

Statutes
1878

THE
GENERAL STATUTES
OF THE
STATE OF MINNESOTA,

As Amended by Subsequent Legislation.

PREPARED BY
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OF 1878, AND CHAPTER 67 OF THE LAWS OF 1879.

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WITH SUPPLEMENTS,
CONTAINING ALL THE GENERAL LAWS IN FORCE UP TO THE END OF
THE LEGISLATIVE SESSION OF 1883.

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CHAPTER XXIII.

BANKS AND BANKING.

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§ 1. Bank-notes to be prepared by auditor at cost of banks. The auditor of state, on application of any person or association of persons wishing to organize under this chapter, shall cause to be engraved and printed, in the best manner to guard against counterfeiting, such quantity of circulating notes, in the similitude of bank-notes, in blank, of the different denominations hereinafter authorized to be issued, as may from time to time be needed to meet the demands of those organizations for the purpose of banking; and all necessary expenses in procuring such circulating notes in blank, shall be charged to and paid by the banker or banking association at whose solicitation and for which the same are furnished.

§ 2. Denominations of notes. Such bank-notes shall be of the dimensions usually issued by banks, from one dollar to five hundred dollars; but such notes shall not be of any intermediate number between five and ten dollars, ten and twenty, twenty and fifty, or fifty and one hundred dollars.

§ 3. Notes to be countersigned and registered. Such blank circulating notes shall be countersigned by the auditor of state, and numbered, and registered in proper books to be kept for that purpose in his office and under his direction, so that each denomination of such circulating notes shall be of the same similitude, and all bear the uniform signature of the auditor of state.

§ 4. What stocks, etc. to be received by auditor, and at what valuation, as security for bank-notes—depreciation to be made good. Whenever any person or association of persons formed for the purpose of banking, under the provisions of this chapter, duly assigns or transfers in trust, to the auditor, any portion of the public stocks issued by any state of the United States, on which full interest is semi-annually paid, said stocks to be valued at a rate to be estimated and governed by the average

rate at which such stocks have been sold in the city of New York, at the stock exchange, within six months next preceding the time when such stocks are assigned or transferred to the auditor; or any stocks or securities issued by the United States, bearing interest at a rate not less than five per centum per annum, said stocks or securities to be valued at a rate to be estimated and governed by the rate at which such stocks or securities are sold in the city of New York at the time of the assignment or transfer to the auditor, such person or association of persons is entitled to receive from the auditor an amount of such circulating notes of different denominations, registered and countersigned, equal to the amount of public stocks so assigned or transferred; such state stocks shall in all cases be, or be made to be, equal to stocks producing six per cent. per annum, except as herein provided, and the auditor shall not take any such stocks at a value above their par value, nor above ninety-five per cent. of their current market value at the stock exchange in the city of New York, at the time of such assignment or transfer to the auditor; and if at any time any of the stocks so assigned or transferred depreciate ten per cent. or more in value at the stock exchange in New York, the auditor shall reduce the rate at which such stocks shall be held as securities, and shall require such banker or banking association owning such stocks to make up such deficiency with additional stocks, to be assigned or transferred as aforesaid; or such banker or banking association may make up such deficiency by returning to the auditor such amount of bank-bills previously issued to him, as are equal to the deficiency of security caused by such depreciation. No stocks shall be received by the auditor until the same are submitted to the governor and approved by him; and if, in the opinion of the governor and auditor, any stocks offered are deemed insecure, they shall not be received as such securities under the provisions of this chapter; nor shall any stocks which have been received as aforesaid be withdrawn or exchanged without the joint consent of the governor and auditor.

§ 5. **Securities to be indorsed.** All securities assigned and transferred to the auditor by any banker or banking association, as aforesaid, shall be indorsed at the time of such assignment and transfer, with a certificate which shall state the time of the assignment and transfer, by whom and for what purpose such security is assigned and transferred, and that the same is not to be withdrawn without the consent of the auditor indorsed thereon, and countersigned by the governor.

§ 6. **Duty of auditor when securities become insufficient.** Whenever the securities so assigned and transferred to the auditor by any banker or banking association, for the redemption of their circulating notes, shall, in the opinion of the auditor and governor, become insufficient for that purpose, the auditor may receive the interest and dividends on all securities, and shall deposit the same with some safe banking association; the deposit to be made on such terms and at such rate of interest as the auditor and governor determine, and be withdrawn and paid over whenever, in their opinion, such securities are sufficient to warrant it.

§ 7. **Securities not to be used to pay protest fees.** No portion of the securities deposited, assigned or transferred to the auditor by any banker or banking association, to be used as security for the circulating notes of such banker or banking association, shall be applied to the payment of fees for protesting any of their circulating notes.

§ 8. **Notice to be engraved on notes.** The words "secured by the pledge of public stocks," shall be engraved upon the face of all bills and notes, the payment of which is secured by the transfer of public stocks.

