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THE

GENERAL STATUTES

OF THE

STATE OF MINNESOTA

As Amended by Subsequent Legislation, with which are Incorporated
All General Laws of the State in Force December 31, 1894

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AND A GENERAL INDEX BY THE EDITORIAL STAFF OF THE NATIONAL
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CONTAINING THE CONSTITUTION OF THE UNITED STATES, THE ORDINANCE OF 1787,
THE ORGANIC ACT, ACT AUTHORIZING A STATE GOVERNMENT, THE STATE
CONSTITUTION, THE ACT OF ADMISSION INTO THE UNION, AND

Sections 1 to 4821 of the General Statutes

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CHAPTER 33.

BANKS AND BANKING.

1. Bank-Notes, §§ 2481-2489.
2. Banks of Discount and Deposit, §§ 2490-2532.
3. Clearing House Associations, §§ 2533-2535.
4. Savings Banks, §§ 2536-2591.

[TITLE 1.]

[BANK-NOTES.]

§ 2481. Bank-notes to be prepared by state 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.

(G. S. 1866, c. 33, § 1; G. S. 1878, c. 33, § 1.)

§ 2482. 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.

(G. S. 1866, c. 33, § 2; G. S. 1878, c. 33, § 2.)

§ 2483. 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.

(G. S. 1866, c. 33, § 3; G. S. 1878, c. 33, § 3.)

§ 2484. 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.

(G. S. 1866, c. 33, § 4; G. S. 1878, c. 33, § 4.)

§ 2485. 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.

(G. S. 1866, c. 33, § 5; G. S. 1878, c. 33, § 5.)

§ 2486. 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.

(G. S. 1866, c. 33, § 6; G. S. 1878, c. 33, § 6.)

§ 2487. 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.

(G. S. 1866, c. 33, § 7; G. S. 1878, c. 33, § 7.)

§ 2488. 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.

(G. S. 1866, c. 33, § 8; G. S. 1878, c. 33, § 8.)

§ 2489. 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 interest 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.

(G. S. 1866, c. 33, § 9; G. S. 1878, c. 33, § 9.)

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[TITLE 2.]

[BANKS OF DISCOUNT AND DEPOSIT.]

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§ 2490. Banks, when authorized—Minimum amount of capital.

Any association of persons, not less than three in number, 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 amount of the capital stock of such association shall not be less than ten thousand dollars in any town containing a population of one thousand persons or less, and not less than fifteen thousand dollars in towns of more than one thousand and not exceeding fifteen hundred population, and not less than twenty thousand dollars in towns of more than fifteen hundred and not exceeding two thousand population, and not less than twenty-five thousand dollars in towns of more than two thousand inhabitants; the population in all cases to be determined by the last official census; and no such association shall be organized in any town containing less than two hundred inhabitants. The full amount of capital stock named in the organization certificate shall be paid in cash before any association shall be authorized to commence business, and such payment shall be certified to the state auditor, under oath, by the president or cashier of the association.

(G. S. 1866, c. 33, § 10; G. S. 1878, c. 33, § 10; as amended 1881, c. 77, § 10; 1883, c. 19, § 2; 1887, c. 63; 1893, c. 79, § 1.)

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§ 2491. Organization certificate—Contents—Filing—Auditor's certificate—Publication.

The persons uniting to form such an association shall, under their hands and seals, make an organization certificate, which shall specifically state:

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 and deposit is to be carried on.

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

Fourth. The names and places of residence of the shareholders, and the number of shares held by each of them.

Fifth. The period at which said bank shall commence and terminate.

The certificate of organization shall be acknowledged before the clerk of some court of record or notary public, and authenticated by the seal of such court or notary, and shall be recorded in the office of the register of deeds of the county where such bank may be established, and such certificate thus authenticated shall be transmitted to the state auditor, who shall carefully preserve the same on file in his office. Upon duly making and filing the organi-

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zation certificate, the association shall become, as from the date of execution of the same, a body corporate, and as such, and in the name designated in such certificate, it shall have power to make contracts, to 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. Whenever it appears to the state auditor that any association is lawfully entitled to commence the business of banking, he shall give to such association a certificate, under his hand and official seal, that such association has complied with all the provisions required to be complied with before commencing the business of banking, and that such association is authorized to commence such business, which certificate shall be *prima facie* evidence in all the courts of the state that such association is duly and legally organized as a corporation. But the state auditor may withhold from any association his certificate authorizing the commencement of business whenever he has reason to suppose that the shareholders have formed the same for any other than the legitimate objects contemplated by this act. No association shall transact any business except such as is incidental and necessarily preliminary to its organization, until it has been authorized by the state auditor to commence the business of banking. The association shall cause the organization certificate, and the official authorization of the state auditor issued under this section, to be published in some newspaper partly or wholly printed in the city or county where the association is located, for at least four successive weeks next after the issuing thereof; or, if no newspaper is published in such city or county, then in some newspaper published at the capital of the state.

(G. S. 1866, c. 33, § 11; G. S. 1878, c. 33, § 11; as amended 1881, c. 77, § 2.)

§ 2492. 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.

(G. S. 1866, c. 33, § 12; G. S. 1878, c. 33, § 12.)

§ 2493. 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.

(G. S. 1866, c. 33, § 13, as amended 1876, c. 92, § 1; G. S. 1878, c. 33, § 13.)

Prior to the amendment of 1876, (c. 92, § 1,) banks organized under the provisions of that chapter had no power to purchase or traffic in promissory notes as choses in action or as a species of personal property. The power to carry on the business of banking, by discounting bills, notes, and other evidences of debt, is not, within the meaning of this section, a power to buy such securities, but to loan money thereon, with the right to take lawful interest in advance. *Farmers, etc. Bank v. Baldwin*, 23 Minn. 193. In *First National Bank of Rochester v. Pierson* (decided September 21, 1877) 24 Minn. 140, the rule laid down in this case was held to apply to national banks. *Id.*, 23 Minn. 193, note.

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§ 2494. 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.

(G. S. 1866, c. 33, § 14; G. S. 1878, c. 33, § 14.)

See Olson v. State Bank, cited in note to § 2501.

§ 2495. 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.

(G. S. 1866, c. 33, § 15; G. S. 1878, c. 33, § 15.)

§ 2496. 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 de-

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manded 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.

(G. S. 1866, c. 33, § 16; G. S. 1878, c. 33, § 16.)

§ 2497. 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.

(G. S. 1866, c. 33, § 17; G. S. 1878, c. 33, § 17.)

§ 2498. Capital stock — Increase and reduction—Liquidation.

Any association organized under the provisions of this chapter may, by its articles of association, provide for an increase of its capital from time to time; as may be deemed expedient, subject to the limitations of this chapter. But no increase of capital shall be valid until the whole amount of the increase proposed is paid [in] in cash, and such payment certified under oath by the president or cashier of such association to the state auditor, who shall give his certificate that the provisions of this section have been complied with, and specifying therein the amount of such increase of capital stock, with his approval thereof, and that it has been duly paid in as a part of the capital of such association. Any association formed under this chapter may, by the vote of the shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this chapter to authorize the formation of associations; but no such reduction shall be made until the amount of the proposed reduction has been reported to the state auditor, and his approval thereof in writing obtained; and no such reduction shall be construed as affecting the liability of shareholders for any debts of the association incurred prior to such reduction. Any such association may go into liquidation and be closed by the vote of the shareholders owning two-thirds of its stock, and whenever a vote to go into liquidation is taken, the board of directors shall cause such fact to be certified under seal of the association by its president or cashier to the superintendent of banks, and shall cause notice to be published that the association is closing up its affairs and that all claims against it are to be presented for payment. Such publication shall be made for four successive weeks in a newspaper published in the city or town in which the association is located, if there be such a newspaper, and if there be none, then in some newspaper published in the county in which the association is located. Every such association in liquidation shall on the first day of January and last day of June in each year report the progress of such liquidation to the superintendent of banks in such form as he may require, which reports shall be under oath or affirmation of the president, vice president or cashier of the association, and shall be attended by the signatures of at least two of the directors; and any such association which may be in liquidation may be proceeded against by any creditors of the association in the same manner as if the same were not in liquidation. Whenever an association has failed to pay the current demands of its depositors, or is otherwise in a condition of insolvency, it shall not be lawful for such association or any of its directors, officers, clerks or agents to pay out any of its moneys, to receive deposits, to discount or purchase any notes or bills, or in any other way, directly, or indirectly, to prosecute the business of banking; but nothing

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herein shall forbid an association to receive and safely keep money and other property belonging to it.

