

Section 1. **County board may provide free seed in certain cases.**—The Board of County Commissioners in any county in this state, now or hereafter having an area of more than 5,000 square miles and an assessed valuation of more than \$200,000,000 is hereby authorized to expend, out of any funds of the county for whatever purposes levied, not to exceed \$25,000 for each of the years 1933 and 1934, to provide free seed to any resident of the county engaged in agricultural pursuits who is, in the opinion of the Board, financially without available means or credit, and who are impoverished to such an extent that they cannot plant their crops or secure seed loans from other established state or national agencies.

Sec. 2. **Application for free seed.**—Before any person under the provision of this Act shall receive aid, he shall make regular application for such aid to the County Board. Within fifteen days thereafter an investigation into the needs and necessity of such aid shall be made by the County Agent who shall report his approval or disapproval of the application under the terms of this Act. In no case shall the County Board provide free seed to any person until such assistance is recommended by the County Agent.

Sec. 3 This Act shall take effect and be in force from and after its passage.

Approved April 15, 1933.

CHAPTER 277—S. F. No. 1597

An act to amend Chapter 55, Laws of 1933, and to repeal Chapter 92, Laws of 1933, relating to the reorganization of banks without ceasing operation, and prescribing the powers and duties of the commissioner of banks in connection therewith.

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

Section 1. **Definitions.**—Wherever used in this act the following words or phrases shall be deemed to have the following meaning, namely :

“Bank”—shall mean any state bank, savings bank or trust company doing a banking business under the laws of this State.

“Period of Reorganization”—shall mean the thirty day or additional sixty or one hundred and eighty day periods or such shorter time as the Commissioner of Banks may determine during which the bank is in process of reorganization.

"Reorganized Bank"—shall mean any bank reorganized under the provisions of this Act from and after the date the plan of reorganization is declared effective by the Commissioner of Banks.

Sec. 2. Bank may be declared to be in process of reorganization.—Whenever the Board of Directors or Trustees of any bank shall have adopted a resolution declaring an emergency to exist in the affairs of said bank rendering it advisable to invoke the provisions of this Act, the Commissioner of Banks, having first given his written approval of such action, may declare said bank to be in process of reorganization for a period of thirty days thereafter subject to the right of the Commissioner of Banks if he deems such action to be for the best interests of the debtors and creditors of such bank to—

- (a) Extend the period of reorganization for a further period of not to exceed sixty (60) additional days; *provided, however, that during the year of 1933 only, the Commissioner of Banks, if he deems it necessary, may extend the period of reorganization for not more than one hundred and eighty (180) days from and after the end of said sixty (60) day period;*
- (b) Terminate the period of reorganization and declare the same at an end.

During said period of reorganization said bank shall remain open and be operated by the directors and officers thereof but under the supervision of the Commissioner of Banks and shall carry on its operations subject to such rules and regulations and restrictions as the Commissioner of Banks shall approve as being for the best interests of the debtors and creditors of such institution, including the right to prohibit or limit withdrawal of funds on deposit, but all such rules, regulations or restrictions as applied to any one bank shall be general in character and shall apply equally to all deposits or claims of a similar class of said bank. During such period of reorganization all the remedies at law or in equity of any creditor or stockholder for the enforcement of any claim against such bank shall be suspended and the statute of limitations against such claims or rights shall be tolled during said period.

The reorganization of said bank not having been effected prior to the expiration of said period of reorganization as originally declared or extended, the Commissioner of Banks in his discretion may take possession of the property and business of said bank and proceed to liquidate the same in accordance with the statutes relating thereto.

Sec. 3. **Reorganization.**—During said period of reorganization said bank may be reorganized in accordance with a written plan approved in writing by the Commissioner of Banks and by the owners of not less than sixty-six and two-thirds per cent. ($66\frac{2}{3}\%$) of the total amount of deposits of, or unsecured liquidated claims against said bank after deducting from said deposits or unsecured liquidated claims any legal off-sets thereto, deposits entitled to priority of payment, deposits or claims which cannot be reduced without an order of the Court, and deposits of the United States, of the State of Minnesota, and of the counties, cities, villages, boroughs, townships and school districts of said state.

