

Sec. 2. This act shall take effect and be in force from and after its passage.

Approved April 13, 1909.

CHAPTER 179—S. F. No. 530.

An Act providing for, and regulating proceedings against, and liquidation of, delinquent financial corporations and bankers.

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

Bank defined.—Section 1. The term “bank” whenever used in this act shall mean and include any and all financial corporations as defined in section 2967, Revised Laws 1905, and all persons and partnerships engaged in any business conducted by any of the corporations mentioned in said section.

Powers and duties of public examiner.—Sec. 2. Whenever it shall appear to the public examiner that any bank has violated its charter, or any law of the state, or is conducting its business in an unsafe or unauthorized manner, or that the capital of any such bank is impaired, or if any such bank or controlling officer thereof shall refuse to submit its books, papers and concerns to the inspection of the public examiner, or any assistant by him thereunto duly authorized, or if any officer of such bank shall refuse to be examined upon oath touching the concerns of such corporation, or if any such bank shall suspend payment of its obligations, or furnish reason for the public examiner concluding that such bank is in an unsound or unsafe condition to transact the business for which it was organized, or that it is unsafe and inexpedient for it to continue business, or if any such bank shall neglect or refuse to observe a proper order of the public examiner, the public examiner may forthwith take possession of the property and business of such bank and retain such possession until such bank shall resume business or its affairs be finally liquidated as herein provided. On taking possession of the property and business of any such bank, the public examiner shall forthwith give notice of such fact to any and all banks, associations and individuals holding or in possession of any assets of such bank. No bank, association or person knowing of such taking possession by the public examiner, or notified as aforesaid, shall have a lien or charge for any payment, advance or clearance thereafter made, or liability thereafter incurred against any of the assets of the bank of whose property and business the public examiner shall have taken possession as aforesaid. Such bank may, with the consent of the

public examiner, resume business upon such conditions as may be approved by him. Upon taking possession of the property and business of such bank the public examiner is authorized to collect moneys due to such bank and to do such other acts as are necessary to conserve its assets and business, and shall proceed to liquidate the affairs thereof, if in his opinion such bank cannot safely resume business as hereinafter provided.

Liquidation and distribution of assets.—Sec. 3. The public examiner shall collect all debts due and all claims belonging to such bank, and upon the order of the district court may sell or compound all bad or doubtful debts, and on like order may sell all the real and personal property of such bank on such terms as the court shall direct, and may, if necessary to pay the debts of such bank, enforce the individual liability of the stockholders. The public examiner may under his hand appoint one or more special deputy examiners as agents to assist him in the duty of liquidation and distribution, the certificate of appointment to be filed in the office of the public examiner and a certified copy in the office of the secretary of state and also of the clerk of the district court of the county in which the principal office of such bank was located. The public examiner may from time to time authorize any such special deputy examiner to perform such duties connected with such liquidation and distribution as the public examiner may deem proper. The public examiner may procure such expert assistants as may be necessary in the liquidation and distribution of the assets of such bank and may retain such of its officers or employes as he may deem necessary, and upon his request in writing the attorney general shall employ a special attorney to act as counsel in all matters relating to the liquidation of each such bank, which appointment shall be made according to the provisions of the statutes regulating the employment by the attorney general of special attorneys for state boards and officers, and the payment of such attorney shall be from the proceeds of the assets of the bank with whose liquidation he becomes thereby connected. The public examiner shall require from each special deputy examiner such security for the faithful discharge of his duties as he may deem proper. The public examiner shall cause notice to be given by advertisement in such newspapers as he may direct, weekly for three consecutive months, calling on all persons who may have claims against such bank to present the same to the public examiner, and make legal proof thereof at a place and within a time not earlier than one week after the last day of publication, which time and place shall be specified in said notice. The public examiner shall mail a similar notice to all persons whose names appear as creditors upon the books of the bank. If the public examiner doubts the justice and validity of any claim he may reject the same and serve notice of such rejection

upon the claimant, either by mail or personally. An affidavit of the service of such notice made according to law shall be filed with the public examiner. An action upon a claim so rejected must be brought within six months after such service and the filing of proof thereof. Claims presented after the expiration of the time fixed in the notice to creditors shall be entitled to share in the distribution only to the extent of the assets in the hands of the public examiner equitably applicable thereto. Upon taking possession of the property and assets of such bank the public examiner shall make an inventory of the assets of such bank in duplicate, one to be filed in the office of the public examiner and one in the office of the clerk of the district court of the county in which the principal office of such bank was located. Upon the expiration of the time fixed for the presentation of claims, the public examiner shall make in duplicate a complete list of the claims presented, including and specifying such claims as have been rejected by him, one such list to be filed in his office and one in the office of said clerk of the district court. Such inventory and list of claims shall be open at all reasonable time to inspection. The compensation of the special deputy examiners and the other employes and assistants of the public examiner, except legal counsel, and all expenses of supervision and liquidation shall be fixed by the public examiner, subject to the approval of the district court of the county in which each such bank is located, after notice fixing the time and place when the public examiner will hear and fix the amount of all such expenses, and the amount so fixed and the compensation of legal counsel as fixed by the attorney general, shall be paid upon the certificates of the public examiner and the attorney general respectively, out of the funds of such bank in the hands of the public examiner. The moneys collected by the public examiner shall be from time to time deposited in one or more state banks or trust companies, and, in case of the suspension or insolvency of the depository, such deposits shall be preferred before all of the deposits. At any time after the expiration of a date fixed for the presentation of claims the public examiner may, out of the funds remaining in his hands after the payment of expenses, declare one or more dividends, and after the expiration of one year from the first publication of notice to creditors he may declare a final dividend, such dividends to be paid to such persons and in such amounts and upon such notice as may be directed by the said district court. Objections to any claim not rejected by the public examiner may be made by any party interested by filing a copy of such objections with the public examiner, who shall present the same to the district court at the time of the next application to declare a dividend. The court may make proper provision for unapproved or unclaimed deposits. Whenever any such bank of whose property and busi-

