

share certificate, a member of a nonstock corporation has one vote, and a shareholder of a capital stock corporation has one vote for each share of stock standing in his name on the books of the corporation.

(3) Members may vote (a) by voice or ballot, or (b) when authorized by the articles or by laws, by mail or other reasonable means.

(4) Where the articles or by laws authorize members to vote by mail, the notice shall be given as provided in this chapter. The entire vote on any single issue may be by mailed ballots if so stated in the notice. Such a vote shall have all the effects of a vote taken at a regular or special meeting, provided that at least 20 percent of the membership so votes, unless otherwise provided in the articles or by laws.

(5) When a corporation is a member or owns shares in another domestic or foreign corporation, it may vote through

- (a) its president; or,
- (b) a proxy appointed by the president; or
- (c) when its board of directors has authorized a person to vote, through such person if he produces a certified copy of the resolution.

Sec. 8. The provisions of this act shall not affect the rights of parties in any action pending in any court at the time of the passage of this act.

Approved March 16, 1959.

#### CHAPTER 88—S. F. No. 309

*An act relating to banks and banking; amending Minnesota Statutes 1957, Sections 45.04, Subdivision 1; 46.08, Subdivision 1; 46.11; 46.17; 48.10; 48.151; 48.22, Subdivision 1; 48.24, Subdivision 6, and by adding a new subdivision thereto; and renumbering Subdivision 7; 48.25; 48.27; 48.38; 48.518, Subdivision 3; 48.74; 50.14, Subdivision 5; and 50.145.*

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

Section 1. Minnesota Statutes 1957, Section 45.04, Subdivision 1, is amended to read:

45.04 Subdivision 1. **Filing; fee; hearing.** The in-

corporators of any bank proposed to be organized under the laws of this state shall execute and acknowledge an application, in writing, in the form prescribed by the department of commerce, and shall file the same in its office, which application shall be signed by two or more of the incorporators, requesting a certificate authorizing the proposed bank to transact business at the place and in the name stated in the application. At the time of filing the application the applicant shall pay a filing fee of \$100, which shall be paid into the state treasury and credited to the general revenue fund and shall pay to the commissioner of banks the sum of \$100 as a fee for investigating the application which shall be turned over by him to the state treasurer and credited by the treasurer to the general revenue fund of the state. Thereupon the commission shall fix a time, within 60 days after the filing of the application, for a hearing at its office at the state capitol, at which hearing it shall decide whether or not the application shall be granted. A notice of the hearing shall be published in the form prescribed by the commission in some newspaper published in the municipality in which the proposed bank is to be located, and if there be no such newspaper, then at the county-seat of the county in which the bank is proposed to be located. The notice shall be published once, at the expense of the applicants, not less than 30 days prior to the date of the hearing. At the hearing the commission shall consider the application and hear the applicants and such witnesses as may appear in favor of or against the granting of the application of the proposed bank.

Sec. 2. Minnesota Statutes 1957, Section 46.08, Subdivision 1, is amended to read:

46.08 Subdivision 1. **Assistant commissioner, examiners and other employees.** *The commissioner of banks may appoint an assistant commissioner and such examiners, assistant examiners, stenographers, and such other employees as may be necessary to carry out the duties and responsibilities entrusted to him, subject to such rules and regulations as may be established by civil service with regard to qualifications and general fitness. The assistant commissioner and examiners shall each give bond to the state in the sum of \$10,000 and the other employees, whenever so provided, shall each give bond to the state in such sum as may be designated by the commissioner of banks; all such bonds to be approved by the commissioner of banks and filed in the office of the secretary of state. During the absence or disability of the commissioner of banks said assistant commissioner shall have charge of the office and administer its affairs. Such examiners shall confine*

*their work to those institutions which are subject to the supervision of the commissioner of banks and may be transferred from one supervisory district to another at the option of said commissioner when it shall appear that the interest of the division of banking shall be better served by so doing.*

Sec. 3. Minnesota Statutes 1957, Section 46.11, is amended to read:

**46.11 Examiners' districts.** For the purpose of the better administration of his department, the commissioner of banks shall divide the counties of the state into *as many districts for the purpose of supervision as may be practical, taking into consideration the volume of work represented and the number of examiners or assistants available, and shall also designate the district in which each of the examiners or assistants appointed under the provisions of section 46.08 shall make examinations.* In arranging the districts, the commissioner of banks shall also consider the matter of convenience and economy *as much as possible* in covering the same by examiners.

Sec. 4. Minnesota Statutes 1957, Section 46.17, is amended to read:

**46.17 Examiner in charge of liquidation; salary.** The commissioner of banks shall fix the salary of the examiner in charge of liquidation appointed by him, but not to exceed *the salary of a bank examiner in the classified service of the state* and the same shall be paid out of the funds of banks in the hands of the commissioner of banks for liquidation.

Sec. 5. Minnesota Statutes 1957, Section 48.10, is amended to read:

**48.10 Annual audit; report.** *The board of directors shall annually examine the books of a bank, either in person, or by appointing an examining committee, or an auditor, who may be an independent auditor or accountant. The examining committee or auditor shall be solely responsible to the directors. A report shall be made to the directors as to the scope of the examination or audit, and also to show those assets, excluding marketable securities and fixed assets, which are carried on the books for more than actual value. This report shall be retained as a permanent record or incorporated in the minutes of the meeting.*

Sec. 6. Minnesota Statutes 1957, Section 48.151, is amended to read:

**48.151 Additional powers.** Any bank, *savings bank,*

or trust company organized under the laws of this state, or any national banking association doing business in this state, shall have the power to advertise for sale and sell for a fee money orders, traveler's checks, cashier's checks, drafts, registered checks, and certified checks and no other person, firm, or corporation, either directly or through agents, shall advertise for sale or shall sell for a fee any evidence of indebtedness on which there appears the words, "money order," "traveler's check," "cashier's check," "draft," "registered check," "certified check," or other words or symbols whether of the same or different character which tend to lead the purchaser to believe that such evidence of indebtedness is other than a personal check, unless such evidence of indebtedness is issued by a person, firm or corporation which is a savings and loan association, telegraph company, or has on file in the office of the secretary of state a surety bond in the principal sum of \$5,000 issued by a bonding or insurance company authorized to do business in this state, which surety bond shall run to the state of Minnesota and shall be for the benefit of any creditor for any liability insured on account of the sale or issuance by it or its agent of any such evidence of indebtedness, or has deposited with the secretary of state securities or cash of the value of \$5,000; provided, however, that the aggregate liability of the surety to all such creditors shall, in no event, exceed the sum of such bond or deposit. Any person, firm or corporation who shall violate any provision of this section shall be guilty of a misdemeanor.

Sec. 7. Minnesota Statutes 1957, Section 48.22, Subdivision 1, is amended to read:

48.22 Subdivision 1. **Requirements.** It shall always keep a reserve equal to 15 percent of its demandable liabilities and 5 percent of its time deposits if located in a reserve city; if not located in a reserve city, it shall always keep a reserve equal to 12 percent of its demandable liabilities and 5 percent of its time deposits; which shall be in cash and balance due from solvent banks. No bank shall act as reserve agent for another without the approval of the commissioner if its capital and surplus are less than \$100,000. When its reserve shall become impaired, it shall make no new loans or discounts except upon sight bills of exchange, nor declare any dividend until the same has been fully restored. The term "reserve city," as used herein, shall be taken to mean such cities as are designated as reserve cities by act of congress or other federal authority.

Sec. 8. Minnesota Statutes 1957, Section 48.24, is amended by adding a new subdivision, as follows:

*Subd. 7. Obligations of any person, co-partnership, association or corporation in the form of notes or drafts secured by shipping documents or instruments transferring or securing title covering feeder livestock which is free from all other encumbrances, when the market value of the livestock securing the obligation at the time of the making of the loan is not less than 115 percentum of the face amount of the notes covered by such documents, shall be subject under this subdivision to a limitation of 15 percent of capital and surplus in addition to 15 percent of capital and surplus as included in provisions of subdivision 1 of this section. Feeder livestock loans as referred to in this subdivision is defined to include only obligations secured by liens or giving title to cattle, sheep, goats or hogs being fattened for market, but excluding dairy cattle, milk goats, poultry, or barnyard or work animals.*

Sec. 9. Minnesota Statutes 1957, Section 48.24, Subdivision 6, is amended to read:

Subd. 6. The discount of the following classes of paper shall not be regarded as creating liability within the meaning of this section:

(1) Bonds, orders, warrants, or other evidences of indebtedness of the United States, of federal land banks, of this state or of any county, town, village, or school district in this state, or of the bonds *representing general obligation* of any other state in the United States, or bonds and obligations of the federal home loan banks established by act of congress known as the federal home loan bank act, approved July 23, 1932, and acts amendatory thereto, or debentures and other obligations of the Federal Intermediate Credit Banks established by act of congress known as the Federal Intermediate Credit Banks Act, approved March 4, 1923, and acts amendatory thereto, and in bonds and obligations of the Home Owners' Loan Corporation established by act of congress, known as the Home Owners' Loan Act of 1933, and acts amendatory thereto, in exchange for mortgages on homes, or contracts for deed, or real estate held by it.

(2) Bills of exchange drawn in good faith against actually existing values, *including bills which are secured by shipping documents conveying or securing title to goods shipped, and which are not to be surrendered until such bills are paid in cash or solvent credits.*

(3) Paper based upon the collateral security of warehouse receipts covering agricultural or manufactured products stored in elevators or warehouses under the following conditions:

First — When the actual market value of the property covered by such receipts at all times exceeds by at least ten percent the amount loaned thereon, and

Second — When the full amount of every such loan is at all times covered by fire insurance in duly authorized companies, within the limit of their ability to cover such amounts, and the excess, if any, in companies having sufficient paid-up capital to authorize their admission, and payable, in case of loss, to the bank or holder of the warehouse receipt.

(4) Loans fully secured by certificates of deposit of any such bank.

(5) Debentures issued under the authority of the Federal National Mortgage Association.

Sec. 10. Minnesota Statutes 1957, Section 48.25, is amended to read:

**48.25 Rate of interest on deposits.** No state bank or trust company shall pay interest on deposits at a greater rate than four percent per annum; interest at that rate *or less* per annum may be credited or paid on savings accounts *and on certificates of deposit either quarterly, semi-annually, or annually.*

Sec. 11. Minnesota Statutes 1957, Section 48.27, is amended to read:

**48.27 Limitation on amount of deposits.** No bank or trust company organized under the laws of this state shall accept deposits in a sum exceeding *30* times the amount of its capital stock and its actual surplus.

Sec. 12. Minnesota Statutes 1957, Section 48.36, is amended to read:

**48.36 Application.** Any state bank having a capital of not less than \$50,000 and having its principal place of business in any municipality of less than 25,000 inhabitants; and any state bank having a capital of not less than \$75,000 and having its principal place of business in a municipality of 25,000 or more, but less than 100,000 inhabitants; and any state bank having a capital of not less than \$100,000 and having its principal place of business in a municipality of 100,000 or more, but less than 200,000 inhabitants; and any state bank having a capital of not less than \$200,000 and having its principal place of business in a municipality of 200,000 inhabitants or more, may exercise the powers and privileges conferred by sections 48.36 to 48.43, in addition to all other powers granted by law, upon complying with the conditions and requirements

of those sections, and receiving the approval of the commissioner of banks, who may grant or reject, in his judgment, the application of any bank to acquire trust authority, and in doing so he shall take into consideration the following factors:

(1) *The needs of the community for trust service of the kind applied for and the probable volume of such trust business available to the bank;*

(2) *The general condition of the bank, particularly the adequacy of its net capital and surplus funds in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the proposed exercise of trust powers;*

(3) *The general character and ability of the management of the bank;*

(4) *The nature of the supervision to be given to the proposed trust activities, including the qualifications and experience of the members of the proposed trust investment committee;*

(5) *The qualifications, experience, and character of the proposed executive officer or officers of the trust department;*

(6) *Whether the bank has available competent legal counsel to advise and pass upon trust matters whenever necessary; and*

(7) *Any other facts and circumstances that seem proper.*

Sec. 13. Minnesota Statutes 1957, Section 48.518, Subdivision 3, is amended to read:

**Subd. 3. Limitation.** This section is limited to the ascertainment of whether, as between a paying bank and one giving a stop payment order, the order is timely given so that the paying bank must honor it, if the order is otherwise proper. No stop payment order against an account of a depositor in any bank shall remain in effect for more than six months after notice thereof to the bank, providing at least 30 days' notice in writing mailed to the last known address of the one giving the order of the date of expiration of any such order shall have been given by such bank, which notice shall recite that said period is about to expire and that unless said order is renewed it will no longer be effective. Any such order may be renewed in writing, from time to time, for a period of not to exceed six months from the date of delivery of such renewal to such bank, such renewals to be made in the same

*manner, with like notice and with the same effect as herein provided for in the original order.*

Sec. 14. Minnesota Statutes 1957, Section 48.74, is amended to read:

48.74 **Funds and property held in fiduciary capacity.** Besides its general books of account, it shall keep separate books for all fiduciary accounts. All funds and property held by it in a fiduciary capacity shall at all times be kept separate from its own funds and property, and all fiduciary funds deposited or held as fiduciary by the bank awaiting investment shall be carried in a separate account, and shall not be used by the bank in the conduct of its business, unless the bank, under authorization by its board of directors, first delivers to the commissioner of banks, as collateral security: (1) bonds, notes, bills, certificates of indebtedness, or other direct obligations of the United States or its instrumentalities, or obligations fully guaranteed by the United States as to principal and interest; or (2) other readily marketable securities of the classes in which said trust companies or state banks exercising trust powers are authorized or permitted to invest trust funds under the laws of this state. Every security or property in which the funds held by it as trustee, executor, administrator, guardian, receiver, or assignee, or in any other fiduciary capacity are invested, shall at once upon receipt thereof be immediately entered in the proper books as belonging to the particular fiduciary account whose funds have been invested therein. Any change in such investment shall be fully specified in and under the account of the particular fiduciary account to which it belongs, so that all fiduciary funds and property can be readily identified at any time, by any person. Any trust company incorporated under the laws of this state and any national banking association authorized to act in a fiduciary capacity in this state, when acting in a fiduciary capacity, either alone or jointly with an individual or individuals, may, with the consent of such individual fiduciary or fiduciaries, who are hereby authorized to give such consent, cause any stocks, securities, or other property now held or hereafter acquired in such capacity to be registered and held in the name of a nominee or nominees of such corporate fiduciary without mention of the fiduciary relationship. Any such corporate fiduciary shall be liable for any loss occasioned by the acts of any of its nominees with respect to such stocks, securities or other property so registered.

Sec. 15. Minnesota Statutes 1957, Section 50.14, Subdivision 5, is amended to read:

Subd. 5. Class four shall be (a) notes or bonds secured

by mortgages or trust deed on unencumbered real estate in Minnesota, Wisconsin, Iowa, North Dakota, South Dakota, Missouri, Nebraska, Colorado, Kansas, Oklahoma, Texas, and Montana, *Michigan, Illinois, and Indiana*, worth at least twice the amount loaned thereon.

(b) Notes or bonds secured by mortgages or trust deed on unencumbered real estate in paragraph (a) where such notes or bonds do not exceed 70 percent of the appraised value of the security for the same, provided that such notes or bonds are payable in instalments aggregating not less than five percent of the original principal per annum in addition to the interest; or, are payable on a regular amortization basis in equal instalments, including principal and interest, such instalments to be payable monthly in such amounts that the debt will be fully paid in not to exceed 20 years if the security is non-agricultural real estate, and such instalments to be payable annually or semi-annually in such amounts that the debt will be fully paid in not to exceed 25 years if the security is agricultural real estate.

(c) Not more than 50 percent of the whole amount of the moneys of the bank shall be so loaned and such investments shall be made only on report of a committee directed to investigate the same and report its value, according to the judgment of its members, and its report shall be preserved among the bank's records.

Sec. 16. Minnesota Statutes 1957, Section 50.145, is amended to read:

**50.145 Authorized investments.** Any mutual savings bank subject to the supervision of the commissioner of banks of the state of Minnesota shall in addition to other investments authorized by law have the power to purchase and hold as investments such bonds and securities as are legal investments for state banks and trust companies in Minnesota, but subject however to any limitation in such power that may be imposed by the commissioner of banks, and the total amount of the investments made by any bank pursuant to this section and held at any one time shall not exceed 20 percent of the deposit liability of such bank, and not to exceed three-fourths of one percent of the deposit liability of such bank may be invested pursuant hereto in the securities or obligations of any one obligor.

Sec. 17. Minnesota Statutes 1957, Section 48.24, Subdivision 7 is renumbered "Section 48.24, Subdivision 8".

Approved March 16, 1959.

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