Upon such approval being obtained the Commissioner of Banks shall declare the plan of reorganization effective as of a date to be fixed in said declaration. *Those depositors and unsecured creditors not approving such plan shall nevertheless be subject to the plan and bound thereby to the same extent and with the same effect as if they had approved it.*

Sec. 4. **Provisions of reorganization.**—Such plan of reorganization may contain any or all of the following provisions:

- (a) placing in the hands of a liquidating agent or agents, corporate or individual, of the non-liquid assets of the bank to be held and liquidated for the benefit of the creditors of the bank existing at the beginning of the period of reorganization in accordance with their respective rights and priorities, if any, and thereafter for the benefit of the reorganized bank. Said liquidating agent or agents shall be appointed and act under the jurisdiction of, and report to, the District Court of the County wherein said bank is located. The expenses of said liquidating agent or agents shall be paid from the assets in its, his or their possession.
- (b) reducing the amount of the debtor liability of the reorganized bank to depositors and unsecured creditors existing at the beginning of the period of reorganization to a sum equivalent to the then market value of the assets of the bank carried forward into the reorganized bank and, with the written consent of the depositor or unsecured creditor, limiting the time and method of withdrawal thereof.
- (c) providing that the deposit liabilities of the reorganized bank (i. e., those of old depositors carried forward as liabilities of the reorganized bank by way of reduced deposit liability and deposits arising during the period of and after reorganization) may have priority of payment over the claims of the old depositors and unsecured creditors existing at

the beginning of the period of reorganization to the extent that the claims of said old depositors or unsecured creditors have been transferred to the assets in the hands of the liquidating agent or agents, and not carried forward as a liability under the plan of reorganization against the reorganized bank.

Sec. 5. May receive deposits under certain conditions.—During the period of reorganization the bank may, with the approval of the Commissioner of Banks, receive non-interest-bearing deposits. All deposits so made shall be segregated from the other assets of the bank and retained as cash, *or deposited in the Federal Reserve Bank of Minneapolis*; shall be utilized solely for the purpose of repaying deposits so made and shall be deemed a trust fund therefor. Deposits made other than in cash shall be received for collection only and shall be treated as a deposit only when and as said bank shall actually have received the cash therefor.

Sec. 6. Commissioner may levy assessment.—Whenever it appears to the Commissioner of Banks wise or advisable in order to effectuate the reorganization of any bank under this Act, said Commissioner of Banks may levy an assessment payable forthwith upon the stockholders thereof, pro-rata, according to the capital stock held by each at such amount as he deems necessary, not exceeding their liability under the Constitution.

Sec. 7. May sell stock upon failure to pay assessment.—On failure of any stockholder to pay said assessment the Commissioner of Banks may order the Board of Directors of said bank to sell, and the latter shall thereupon sell the stock of said stockholder at public or private sale on ten days published notice in a newspaper in the county.

Sec. 8. Exemptions.—Deposits of the United States, of the State of Minnesota, and of the counties, cities, villages, boroughs, townships, school districts of said state and deposits of banks in liquidation held by the Commissioner of Banks *and deposits of corporations and associations organized for the relief of the poor and/or the unemployed* are exempt from the operation of this Act.

Sec. 9. Not to relieve stockholders of constitutional liability.—Nothing in this Act shall be construed as, nor shall any reorganization plan or agreement contain any provision, releasing any stockholder of the bank from his liability upon his stock, nor as releasing any person or corporation as surety or otherwise to any depositor, and any such agreement purporting to release any such stockholder or person or corporation liable as surety shall be void.

All remedies provided by law for enforcing stockholders' liability or the liability of any surety are, except as herein expressly provided to the contrary, preserved.

Sec. 10. Expense of reorganization to be paid by bank.—All expense of the Commissioner of Banks incidental to the reorganization, reopening and/or supervision of banks under the provisions of this Act and Acts amendatory thereto, shall be paid by those banks so reorganized, reopened and/or supervised or attempting reorganization. The Commissioner of Banks may from time to time demand from each such bank reimbursement and payment of such expenses, and the demanded sum shall be paid within ten days after demand therefor. On receipt of such sums, the Commissioner of Banks shall credit the same to a fund in his department to be known as "Reorganization Revolving Fund," which fund shall be examined by the public examiner annually, and out of such fund the Commissioner of Banks shall liquidate the expenses so incurred.

Sec. 11. Effective until January 15, 1935.—This Act shall take effect and be in force from and after its passage until January 15, 1935, and it is hereby declared as legislative intent that an emergency exists under the police power of the state, rendering the passage of this Act necessary and advisable.

Sec. 12. Provisions separable.—If any section, sub-section, clause or phrase of this Act is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of this Act.

Sec. 13. Law repealed.—That Chapter 92, Laws of 1933, be and hereby is repealed.

Approved April 15, 1933.

CHAPTER 278—H. F. No. 1658

An act to amend Mason's Minnesota Statutes of 1927, Section 1857 relating to the powers of water, light, power and building commissions.

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

Section 1. Powers of water, light and building commissions in certain cases.—Mason's Minnesota Statutes of 1927, Section 1857, is amended so as to read as follows: