approval of the state auditor or public examiner, or in bonds or obligations of any incorporated city of the state containing a population of not less than five thousand (5,000) souls, which bonds have not been issued as a bonus for or purchase of, or subscription to any railroad or other private enterprise, and whose total bonded indebtedness does not exceed five (5) per centum of the then assessed valuation of the real and personal property of such city; or in the bonds of any organized county in this state, containing a population of not less than ten thousand (10,000) souls, which bonds have not been issued for any of the purposes aforesaid, and whose total bonded indebtedness does not exceed five (5) per centum of the then assessed valuation of the real and personal property of such county; or

Deposit, of what to consist and how approved.

in bonds or promissory notes, secured by first mortgages or deeds of trust upon unincumbered real estate situated within this state worth double the amount of the obligation so secured.

State Auditor to hold securities and pay over the income.

SEC. 5. Whenever any such corporation shall have so invested one hundred thousand dollars (\$100,000.00) of its paid in capital and shall assign, transfer and deliver to the State Auditor the said securities and all evidences of such investments so made, he shall execute and deliver a certificate of such deposit; and thereupon the said corporation may commence and carry on business under the provisions of this act. The State Auditor and his successors shall hold the said securities as a collateral security for the depositors and creditors of said corporation, and for the faithful execution of any trusts which may be lawfully imposed upon and accepted by such corporation. Such corporation may, from time to time, withdraw the said securities from said State Auditor, or any part thereof, upon their depositing with him other securities of equal amount and value and of the kinds specified in section four (4), so that an equal amount and value of such securities shall at all times during the existence of such corporation remain in the possession of the State Auditor for the purposes aforesaid. And until otherwise ordered by a court of competent jurisdiction, the said State Auditor shall pay over to such corporation the interest, dividends, or other income which he shall collect upon such securities; or he may authorize said company to collect the same for its own benefit.

Board of directors, qualifications and term of office.

SEC. 6. All the corporate powers of such company shall be exercised by a board of directors of not less than nine (9) nor more than twenty-seven (27), in number; and such officers and agents as they shall elect or appoint. A majority of such directors must be citizens of this state, and each director must own at least ten (10) shares of the capital stock. The articles of association shall state the names and places of residence of the first board of directors, of whom the first one third ( $\frac{1}{3}$ ) thereof shall serve for three (3) years; the second one-third ( $\frac{1}{3}$ ) thereof shall serve for two (2) years and the balance thereof shall serve for one (1) year from the date fixed for the commencement of such corporation. In case any of the persons so named shall not become stockholders to the amount required to qualify, or if they shall fail or refuse to qualify from any cause, the directors who shall so qualify may elect qualified stockholders to fill such vacancies, and thereafter at each annual meeting of the stockholders, directors shall be elected to serve three (3) years in place of those whose terms shall then expire.

Annual elections.

SEC. 7. The annual election shall be held at the office of the company upon a day to be fixed by the articles of association, and notice of which meeting shall be given by publication at least ten (10) days prior to said date in a public newspaper printed and published at the county seat

of the county in which such company has its principal place of business. In case of a failure to elect on that day or on a day to which such annual meeting may be adjourned, the directors whose regular terms do not then expire shall proceed to elect such number of directors as may have failed of election, who shall with them constitute the board of directors. Any vacancy in the office of director may be filled by the board until the next annual election.

SEC. 8. The board of directors shall, at their annual meeting, elect from their own number a president and vice president, and they shall also appoint a secretary and such other officers and agents as they may find necessary to the transaction of the business of the company. They shall define the general powers, authority and duty of such officers and employes by by-laws or resolutions, fix the conditions, form and amount of their bonds, and approve the same; but no such officer, agent or other employe from whom a bond shall be required by the directors, shall enter upon the discharge of his duties until he shall have entered into a bond to the corporation, conditioned for the honest and faithful discharge of his duties, in such sum, conditions and sureties as may be approved by the directors, nor until such bond so approved, has been filed in the office of the State Auditor.

Officers—how chosen.