§ 9. **Power of attorney to bank to receive interest, etc., on securities deposited with auditor.** The auditor may give to any person or association transferring securities in pursuance of the provisions of this chapter, a power of attorney to receive in-

terest or dividends thereon, which person or association may receive and apply to their own use; but such power may be revoked upon such person or association failing to redeem the circulating notes so issued, or when, in the opinion of the auditor or governor, such securities become insufficient to secure their circulating notes as hereinbefore provided; and the auditor, upon application of the owners of such transferred securities in trust, may, with consent of the governor, change or transfer the same for other securities of the kind specified in this chapter, or may transfer the said securities or any part thereof, upon receiving and cancelling an equal amount of the circulating notes delivered to him by such person or association, in such manner that the circulating notes shall always be secured in full, as in this chapter provided.

§ 10. **Banks, where to be established—minimum capital.** Any person or association of persons may establish offices of discount, deposit and circulation, and become incorporated, upon the terms and conditions, and subject to the liabilities prescribed in this chapter; but the aggregate of the capital stock of such establishment shall not be less than twenty-five thousand dollars, and no such office shall be established in any town containing less than two hundred inhabitants.

§ 11. **Organization certificate, what to specify—filing and record.** Such person or association of persons, under their hands and seals, shall make a certificate, which shall specify:

First. The name assumed to distinguish the bank, and to be used in all its dealings, which name shall not be that of any other bank in this state.

Second.—The place where the business of discount or deposit is carried on.

Third.—The amount of capital stock, and the number of shares into which the same shall be divided.

Fourth.—The name and place of residence of the shareholders, and the number of shares held by them respectively.

Fifth.—The period at which said bank shall commence and terminate; which certificate shall be acknowledged and recorded in the office of the register of deeds of the county where the office of such bank may be established, and a copy thereof shall be filed in the office of the auditor of state, and, upon the recording of such certificate, the person or persons aforesaid shall become a body politic and corporate, by the name assumed as aforesaid, for and during the time fixed in such certificate, and by such name shall have power to contract and be contracted with, sue and be sued, and shall have all other powers, privileges and immunities incident to corporations, and applicable to the ends of such establishments, subject to the restrictions and provisions of this chapter.

§ 12. **Copy of certificate to be evidence.** A copy of the certificate required by the preceding section, duly certified by the register of deeds of the county, or by the auditor of state, may be used as evidence in all courts for or against such bank, or any person for or against whom such evidence is necessary, whether on civil or criminal trial.

§ 13. **General powers of banks—circulating notes.** Such person or association has power to carry on the business of banking, by discounting bills, notes and other evidences of debt, by receiving deposits, by buying and selling gold and silver bullion, foreign coin, promissory notes, mortgages and other evidences of debt, and foreign and inland bills of exchange, by loaning money on real and personal securities, and by exercising all the usual and incidental powers and privileges belonging or pertaining to such business; may choose one of their number president, and may appoint a cashier and such other officers as their business may require, and remove such president, cashier, officers and agents, at pleasure, and appoint others in their places; but no circulating notes shall be issued to any such association or banker by the auditor of state under the provisions of this chapter, until such association or banker shall have deposited with such auditor the securities prescribed in the fourth section of this

chapter: *provided*, that nothing in this chapter contained shall be construed to require the deposit of any such securities by any such association or banker, unless such association or banker shall desire and apply to the auditor of state for such circulating notes. (*As amended 1876, c. 92, § 1.*)

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§ 14. **Shares to be personal property—how transferable.** The shares in such bank are personal property, and transferable on the books of the bank in such manner as may be agreed upon in the articles organizing such bank, or prescribed in its by-laws; and every person becoming a stockholder therein shall, in proportion to his interest, succeed to all the rights, and be subject to all the liabilities of prior shareholders; no change shall be made in the articles organizing such bank whereby the rights, remedies or securities of existing creditors shall be in any manner impaired; and any association constituting such bank shall not be dissolved by the death or insanity of any one of the shareholders therein.

§ 15. **Protest and other proceedings on failure of bank to redeem its notes.** If the maker of any circulating note, countersigned and registered as aforesaid, shall at any time, on lawful demand during the usual hours of business, at the place where such note is payable, fail or refuse to redeem such note in the lawful money of the United States, the holders of such note, making such demand, may cause the same to be protested for non-payment, by a notary public under his official seal; but the maker or makers of such note shall not be liable for the expense of so protesting the same, unless, on such demand and refusal so to redeem the same, he refuses to waive protest and notice of protest thereon; and such waiver of protest in all cases is equivalent to the regular protest thereof; and such notary shall, on protesting the same, forthwith forward notice of such protest to the auditor of state. The notary making such protest shall certify, in his notice of protest, the number of notes on which said payment was refused, and describe them by their numbers and letters, and shall also certify to the aggregate amount of said notes. The auditor of state, on receiving and filing in his office such protest, together with such note as aforesaid, shall forthwith give notice in writing to the makers of such note to pay the same; and if they omit to do so for forty days after such notice, the auditor shall immediately thereupon, unless he is satisfied there is a good and legal defence against the payment of such note, give notice that all the circulating notes of such person or association, and countersigned and registered as aforesaid, will be redeemed out of the trust funds in his hands for that purpose, which notice shall be given by publishing the same in some newspaper printed in the county where the business of such bank is established, if any, and in some newspaper printed at the capital of this state; and the auditor shall apply the said trust funds belonging to the maker of such protested note to the payment of all circulating notes, whether protested or not, put in circulation by the maker of such protested note, pursuant to the provisions of this chapter, and adopt such measures for the payment of such notes, as will, in his opinion, most effectually prevent loss to the holder; and to this end the auditor may, after the expiration of the said forty days, and after giving thirty days' notice by publication in a newspaper printed and published at the capital of this state, and in a daily newspaper printed in the city of New York, proceed to sell, at the Merchants' Exchange, in the city of New York, at public auction, the securities so pledged, and, out of the proceeds of such sale, shall pay *pro rata* and cancel all bills and notes which have been issued and put in circulation by such bank, under the provisions of this chapter; but nothing in this chapter contained shall be considered as implying any pledge on the part of this state for the payment of such bills or notes, beyond the proper application of the securities pledged to the auditor of state for their redemption.

