

committee has been heretofore adopted by such common council.

SEC. 2. Whenever such city, or common council, shall have determined to compromise and settle any such claim, or to authorize the payment of any sum under the provisions of section one (1) of this act, such sum may be paid by the city whose common or city council shall have authorized and directed the payment of any such sum.

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

Approved April 23, 1897.

S. F. No. 94

CHAPTER 228.

Banks of discount and deposit.

An act to amend chapter one hundred and forty-five (145) of general laws of one thousand eight hundred and ninety-five (1895), relating to banks of discounts and deposit.

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

Amendment.

SECTION 1. Section fifteen (15), chapter one hundred and forty-five (145), general laws one thousand eight hundred and ninety-five (1895), shall be and the same is hereby amended so as to read as follows:

Total liability to bank of any person or company, or officer or director.

Sec. 15. The total liabilities to any such bank 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 (15) per cent of the aggregate amount of the capital stock of such bank actually paid in, and of the permanent surplus fund of such bank; provided, that the total liability of any officer or director to such bank shall at no time exceed ten (10) per cent of the aggregate amount of the capital stock of such bank actually paid in, and of the permanent surplus fund of such bank. But the discount of the following classes of paper shall not be considered as money borrowed within the meaning of this section, viz.:

Discount paper not considered as money borrowed.

1. The discount of business or commercial paper actually owned by the person negotiating the same.

2. The discount of bills of exchange drawn in good faith against actually existing values.

3. The discount of paper based upon the collateral security of warehouse receipts covering agricultural and

manufactured products in store in elevators and warehouses under the following conditions:

First—That the actual market value of the property held in store and covered by such receipts shall at all times exceed by at least ten (10) per cent. the amount loaned upon the same.

Second—That the full amount of the loans shall at all times be covered by policies of fire insurance issued by companies admitted to do business in this state, to the extent of their ability to cover such loans, and then by companies having sufficient paid up capital to be so admitted, and all such policies shall be made payable, in case of loss, to the bank or holder of the warehouse receipts. *Provided*, that whenever it appears from any report made by any bank or from any examination made under the direction of the superintendent of banks, that there has been a loan or loans in excess of the amount as herein limited, it shall be the duty of the superintendent of banks to demand a reduction of said loans to the proper amount as herein provided; and if said loans are not reduced within thirty (30) days after receipt of such demand, it shall then be the duty of the superintendent of banks to assess upon the stockholders, pro rata, the amount of the excess of such loans over and above the limit herein provided for, and such assessment shall be enforced as provided for in section twenty-three of this act.

SEC. 2. Section twenty (20), chapter one hundred and forty-five (145), general laws one thousand eight hundred and ninety-five (1895), shall be and the same is hereby amended so as to read as follows:

Sec. 20. On becoming satisfied that any bank has refused to pay its deposits in accordance with the terms on which said deposits were received (if received in accordance with the provisions of this act), or that any bank has become insolvent, or that its books and accounts are kept in a false or fraudulent manner, or that any bank has violated any of the provisions of this act, the superintendent of banks may forthwith take possession of the books, records and assets of every description of such bank, and hold the same, and said books, records and assets shall not be subject to levy or attachment, nor shall any application for the appointment of a receiver be entertained by any courts during such reasonable time as may be necessary for further examination, and to enable the superintendent to apply to a court of competent jurisdiction for the appointment of a receiver for such bank, and, under the direction of such court, the receiver so appointed shall take possession of the books, records and assets of every description of

When sup't of banks may assume possession.

such bank, collect all debts, dues and claims belonging to it and sell or compound all bad or doubtful debts, and sell all the real or 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 all individual liability of the stockholders. Such receiver shall pay over all money so collected or received upon the order of the court, and make a report of his acts and proceedings, when required, to the superintendent of banks in such form and manner as the superintendent shall prescribe.

When insolvent, duties of managers.

Appointment of receivers.

No banking corporation shall make an assignment by reason of, or in contemplation of, insolvency, and whenever the directors and managing officers of such corporation become satisfied that such corporation is insolvent, or about to become such, it shall be the duty of such directors and managing officers to report, or cause a report to be made, to the superintendent of banks of such fact. Upon receipt of such report the superintendent of banks shall immediately take charge of the property of such corporation, and proceed in the manner prescribed in this section for the appointment of a receiver for insolvent banks. *Provided*, that if, upon more detailed examination, the superintendent of banks finds that the condition of the bank is such that all creditors of the bank, other than those represented by the stock, can be paid in full from the assets of the bank, the superintendent may in such case relinquish possession of the assets to the proper officers of such bank; *and provided further*, if at any stage of the proceedings the stockholders show to the court that the bank is able to pay all creditors other than those represented by the stock, if such showing is approved after due examination by the superintendent of banks, the court may order the return of the assets to the stockholders for liquidation or such other course as the stockholders may, in compliance with the law, determine to pursue, and in such case the receiver shall be discharged by order of the court.

Majority of creditors may petition for appointment of a person for receiver to succeed receiver previously appointed.

At any time whenever a majority in number and amount of the creditors of any such bank, after and (any) such receiver shall have been appointed, shall petition the court for the appointment of any person nominated by them as receiver who is a reputable citizen and elector of the county in which such bank is located, it shall be the duty of the court to make such appointment, and all the rights and duties of his predecessor shall at once devolve upon such appointee.

Penalty.

SEC. 3. Any person, director or officer of any corporation, director or officer of any bank, who shall violate

any of the provisions of this act, or knowingly permit the violating of any of the provisions of this act, or of the act of which this act is amendatory, whereby any of the moneys, property or assets of a bank are unlawfully loaned or used shall be punished by imprisonment in the state prison for a term not to exceed ten (10) years, and shall be severally liable to each and every creditor of such bank for the full amount of the debt due from such bank to such creditor.

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

Approved April 23, 1897.

CHAPTER 229.

S. F. No. 272.

An act to require annuity, safe deposit or trust companies to pay a fee for deposit of securities with the state auditor.

Fees for deposits of securities with state auditor.

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

SECTION 1. Annuity, safe deposit or trust companies, organized under the laws of this state and required by law to make and keep a certain amount in securities on deposit with the state auditor, shall pay to the state auditor a fee of one (1) dollar for each bond or mortgage now on deposit or that may hereafter be deposited, pursuant to law.

SEC. 2. The fees received by the state auditor under this act shall be paid into the state treasury and credited to the general revenue fund.

SEC. 3. This act shall take effect and be in force from and after its passage.

Approved April 23, 1897.

CHAPTER 230.

S. F. No. 408.

An act to authorize boards of commissioners in certain counties, by law specially empowered to erect court houses or other public buildings for county purposes, to audit and allow the claims of mechanics and laborers for deficiencies due them from insolvent contractors for work upon such buildings.

Commissioners authorized to audit accounts of mechanics against insolvent contractors.

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