SEC. 9. Any such corporation so organized and authorized to transact business, shall have all the general powers and privileges of a corporation as the same are declared in title eight (8), of chapter thirty-four (34), of the statutes of Minnesota; and in addition thereto shall have power and authority.

*First*—To acquire, purchase, own, hold, use and improve, and for that purpose to mortgage, lease, sell and convey such real estate and personal property as may be necessary for the convenient transaction of its business, and for the use and occupation of its officers, agents and employes, and the safe keeping of its assets, deposits and property held in trust. Any estate or interest in real estate which such corporation shall acquire under or by virtue of the foreclosure of any deed of trust, mortgage or other security, or by the compromise, compounding or settlement of any obligation or security, or otherwise in the course of its legitimate business, whether as owner or trustee, it may continue to own, hold, use, occupy, lease, bargain, sell [and] convey the same, as the directors may deem best for the interests of such company, or of the particular estate or trust to which the same belongs. And to that end it may become a purchaser at any foreclosure sale, or sale under decree or judgment, to which it is a party as trustee or otherwise. But no part of its capital, accumulations, deposits, trust funds, property, or securities, owned or held by such company in trust, or otherwise, shall be invested in real estate, except as herein authorized, unless the same is done under and by virtue of a particular

Powers of corporation organized under this act to acquire and sell real estate.

contract, agreement or other instrument, which shall confer a special power and authority so to do, and then only with and to the extent of the monies or funds thereby provided and belonging to such particular trust; and for the general transaction of its business to make and deliver, and in like manner to accept and receive, all necessary and proper deeds, conveyances, mortgages, leases and other contracts and writings obligatory, and to have and exercise all necessary rights, franchises, muniments, estate, powers and privileges necessary to that end, and such corporation is authorized to loan money and funds, and secure such loan by mortgage; and shall have power to sell and assign such mortgages and the other securities of such corporation, and to convert them into cash or other securities.

To hold trusts.

*Second*—To take, accept and hold, by the order, judgment or decree of any court of record of this state, or of any other state, or of the courts of record of the United States, or by gift, grant, assignment, transfer, devise, legacy or bequest, from or with any public or private corporation or persons whomsoever, any real estate or personal property, upon trusts created in accordance with or which shall not conflict with the laws of this state or of the United States, and to execute and perform [any] and all such legal and lawful trusts in regard to the same, upon the terms, conditions, limitations and restrictions which may be declared, imposed, established, by or agreed upon in and by such order, judgment, decree, gift, grant, assignment, transfer, devise, legacy or bequest. To accept from and execute for, or on behalf of, trusts for married women, in respect to their separate property, real or personal, and ante-nuptial settlement, or otherwise to act as agent for them in the management of such property. To act as agent for the purpose of transferring, issuing, registering or countersigning the certificates of stock, bonds, coupons or other evidences of debt of any corporation, association, person, city, county, state or other authority, or to receive and pay out monies in redemption of the bonds, coupons or other evidences of indebtedness of such public or private corporations or persons.

*Third*—To take, accept and hold on deposit or for safe keeping any and all monies, bonds, stocks or other securities or personal property whatsoever which any state, county, city or town officer in any railroad or other corporation, public or private, or private person, shall be authorized or required by law or otherwise to deposit in a bank or other safe deposit.

*Fourth*—To act as trustee, assignee, or receiver in all cases where it shall be lawful for any court of record, officer, corporation or person to appoint a trustee, assignee or receiver, and to be appointed, commissioned and act as administrator of any estate, executor of any last will and testament of any deceased person, and as guardian of the person or estate of any minor or minors, or of the estate of any

To act as trustee, receiver, executor, etc.

lunatic, imbecile, spendthrift, habitual drunkard or other person disqualified or unable from any cause to manage their estate.