(G. S. 1866, c. 33, § 18; G. S. 1878, c. 33, § 18; as amended 1881, c. 77, § 3; 1889, c. 100, § 1.)

Sufficiency of answer, in action on promissory note by assignee of insolvent bank, showing that the transaction was an attempt to evade this section. *St. Paul & M. Trust Co. v. Jenks* (Minn.) 59 N. W. Rep. 299.

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§ 2499. 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.

(G. S. 1866, c. 33, § 19; G. S. 1878, c. 33, § 19.)

§ 2500. 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.

(G. S. 1866, c. 33, § 20; G. S. 1878, c. 33, § 20.)

§ 2501. 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.

(G. S. 1866, c. 33, § 21; G. S. 1878, c. 33, § 21.)

Chapter 85, Laws 1869, is valid, and the provisions of this section as to the liability of stockholders are applicable to all banks organized under this chapter since the passage of said c. 85, including banks not of issue, and the statutory remedy (c. 76, G. S. 1866) for enforcing such liability is exclusive. *Allen v. Walsh*, 25 Minn. 543.

One acquiring stock incurs a statutory liability in respect to debts incurred before and after he became a stockholder. *Olson v. State Bank* (Minn.) 59 N. W. Rep. 635.

Statutory liability, how enforced. *Id.*

§ 2502. 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.

(G. S. 1866, c. 33, § 22, as amended 1869, c. 85, § 2; G. S. 1878, c. 33, § 22.)

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§ 2503. 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.

(G. S. 1866, c. 33, § 23; G. S. 1878, c. 33, § 23.)

§ 2504. Winding up business—Withdrawal of securities on redemption of notes.

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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.

(G. S. 1866, c. 33, § 24, as amended 1869, c. 85, § 3; G. S. 1878, c. 33, § 24.)

§ 2505. 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.

(G. S. 1866, c. 33, § 25; G. S. 1878, c. 33, § 25.)

§ 2506. 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.

(G. S. 1866, c. 33, § 26; G. S. 1878, c. 33, § 26.)

§ 2507. 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.

(G. S. 1866, c. 33, § 27; G. S. 1878, c. 33, § 27.)

§ 2508. 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.

(G. S. 1866, c. 33, § 28; G. S. 1878, c. 33, § 28.)

§ 2509. 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.

(G. S. 1866, c. 33, § 29; G. S. 1878, c. 33, § 29.)

§ 2510. 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.

(G. S. 1866, c. 33, § 30; G. S. 1878, c. 33, § 30.)

§ 2511. Impairment of capital—Dividends forbidden—Transfers of property void, when.

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. All transfers and conversions of the property or credits of any association, and all acts which prevent the application of its assets to the payment of its lawful debts, shall be utterly void when made or done after an act of insolvency committed by such association, or in contemplation of insolvency and with the intent to defeat the pro rata distribution of the assets of the association, or with the intent to give any creditor preference over others. No attachment, injunction or execution shall be issued against an insolvent association or its property before final judgment in any suit, action or proceeding in any state, county or municipal court, and when such process shall have been issued it shall be immediately quashed or dissolved upon proof that the association was insolvent at the time of the issue thereof.

(G. S. 1866, c. 33, § 31; G. S. 1878, c. 33, § 31; as amended 1889, c. 100, § 2.)

§ 2512. Same—Duty of attorney general and superintendent of banks—Appointment of receiver.

The attorney general shall also upon demand of the superintendent of banks, institute proceedings for the dissolution of such corporation, the ap-

pointment of a receiver whenever the superintendent of banks shall report to him, after due examination, that any association organized under this act is insolvent, with a detailed statement of such examination showing such insolvency, and the superintendent of banks may, in his discretion, pending the appointment of such receiver, take possession of the bank and its assets, and receive moneys due the bank, and shall schedule all such assets and keep an accurate record of all moneys paid to him, and may appoint an agent to do so in his stead, taking from such agent such bond and security as he may deem proper; and upon the appointment of a receiver the superintendent of banks shall turn over to such receiver all property and assets of such bank that may have come into his hands while in possession of such bank. Provided, That the officers and directors of any bank that upon examination may be found insolvent, may make good any deficiency that may exist in the assets of the bank. Upon showing that such deficiency has been made good and the payment of any costs that may have been incurred, all proceedings shall be discontinued.

(1889, c. 100, § 3.)

§ 2513. **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.

(G. S. 1866, c. 33, § 32; G. S. 1878, c. 33, § 32.)

§ 2514. **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.

(G. S. 1866, c. 33, § 33; G. S. 1878, c. 33, § 33.)

§ 2515. **Quarterly report—To be filed and published—Penalty.**

Every association shall make to the auditor of state not less than four reports during each year, according to the form which may be prescribed by him, verified by the oath or affirmation of the president or cashier of such association, and attested by the signature of at least two of the directors. Each such report shall exhibit in detail, and under appropriate heads, the resources and liabilities of the association at the close of business on any past day by him specified, and shall be transmitted to the said auditor within seven days after the receipt of a request or requisition therefor from him, and in the same form in which it is made to the auditor shall be published in a newspaper published in the place where such association is established, or, if there is no newspaper in the place, then in one published nearest thereto in the same county, at the expense of the association; and such proof of publication shall be furnished as may be requested by the state auditor. The auditor shall also have power to call for special reports from any particular association whenever, in his judgment, the same are necessary in order to a full and complete knowledge of its condition. Every association which fails to make and transmit any report required under this section shall be subject to a penalty of one.

hundred dollars for each day after the periods respectively therein mentioned that it delays to make and transmit its report.

(G. S. 1866, c. 33, § 34; G. S. 1878, c. 33, § 34; as amended 1883, c. 19, § 1.)

§ 2516. 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.

(G. S. 1866, c. 33, § 35; G. S. 1878, c. 33, § 35.)

§ 2517. 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.

(G. S. 1866, c. 33, § 36; G. S. 1878, c. 33, § 36.)

§ 2518. 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.

(G. S. 1866, c. 33, § 37; G. S. 1878, c. 33, § 37.)

§ 2519. 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.

(G. S. 1866, c. 33, § 38; G. S. 1878, c. 33, § 38.)

§ 2520. 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.

(G. S. 1866, c. 33, § 39; G. S. 1878, c. 33, § 39.)

§ 2521. 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 secre-

tary 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.

(G. S. 1866, c. 33, § 40; G. S. 1878, c. 33, § 40.)

§ 2522. 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.

(G. S. 1866, c. 33, § 41; G. S. 1878, c. 33, § 41.)

Duties required of state auditor in connection with the business of banking have been transferred to public examiner. See § 414.

§ 2523. 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 percentage, 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.

(G. S. 1866, c. 33, § 42; G. S. 1878, c. 33, § 42.)

**§ 2524. Bankers forbidden to use corporate name, when
—Penalty.**

No person or persons who are now or shall hereafter become engaged in the business of banking in this state, not subject to the supervision of and not required to report to any officer elected or appointed by the state, shall make use of any office sign at the place where such business is transacted, having thereon any artificial or corporate name, nor shall such person or persons make use of or circulate any letter-heads, bill-heads, blank notes, blank receipts, certificates, circulars, or any written or printed or partly written or partly printed paper whatever having thereon any artificial or corporate name. No bank hereafter incorporated shall adopt or use the name of any private or incorporated bank now existing without first obtaining consent in writing from the person or persons who have done business by or under such name. Any person or persons violating any of the provisions of this chapter not hereinbefore specially provided for shall be guilty of a misdemeanor, and on conviction thereof pay a fine of not less than fifty dollars, or more than five hundred dollars, for each and every offense, to be recovered before any court having competent jurisdiction, and all fines and penalties so recovered shall be paid into the state treasury.

(1887, c. 39; G. S. 1878, v. 2, c. 33, § 43.)

§ 2525. 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.

(G. S. 1866, c. 33, § 44; G. S. 1878, c. 33, § 44.)

§ 2526. 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.

(G. S. 1866, c. 33, § 45; G. S. 1878, c. 33, § 45.)

§ 2527. 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.

(G. S. 1866, c. 33, § 46; G. S. 1878, c. 33, § 46.)

§ 2528. Limit of indebtedness to bank—Dividends—Bad debts.

