

H. F. No. 501.

CHAPTER 200.

Annuity, safe
depoit and
trust com-
panies.

An act to amend chapter one hundred and seven (107) of the General Laws of 1883, as amended by chapter three (3) of the General Laws of 1885, and by chapter two hundred thirty-four (234) of the General Laws of 1889, relating to annuity, safe deposit and trust companies.

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

Laws
amended.

SECTION 1. Section three (3) of chapter one hundred and seven (107) of the General Laws of eighteen hundred and eighty-three (1883), as amended by chapter three (3), of the General Laws of eighteen hundred and eighty-five (1885), and by chapter two hundred and thirty-four (234), of the General Laws of eighteen hundred and eighty-nine (1889), be and the same hereby is amended so as to read as follows:

Capital stock;
amount; how
flow issued,
etc. Condi-
tions of doing
business.

Sec. 3. The amount of capital stock of any such corporation hereafter organized, shall not be less than two hundred thousand (200,000) dollars, but the same may be increased at any time by a resolution of two-thirds ($\frac{2}{3}$) of the directors, to any amount not exceeding two million (2,000,000) dollars; and the same shall be divided into shares of one hundred (100) dollars each. And any corporation which has been heretofore organized and qualified to do business under this act, shall hereafter be allowed at any time to decrease its capital stock to any sum not less than two hundred thousand (200,000) dollars by vote of the owners of a majority of its shares of stock. In case of such reduction no part of the assets of the corporation shall be returned to the stockholders. *Provided, however,* that if any such corporation so reducing its capital stock shall then have with the state auditor as a part of its then required deposit bonds of the character hereinafter specified of the par value of not less than one-fourth ($\frac{1}{4}$) of its proposed reduced capital stock, then such part of its assets may be returned to the stockholders as may be decided by a resolution of two-thirds ($\frac{2}{3}$) of the directors approved by the public examiner, and, *provided, further,* that the capital stock of such corporation then left outstanding shall be and remain unimpaired. No reduction of capital stock shall affect the liability of stockholders on the stock withdrawn as to any claim or demand theretofore contracted.

SEC. 2. Section four (4) of said chapter one hundred and seven (107), as amended, shall be and the same hereby is amended so as to read as follows:

Sec. 4. No such corporation hereafter organized shall be authorized to transact any business, or exercise any powers as such, until two hundred thousand (200,000) dollars of its capital stock shall have been actually paid in, of which not less than fifty thousand (50,000) dollars shall be invested and deposited as hereinafter provided. Said fifty thousand (50,000) dollars shall be invested in the bonds of the United States, or in bonds of the State of Minnesota, or in the bonds of other states, or in the bonds or obligations of the City of St. Paul or Minneapolis, or in the bonds or obligations of any incorporated city of the state, containing a population of not less than three thousand (3,000) souls, which bonds have not been issued as a bonus for, or purchase of, or subscription to any railroad or other private enterprise, and whose total bonded indebtedness does not exceed five (5) per centum of the then assessed valuation of the real and personal property of said city; or in the bonds of any organized county in this state containing a population of not less than ten thousand (10,000) souls, which bonds have not been issued for any of the purposes aforesaid, and whose total bonded indebtedness does not exceed five (5) per centum of the then assessed valuation of the real and personal property of such county; which shall have the approval of the public examiner. And any corporation which has been heretofore organized and qualified to do business under this act, that shall deposit with the state auditor as its required deposit bonds of the character aforesaid, of the par value of not less than fifty thousand (50,000) dollars, nor less than one-fourth ($\frac{1}{4}$) of its outstanding paid capital stock, shall be allowed at any time thereafter to withdraw its other deposits of securities with the state auditor so that the whole deposits of such corporation shall amount to not less than fifty thousand (50,000) dollars in such bonds, nor less than one-fourth ($\frac{1}{4}$) of its outstanding paid capital stock. And any corporation which has been heretofore, or that shall hereafter be, organized and qualified to do business under this act, shall be allowed at any time hereafter to increase its deposits of securities with the state auditor so that the whole deposit of such corporation shall amount to two hundred thousand (200,000) dollars, such excess of deposits over and above the amount required by this act to be kept on deposit may be in bonds of the character aforesaid, or in bonds or promissory notes secured by first (1st) mortgages or deeds of trust, upon unincumbered real estate situated within this state worth double the amounts of the obligations so secured.

Capital paid in; how invested. Conditions of investments, etc.

SEC. 3. Section five (5) of said chapter one hundred and seven (107), as amended, shall be and the same here- is amended so as to read as follows:

Amendment.

Deposits with
state treas-
urer. Certifi-
cate therefor
by state
auditor.