And it shall and may be lawful for any probate court, surrogate, or orphans' court or other court of record having jurisdiction of the estate and wills of decedents, or of the persons or estates of minors, or of other persons under guardianship, either within or without this state, to appoint and commission any such corporation which holds the certificate of the State Auditor, showing that it is entitled to transact business in this state, as the executor of any last will and testament or as trustee of any trust under any will, or as the administrator of the estate of any decedent or as the guardian of the person and estate of any minor, or of the estate of any imbecile, lunatic, spendthrift, habitual drunkard, or other person disqualified or unable from any cause to manage his or her estate, in all cases where, under the laws of this state, such court could lawfully appoint and commission any natural person as such executor, administrator, guardian, or trustee; and in all such cases no bond or other security, or oath or other qualification shall be necessary to enable such corporation to accept such appointments and trusts.

*Fifth*—To act as the general agent and attorney in fact for any public or private corporation or person in the management and control of real estate or personal property, its sale or conveyance, in the negotiation of and sale of mortgages or other securities, the satisfaction and discharge of record of such mortgages or other securities, the collection of rents, payment of taxes, and generally to act for and represent corporations or persons under powers and letters of attorney in all respects as a natural person could do.

*Sixth*—The directors of any such corporation shall have discretionary power to invest all monies received by it on deposit or in trust, in any such personal securities as are not hereinafter expressly prohibited; and it shall be held responsible to the owners or cestui que trust of such moneys for the validity, regularity, quality, value and genuineness of all such investments and securities at the time the said investments are so made, and for the safe keeping of the evidences and securities thereof. But if any special direction, agreement or trust is imposed upon, made or conferred in and by the order, judgment or decree of any court, or by the terms and conditions of any last will and testament, or other document, contract, deed, conveyance or other written instrument as to the particular manner in which, or the particular class or kind of securities, funds or property, whether real or personal, the same shall be invested in, then the said corporation shall follow and carry out such order, judgment, decree or other appointment, contract, deed, conveyance, or other written instrument. And in such case, such company shall not be held liable or re-

To act as agent  
or attorney.

Directors may  
invest monies—  
how.

sponsible for any loss, damage, or injury which may occur or be incurred by any person or cestui que trust by reason of its performance of such trust as aforesaid.

*Seventh*—It shall and may be lawful for any trustee of any trust estate now existing, or which may hereafter exist or be created, and whether before or after acceptance thereof, and whether the same has been or shall be created or conferred by any will or testament, or by contract conveyance, deed of trust or agreement, whatsoever, to surrender and resign such trust, in favor of any such corporation organized and doing business under this act, which will accept the same, and to convey and deliver to such corporation all the property and assets of, and pertaining to the said trust, and subject to all unexecuted trusts imposed upon or pertaining to the same; upon the condition, however, that the grantor cestui que trust, and all parties in any manner interested in the execution and performance of such trust shall join in, sign, seal, acknowledge and deliver an instrument in writing, whereby they shall consent to the said transfer, and the release and discharge of such original or acting trustee and the appointment of such corporation as his successor as such, or if either of the parties to the original trust shall have deceased, or shall not join in the said written consent and transfer for any cause, or if the said original trust was created under a last will and testament, or under an order or decree of any court of record, then such transfer of such trust shall not be valid except upon the judgment or decree of such court of record as would have jurisdiction of an action to remove the acting trustee of such trust and the full compliance with all the terms and conditions of such judgment or decree.

*Eighth*—For the faithful performance and discharge of any such trust, duty, obligation or service so imposed upon, conferred and accepted by any such corporation, it shall be entitled to ask, demand and receive such reasonable compensation therefor as the same shall be worth, or such compensation as may have been or may be fixed by the contract or agreement of the parties, as well as any and all advances necessarily paid out and expended in the discharge and performance thereof, and to charge legal interest on such advances unless otherwise agreed upon, and any compensation or commission paid, or agreed to be paid, for the negotiation of any loan or the execution of any trust by any such annuity, safe deposit and trust company, shall not be deemed interest within the meaning of any law of this state. Nor shall any excess thereof over any rate of interest permitted by the laws of this state be decreed or held in any court of law or equity to be usury.

SEC. 10. On any sum of money not less than one hundred dollars (\$100.00) which shall be collected or received by any such corporation in its capacity of executor, administrator or guardian, or upon any deposit under any order of

Trust estates may be transferred to corporation organized under this act.