§ 16. **Damages for failure to redeem notes.** Such bank or banking association is liable to pay the holder of every bill or note put in circulation as money, the payment of which has been demanded or refused at the banking-house or usual place of business of such association or bankers, damage for non-payment thereof, from the time of such refusal until the payment of such evidence of debt and damages thereon.

§ 17. **Amount of notes to be countersigned—duty of auditor—penalty for violation.** The auditor of state shall not countersign bills or notes for any association or banker to an amount in the aggregate exceeding the securities, at their value as before provided in this chapter, deposited with him in trust by such association or banker, or use or dispose of such securities in any manner other than provided for in this chapter; and any auditor of state or deputy who violates the provisions of this section shall be deemed guilty of a felony, and be punished by a fine not less than five thousand dollars, or be imprisoned not less than five years in the state prison, or by both such fine and imprisonment.

§ 18. **Capital stock and membership, how increased.** It shall be lawful for any person or association of persons organized under the provisions of this chapter, by his or their articles of association, to provide for an increase of their capital stock, and of the numbers of such association, from time to time, as they may think proper.

§ 19. **Contracts and notes, how to be signed—suits, how to be brought.** Contracts made by any bank or banking association established under the provisions of this chapter, and all notes and bills issued and put in circulation as money, shall be signed by the president and cashier thereof; and all actions and proceedings brought or prosecuted by and in behalf of such bank or banking association shall be brought and prosecuted in the corporate name mentioned in the certificate made and filed as hereinbefore required.

§ 20. **Power of banks to hold real estate.** Such bank or banking association may purchase, hold and convey real estate for the following purposes:

First. Such as is necessary for its immediate accommodation in the convenient transaction of its business.

Second. Such as is mortgaged to it in good faith by way of security for loans made, or money due to such bank,

Third. Such as is conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

Fourth. Such as it acquires by sale on execution or judgment of any court in its favor.

The said bank shall not purchase, hold or convey real estate in any other case or for any other purpose whatever; and all conveyances of such real estate shall be made to the corporation, and the president and cashier may sell, assign, grant or convey the same, under the direction of the association, free from any claim thereon in favor of or against the shareholders or any person claiming under them.

§ 21. **List of shareholders to be kept and filed—their individual liability.** The president and cashier of every bank formed pursuant to the provisions of this chapter, shall at all times keep a true and correct list of the names of all the shareholders of such bank, with the amount of stock held by each, the time of transfer, and to whom transferred, and shall file a copy of such list in the office of the register of deeds of the county wherein such bank is located, and also in the office of the auditor of state, on the first Monday in January and July in each year; and the stockholders in each bank shall be individually liable in an amount equal to double the amount of stock owned by them for all the debts of such bank, and such individual liability shall continue for one year after any transfer or sale of stock by any stockholder or stockholders.

§ 22. **Bill-holders to be preferred creditors.** In the event of the insolvency of any bank

established under the provisions of this chapter, the bill-holders thereof (if any) shall be entitled to preference in payment over all other creditors of such bank. (*As amended 1869, c. 85, § 2.*)

§ 23. **Bills of each bank to be payable at such bank.** It shall not be lawful for any bank formed under the provisions of this chapter to make any of its bills or notes, to be put in circulation as money, payable at any other place than the office where the business of the bank is carried on and conducted, nor to issue the same at any other place; and said bills or notes shall be made payable on demand and without interest.

§ 24. **Winding up business—withdrawal of securities on redemption of notes.** When any owner of a bank to which circulating notes shall have been issued under this chapter, desirous of relinquishing the banking business, notifies the state auditor of such intention, it is competent for such bank or bankers to redeem, and deposit with the auditor of state from time to time, their circulating notes, in sums not less than one thousand dollars at any one time, and receive and withdraw therefor an equal amount of the securities by them deposited with the auditor of state; but no such bank shall continue to transact any business whatever, further than what may be required to settle up its affairs, after its securities or circulation shall have been reduced to less than twenty-five thousand dollars, nor in any case after two years from the date of such notice of intention to relinquish and close up their banking business as aforesaid. And whenever any bank or banker to which circulating notes shall have been issued under this chapter desires to withdraw all the securities lodged with the auditor of state, they may, upon notifying the auditor of such desire, deposit from time to time with such auditor their circulating notes, in sums of not less than one thousand dollars at a time, and, upon such deposit, withdraw an equal amount of such securities; and when such bank or banker shall have so deposited as many of such circulating notes as, after reasonable efforts on their part in that behalf, have been presented to them for redemption, they may withdraw the balance of such securities by producing and filing with the auditor a certificate of deposit to his credit, in such bank as he shall approve, of an amount equal to the amount of the circulating notes of such bank then remaining unredeemed; and the auditor, upon being satisfied of such deposit and of the sufficiency thereof, shall give up all the remaining securities of such bank: *provided*, that such bank or banker shall not thereafter, nor shall any bank or banking association organized and doing business under this chapter at any time, issue and put in circulation as money any bills or notes, unless obtained of the auditor of state in the manner and upon the securities prescribed in this chapter. (*As amended, 1869, c. 85, § 3.*)

