

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

Approved April 23, 1897.

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CHAPTER 250.

S. F. No. 591.

*An act to amend section twenty (20) of chapter one hundred and thirty-one (131) of general laws of Minnesota for one thousand eight hundred and ninety-one (1891), relating to building, loan and savings associations doing a general business.*

Building, loan and savings associations.

SECTION 1. That section twenty (20) of chapter one hundred and thirty-one (131) of the general laws of one thousand eight hundred and ninety-one (1891) is hereby amended to read as follows:

Amendment.

Sec. 20. If it shall appear to said public examiner from any examination made by him, or from any report of any examination made by him, or from any annual or semi-annual report aforesaid, that any corporation governed by this act is violating its charter, or the law, or that it is conducting business in an unsafe, unauthorized, or dishonest manner, he shall, by an order under his hand and seal of office addressed to such corporation, direct conformity with the requirements of its charter and of the law; and whenever such corporation shall refuse or neglect to make such report or account as may be lawfully required, or to comply, with such order aforesaid within thirty days from the date thereof, or if it has become apparent that there is such a deficiency in its assets that the purpose for which the association was organized cannot be carried out, the public examiner may, if such corporation be organized under the laws of the state of Minnesota, forthwith take possession of the books, records and the assets of every description of such corporation and shall at once proceed to make a careful and detailed examination of the condition of the affairs of such corporation; and the books, records and assets of such corporation so held by him shall not be subject to levy or attachment or garnishment at any time while under his control. If at the close of such examination it shall appear to the public examiner that such corporation is able to complete and fulfill its contracts with its members, and that it is for the best interests of the stockholders that such corporation shall continue to do business, but that its officers and directors or any of them are disqualified from acting as such by reason of incompetency, dishonesty

Public examiner to investigate, and his duty in certain cases.

Duty of attorney general.

or negligence in the management of the affairs of said corporation, he shall file a statement in writing with the attorney general setting forth the facts in relation to such disqualification, whereupon the attorney general shall apply to the district court of the county where the home office of such corporation is located for an order to show cause why such officers and directors or any of them should not be removed, which order if granted shall be returnable not less than ten (10) days from the date of service thereof. If at the hearing upon said order to show cause, the court shall find that the affairs of such corporation are being mismanaged, or that any of its officers or directors are dishonest, incompetent or negligent, the court may direct the removal of such officers or directors or any of them, and may further require the public examiner to call a special meeting of the stockholders of such corporation at its home office in the manner prescribed by its by-laws for the purpose of electing directors or officers to fill such vacancies as may exist by reason of such removal and for such other business as may properly come before such meeting. The officers and directors elected at such special meeting shall hold office until the next annual meeting of such corporation, and until their successors are elected and qualified, but no officer or director who shall have been removed for cause shall be eligible to re-election.

May call stockholders to elect new officers to fill vacancies.

Public examiner shall relinquish books and records.

Upon the election and qualification of such newly elected officers and directors the public examiner shall forthwith relinquish the books, records and assets of such corporation to its proper officers.

If company is unable to fulfill contracts, court may close its business.

If at the close of such detailed examination, as aforesaid, it shall appear to the public examiner that the corporation is unable to complete and fulfill its contracts with its members, and that it would be unwise and unprofitable for such corporation to continue to do business, he shall file a statement in writing with the attorney general, setting forth the condition of such corporation, with his reasons for such proceedings. Whereupon the attorney general shall apply to the said district court for an order to show cause why the affairs of such corporation should not be wound up and settled for the best interests of all its stockholders, which order, if granted, shall be returnable not less than ten (10) days from the date of service thereof. If at the hearing upon said order to show cause, the court shall find that such corporation is unable to complete and fulfill its contracts with its members, and that it is unwise and inexpedient to continue to do business, the court shall order and direct that such corporation go into liquidation and