ness the public examiner has taken possession as aforesaid, deems itself aggrieved thereby it may at any time within ten days after such taking possession apply to the district court of the county in which such bank is located to enjoin further proceedings, and said court, after citing the public examiner to show cause why further proceedings should not be enjoined, and hearing the allegations and proofs of the parties and determining the facts, may, upon the merits, dismiss such application or enjoin the public examiner from further proceedings and direct him to surrender such business and property to such bank. Whenever the public examiner shall have paid each and every depositor and creditor of such bank (not including stockholders) whose claim or claims as such creditor or depositor shall have been duly approved and allowed, the full amount of such claims, and shall have made proper provision for unclaimed and unpaid deposits or dividends and shall have paid all the expenses of the liquidation, the public examiner shall call a meeting of the stockholders of such corporation by giving notice thereof for ten days by publishing such notice in one or more newspapers of the county where the bank is located. At such meeting the stockholders shall determine whether the public examiner shall be continued as liquidator and shall wind up the affairs of such bank, or whether an agent or agents shall be elected for that purpose, and in so determining the said stockholders shall vote by ballot, in person or by proxy, each share of stock entitling the holder to one vote, and the majority of the stock shall be necessary to a determination. In case it is determined to continue the liquidation under the public examiner he shall complete the liquidation of the affairs of such corporation, and after paying the expenses thereof shall distribute the proceeds among the stockholders in proportion to their several holdings of stock in such manner and upon such notice as may be directed by the district court. In case it is determined to appoint an agent or agents to liquidate, the stockholders shall thereupon select such agent or agents by ballot, a majority of the stock present and voting, in person or by proxy, being necessary to a choice. Such agent or agents shall execute and file with the public examiner a bond to the state of Minnesota in such amount with such sureties and in such form as shall be approved by the public examiner, conditioned for the faithful performance of all the duties of his or their trust, and thereupon the public examiner shall transfer and deliver to such agent or agents all the undivided or uncollected or other assets of such corporation then remaining in his hands, and upon such transfer and delivery the said public examiner shall be discharged from any and all further liability to such bank and its creditors. Such agent or agents shall convert the assets coming into his or their possession into cash and shall account for and make distribution of the property of such bank as is herein provided in the case of distribution by the

public examiner, except that the expenses thereof shall be subject to the direction and control of the said district court. In case of the death, removal or refusal to act of any such agent or agents, the stockholders, on the same notice as that after which they were elected and in the same way, may elect a successor who shall have the same powers and be subject to the same liabilities and duties as the agent originally elected. Dividends on unclaimed deposits remaining unpaid in the hands of the public examiner for six months after the order for final distribution shall be by him deposited in one or more state banks or trust companies to the credit of the public examiner as such, in trust for the several depositors with and creditors of the liquidated bank from which they were received and to whom they belonged. The public examiner shall report semi-annually in his public report the names of banks so taken possession of and liquidated and the sums of unclaimed and unpaid deposits or dividends with respect to each of them respectively, and also a brief statement of the principal facts as to each such liquidation. The public examiner may pay over the moneys so held by him to the persons respectively entitled thereto upon being furnished satisfactory evidence of their right to the same. In cases of doubt or conflicting claims he may require an order of the district court authorizing and directing the payment of such claims. He may apply the interest earned by the moneys so held by him towards defraying the expenses incident to the payment and distribution of such unclaimed deposits or dividends to the depositors and creditors entitled to receive the same, and he shall include in his said public report a statement of the amount of interest earned by such unclaimed deposits and dividends.

Sec. 4. This act shall take effect and be in force from and after its passage.

Approved April 13, 1909.

CHAPTER 180—S. F. No. 808.

An Act relative to special elections in cities of the third class, the nomination of candidates for election and the registration of voters at such elections.

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

City council may order special election.—Section 1. That whenever a special election shall be required in any city of this state having a population of more than ten thousand inhabitants and less than twenty thousand inhabitants, to fill any vacancy in the offices of such city and the charter of such city shall not provide by whom or by what body such special election may or shall