§ 25. **Same—two years' notice of redemption—surrender of securities.** Such banking association or banker, after having complied with the provisions of the preceding section, shall give notice for two years in some newspaper printed in the county where such bank is located, if any, and in a paper printed at the capital of this state, that all circulating notes issued by such banking association or banker, must be presented at the auditor of state's office within two years from the date of such notice, or that the funds deposited for the redemption of the notes will be given up to the banking association or banker; and on receiving satisfactory proof of the giving of such notice for the time aforesaid, the auditor of state shall surrender to the order of such banking association or banker any securities which he may hold for the payment of any unredeemed notes of the said banking association or banker.

§ 26. **Withdrawal of securities.** Any banking association or banker wishing to withdraw any of the securities by them deposited with the auditor of state may do so by depositing an equal amount of the circulating notes which have been issued to said association or banker by the auditor of state, in sums of not less

than one thousand dollars : *provided*, that the amount of funds thus withdrawn by deposits of said circulating notes shall not reduce the amount of stock securities remaining in the hands of the auditor to less than twenty-five thousand dollars.

§ 27. **Securities to be held in trust for redemption of bills.** The securities to be deposited with the auditor of state in trust by any association or banker, shall be held by him exclusively for the redemption of the bills or notes of such bank, put in circulation as money, until the same are paid and returned to the auditor, as provided in this chapter ; but the auditor may assign said securities to said association or banker transferring the same, upon receiving therefor equivalent securities, or an equivalent amount in circulating notes issued by such bank, as provided in the preceding section.

§ 28. **Returned notes to be destroyed.** All circulating notes of banks or banking associations returned to the auditor shall be destroyed by him in presence of the governor and an authorized officer of the bank, after he has made a record of the same, which shall specify the number of each note, its date, and shall be made in the books to be kept by himself for registering circulating notes.

§ 29. **Mutilated notes, how exchanged.** The auditor shall receive mutilated circulating notes issued by him, and after making a record of them, their denomination and amount, deliver in lieu thereof circulating notes to the same amount.

§ 30. **Bank to receive its own notes as money.** All of the bills or notes of any bank or banking association shall be at all times received by the same in payment of all debts due to such bank or banking association.

§ 31. **Impairment of capital—dividends forbidden—winding up.** If any portion of the declared capital of any banking association is reduced for any purpose whatever while any debts of the association remain unsatisfied, no dividend or profits in the shares of the capital stock of the association shall thereafter be made until the deficit of the capital is made good, either by subscription of the shareholders, or out of the subsequent accruing profits of the association; and if it appears that any such dividends have been made, it shall be the duty of any judge of the district court of the county in which said bank is located, on application of any person in interest, to make the necessary orders and decrees for the closing of the affairs of the association, and distribute its property and effects among its creditors and shareholders.

§ 32. **Penalty for issuing illegal currency.** The officers or agents of any banking association or banker who shall pay out, to be put in circulation as money in this state, any bill, note, certificate of deposit, or other paper having the similitude of a bank-note, knowing the same to have been issued otherwise than by the authority of this or some other state of the United States, of the congress of the United States or of the British Possessions, shall, for each offence, upon conviction thereof, be adjudged guilty of a misdemeanor, and shall be punished by a fine of not less than one hundred dollars, or by not more than twelve months' imprisonment, or both by fine and imprisonment.

§ 33. **Bank rate of interest—payment in advance.** Such bank or banking association may demand and receive for loans on real and personal security, or for notes, bills, or other evidences of debt discounted, such rate of interest as may be agreed upon by the parties, not exceeding twelve per cent. per annum, subject, however, to such general laws regulating and fixing the rate of interest as may hereafter be passed by the legislature; and it shall be lawful to receive the interest in advance, according to the ordinary usage of banking institutions, and in general to do all things and have all the privileges incident to banking associations or corporations.