The total liabilities to any association of any person, or of any company, corporation, or firm, for money borrowed, including, in the liabilities of a company or firm, the liabilities of the several members thereof, shall at no time exceed fifteen per cent. of the aggregate amount of the capital stock of such association actually paid in, and of the permanent surplus fund of such association. But the discount of bills of exchange, drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed. The directors of any association may declare dividends out of its net earnings, or any portion thereof, but no dividend shall be made by any association while it continues its banking operations to an amount greater than its net profits then on hand, after deducting all losses and bad debts. Whenever a dividend is to be declared, the officers and accountants of the association, under the supervision of the board of directors, shall determine the net profits, and in so doing shall charge against its net profits all losses and bad debts. All debts due to any association on which interest is past due and unpaid for a period of twelve months, unless the same are well secured or in process of collection, shall be considered bad debts within the meaning of this section. The directors shall enter in the minutes of their meeting a complete list of all debts on which the interest is past due and unpaid for a period of twelve months or more, with a brief statement as to the value of each one and the character and value of security, if any.

(1881, c. 77, § 3; G. S. 1878, v. 2, c. 33, § 47; as amended 1889, c. 100, § 4.)

§ 2529. Purchase, etc., by bank of its own stock prohibited.

No association shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt

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previously contracted in good faith; and stock so purchased or acquired shall, within six months from the time of its purchase, be sold or disposed of at public or private sale.

(1881, c. 77, § 3; G. S. 1878, v. 2, c. 33, § 48.)

This act is effectual to prevent a bank from having a lien on the shares of a stockholder for a debt thus created subsequent to the enactment, although a by-law adopted prior to the statute provided for such a lien. *Nicollet Nat. Bank v. City Bank*, 38 Minn. 85, 35 N. W. Rep. 577.

§ 2530. Available funds.

Each association organized under the provisions of this chapter shall at all times have on hand in available funds an amount equal at least to twenty per centum of all its immediate liabilities. One-half of this amount of available funds may consist of balances due to the association from good solvent banks, and one-half of such sum shall be held in reserve as cash on hand. Immediate liabilities shall include all deposits due to individuals, firms, or corporations, or to banks, and all items in the nature of claims payable on demand. In cash on hand, shall be counted specie, legal-tender notes, and all bills of solvent banks. Whenever the available funds of any association shall be below twenty per centum of its immediate liabilities, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividends of its profits until the required proportion between its immediate liabilities and its available funds has been restored.

(1881, c. 77, § 3; G. S. 1878, v. 2, c. 33, § 49.)

§ 2531. Schedule of fees to be paid by banks and trust companies into state treasury.

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All banks and trust companies organized under the laws of this state shall annually on or before the thirtieth day of June pay into the state treasury the following sums of money, to-wit: All banks having a paid-up capital of fifty thousand dollars or less, shall pay annually the sum of ten dollars; all banks having a paid-up capital of more than fifty thousand and not exceeding one hundred thousand dollars, shall pay annually the sum of twenty dollars; all banks having a paid-up capital of more than one hundred thousand dollars and not exceeding three hundred thousand dollars shall pay annually the sum of twenty-five dollars; all banks having a paid-up capital of more than three hundred thousand and not exceeding four hundred thousand dollars shall pay annually the sum of thirty-five dollars; all banks having a paid-up capital of more than four hundred thousand and not exceeding five hundred thousand dollars shall pay annually the sum of forty dollars; all banks having a paid-up capital of more than five hundred thousand and not exceeding six hundred thousand dollars shall pay annually the sum of fifty dollars; and all banks having a paid-up capital exceeding six hundred thousand dollars shall pay annually the sum of seventy-five dollars. All trust companies having a paid-up capital of one hundred thousand and not exceeding two hundred and fifty thousand dollars shall pay annually the sum of twenty-five dollars; all trust companies having a paid-up capital of more than two hundred and fifty thousand and not exceeding four hundred thousand dollars shall pay annually the sum of forty dollars; and all trust companies having a paid-up capital of more than four hundred thousand and not exceeding five hundred thousand dollars shall pay annually the sum of fifty dollars; and all trust companies having a paid up capital of more than five hundred thousand dollars shall pay annually the sum of seventy-five dollars.

(1893, c. 41, § 1.)

§ 2532. Standing appropriation of amount of fees to examiner's contingent fund—Assistant examiner.

Said sums of money when paid into the state treasury shall be placed to the credit of the general revenue fund, and the amount of said sums so paid into the state treasury during each and every fiscal year is hereby annually

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appropriated to the contingent fund of the office of public examiner for the succeeding year; and the said public examiner is hereby authorized to appoint an assistant examiner, at a salary of eighteen hundred dollars per annum, said salary to be paid from said contingent fund annually, in the same manner as the salaries of other state officers are paid. Said assistant examiner shall take and subscribe the oath of office required by law, and shall execute to the state a bond with two or more sureties in the penal sum of ten thousand dollars for the faithful discharge of his duties; which oath and bond shall be filed in the office of the secretary of state.

(Id. § 2.)

[TITLE 3.]

[CLEARING-HOUSE ASSOCIATIONS.]

§ 2533. Clearing-house associations.

That any number of persons or banking corporations not less than three may associate themselves and become incorporated for the purpose of establishing and conducting clearing-house associations for the purpose of effecting at one place the speedy and systematic daily exchanges, settlement and adjustment of accounts between banks and banking associations in any city, village, town or county, and for the establishing, maintaining and enforcing uniformity in the methods of conducting the business of banking in any such locality; and for adjusting the controversies and misunderstandings which may arise between individuals or corporations, members of such associations, engaged in the business of banking in such locality.

(1893, c. 46, § 1.)

§ 2534. Same—How incorporated.

All persons or corporations so associating themselves for the purpose of incorporation shall proceed in accordance with the provisions of title 3, chapter 34, general statutes of the state of Minnesota, 1878, so far as the same are or may be applicable; and such associations so incorporated shall be vested with all the rights, privileges and functions given by said title 3, chapter 34.

(Id. § 2.)

§ 2535. Clearing-house certificates.

Such associations, in addition to the rights, privileges and functions provided by said title 3, chapter 34, general statutes of 1878, shall have the right to issue clearing-house certificates, in manner and form and under such rules as may be provided by the by-laws of such associations, for the purpose of effecting said exchanges between the members thereof, but said certificates shall not be used for any other purpose whatsoever, except for the purpose of effecting a settlement of such association.

(Id. § 3.)

[TITLE 4.]

[SAVINGS BANKS.]

§ 2536. Proceedings under Laws 1867, c. 23, § 11,² legalized.

That all resolutions and all proceedings had, taken or done by any savings association formed and existing under and by virtue of the provisions of

¹An act to provide for the incorporation of clearing-house associations. Approved March 4, 1893.

²Laws 1867, c. 23, § 11, was amended by Laws 1889, c. 233, approved April 24, 1889, to read as follows:

Powers of trustees.

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

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section eleven of Chapter twenty-three of the General Laws of the year one thousand eight hundred and sixty-seven, and of all acts amendatory thereof and supplementary thereto, attempting and purporting to conform to the provisions of said statutes, are hereby validated and legalized and made of the same force and effect as though all such had been originally authorized by law:

(1891, c. 47, § 1.³)

§ 2537. Are corporations—General powers.

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All savings banks or institutions for savings now existing, or which may hereafter be organized under and by virtue of any law of this state, are hereby declared to be corporations possessed of the powers and functions of corporations generally, and as such shall have power:

1. To have perpetual succession by its corporate name.
2. To sue and be sued, complain and defend, in any court of law or equity.
3. To make and use a common seal, which may be affixed by making an impression directly on the paper, and alter the same at pleasure.
4. To appoint such officers, managers, and agents as the business of the corporation may require.
5. To make by-laws not inconsistent with the laws of this state, or of the United States, for the management of its property, and the regulation of its affairs.
6. To contract and be contracted with.
7. To receive money on deposit, to invest the same, and further transact the business of a savings bank, as hereinafter provided.
8. To exercise any corporate powers necessary to the exercise of the powers above enumerated and given.

(1879, c. 109, § 1; * G. S. 1878, v. 2, c. 33, § 67.)

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, and said board of trustees shall have full power and authority to alter, change and amend the name or title of such corporation and to change its principal place of doing and transacting the business of such corporation whenever such board of trustees shall have duly passed a resolution to such effect, and shall have duly amended the articles of incorporation as to such changes, alterations and amendments in the manner provided by law, and shall file a certificate of such amendments, alteration or change in the office of the register of deeds of the county wherein such corporation has or had its principal place of transacting business and in the office of secretary of state within ninety days after the passage of such resolution by said board of trustees, provided such by-laws, rules and regulations are not repugnant to this act, to the laws of this state or to the constitution of the United States.