its affairs be wound up and settled under the direction of the court. And the court shall thereupon vest the management and control of such corporation in such of the directors or officers thereof as may be best fitted in the judgment of the court to settle and wind up the affairs of such corporation. The office of the remaining directors and officers of such corporation shall be declared vacant by the court; *provided*, that the court may remove all or any of the directors and officers of such corporation, if in its judgment it shall be for the best interest of the corporation so to do; and upon the removal of all directors, the court shall appoint as directors of such corporation not less than three persons, at least two of which shall have been stockholders for at least one year prior to the date of such appointment; the persons in whom the management of the affairs of such corporation is vested, as aforesaid, shall give such bonds, or fidelity insurance, as may be required by the court. *Provided*, that at least two of such directors shall reside in the state of Minnesota. The court may, at any time, for cause, as aforesaid, remove any or all officers and directors, and appoint others, as aforesaid; *provided, further*, that whenever the number of shareholders of such corporation shall be less than fifty (50) and their holdings of stock less than five hundred (500) shares, the court shall remove all officers and directors of such corporation and appoint one stockholder residing in the state of Minnesota as special commissioner to wind up its affairs; *and provided, further*, that all such liquidation shall be under the supervision of the court. Such officers and directors shall report in such manner and at such times as the court shall direct.

Any corporation governed by this act may, if ordered by a majority vote of its directors, or a vote of three-fourths of its stock, at any regular or special meeting of its shareholders, voluntarily go into liquidation; *provided*, that the public examiner shall consent in writing thereto. Notice of such action by the directors or stockholders, and the consent of the public examiner, shall be mailed to each stockholder of such corporation, at his last recorded address; and thereupon such corporation going into voluntary liquidation may adopt such methods and measures as may be lawful, equitable and just for the winding up of its affairs, subject to the direction and control of the public examiner; *provided*, that the methods so adopted shall, as nearly as may be, conform to the original plans and objects of such corporation; *provided, also*, that any change in such plans or methods shall be approved by the public examiner before being so adopted by such corporation; *and it is further*

Court to select officers to close up the business.

Corporation may voluntarily go into liquidation, with consent of public examiner, and notice to stockholders.

*provided*, that if it shall appear to be for the best interests of such corporation, the board of directors may change the plan of loans to a definite time or times of payment, at a rate of interest not exceeding the legal contract rate per annum; or may negotiate or assign any or all of its mortgages for cash, at such times and on such terms of settlement as may appear to the best interest of such corporation.

Any such corporation in course of liquidation shall have authority to consolidate with any other corporation organized for the same purpose upon such terms as may be agreed upon and authorized by the boards of directors of the respective corporations, the majority of the stock consenting thereto, and to transfer to such consolidated corporation its entire assets, subject to existing liabilities.

All expenses of such liquidation, whether voluntary or otherwise, including the compensation of officers, employes and directors, shall be paid from the funds belonging to such corporation, subject to the approval of the public examiner, in lieu of the expenses provided for in section thirty (30) of this act.

And if such corporation shall have been organized under the laws of any other state or territory, the public examiner shall file his statement in writing with the attorney general, setting forth the facts or particulars in which said alleged violation or refusal consists, which statement shall be *prima facie* evidence of such violation or refusal; and said attorney general shall upon receiving such communication, if, in his judgment, the facts of the case are sufficient to warrant such action, give notice to such corporation that it is no longer authorized to do business in this state, by depositing such notice in the postoffice, properly sealed and stamped, addressed to said corporation at its principal office in the state where incorporated, and thereupon said corporation shall cease to have any right in this state, and said notice may be published in the same manner as provided in section fourteen (14) of this act.

The proceedings prescribed in this section for the winding up and liquidation of the affairs of corporations governed by this act shall be exclusive of any remedies provided by the laws of the state of Minnesota relating to general corporations.

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Corporation may consolidate with like corporation for purpose of liquidation.

Expenses of liquidation.

If organized under laws of another state.