§ 34. **Quarterly report to be filed and published.** Every bank or banking association shall, on the first Monday of January, April, July and October in every year after having commenced the business of banking as provided in this chapter, make and transmit to the auditor a report, sworn to by the president and

cashier, and containing a true statement of the following items on the mornings of the first Monday of January, April, July and October, before any business of that day: loans and discounts, overdrafts, due from banks, due from directors of said bank, due from broker, real estate, specie, cash items, stocks, and promissory notes, bills of solvent banks, bills of suspended banks, loss and expense account, capital, circulation, amount due to state treasurer, amount due to depositors on demand, amount due not included under either of the above heads; and the auditor shall publish said report once in some newspaper printed at the capital of the state, and in the county in which said bank or banks are located, if any, and the expense thereof shall be defrayed by the banks; and if any bank fails to furnish to the auditor its quarterly report in time for such publication, or fails to pay the expenses incurred in the publication of its report when they are demanded by him, it shall forfeit and pay the auditor the sum of one hundred dollars, to be applied by him to the expense of publishing the quarterly reports, and the auditor of state is authorized to collect the said forfeiture in his name, upon his application to any court of competent jurisdiction in the county where such delinquent bank may be located; the auditor shall also transmit annually to the legislature, at the commencement of its session, a condensed summary of all the items reported to him by all the banks, which summary shall contain a true and correct statement of the condition of all the banks in the state, at the time of the making of their last report.

§ 35. **Unclaimed deposits, interest and dividends—statement to be published.** Every bank and banking association formed under the provisions of this chapter, shall annually, on the first Monday of January in each year, cause to be published for six successive weeks, in one public newspaper printed in the county in which such bank may be located, if any, and in some newspaper printed at the capital of this state, a true and accurate statement, verified by the oath of the cashier, of all deposits made with said bank, and of all dividends and interest declared and payable upon any of the stocks, bonds or other evidences of indebtedness of said bank, which, at the date of such statement, have remained unclaimed by any person or persons authorized to receive the same, for two years then next preceding.

§ 36. **Same—contents of statements.** Such statement shall set forth the time that every such deposit was made, its amount, the name and residence, if known, of the person making it, the name of the person in whose favor the dividend or interest may have been declared, its amount, and upon what number of shares, and on what amount of stocks, bonds or other evidence of indebtedness of any such bank or banking association.

§ 37. **Plates and dies of closed banks to be destroyed.** All plates, dies and like materials of and peculiar to any individual bank or banking association which has closed business, either by its own voluntary act or by operation of law, under the direction of the auditor, in presence of the governor and treasurer of state, shall be destroyed; and such destruction, specifying the articles so destroyed, shall be officially certified to by all the three aforesaid officers.

§ 38. **Examination and report by legislative committee.** The legislature shall annually elect a joint committee whose duty it shall be to examine the treasurers' accounts, and the securities deposited in the auditor of state's office by banking associations and individual banks, together with all books and papers therein relating to the business of banking; and the said committee shall report the true state and condition of that department to the legislature.

§ 39. **Penalty for false statements, etc.** Every officer, agent or clerk of any banking association or banker authorized by this chapter, who wilfully and knowingly subscribes or makes any false statement of facts, entries in the books of such person or association, or knowingly subscribes or exhibits false papers with the intent to deceive any person authorized to examine as to the condition of

such bank or association, or wilfully and knowingly subscribes and makes false reports, shall be deemed guilty of felony, and shall be subjected to imprisonment at hard labor in the state prison for such term, not less than one year nor more than ten years, as the court trying him shall designate.

§ 40. **Auditor to give bond—not to be interested in banks.** The auditor of state shall, before entering upon his duties under this chapter, give to the state of Minnesota a bond in the penal sum of fifty thousand dollars, with not less than five sureties to be approved by the governor and secretary of state, conditioned for the faithful discharge of all the duties of his office provided for and incumbent upon him under this chapter, and deposit the same in the office of the state treasurer; and the auditor of state shall not be directly nor indirectly interested in any bank or banking association or as an individual banker.

§ 41. **Auditor's fees for issuing notes, etc.** Any banker or banking association that shall organize under this chapter, shall pay the auditor, for the services performed by him or under his direction in behalf of such banker or banking association (according to the provisions thereof), one-fourth of one per cent. on the amount of circulating notes countersigned and registered as hereinbefore provided; and the auditor may require the same to be paid at the time of the delivery of such notes.

§ 42. **Auditor's fees on sale of securities, etc.** In case the securities deposited with the auditor of state to secure the redemption of the circulating notes of any bank shall be sold in pursuance of the requirements hereof, one-eighth of one per cent. on the amount received for the same shall be allowed the auditor of state for his services in selling the stock and redeeming the notes of such bank; and the amount of such per centage, together with all necessary expenses incurred in advertising and selling such stock, shall be audited by the state treasurer, and on his certificate the auditor of state may deduct the same from the proceeds of such sale.

§ 43. **Violation of provisions of this chapter—penalties.** Any person or persons violating any of the provisions of this chapter, not hereinbefore specially provided for, shall, upon conviction thereof, pay a fine not less than fifty dollars or more than five hundred dollars for each and every offence, to be recovered before any court having competent jurisdiction, and all fines and penalties so recovered shall be paid into the state treasury.

§ 44. **Forfeiture of franchise—action of attorney general—sale of securities.** Every bank or banking association organized under the provisions of this chapter, which refuses or neglects to comply with any requirement lawfully made upon it by the auditor of state pursuant to this chapter, for the period of ninety days after demand made, shall be deemed to have forfeited its franchises; and any failure on the part of such bank or banking corporation to comply with, or any violation of, any of the provisions of this chapter, shall work a forfeiture of its franchises; and in either case the attorney general, upon demand of the auditor of state, shall commence an action for the purpose of annulling the existence of said corporation. Whenever any banking corporation is dissolved by the proceedings directed in this section, the state auditor shall proceed to sell the securities and redeem the currency of said bank, in the same manner as provided by section fifteen of this chapter.