Laws 1867, c. 23, "An act to provide for the incorporation of savings institutions," was superseded by Laws 1875, c. 84, "An act to amend chapter twenty-three of the General Laws of 1867, regulating the incorporation of savings associations," except as to certain banks named in § 64 of the later act.

By § 52 of Laws 1879, c. 109, "An act to conform all savings banks or institutions for savings to uniformity of powers, rights, and liabilities, and to provide for the organization of savings banks, for their supervision, and for the more efficient protection of depositors in such institutions," no part of the act of 1879 "shall apply to savings banks now in existence and operation in the state of Minnesota, which banks may be continued under the laws applicable to such banks before the passage of this act, unless they or any of them desire to organize thereunder." Save as to such banks, the act of 1879 supersedes that of 1875.

³An act to legalize and validate proceedings had, taken and done by savings associations under the provisions of section eleven of chapter twenty-three of the General Laws of the year one thousand eight hundred and sixty-seven and of all acts amendatory thereof and supplementary thereto. Approved April 15, 1891.

⁴An act to conform all savings banks or institutions or savings to uniformity of powers, rights, and liabilities, and to provide for the organization of savings banks, for their supervision, and for the more efficient protection of depositors in such institutions. Approved March 11, 1879. By § 53, all acts and parts of acts inconsistent with the provisions of this act are repealed, "save so far as they may apply to banks now organized. See § 2539.

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§ 2538. Organization—Residence of organizers.

Any number of persons, not less than seven, may associate themselves together for the purpose of organizing a savings bank in accordance with the provisions of this act, but the majority of such number of persons shall reside in the county where the proposed bank shall be located.

(1879, c. 109, § 2; G. S. 1878, v. 2, c. 33, § 68.)

§ 2539. Certificate—Trustees—Bond.

Such persons, under their hands and seals, shall execute a certificate in which shall be set forth:

1. The name assumed to distinguish such association, and to be used in its dealings, which shall be in no material respect similar to the name of any other savings bank organized and doing business in this state.
2. The place where its business is to be transacted, designating the particular city, town, or village, and, if in any city, the ward in such city.
3. The name, residence, (if in any city, the street and number,) occupation, and post-office address of each member of such association.
4. A declaration that each member of such association will accept the responsibilities, and faithfully discharge the duties, of a trustee in such institution, when authorized according to the provisions of this act.

Every trustee, 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 sureties, to be approved by one of the judges of the district court of the district in which such savings bank may be situated, conditioned for the faithful discharge of his duties as trustee as aforesaid. Said bonds shall be recorded in the office of the register of deeds of the county in which said savings bank is situated, and then deposited in the office of the secretary of state; and in case of a breach of the conditions of such bond, any person aggrieved by such breach may, upon leave granted by the said judge of said district court, bring suit in his own name, and the judgment of plaintiff in such action shall be for the amount of damages he may show himself entitled to by reason of such breach, not exceeding the amount of said bond, and successive actions may be brought by persons aggrieved, as aforesaid, until the penalty of said bonds is exhausted.

(1879, c. 109, § 3; G. S. 1878, v. 2, c. 33, § 69.)

§ 2540. Duplicate certificates—Filing.

Such certificate shall be executed in duplicate, and be acknowledged before an officer of this state authorized to take the acknowledgment of conveyances of real estate for record, and shall, within sixty days of such acknowledgment, be filed, one copy in the office of the register of deeds of the county wherein such savings bank is proposed to be located, and one copy in the office of the auditor of state.

(1879, c. 109, § 4; G. S. 1878, v. 2, c. 33, § 70.)

§ 2541. Notice of proposed organization—Publication.

A notice of intention to organize such savings banks shall be published at least once a week for four weeks previous to filing the certificate of association, as provided in the last preceding section, in at least one newspaper of the largest circulation published in the city, town, or village where such savings bank is proposed to be located; or, if there be no newspaper published in such village or town, then in some newspaper published in such county; if none in said county, then in an adjoining county; which notice shall specify the names of the proposed corporators, the name of the proposed savings bank, and the location of the same, as set forth in the certificate of association; and if there is any savings bank or banks organized and doing business in such county, a copy of such notice shall also be sent to each such savings bank so

organized and doing business, at least fifteen days before the filing of such certificate of association, as provided for in the last preceding section.

(1879, c. 109, § 5; G. S. 1878, v. 2, c. 33, § 71.)

§ 2542. Auditor's indorsement upon certificate, when.

Upon the receipt of any such certificate of association, at the office of the auditor of state, if the same is in due form and duly executed according to the provisions of sections three and four of this act, and is accompanied by evidence satisfactory to the auditor of state of the proper publication and service, in good faith, of the notice required in the last preceding section, he shall forthwith indorse the same over his official signature "filed for examination," with the date of such indorsement.

(1879, c. 109, § 6; G. S. 1878, v. 2, c. 33, § 72.)

§ 2543. Irregular certificate—Duty of auditor.

If such certificate shall not be in form and substance as required by section three of this act, or shall not be duly and properly acknowledged, as required by section four of this act, or shall not be accompanied by evidence, satisfactory to the auditor of state, of the publication and service, in good faith, according to the intent and purpose of this act, of the notice required by section five of this act, the auditor of state shall refuse to file such certificate until the same shall be amended in conformity to the provisions of this act; and it shall be the duty of the auditor of state, upon filing such certificate, to forthwith notify the attorney general and public examiner of the state of the filing of such certificate, and of a meeting to be held in said auditor's office, at some time within twenty days thereafter, and it shall be the duty of said auditor, attorney general, and public examiner to meet at the time and place in said notice set forth, to consider said certificate.

(1879, c. 109, § 7; G. S. 1878, v. 2, c. 33, § 73.)

§ 2544. Same—Investigation.

And it shall be the duty of said officers, and they, or a majority of them, shall have power, in regard to any certificate of association so filed, to ascertain from the best sources of information at their command:

1. Whether greater convenience of access to a savings bank will be afforded to any considerable number of depositors by opening a savings bank at the place designated in such certificate.

2. Whether the density of population, in the neighborhood designated for such savings bank, and in the surrounding country, affords a reasonable promise of adequate support to the enterprise.

3. Whether the responsibility, character, and general fitness for the discharge of the duties appertaining to such a trust, of the persons named in such certificate, are such as to command the confidence of the community in which such savings bank is proposed to be located.

(1879, c. 109, § 8; G. S. 1878, v. 2, c. 33, § 74.)

§ 2545. Same—Certificate of authorization issued, when.

If the said officers, or a majority of them, shall be satisfied, from their knowledge, or from information gained, concerning the several points named in the last preceding section, (that the organization of a savings bank, as proposed in such certificate, will be a public benefit,) they shall, within sixty days after the same has been filed by them for examination, issue, under their hands and official seals, a certificate of authorization to the persons named in such certificate, or to them, or to a portion of them, together with such other persons as a majority of those named in such certificate of association shall in writing approve; which such certificate, so issued, shall authorize the persons named thereon to open an office for the deposit of savings as designated in the certificate of association, subject to the provisions of this act: *provided*, however, that no person shall be named in such certificate of authorization who

shall not have duly made and acknowledged the declaration prescribed in subdivision four of section three of this act.

(1879, c. 109, § 9; G. S. 1878, v. 2, c. 33, § 75.)

§ 2546. Same—Filing.

The public examiner shall transmit such certificate of authorization to the register of deeds of the county in which the savings bank so authorized is to be located, who shall file the same and attach it to the certificate of association previously filed, relating to the organization of such savings bank, and the public examiner shall also file a duplicate copy of such certificate in his own office.

(1879, c. 109, § 10; G. S. 1878, v. 2, c. 33, § 76.)

§ 2547. Same—Refusal to issue—Notice.

If the said officers shall not be satisfied that the establishment of a savings bank, as proposed in any certificate of association filed, is expedient and desirable, the public examiner shall, within sixty days after the filing of such certificate by him, give notice to the register of deeds of the county in which such savings bank is proposed to be located that they refuse to issue a certificate of authorization for such savings bank, which notice shall forthwith be filed by the register of deeds with the certificate of association of such savings bank.

(1879, c. 109, § 11; G. S. 1878, v. 2, c. 33, § 77.)

§ 2548. Effect of filing certificate.

Upon the filing of any certificate of authorization of a savings bank, as hereinbefore provided, the persons named therein, and their successors, shall thereupon and thereby be duly and lawfully constituted a body corporate and politic, and shall be vested with all the powers, and charged with all the liabilities conferred and imposed by this act.