Reasonable compensation for services and interest on advances.

Company to pay 3 per centum interest on funds held in trust.

any court of record, an interest shall be allowed by such company of not less than at the rate of three (3) per cent. per annum in all cases where such money shall have remained in the possession of such company for over one (1) year, for the period of such excess, and which interest shall continue after such one (1) year until the said money shall be duly accounted for and paid over. And if the annual income of any minor or other person for whose estate any such company shall be guardian or trustee shall exceed the sum allowed for, or which may be necessary for the support, maintenance and education of such ward, such surplus income shall be accumulated by said company for the benefit of such infant by adding annual interest on such surplus as a new principal of not less than the rate aforesaid.

SEC. 11. No such corporation shall engage in any banking, mercantile, manufacturing or other business, except such as is hereby expressly authorized. It shall not loan its funds, monies, capital, trust funds, or other property whatsoever, to any director, officer, agent or employe [thereof], nor shall any such director, officer, agent, or employe become in any manner indebted to said corporation by means of any over-draft, promissory note, account, endorsement, guaranty or other contract whatsoever, and any such director, officer, agent or employe, who shall become so indebted to said corporation shall be deemed guilty of the crime of embezzlement to the amount of such indebtedness, from the time such indebtedness shall be created, and upon conviction thereof shall be punished in the manner prescribed by the laws of the state for the crime of embezzlement of a like amount. The execution and delivery of the official bond required from such officer, agent or employe, shall not be considered as an indebtedness for the purposes of this section.

SEC. 12. Any such corporation shall be subject at all times to the further orders, judgments and decrees of any court of record from which it shall have accepted any trust, appointment or commission, as to such trust, and shall render to such court such itemized and verified accounts, statements and reports as may be required by law, or as such court shall order in relation to such particular trust. It shall also be subject to the general jurisdiction and authority of the district court of the county in which the principal place of its business is situated. It shall render to the public examiner a full and detailed annual account of its condition on or before the day of in each year, and such further accounts, either total or partial, or in relation to any particular investments, trusts, funds, or other business, as the said public examiner may from time to time direct or request, and a condensed statement of such annual account, approved by the public examiner, shall be published by said corporation in a public newspaper, printed and published in the county in which its principal place of

Trust companies under this act not to engage in banking, etc.—Funds not to be loaned to directors or agents.—Penalty for violation

Corporation subject to order of court from which it shall have accepted trust.

To make report to public examiner.

business is located, and if none, then in such newspaper as the public examiner may direct.

Public examiner  
to make exami-  
nation once in 6  
months.

SEC. 13. It shall be the duty of such public examiner, at least once in six (6) months, and as often as he may deem necessary, to assume and exercise over any such corporation, its business, officers, directors, and employes, all the power and authority conferred upon him over banks and other moneyed corporations under the laws of this state; and in the event of his inability to act in the premises, the state auditor may discharge and perform all the duties of the public examiner in relation to such corporation.

Public examiner  
may direct dis-  
continuance of  
corporation.

SEC. 14. If it shall appear to the said public examiner or State Auditor, from any examination made by either of them, or from any report of any examination made by them, that said corporation has committed a violation of its charter or of the law, or that it is conducting business in any unsafe or unauthorized manner, he or either of them shall, by an order under his hand and seal of office, addressed to such corporation, direct the discontinuance of such illegal or unsafe practices and conformity with the requirements of its charter and of the law, and with safety and security in its transactions. And whenever any such corporation shall refuse or neglect to make such report or account as may be lawfully required, or to comply with any such order as aforesaid, or whenever it shall appear to the said examiner or to the State Auditor acting for him, that it is unsafe or inexpedient for any such corporation to continue to transact business, he shall communicate the facts to the attorney general, who shall thereupon be authorized in [to] institute such proceedings against any such corporation as are now or may hereafter be provided by law in the case of insolvent corporations, or such other proceedings as the case may require.

Approved March 5, 1883.