§ 45. **State bank reorganized as a national bank—surrender of securities.** Whenever any bank or banking association, which has heretofore been incorporated under the provisions of this chapter, has reorganized as a national bank, pursuant to the act of congress of the United States, approved June third, eighteen hundred and sixty-four, entitled, "An act to provide a national currency, secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof," the auditor may surrender to such national bank the securities in his hands deposited by such state bank, upon receiving from such national bank an amount of lawful money of the United States equal to the

amount of the outstanding notes of such state bank, to be held and applied by him to the redemption of such outstanding notes.

§ 46. *Same—notice of redemption of notes of state bank.* Upon receiving such notes or securities, such bank or banking association shall give the same notice as is required by the twenty-fifth section of this chapter; and upon the expiration of the time specified in such notice, he shall surrender to the national bank which deposited them, such notes or security: *provided*, all the circulating notes issued by such state bank, which have been presented, have been redeemed.

SAVINGS BANKS.*

§ 47. *Incorporation of savings associations.* Any number of persons not less than seven, a majority of whom shall be residents of this state, may associate themselves and become incorporated as a savings association under this act, who shall with their successors constitute a body politic and corporate under the name assumed by them in their articles of association: *provided*, no such association shall take a name previously assumed by any other such association or bank. (1875, c. 84, § 1.)

§ 48. *Articles of incorporation to be made and recorded.* They shall organize by adopting and signing articles of incorporation, which shall be recorded in the office of the register of deeds in the county where the principal place of business is to be, and also in the office of the secretary of state, in books kept for that purpose. (*Id.* § 2.)

§ 49. *Contents of articles—publication.* Said articles shall contain:

First—The name of the corporation, the general nature of its business, and the principal place of transacting the same, and the amount of the capital stock of said association.

Second—The time of commencement and period of continuance of said corporation.

Third—The names and places of residence of the persons forming such association, and the amount of capital stock held by each.

Said articles shall be published for four successive weeks in some newspaper printed and published in the city, town or village where the principal place of business is to be, in case a newspaper is so published; if not, then said articles shall be published in some newspaper published at the capital of the state. (*Id.* § 3.)

§ 50. *Capital stock—amount—investment—dividend.* Every association shall provide for the payment of not less than fifty thousand dollars for a capital stock, twenty-five per cent. of which shall be paid in before the association shall commence business. The stock thus provided shall be held by the association as a guarantee to its depositors to make good any loss or depreciation in the funds of the association, and shall never be withdrawn or diminished except to make good such loss or depreciation, and any portion of the capital so used shall be again paid in within ninety days. The stock shall be invested in the same manner hereinafter provided for the investment of the funds of the association. Each stockholder shall receive a certificate for the proportion of the capital owned by him, which shall be transferable only on the books of the association, and shall entitle the holder to participate in the profits of the association, after the depositors shall have been paid such rate of interest as may be provided in the by-laws of the association, not less than six per cent. per annum, to such an extent and in such manner as may be prescribed in the by-laws; and, at the dissolution of the association, to receive the proportional amount thereof which shall remain after the payment of the depositors. (*Id.* § 4.)

* "An act to amend chapter twenty-three of the general laws of 1867, regulating the incorporation of savings associations." Approved March 9, 1875. (Laws 1875, c. 84.) This act entirely supersedes the law which it purports to amend.

*§ 51. **Corporation, when it may begin business.** When such articles are filed, recorded and published as aforesaid, the persons named as incorporators therein and their successors become a body corporate and politic, and upon complying with the provisions of section one hundred and thirty-eight [nine] of this chapter [act], are authorized to proceed to carry into effect the object of their incorporation in accordance with the provisions of this act, and shall have perpetual succession, sue and be sued by its corporate name, have a common seal, which it may alter at pleasure, establish by-laws and make all rules and regulations deemed expedient for the management of its affairs in accordance with law and not incompatible with an honest purpose. (1875, c. 84, § 5.)

*§ 52. **Trustees and officers—powers and duties.** The said corporators of every such association shall constitute a board of trustees, by whom the business of said corporation shall be managed and directed. The said trustees shall elect from their number a president, a vice-president, and such other officers as they may deem proper, and a majority of said trustees, of whom the president or vice-president shall be one, shall form a quorum for the transaction of business; and the affirmative vote of at least a majority of the members of the board shall be required in making any order for or authorizing any investment of any money, or the sale or transfer of any stock or securities or other property, real or personal, belonging to the corporation, or the appointment of any officer receiving any salary therefrom. (*Id.* § 6.)

*§ 53. **Board of trustees—vacancies—meetings—removals.** All vacancies by death, resignation or otherwise, in the office of trustees, shall be filled by the board by ballot without unnecessary delay, and at least a majority of the votes of the surviving trustees shall be necessary for the election of any trustee. The said trustees shall [hold] a regular meeting at least once in each month to receive the reports of their officers as to the business and affairs of the incorporation, and to transact such business as may be necessary; and any trustee omitting to attend the regular meetings of the board for six months in succession, may thereupon at the election of said board be considered as having vacated his place, and a successor may be elected to fill the same. The district court of the judicial district wherein such association may have its principal place of business, may at any time, for due cause shown, remove any trustee, on proper notice to such trustee, and affording him an opportunity to be heard in his defence. (*Id.* § 7.)