(1879, c. 109, § 12; G. S. 1878, v. 2, c. 33, § 78.)

§ 2549. Before receiving deposits names, etc., of officers to be sent to examiner.

Before any savings bank so incorporated shall be authorized to receive deposits, such corporation shall transmit to the public examiner the name, residence, and post-office address of each of the officers of such savings bank, and the place where its business is to be carried on, designating the same by street and number when practicable.

(1879, c. 109, § 13; G. S. 1878, v. 2, c. 33, § 79.)

§ 2550. Time for commencing business—Extension.

Any savings bank so incorporated that shall not organize and commence business within one year after the certificate of authorization of the same has been filed, as hereinbefore provided, shall forfeit its rights and privileges as a corporation under this act; but the public examiner may, for satisfactory cause to him shown, extend the term within which such organization may be effected, and such business commenced, but not for a longer period than one year; and the order so extending such term shall be under his hand and seal, and shall be transmitted to the register of deeds of the county in which such savings bank is to be located, who shall file the same, together with the certificate of association, and the certificate of authorization of such savings bank.

(1879, c. 109, § 14; G. S. 1878, v. 2, c. 33, § 80.)

§ 2551. First trustees—Powers.

The persons named in the certificate of authorization issued pursuant to the provisions of this act, shall be the first trustees of such corporation, and shall have the entire management and control of all the affairs of the corporation, subject to the provisions of this act.

(1879, c. 109, § 15; G. S. 1878, v. 2, c. 33, § 81.)

§ 2552. Board of trustees—Officers—Vacancies.

The business of every such corporation shall be managed and directed by a board of trustees of not less than seven, who shall elect from their number a president, a vice-president, a treasurer, and such other officers as they may see fit; and all vacancies in such board by death, resignation, or otherwise, shall be filled by the board of trustees as soon as practicable, at a regular meeting after such vacancy shall occur.

(1879, c. 109, § 16; G. S. 1878, v. 2, c. 33, § 82.)

§ 2553. Same—General powers—By-laws.

The board of trustees of any such corporation shall have power from time to time to make such by-laws, rules, and regulations as they may think proper for the election of officers, for prescribing their respective powers and duties, and the manner of discharging the same; for the appointment and duties of committees, and generally for transacting, managing, and directing the affairs of the corporation: *provided*, such by-laws, rules, and regulations are not repugnant to, nor inconsistent with, the provisions of this act, to the constitution and laws of this state or of the United States, and a copy of the same shall be transmitted to the public examiner, who shall also be notified of any amendment or change therein.

(1879, c. 109, § 17; G. S. 1878, v. 2, c. 33, § 83.)

§ 2554. Same—Meetings—Quorum.

Regular meetings of the board or trustees shall be held as often as once in each month, for the purpose of receiving the reports of its officers and committees, and for the transaction of other business. A quorum at any regular, special, or adjourned meeting shall consist of not less than five trustees, of whom the president shall be one, except where he is prevented from attending any meeting by unavoidable detention, when he may be represented in forming a quorum by the vice-president; but less than a quorum shall have power to adjourn from time to time, or until the next regular meeting.

(1879, c. 109, § 18; G. S. 1878, v. 2, c. 33, § 84.)

§ 2555. Trustee—Conduct operating to vacate office.

Whenever a trustee of any savings bank shall hereafter become a trustee, officer, clerk, or employe in any other savings bank, or upon his borrowing, directly or indirectly, any of the funds of the savings bank of which he is a trustee, or becoming a surety or guarantor for any money borrowed of, or of a loan made by, such savings bank, or upon his failure to attend the regular meetings of the board, or to perform any of the duties devolved upon him as such trustee for six successive months, without having been previously excused by the board for such failure, the office of such trustee shall thereupon immediately become vacant; but the trustee vacating his office by failure to attend meetings, or to discharge his duties, may, in the discretion of the board, be eligible to a re-election.

(1879, c. 109, § 19; G. S. 1878, v. 2, c. 33, § 85.)

§ 2556. Bank officers—Authority of trustees.

The trustees of any such corporation shall have the power to require from the officers, clerks, and agents of the corporation such security for their fidelity and the faithful performance of their duty as they shall deem necessary, and to fix the salaries of such officers and agents, subject to the provisions of this act.

(1879, c. 109, § 20; G. S. 1878, v. 2, c. 33, § 86.)

§ 2557. Trustees—Interest in profits and contracts prohibited—Compensation.

No trustee of any such corporation shall have any interest whatever, direct or indirect, in the gains or profits thereof, nor as such, directly or indirectly, receive any pay or emolument for his services, except as hereinafter provided;

and no trustee or officer of any such corporation shall, directly or indirectly, for himself, or as the agent or partner of others, borrow any of its funds or deposits, or in any manner use the same, except to make such current and necessary payments as are authorized by the board of trustees; nor shall any trustee or officer of such corporation hereafter become an indorser or surety, or become in any manner an obligor for moneys loaned by or borrowed of such corporation.

(1879, c. 109, § 21; G. S. 1878, v. 2, c. 33, § 87.)

01 ²⁵⁵⁸ 74, § 2558. **Deposits with savings bank.**

It shall be lawful for any savings bank to receive on deposit any sum or sums of money that may be offered for that purpose, by any person or persons, or by any corporations or societies, and to invest the same, and declare credit, and pay dividends thereon, as hereinafter authorized and provided, and not otherwise.

(1879, c. 109, § 22; G. S. 1878, v. 2, c. 33, § 88.)

§ 2559. **Same—Repayment—Limitation of amount.**

The sums so deposited, together with any dividends or interest credited thereto, shall be repaid to such depositors respectively, or to their legal representatives, after demand, in such manner and at such times, and after such previous notice, and under such regulations as the board of trustees shall prescribe, which regulations shall be put in some conspicuous place in the room where the business of such corporation shall be transacted, and shall be printed in the pass-books, or other evidence of deposit furnished by the corporation, and shall be evidence, between the corporation and the depositors holding the same, of the terms upon which the deposits therein acknowledged are made: *provided*, that every such corporation shall have the right to limit the aggregate amount which any one person or society may deposit to such sum as they may deem expedient to receive, and may, in their discretion, refuse to receive a deposit, and may also, at any time, return all or any part of any deposit; but no by-law or regulation shall be adopted by said trustees so as to affect a deposit previously made.

(1879, c. 109, § 23; G. S. 1878, v. 2, c. 33, § 89.)

§ 2560. **Same—By minors and married women in trust for another.**

Whenever any deposit shall be made by or in the name of any person being a minor, or a female being or thereafter becoming a married woman, the same shall be held for the exclusive right and benefit of such depositor, and free from the control or lien of all persons whatsoever, except creditors, and shall be paid, together with the dividends or interest thereon, to the person in whose name the deposit shall have been made, and the receipt or acquittance of such minor or female shall be a valid and sufficient release and discharge for such deposit, or any part thereof, to the corporation. And whenever any deposit shall be made by any person in trust for another, and no other or further notice of the existence and terms of a legal and valid trust shall have been given, in writing, to the bank, in the event of the death of the trustee, the same, or any part thereof, together with the dividends or interest thereon, may be paid to the person for whom the said deposit was made.

(1879, c. 109, § 24; G. S. 1878, v. 2, c. 33, § 90.)

§ 2561. **Same—Actions upon—Limitation—Evidence, interpleader, etc.**

In all actions in any court of this state against any savings bank, by a husband, to recover for moneys deposited by his wife in her own name, or as her own money, the wife may be examined and testify as a witness in like manner as if she were an unmarried woman; and in all actions against any savings bank to recover for moneys on deposit therewith, if there be any person

or persons, whether husband or wife, or otherwise, claiming the same fund, who are not parties to the action, the court in which such action is pending may, on the petition of such savings bank, and upon eight days' notice to the plaintiffs and such claimants, make an order amending the proceedings in said action, by making such claimants parties defendant thereto; and the said court shall thereupon proceed to hear and determine the rights and interests of the several parties to the said action in and to said funds. The said funds or deposits, which are the subject of the said action, may remain with such savings bank upon the same interest as other deposits of like amount, to the credit of the action, until final judgment therein, and the same shall be paid by such savings bank in accordance with the order of the court; or the deposit in controversy may be put into court to await the final determination of the action; and when so paid into court, the corporation shall be stricken out as the party to such action; and the statutes limiting the time within which actions shall be commenced shall have no application to actions brought by depositors, their representatives or assigns, against savings banks for deposits made therein.

(1879, c. 109, § 25; G. S. 1878, v. 2, c. 33, § 91.)