Sec. 5. Whenever any such corporation hereafter organized shall have so invested at least fifty thousand (\$50,000) dollars, and not less than one quarter ($\frac{1}{4}$) of its paid-in capital and shall assign, transfer and deliver to the state auditor the said securities, and all evidence of such investments so made, he shall execute and deliver a certificate of such deposit and thereupon the said corporation may commence and carry on business under the provisions of this act. Whenever the capital stock of such corporation exceeds one million (1,000,000) dollars, the amount of such deposit with the state auditor shall at all times be equal to one-fourth ($\frac{1}{4}$) of its outstanding paid capital stock in bonds of the character aforesaid at their par value. The state auditor and his successors shall hold the said securities as collateral security for the depositors and creditors of said corporation; and for the faithful execution of any trust which may be lawfully imposed upon and accepted by said corporation. Such corporation may, from time to time, withdraw the said securities from said auditor, or any part thereof, upon their depositing with him other securities of equal amount and value, and of the kinds of bonds specified in section four (4) so that an equal amount and value of such securities shall at all times during the existence of such corporation, remain in the possession of the state auditor for the purposes aforesaid. And until otherwise ordered by a court of competent jurisdiction, the said state auditor shall pay over to such corporation the interest, dividends, or other income which he shall collect upon such securities; or he may authorize the said company to collect the same for its own benefit.

Amendment.

SEC. 4. That section six (6) of said chapter one hundred and seven (107), as amended, shall be and the same hereby is amended so as to read as follows:

Corporate
powers to be
exercised by
board of di-
rectors, a
majority of
whom must
be residents
of state.

Sec. 6. All the corporate powers of such company shall be exercised by a board of directors of not less than nine (9) nor more than twenty-seven (27) in number; any such officers and agents as they shall elect or appoint. A majority of such directors must be citizens of this state and each director must own at least ten (10) shares of the capital stock. The articles of association shall state the names and places of residence of the first (1st) board of directors, of whom the first (1st) one-third ($\frac{1}{3}$) thereof shall serve for three (3) years; the second (2nd) one-third ($\frac{1}{3}$) thereof shall serve for two (2) years, and the balance thereof shall serve for one (1) year from the date fixed for the commencement of such corporation. In case any of the persons so named shall not become stockholders to the amount required to qualify, or if they shall fail

or refuse to qualify from any cause, the directors who shall so qualify may elect qualified stockholders to fill such vacancies; and thereafter, at each annual meeting of the stockholders, directors shall be elected to serve three (3) years in place of those whose terms shall then expire.

Each director shall take and subscribe an oath that he will diligently and honestly perform his duties in such office, and will not knowingly violate or permit to be violated any provisions of this act, and that he is the owner in good faith of the stock of the corporation as required to qualify him for such office, standing in his name on the books of the corporation; the taking of such oath to be noted on the minutes of the records of the corporation, and the oath filed in the office of the public examiner.

Oath and qualification of director.

SEC. 5. That section ten (10) of said chapter one hundred and seven (107), as amended, shall be and the same hereby is amended so as to read as follows:

Amendment.

SEC. 10. Any sum of money not less than one hundred (100) dollars, which shall be collected or received by any such corporation in its capacity of executor, administrator or guardian, or upon any deposit under any order of any court of record, and which money shall not be required for the purposes of such trust, or is not to be accounted for, within one (1) year from date of such collection, receipt or deposits, shall be invested by such corporation as soon as practicable, and in such securities as are mentioned in section four (4) of said act, and the net interest and profits of such investments, less the reasonable charges and disbursements of said corporation, in the premises, shall be accounted for and paid over as a part of such trust; and the net accumulations of such interest and profits thereon, shall likewise be invested and reinvested as a part of such principal. And such investments shall be received and allowed by the probate, or other court, in the settlement of such trust.

Trust funds to be invested.

And every such corporation shall keep in addition to its general books of account, separate trust account book or books, in which shall be entered and kept all trust accounts. All such trust accounts shall at all times be kept separate and distinct from the general accounts of such corporation. All funds and property received or held by such corporation in any trust capacity, as administrator, executor, guardian, receiver, assignee, or trustee, shall be entered in such trust account book and be at all times kept separate and distinct from all other funds and property of such corporation.

Account books to be kept; separate account of each trust.

All deposits in any bank, or other institution, made by such corporation, of funds received or held by it in

Bank deposits to be as trust funds.

any such trust capacity, shall be deposited as trust funds, and not in its individual name, but as trustee, and not in any account in which any of its own funds shall be deposited.

Securities to be held as trustee. To carry out orders of court.

