

CHAPTER 55—S. F. No. 1118

An act permitting banks to reorganize without ceasing operations 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. Definition.—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 day period 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. Reorganization of banks.—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; or
- (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. When effective.—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 percent. ($66\frac{2}{3}\%$) 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.

Sec. 4. Plan 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—when.—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, 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 assessments.—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. Stock may be sold.—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 of 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, are exempt from the operation of this Act.

Sec. 9. Stockholder not released from 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. 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. 11. Provision 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.

Approved March 3, 1933.

CHAPTER 56—H. F. No. 1350

An act ratifying the proclamation of the Lieutenant Governor of Minnesota issued on March 4th, 1933, declaring a bank holiday and legalizing all action in compliance therewith and declaring a bank holiday commencing March 6th, 1933, and continuing until terminated by proclamation of the Governor, and authorizing the declaration of state banking holidays to conform with Federal Laws or Proclamations.

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

Section 1. Certain Proclamation validated.—That certain proclamation made by the Lieutenant Governor of the State of Minnesota, acting in the absence of its Governor from the State at 8 o'clock A. M. on March 4, 1933, by which there was declared and proclaimed a temporary banking holiday mandatory for all banks in Minnesota, including state, national and private banks, savings banks and trust companies, is hereby in all respects ratified and confirmed and declared to be in all respects valid, and any and all action in compliance therewith taken by such banks and trust companies is hereby legalized and declared valid.

Sec. 2. Bank holiday legalized.—The Fourth day of March, 1933, is hereby declared to have been a banking holiday for all banks in Minnesota, including state and national banks, savings banks and trust companies, and to the extent that any such bank, savings bank or trust company has refrained from the transaction of any banking business on said day, such action is hereby in all respects legalized and declared valid.