§ 2562. Authorized investments.

It shall be lawful for the trustees of any savings bank to invest the moneys deposited therein, only as follows, to-wit:

1. In the stocks or bonds, or interest-bearing notes or obligations of the United States, or those for which the faith of the United States is pledged for the payment of the interest and principal.

2. In the stocks or bonds of any state in the Union and of the territory of Dakota: *provided*, that such state or territory has not within ten years to making such investment by such corporation defaulted in the payment of any part of the principal or interest of any debt authorized by any legislature of such state or territory to be contracted, and of the state of Minnesota issued since one thousand eight hundred and sixty.

3. In the stocks or banks of any city, county, town, village or school district in the states of Minnesota, Wisconsin or Iowa, or in territory now known as the territory of Dakota, or in any warrants or interest-bearing obligations, issued by the state, city, (or any city board), county, town, village or school district within which such banks shall be situate; or in the stocks or bonds of any city, county, town, village or school district of the United States, which city, county, town, village or school district had at least ten thousand inhabitants, as determined by the state or United States census taken next preceding the issue of the bonds or stocks tendered; provided that the bonded indebtedness of any such city, county, town, village or school district so tendering bonds or stocks shall not exceed ten per centum upon the assessed valuation of such city, county, town, village or school district the time of the issue of the stocks or bonds tendered.

4. In notes secured by mortgage or unincumbered real estate situate in the states of Minnesota, Wisconsin, and Iowa, and in the territory of Dakota, and worth at least twice the amount loaned thereon, but not to exceed seventy per cent. of the whole amount of the moneys of the bank, shall be so loaned or invested; but in case the loan is on unimproved or unproductive real estate, the amount loaned thereon shall not be more than thirty per cent. of its actual value; and no investment in any bond and mortgage shall be made by any savings bank except upon the report of a committee charged with the duty of investigating the same, and who shall certify to the value of the premises mortgaged or to be mortgaged, according to their best judgment; and such report shall be filed and preserved among the records of the institution.

5. If the money held by any such corporation cannot be conveniently invested in any or all of the modes hereinbefore prescribed, it may loan not exceeding one-fourth part of the amount thereof on personal securities, with at

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least two sureties: *provided, further*, that such loans shall not be for a longer time than one year: *provided, further*, that no loan upon personal security shall be made by any one person, copartnership, association, or corporation, to an amount exceeding one-half of one per cent. of the total deposit of any such savings bank; *provided*, that nothing contained in this section shall apply to savings banks whose total deposits be less than one million dollars.

(1879, c. 109, § 26; G. S. 1878, v. 2, c. 33, § 92; as amended 1883, c. 46; 1889, c. 119, § 1; Id. c. 64, § 1.)

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§ 2563. Powers concerning real estate.

It shall be lawful for any such corporation to purchase, hold, or convey real estate only as follows:

First. A plot whereon is erected, or may be erected, a building or buildings requisite for the convenient transaction of its business, and from portions of which, not required for its own use, a revenue may be derived. The cost of such building or buildings and lot in no case to exceed fifty per cent. of the net surplus of such corporation.

Second. Such as shall have been purchased by it at sales upon the foreclosure of mortgages owned by such corporation, or upon judgment or decrees obtained or rendered for debts due to it, or in settlements effected to secure such debts, and all such real estate mentioned in the last preceding clause shall be sold by such corporation within ten years after the same shall be vested in it, unless, upon application by the board of trustees, the public examiner shall extend the time within which such sale shall be made; and it shall be lawful for any such corporation, with the approval in writing, and under the seal of the public examiner, to change its location within the limits of any city or town wherein it may be established; and in effecting such change of location such corporation owning a banking-house and lot may purchase such additional plot under the provisions of subdivision one of this section as the corporation may require; and such banking-house and lot previously owned and occupied shall be sold as provided in subdivision two of this section concerning real estate acquired in satisfaction of debts.

(1879, c. 109, § 27; G. S. 1878, v. 2, c. 33, § 93; as amended 1889, c. 119, § 2.)

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§ 2564. Moneys of bank to be invested—Fund for expenses, where deposited—Depreciation of collateral.

It shall be the duty of the trustees of any such corporation, as soon as practicable, to invest the moneys deposited with them in the securities named in the twenty-sixth section of this act, except that for the purpose of meeting current expenses and payments in excess of the receipts, there may be kept an available fund of not exceeding fifteen per cent. of the whole amount of deposits with such corporation, and the same may be kept on hand, or on deposit in any bank or banking association in the state of Minnesota, organized under any law or laws of the state or of the United States, or with any trust company incorporated by any law of this state; or in any trust company or bank in the city of New York, duly organized under the laws of the state of New York or of the United States; but the sum so deposited in any one bank or trust company shall not exceed ten per cent. of the paid up capital and surplus of such bank or trust company; or such available fund, or any part thereof, may be loaned upon pledge of the securities, or any of them, named in subdivisions one, two, three, four, and five, of section twenty-six, but not in excess of ninety per cent. of the cash market value of such securities so pledged, nor in excess of the par value thereof; and should any of the securities so held in pledge depreciate in value, after making any loan thereon, it shall be the duty of the trustees to require the immediate payment of such loan, or of a part thereof, or additional security therefor, so that the amount loaned shall at no time exceed ninety per cent. of the market value of the securities pledged for the same.

(1879, c. 109, § 28; G. S. 1878, v. 2, c. 33, § 94; as amended 1885, c. 22; 1889, c. 119, § 3.)

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§ 2565. Deposits by savings banks—Failure to invest funds—Procedure.

It shall further be lawful for any such corporation to deposit, temporarily, in banks or trust companies, as provided in the last preceding section of this act, the excess of current daily receipts over the payments until such time as the same can be judiciously invested in the securities named in section twenty-six of this act; and whenever it shall appear to the public examiner that the trustees of any such corporation are violating the spirit and intent of the foregoing provision, by keeping permanently uninvested all or an undue proportion of the moneys received by them, it shall be his duty to report the facts to the attorney general, who shall proceed against such corporation under the provisions of section forty-three of this act.

(1879, c. 109, § 29; G. S. 1878, v. 2, c. 33, § 95.)

§ 2566. Loans upon real estate—Insurance.

Whenever buildings are included in the valuation of any real estate, upon which a loan shall be made by any such corporation, they shall be insured by the mortgagor in such company or companies as the trustees shall direct, and the policy of insurance shall be duly assigned or the loss made payable as its interests may appear to such corporation; and it shall be lawful for such corporation to renew such policy of insurance in the same or in any other company or companies, as they may elect, from year to year, or for a longer or shorter term, in case the mortgagor shall neglect to do so, and may charge the amount paid to the mortgagor; and all the necessary charges and expenses paid by such corporation for such renewal or renewals shall be paid by such mortgagor to such corporation, and shall be a lien upon the property so mortgaged, recoverable, with interest, from the time of payment, as part of the moneys secured to be paid by such mortgage.

(1879, c. 109, § 30; G. S. 1878, v. 2, c. 33, § 96.)

§ 2567. Prohibited dealings.

It shall be unlawful for any savings bank, directly or indirectly, to deal or trade in real estate in any other case or for any other purpose than as authorized in section twenty-seven of this act, or to deal or trade in dry goods, wares, merchandise, or commodities whatever, except as authorized by the terms of this act, and except such personal property as may be necessary in the transaction of its business; and it shall be unlawful for any savings bank, or for any officer in his regular attendance upon the business of such bank, to in any manner engage in the business in such bank, or buying or selling exchange, or in the business of collecting or protesting promissory notes or time-bills of exchange.

(1879, c. 109, § 31; G. S. 1878, v. 2, c. 33, § 97.)

§ 2568. Interest and dividends—Duty of board of trustees—Surplus—Distribution, how often.

It shall be the duty of the trustees of every such corporation to regulate the rate of interest or dividends upon the deposits therewith in such manner that depositors shall receive, as nearly as may be, all the profits of such corporation after deducting necessary expenses and reserving such amount as the trustees may deem expedient as a surplus fund for the security of depositors, which, to the amount of fifteen per cent. of their deposits, the trustees of any such corporation are hereby authorized gradually to accumulate and hold to meet any contingency or loss in its business from the depreciation of its securities or otherwise: *provided*, however, that the trustees of any such corporation may classify their depositors according to the character, amount, and duration of their dealings with the corporation, and regulate the interest or dividends allowed in such manner that each depositor shall receive the same ratable proportion of interest or dividends as all others of his class. It shall

be unlawful for the trustees of any savings bank to declare or allow interest on any deposit for a longer period than the same has been deposited, except that deposits made not later than the third day of any month, or withdrawn on one of the last three days of the month, may have interest declared upon them for the whole period or month when so deposited or withdrawn. No dividends or interest shall be declared, credited, or paid except by the authority of a vote of the board of trustees, duly entered upon their minutes, whereon shall be recorded the ayes and nays upon each vote; and whenever any dividends or interest shall be declared and credited in excess of the interest or deposits earned and appearing to the credit of the corporation, the trustees voting for such dividend shall be jointly and severally liable to the corporation for the amount of such excess so declared and credited; and it shall be the duty of the trustees of any such corporation, whose surplus amounts to fifteen per cent. of its deposits, at least once in three years, to divide equitably the accumulation beyond such authorized surplus, as an extra dividend to depositors in excess of the regular dividends hereinbefore authorized

(1879, c. 109, § 32; G. S. 1878, v. 2, c. 33, § 98; as amended 1889, c. 119, § 4.)

§ 2569. Interest to depositors—Rate.

Savings banks and savings associations shall not be required, in any case, to pay their depositors a greater rate of interest than four per cent. per annum, in accordance with their regulations.

(1881, c. 119, § 1; G. S. 1878, v. 2, c. 33, § 99.)

§ 2570. Surplus—Rules for determining.

In determining the per cent. of surplus held by any savings bank, its interest-paying stocks, notes, and bonds shall be estimated at their market value; its notes and bonds on which there are no arrears of interest for a longer period than six months shall be estimated at their face, and its real estate at not above cost. Concerning such stocks as bonds or notes, or notes and mortgages, as are in arrears of interest for six months or more, and concerning all other investments not herein enumerated, the public examiner shall determine the valuation of the same, from time to time, from the best information he can obtain, and he may change the valuation thereof, from time to time, according as he may obtain other and further information.

(1879, c. 109, § 33; G. S. 1878, v. 2, c. 33, § 100.)

§ 2571. Compensation of officers.

It shall be lawful for trustees of such corporation, acting as officers of the same, whose duties require and receive their regular and faithful attendance at the institution, to receive such compensation as in the opinion of a majority of the board of trustees shall be just and reasonable; but such majority shall be exclusive of any trustee to whom such compensation shall be voted.

(1879, c. 109, § 34; G. S. 1878, v. 2, c. 33, § 101.)

§ 2572. Reports to public examiner.

Every such corporation shall, semi-annually, on or before the first day of February in each year, make a report in writing to the public examiner, and in such form as he shall prescribe, of its condition on the morning of the first day of January preceding.

(1879, c. 109, § 35; G. S. 1878, v. 2, c. 33, § 102.)

§ 2573. Same—Contents—Statement of assets.

Such reports shall state the amount loaned upon note and mortgage, together with a list of such notes and mortgages, and the location of the mortgaged premises, as have not previously been reported, and also a list of such previously reported as have since been paid wholly or in part, or have been foreclosed, and the amount of such payments respectively; the cost, par value, estimated market value, of all stock investments, designating each particular kind of stock; the amount loaned upon the pledge of securities, with a state-

ment of the securities held as collateral for such loans; also a list of all notes, with the names of the drawers and indorsers, the dates when said notes were made, the length of time they have to run, the amounts for which they are drawn, and the rates of interest they bear, or at which they were discounted; also specifying all notes overdue and unpaid; the amount invested in real estate, giving the cost of the same; the amount of cash on hand and on deposit in banks or trust companies; and the amount deposited in each; and such other information as the public examiner may require.

(1879, c. 109, § 36; G. S. 1878, v. 2, c. 33, § 103.)

§ 2574. Same—Statement of liabilities.

Such report shall also state all the liabilities of such savings corporations on the morning of the said first day of January, the amount due to depositors, which shall include any dividend to be credited to them for the six months ending on that day, and any other debts or claims against such corporation, which are or may be a charge upon its assets. Such report shall also state the amount deposited during the year previous, and the amount withdrawn during the same period; the whole amount of interest or profits received or earned, and the amount of dividends credited to depositors, together with the amount of each semi-annual credit of interest, and the amount of interest that may have been credited at other than semi-annual periods; the number of accounts opened or reopened, the number of accounts closed during the year, and the number of open accounts at the end of the year, and such other information as may be required by the state examiner.

(1879, c. 109, § 37; G. S. 1878, v. 2, c. 33, § 104.)

§ 2575. Same—Verification—False swearing.

Such report shall be verified by the oath of the two principal officers of the institution, and the statement of assets shall be verified by the oath of a majority of the trustees who examined the same pursuant to the requirements of section forty-four of this act; and any willful false swearing in regard to such reports, or in regard to any reports made to the public examiner pursuant to the provisions of this act, shall be deemed perjury, and be subject to the prosecutions and punishments prescribed by law for that offense.

(1879, c. 109, § 38; G. S. 1878, v. 2, c. 33, § 105.)

§ 2576. Failure to report—Penalty.

If any savings bank shall fail to furnish to the public examiner any report or statement required by this act, at the time so required, it shall forfeit the sum of one hundred dollars per day for every day such report or statement shall be so delayed or withheld; and the said public examiner may maintain an action in his name of office to recover such penalty; and when collected the same shall be paid into the treasury of the state, and be applied to defraying, so far as possible, the expenses entailed in examining savings banks; but the public examiner may, for sufficient cause, extend the time for making such report, not exceeding thirty days.

(1879, c. 109, § 39; G. S. 1878, v. 2, c. 33, § 106.)

§ 2577. Other reports—Supervision of local officers.

No such corporation shall hereafter be required to make any annual or other report to the mayor or the commonalty of any city, nor to the board of supervisors of any county, nor to any other officer or authority whatsoever, except as in this act provided and required; nor shall they be subject to the inspection or supervision of any local officer or board, in any matters pertaining to the business and dealings of such corporation.

(1879, c. 109, § 40; G. S. 1878, v. 2, c. 33, § 107.)

§ 2578. Public examiner—Report to legislature.

It shall be the duty of the public examiner, on or before the first day of February in each year, to communicate to the legislature a statement of the

condition of every such corporation from which a report has been received for the preceding year; also the name and location of savings corporations authorized by him during the previous year, with the date of their incorporation, and particularly designating those incorporated at any time which have commenced business during the previous year.

(1879, c. 109, § 41; G. S. 1878, v. 2, c. 33, § 108.)

And see § 284.

§ 2579. Examination by public examiner—His powers.

It shall be the duty of the public examiner, at least once in each year, and as much oftener as he may deem proper, either personally or by some competent person or persons to be appointed by him, to visit and examine every savings corporation in this state. The public examiner shall also have power in like manner to examine any such corporation, whenever, in his judgment, its condition or management is such as to render an examination of its affairs necessary or expedient. The said public examiner, and every such examiner, shall have power to administer an oath to any person whose testimony may be required on any such examination, and to compel the appearance and attendance of any such person for the purpose of such examination, by summons, subpoena, or attachment, in the manner now authorized in respect to the attendance of persons as witnesses in the courts of record of this state; and all books and papers which it may be deemed necessary to examine by the public examiner, or the examiner or examiners so appointed, shall be produced, and their production may be compelled in like manner.

(1879, c. 109, § 42; G. S. 1878, v. 2, c. 33, § 109.)

§ 2580. Violation of charter or law—Procedure.

Whenever it shall appear to the said public examiner, from any examination made by him, or from the report of any examination made [to] by him, or from the report made by any such corporation, pursuant to the requirement of sections thirty-five, thirty-six, and thirty-seven of this act, that any such corporation has committed any violation of its charter or of law, or is conducting its business and affairs in an unsafe or unauthorized manner, he shall, by an order under his hand and seal, direct the discontinuance of such illegal and unsafe or unauthorized practices; and strict conformity with the requirements of the law, and with safety and security in its transactions; and whenever any such corporation shall refuse or neglect to make any such report as is hereinbefore required, or to comply with any such order as aforesaid, or whenever it shall appear to the public examiner 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 institute such proceedings as the nature of the case may require. The proceedings instituted by the attorney general may be for the removal of one or more of the trustees, or for the transfer of the corporate powers to other persons, or the consolidation and merger of the corporation with any other savings corporation that may be willing to accept of the trust, or for such other or further relief or correction as the particular facts communicated to him shall seem to require. And the court before whom such proceedings shall be instituted shall have power to grant such orders, and, in its discretion, from time to time, to modify or revoke the same, as the evidence in the case, and the situation of the parties and the interests involved, shall seem to require.

(1879, c. 109, § 43; G. S. 1878, v. 2, c. 33, § 110.)

§ 2581. Examination by trustees—Annual statement.

It shall be the duty of the trustees of every savings bank, on or before the first day of January in each year, to thoroughly examine the books, vouchers, and assets of such savings bank, and its affairs generally; and the statement or schedule of assets reported to the public examiner for the first of January in each year shall be based upon such examination, and shall be verified by

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the oath of a majority of the trustees making such examination; but nothing herein contained shall be construed as prohibiting the trustees of any savings bank from requiring such examinations at such [other] times as they shall prescribe.

(1879, c. 109, § 44; G. S. 1878, v. 2, c. 33, § 111.)

§ 2582. Insolvency—Application of assets.

All the assets of any savings bank or association, now or hereafter organized, that shall become insolvent, shall be applied [by] to the directors, assignee, or receiver thereof, in the first place to the payment in full of any sum or sums of money deposited therewith by any savings corporation, but not to an amount exceeding that authorized to be so deposited by the provisions of section twenty-eight of this act; and the foregoing provisions of this section shall also extend and apply to trust companies receiving deposits of savings corporations as authorized by this act, subject, however, to any preference in payment declared and provided in the charters of such trust companies respectively.

(1879, c. 109, § 45; G. S. 1878, v. 2, c. 33, § 112.)

§ 2583. Savings banks—Use of term by others unlawful—Penalty.

It shall not be lawful for any bank, banking association, or individual banker, except savings banks, to advertise or put forth a sign as a savings bank, or in any way to solicit or receive deposits as a savings bank; and any bank, banking association, or individual banker, who shall offend against these provisions, shall forfeit and pay for every such offense the sum of one hundred dollars for every day such offense shall be continued, to be sued for and recovered in the name of the people of this state, by the district attorneys of the several counties, in any court having cognizance thereof, for the use of the poor chargeable to said county in which such offense shall be committed.

(1879, c. 109, § 46; G. S. 1878, v. 2, c. 33, § 113.)

§ 2584. Trustees—Reducing and increasing number.

It shall be lawful for the board of trustees of any savings corporation, by a resolution to be incorporated in their by-laws, a copy of which shall also be filed with the public examiner, to reduce the number of trustees named in the original charter of such corporation to a number not less than the minimum named in this act; such reduction to be effected gradually by the occurrence of vacancies by death, resignation, or forfeiture, until the number is reduced to seven, or to such greater number as shall be designated in the aforesaid resolution; or the number of trustees may be increased to any number designated in a resolution for that purpose, where reasons therefor are shown to the satisfaction of the public examiner, and his consent in writing is obtained thereto.

(1879, c. 109, § 47; G. S. 1878, v. 2, c. 33, § 114.)

§ 2585. Change of name.

Whenever a majority of all the trustees of any such corporation shall, by a resolution to be entered upon their minutes, express a desire and purpose to change the name of such corporation, the same may be effected in the following manner, to-wit: Notice of intention to apply to the public examiner for leave to change the name of such corporation, specifying the name thereof, and the name to which it is proposed to change the same, shall be published as required in section five of this act. After such publication, application may be made to the public examiner to change the name of such corporation to such name as has been agreed upon in such resolution and publication, evidence of which must be made satisfactory to the public examiner, together with such application. If it shall appear to the public examiner that it is expedient and proper that such change of name be made, he shall by an order,

under his hand and seal of office, direct and authorize such change of corporate name to be made, and designate some day in the future, not to exceed thirty days from the date of such order, when the said change shall take effect. Such order shall be executed in triplicate, one filed in the office of the register of deeds in the county in which such corporation is located, one copy shall be transmitted to the corporation affected thereby, and one copy shall be filed in the office of the public examiner. Thereupon, from the date designated in such order for such change of name to take effect, such corporation shall be known and described by the name designated in such order, and by such name shall have all the rights and powers to which it would be entitled if such change had not been made; but no such change shall in any manner lessen or impair any liability of such corporation incurred or existing at the time such change of name shall be made.

(1879, c. 109, § 48; G. S. 1878, v. 2, c. 33, § 115.)

§ 2586. Existing institutions—Application of act—Illegal investments—Penalty.

The powers, privileges, duties, and instructions conferred and imposed upon any savings corporation, by whatever name known, by its charter or act of incorporation, are hereby abridged, enlarged, or modified, as each particular case may require, in such manner that each and every such charter or act of incorporation shall be made to conform to the provisions of this act, and to such amendments as may be made thereto; and each and every such savings corporation shall possess the powers and privileges, and be subject to the duties and restrictions and liabilities, conferred and imposed by this act, anything in their respective charters or acts of incorporation to the contrary notwithstanding. But nothing in this act shall be construed to affect the legality of investments heretofore made, or of transactions heretofore had pursuant to any provisions of law in force when such investments were made or transactions had, nor to require the change of investments for those named in this act, except as the same can be done gradually by the sale or redemption of the securities so invested in, in such manner as to prevent loss or embarrassment in the business of such corporation, or unnecessary loss or injury to the borrowers on such securities. And the investment hereafter in any such securities not named in this act, or the amendments that may be made thereto, shall be deemed a misdemeanor on part of the trustees authorizing or officers making the same, and such trustees or officers shall be subject to the prosecutions and punishments prescribed by law for that offense.

(1879, c. 109, § 49; G. S. 1878, v. 2, c. 33, § 116.)

§ 2587. Certificates of deposit.

All certificates or other evidences of deposit made in pursuance of the regulations and usages of any such corporation shall be as binding upon such corporation as though made under its common seal.

(1879, c. 109, § 50; G. S. 1878, v. 2, c. 33, § 117.)

§ 2588. Misnomer—Effect.

The misnomer of any such corporation in any deed, grant, contract, conveyance, or other instrument shall not vitiate or impair the same, if the corporation be sufficiently described therein to ascertain the intention of parties.

(1879, c. 109, § 51; G. S. 1878, v. 2, c. 33, § 118.)

§ 2589. Construction of act—Existing institutions.

This act is hereby declared to be a public act, and shall be construed favorably for every beneficial purpose therein contained; but no portion of this act shall apply to savings banks now in existence and operation in the state of Minnesota, which banks may be continued under the laws applicable to such banks before the passage of this act, unless they or any of them desire to organize thereunder.

(1879, c. 109, § 52; G. S. 1878, v. 2, c. 33, § 119.)

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SAVINGS BANKS.

§§ 2590-2591

§ 2590. Execution of trusts—Officer of state bank reorganized as national bank.

Whenever any bank incorporated under the laws of this state shall reorganize as a national bank or national banking association, such state bank shall be regarded as continuing its existence in such new organization, and any officer of such state bank elected at such reorganization to the corresponding office in such national bank or national banking association shall be regarded as holding over as an officer of such state bank for all purposes of carrying out any duty or trust reposed in the person holding such office and in his successors in office in such state bank, as executor of any will or trustee of any trust, and his successors in office in such national bank or national banking association shall be regarded also as his successors in office in such state bank for the purpose of carrying out the execution of such will or the performance of such trust. And it shall be lawful for the executor of any will, or any trustee thereunder, who by such will has been directed or recommended to deposit the moneys belonging to the estate of the testator, or to the trust, in such state bank, to deposit such money in such national bank or national banking association, under the same conditions otherwise as he might have deposited them in said state bank, and he shall have the same immunity from responsibility for the safety of such moneys so deposited that he would have had if he had deposited them in such state bank and had it not reorganized as a national bank or national banking association.

(1889, c. 63, § 1.5)

§ 2591. All banking companies subject to banking laws.

All companies, associations and corporations organized under any law of this state other than the general or special banking laws or the laws relating to trust companies, which assume and exercise any of the privileges, functions and powers conferred upon banking associations duly organized under the banking laws of this state, shall be subject to all the limitations, penalties and requirements incident and pertaining to such functions, powers and privileges so assumed and exercised, in the same manner and degree, and the stockholders, persons or owners forming such companies, associations and corporations shall be liable in the same manner and to the same extent as they would be if such companies, associations and corporations were duly organized under the banking laws of this state.

(1889, c. 230, § 1.6)

⁵An act entitled "An act to continue state banks and their officers in existence after reorganization as national banks, for the purpose of carrying out the execution of wills or the performance of specific trusts." Approved April 23, 1889.

⁶An act to subject certain companies, associations and corporations organized under laws of this state to the provisions of the state banking laws. Approved April 24, 1889.

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