*§ 54. **General powers and duties of corporation—loans to officers and trustees forbidden—rate of interest allowed.** The general business and object of such corporation shall be to receive on deposit such sums of money as may from time to time be offered therefor by mariners, tradesmen, clerks, mechanics, laborers, minors, servants and others, and to invest the same for the use, interest and advantage of the said depositors and their legal representatives as hereinafter prescribed by this act; but no association incorporated or doing business pursuant to the provisions of this act shall possess or exercise any banking powers except such as are expressly conferred by this act. And the said corporation shall receive on deposit all sums of money which may be offered for the purpose of being invested as aforesaid, which shall, as soon as practicable, be invested accordingly, and shall be repaid to such depositor when required, at such times, with such interest, and under such regulations as the board of trustees shall from time to time prescribe, which regulations shall be put in some public and conspicuous place in the room where the business of such corporation shall be transacted; but no by-law or regulation shall be adopted by such trustees whereby any sum amounting to one dollar or upwards shall be refused by such corporation when offered as a deposit by any individual, and the regulation so adopted shall not be altered so as to affect any deposit previously made. No president, vice-president, trustee, or officer or servant of such corporation, shall directly or indirectly borrow the funds of such corporation or its deposits, or in any

manner use the same in their private affairs or business. All certificates or other evidence of deposits made by the proper officers of such corporation shall be as binding upon the corporation as if made under the common seal. It shall be the duty of the trustees of said association to regulate the rates of interest to be allowed the depositors; but said trustees shall receive no pay, salary, emolument or profit until after the interest at the rate of six per cent. per annum shall have been allowed the depositors, in accordance with the regulations of the institution. (1875, c. 84, § 8.)

*§ 55. **Deposits; in what funds to be invested.** At least half the whole amount deposited shall be invested in the stocks or other securities of the United States or of this state, on which interest is regularly paid, or loaned on unincumbered real estate worth at least double the amount to be secured; the remainder may be invested in said stocks or loaned on the aforesaid securities, or upon approved personal security, and to buy and sell exchange; but no loan shall be made upon the personal security of less than two responsible individuals, or collateral security to be approved by the trustees: *provided*, no loan (upon personal security) shall be made to any one person or copartnership to an amount exceeding ten thousand dollars. (*Id.* § 9.)

*§ 56. **Trustees to be stockholders—to give bond—actions on bonds.** Every trustee shall be the owner and holder of at least one thousand dollars of the stock of said association, and, before entering upon his duties, shall execute a bond to the state of Minnesota in the penal sum of five thousand dollars, with two or more securities [sureties], who shall properly justify, and be approved of by one of the judges of the district court, conditioned for the faithful discharge of his duties as trustee aforesaid. Said bond shall be recorded in the office of the register of deeds of the county in which the articles of incorporation are recorded, and also in the office of the secretary of state, and thereupon shall be delivered to and remain the custody of the state auditor. In case of a breach of the conditions of said bond, any person or persons aggrieved thereby may instigate a suit for damages in his or their own name upon the said bond: *provided*, leave shall be first granted for that purpose by the judge of the court in which it is proposed to bring suit; and the judgment of the plaintiff in such actions shall be for the amount of damages which he shows himself entitled to in consequence of such breach; and successive action may be in like manner brought upon such bond by persons aggrieved by any breach of the condition thereof, until the amount of the penal sum specified in such bond shall be exhausted, and each of such trustees shall moreover be individually liable to the depositors in a sum equal to the amount of the penal bond required, in addition to the amount of stock held by them. The district court of the judicial district wherein such corporation may have its principal place of business may, upon good cause shown in the case of any such corporation, at any [time] increase the amount of the penal bond required of the trustees of such corporation, and the trustees of such corporation shall thereupon enter into new bonds in accordance with the order of the court, and said trustees thereafter shall be held individually liable to the depositors to the amount of the new bonds given in the manner aforesaid; and no corporation under this act shall commence business until all of said corporators shall have given the bonds aforesaid. And in case any trustee elected to fill a vacancy is notified to give a new bond in the manner aforesaid shall fail to give the bond required within twenty days after such election or notice, his place shall be considered vacant, and a new trustee elected in his stead. Such corporation shall be liable to the depositors for the amount of their deposits, with interest allowed in manner aforesaid. Any trustee may resign his office by written notice of his resignation presented at a regular meeting of the board. (*Id.* § 10.)

*§ 57. **Increase of number of trustees.** Whenever, in the unanimous opinion of the

trustees of any such association, their number should be increased beyond the original number of incorporators, a certificate to this effect, signed by them all, and stating the number of trustees to be added, shall be filed and recorded in the same manner as the original articles of incorporation, and thereupon new trustees may be elected by the old board to complete the number as increased; and such new trustees, before entering upon their duties, shall give bonds as required by this act. (1875, c. 84, § 11.)

*§ 58. **Power of board to make by-laws, etc.** The board of trustees shall have power from time to time to make, constitute, ordain and establish such by-laws, rules and regulations as they shall judge proper, for the election of their officers, for prescribing their respective functions, and the mode of discharging the same, for the regulation of the time of meeting of the officers and trustees, and generally for transacting, managing, and discharging the affairs of the corporation: *provided*, such by-laws, rules and regulations are not repugnant to this act, to the laws of this state, or the constitution of the United States. (*Id.* § 12.)

*§ 59. **Power to hold real estate.** The real estate which it shall be lawful for said corporation to purchase, hold and convey, shall be—

First.—Such as may be requisite for its immediate accommodation for the convenient transaction of its business.

Second.—Such as shall have been mortgaged to it in good faith for moneys loaned in pursuance of the provisions of this act.

Third.—Such as shall have been purchased at sale upon judgment or decree obtained or rendered for the money so loaned.

And the said corporation shall not purchase, hold or convey real estate in any other case, or for any other purpose; and the said corporation shall not directly or indirectly deal or trade in buying or selling any goods, wares, or commodities whatever, except in cases where it is authorized to do so by the terms of this act, and except such personal property as may be requisite for its immediate accommodation for the convenient transaction of its business. (*Id.* § 13.)

*§ 60. **Books to be open for inspection—report of condition.** The books of said corporation shall at all times during their hours of business be open for inspection and examination to the auditor of this state, and such other persons as the legislature or state auditor shall designate or appoint as agent for this purpose. Every association shall make a report of its condition to the state auditor on the first Monday of each January, April, July and October, and at such other times as the auditor may call for it, under oath of its president or treasurer, attested by at least three of the trustees, showing in detail its liabilities and assets, and specifying its investments under heads of loans on mortgages, loans on collateral security, loans on personal security, bonds and stocks, deposits in banks, cash on hand, which said report shall be published in a newspaper in the town, village or city where such association shall be located. Any officer or clerk of such association who shall wilfully make a false oath or affidavit regarding the condition of said association, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be imprisoned in the state prison of this state for not more than three years and not less than one year in the discretion of the court. (*Id.* § 14.)

*§ 61. **To create a reserve fund.** Each association shall set aside annually at least five per cent. of its profits as a contingent fund to meet extraordinary expenses or losses, until said surplus fund shall amount to twenty per cent. of the capital stock of said association. (*Id.* § 15.)

*§ 62. **Dealings with minors and married women.** Whenever any deposit shall be made by any minor, the trustees may at their discretion pay to such depositors such deposit, although no guardian shall have been appointed for such minor, or the guardian of such minor shall not have authorized the drawing of the same;

and the check, receipt or acquittance of such minor shall [be] as valid as if the same was executed by a guardian of said minor, or the said minor was of full age, if such deposit was made personally by said minor; and whenever any deposit shall have been made by married women, the trustees may repay the same on the receipts of said depositors, and said receipts shall be a discharge as against third persons. (1875, c. 84, § 16.)

*§ 63. **Savings banks unlawful, unless organized under this act.** It shall be unlawful for any person, copartnership or corporation to transact the business of a savings bank, or to assume the name of a savings association or bank, unless such person, copartnership or corporation has been duly incorporated under this act, or under the act of which this is amendatory. (*Id.* § 17.)

*§ 64. **Existing banks—certain banks excepted.** Any savings association which has been heretofore incorporated and is now doing business as a savings association or bank, may avail itself of the privileges of this act, and shall be subject to all the liabilities prescribed therein: *provided*, that the special act approved March fourth, eighteen hundred and seventy-three, entitled, "An act in relation to the Minnesota Savings Association," being chapter one hundred and seventeen, special laws eighteen hundred and seventy-three, shall not be affected by this act: *and provided, further*, that nothing in this act contained shall in any manner affect or interfere with the business of the German-American Bank, or with the Farmers' and Mechanics' Bank, in the city of St. Paul in this state, which said banks are excepted from the operation of this act. (*Id.* § 18.)

*§ 65. **Examination of banks by district court.** The district court of the judicial district wherein such association may have its principal place of business, may at any time, on the application of any trustee or depositor in such institution, and on reasonable cause shown therefor to the satisfaction of said court, [appoint] one or more persons to examine into the investments thereof, and its affairs and business generally. The books, papers and business of said corporation shall be open and subject to the examination of such person or persons. The trustees, officers and clerks thereof, or any other persons, may be examined on oath by such person or persons, and the said court may confer such further powers on the person or persons so appointed as they may consider necessary for the more thorough examination of the affairs and business of said corporation. The said person or persons so appointed shall report the result of their investigation to said court, and if satisfied thereby that any officer, trustee or servant of said corporation has been guilty of any fraud or misconduct, may remove said person or persons, and make further order, and take such further measures for securing the funds and property of said corporation, as the court shall deem expedient. (*Id.* § 19.)

*§ 66. **Violations of this act—penalties.** Any person or association of persons who shall assume the name of a savings bank or association, or hold themselves out to the public as a savings bank or association, and who shall not have been duly organized under this act, or the act of which this is amendatory, shall be deemed guilty of violating the provisions of this act, and on conviction be fined not less than one hundred dollars, and not more than two hundred dollars, for every thirty days while so violating this act. (*Id.* § 20.)