Every security in which such trust funds or property shall be by such corporation invested, shall at once be endorsed and transferred to it as trustee, executor, administrator, guardian, receiver or assignee as the case may be, and entered in the proper books of such corporation as belonging to the particular trust the funds of which shall have been invested therein. And any change in such investment shall be credited, charged, or entered under or in the account of the particular trust to which the same belong, to the end that all trust funds, securities and property shall be at all times capable of immediate identification as belonging to the trust funds of said corporation separate and distinct from its general property and funds. If any special direction, agreement, or trust is imposed upon, made or conferred in and by the order, judgment, or decree of any court, or by the terms and conditions of any last will and testament, or other document, contract, conveyance, or other written instrument, as to the particular manner of keeping or investing, or as to the particular manner in which, or the particular class or kinds of securities, funds or property the same shall be invested in, then the said corporation shall follow and carry out such order, judgment, decree or other appointment, contract, deed, conveyance or other written instrument.

Amendment.

SEC. 6. That section twelve (12) of said chapter one hundred and seven (107), shall be and the same hereby is amended so as to read as follows:

To be subject at all times to orders and judgments of court.

Sec. 12. Any such corporation shall be subject at all times to the further orders, judgments and decrees of any court of record, from which it shall have accepted any trust, appointment or commission, as to such trust, and shall render to such court such itemized and verified accounts, statements and reports as may be required by law, or as such court shall order in relation to such particular trust. It shall also be subject to the general jurisdiction and authority of the district court of the county in which the principal place of its business is situated. It shall render to the public examiner a full and detailed annual account of its condition on or before the thirtieth (30th) day of June in each year, and such further accounts, either total or partial, or in relation to any particular investments, trusts, funds or other business, as the said public examiner may from time to time direct or request, and a condensed statement of such annual account approved by the public examiner, shall be pub-

To give full account to public examiner.

lished by said corporation, together with a list of its stockholders, in a public newspaper, printed and published in the county in which its principal place of business is located, and if none, then in such newspaper as the public examiner may direct.

SEC. 7. That section thirteen (13) of said chapter one hundred and seven (107) shall be and the same hereby is amended so as to read as follows:

Amendment.

Sec. 13. It shall be the duty of the public examiner, at least once in each year, and as much oftener as he may deem proper, either personally, or by some competent person or persons, to be appointed by him, to visit and examine every such corporation in this state. The public examiner shall also have the power in like manner to examine any such corporation whenever, in his judgment, its condition or management is such as to render an examination of its affairs necessary or expedient. The said public examiner and every such examiner shall have the power to administer an oath to any person whose testimony may be required on any such examination, and to compel the appearance and attendance of any such person for the purpose of such examination, by summons, subpoena or attachment, in the manner now authorized in respect to the attendance of persons as witnesses in the courts of records in this state; and all books and papers which it may be deemed necessary to examine by the public examiner, or the examiner or examiners so appointed, shall be produced, and their production may be compelled in like manner.

Duties of public examiner.

SEC. 8. That section fourteen (14) of said chapter one hundred and seven (107), shall be and the same hereby is amended so as to read as follows:

Sec. 14. Whenever it shall appear to the said public examiner from any examination made by him, or from the report of any examination made to him, or from the report made by any such corporation, pursuant to the requirements of this act, that any such corporation has committed any violation of its charter or of law, or is conducting its business and affairs in an unsafe or unauthorized manner, he may forthwith take possession of the books, records and assets of every description, of such corporation, 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 public examiner to apply to a court of competent jurisdiction for the appointment of a receiver for such corporation, and under the direction of such court the receiver so appointed shall take pos-

Public examiner to take possession when affairs are mismanaged or company is unsafe.

session of the books, records, and assets of every description of such corporation, collect all debts, dues and claims belonging to it and sell and compound all bad or doubtful debts, and sell all real or personal property of such corporation on such terms as the court may direct, and may, if necessary to pay the debts of such corporation, enforce all individual liability of the stockholders and directors. 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 public examiner in such form and manner as the public examiner shall prescribe.

Not to make assignment. Must report to public examiner.

No such 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 public examiner, of such fact. Upon receipt of such report the public examiner 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 corporations. *Provided*, that if, upon more detailed examination, the public examiner finds that the condition of the corporation is such that all creditors of the corporation, other than those represented by the stock, can be paid in full from the assets of the corporation, he may in such case relinquish possession of the assets to the proper officers of such corporation; and, *provided, further*, if at any stage of the proceedings the directors or stockholders show to the court that the corporation is able to pay all creditors other than those represented by the directors or stockholders, if such showing is approved after due examination by the public examiner, the court may order the return of the assets to the directors or 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."

Duties of public examiner.

SEC. 9. This act shall take effect and be in force from and after its passage.

Approved April 13, 1899.