

and its policy and other blanks, office furniture, fixtures and supplies are not to be considered as assets, but shall be held by the company for its use in the protection of its policy holders. Provided, however, that if any amount greater than a sum equal to one-half of its capital stock shall by such company, under the provisions of this chapter, have been deposited with such commissioner, he shall retain of such securities an amount equal to one-half of what amount he shall so hold thereof in excess of a sum equal to such one-half of such capital stock *if the capital be \$2,000,000.00 or less, or in excess of \$1,000,000.00 if the capital be over \$2,000,000.00*, and he shall transfer the balance thereof to such company as herein provided, and the amount so transferred to such company shall from the time of such transfer, provided the amount thereof shall not be less than one hundred thousand dollars, constitute the capital stock of such company for the further conduct of its business as hereinbefore provided, and the securities so retained shall be regarded as the special reserve fund of such company, to which additions may be made as herein provided, and shall be held in the same manner, and for the same purpose, and under the same conditions as the original special reserve fund of such company was held. The provisions of this section, providing for discharge of the company from further liability to existing claimants upon application to the payment of such claims of its capital, surplus and assets, excepting the special reserve fund, and an amount equal to the liability for unearned premiums, shall not be construed to relieve the stockholders of said corporation from any liability imposed by the constitution of this state."

Approved April 3, 1923.

CHAPTER 131—H. F. No. 202.

An act authorizing the incorporation of co-operative associations for the purpose of promoting and facilitating the production and marketing of live stock, and defining their powers.

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

Section 1. **Co-operative associations—Purposes—Definition.**—A co-operative association, society or company may be formed for the purpose of promoting and facilitating the production and marketing of live stock by advancing and lending money upon the obligations of the members of any such association who are producers of live stock in this state, when such obligations are secured by satisfactory collateral or by chattel mortgages on live stock owned by members of any association organized under the provisions of this act.

In construing this act the words "producers of live stock" shall be held to include and mean persons and associations en-

gaged in the breeding and raising of live stock, the feeding of live stock for market and the marketing of live stock.

The words "live stock" shall be held to include and mean cattle, sheep and hogs.

The word "association" shall be held to include and mean society, company or corporation which may be formed under the provisions of this act.

The association shall have power to borrow money for the purpose of lending to its members as aforesaid upon securities taken for loans to its members or upon debentures issued by the association based upon the securities for such loans.

Sec. 2. To be incorporated.—Persons forming an association under this act shall sign and acknowledge written articles of incorporation specifying:

- (a). The name of the association, the general nature of its business and the principal place of transacting the same. Such name shall distinguish it from all other corporations, domestic or foreign, doing business in the state, and shall be preserved to it during its corporate existence.
- (b). The period of its duration, if limited, shall not exceed thirty (30) years without renewal.
- (c). The name and place of residence of the incorporators. Associations with the capitalization of fifty thousand dollars (\$50,000) or less shall have at least seven (7) incorporators and associations with a capitalization of more than fifty thousand dollars (\$50,000) shall have at least fifteen (15) incorporators, a majority of whom in both cases shall be residents of the state.
- (d). In what board its management shall be vested, the date of the annual meeting at which it shall be elected, and the names and places of residence of those composing the board until the first election, a majority of whom shall be residents of the state.
- (e). The amount of capital stock, how the same is to be paid in, the number of shares into which it is to be divided and the par value of each share.
- (f). The highest amount of indebtedness or liability to which the association shall at any time be subject, which may be fixed in a stated amount or by a percentage of its paid in capital. Provided, however, that indebtedness which is secured by collateral, consisting of chattel mortgages or other securities taken by the association as security for loans made to its members, shall not be taken into account as indebtedness limited thereby.
- (g). To amend its articles of incorporation, as hereinafter provided, and it may also contain any other lawful

provision defining and regulating the powers or business of the association, its officers, directors, trustees, members and stockholders.

Sec. 3. Capital stock—Limitations.—The amount of the capital stock and the par value of the shares of capital stock shall be fixed by the articles of incorporation. The amount of capital stock and the number of shares thereof may be increased or diminished at any regular meeting of the stockholders of the association or at any special meeting of the stockholders called for such purpose. Within thirty (30) days after the adoption of an amendment increasing or diminishing its capital and after such amendment has been approved by the superintendent of banks the vote by which such amendment was adopted shall be recorded in the office where the articles of incorporation were recorded as provided in Section 2 of this act. No share of capital stock shall be issued for less than its par value nor until the same has been paid for in cash or its equivalent and such payment has been deposited with the treasurer. The association may limit the amount of stock or the number of shares which may be issued or owned by one individual, but in no case shall the individual be allowed to own or hold more stock than would represent the par value of one thousand dollars (\$1,000) of such stock and in case the subscriber for capital stock is an association such association may be allowed to own and hold shares of such capital stock to an amount not exceeding ten thousand dollars (\$10,000) of the par value of such stock. No stockholder whether an individual or an association shall be entitled to more than one vote in any stockholders' meeting. (In case the stockholder is an association it may elect some member of its association to represent the association in such stockholders' meetings.) Individual stockholders shall vote in person or may be allowed to vote by mail under rules provided in the by-laws of the association. The representative of a stockholding association must be personally present in order to entitle such association to cast its vote at any meeting. No person shall become a stockholder in any association organized under this act by transfer of shares of stock except by consent of the board of directors and the by-laws may provide that the association shall have the first privilege of purchasing stock offered for sale by any stockholder. Any stock so acquired by the board of directors may be held as treasury stock or may be retired and cancelled.

Any stockholder who knowingly and intentionally violates the provisions of this section or the provisions of the by-laws adopted by any association organized under this act may be required by the board of directors to forfeit his stock in which case the board of directors shall refund to such stockholder the par value of his stock, or in case the book value of such stock

shall be greater than the par value he should be paid the amount of the book value of the same. Stock so incorporated shall be retired and cancelled by the board of directors and such stockholders shall have no further rights or benefits in such association.

Sec. 4. To be approved by superintendent of banks.—Before the association shall be considered organized and authorized to do business or sell any shares of capital stock under this act the proposed articles of incorporation of the association and the by-laws proposed to be enacted thereunder shall be submitted to the superintendent of banks of this state for examination and approval and the superintendent of banks shall endorse his approval upon such articles of incorporation and by-laws if same are found to be in accordance with the provisions of this act.

Sec. 5. Articles to be published.—After the approval by the superintendent of banks of the proposed articles of incorporation and the proposed by-laws such articles of incorporation shall be published in a qualified newspaper in the county of such principal place of business, for two successive days in a daily or for two successive weeks in a weekly newspaper. The original articles of incorporation, or a certified copy thereof, verified as such by the affidavits of two of the signers, shall be filed with the register of deeds of the county of the principal place of business of the association, if incorporated for twenty-five thousand dollars (\$25,000) or less, and with the secretary of state if incorporated for more than twenty-five thousand dollars (\$25,000). If the articles of incorporation are filed with the secretary of state, a certified copy shall be filed and recorded in the office of the register of deeds of the county in which the principal place of business of the association is located. For filing the articles of incorporation with the secretary of state there shall be paid to the state treasurer a fee of ten dollars (\$10.00) and for amendments to such articles five dollars (\$5.00).

Sec. 6. May commence business when 20% of capital stock is paid in.—After the articles of incorporation and by-laws have been approved by the superintendent of banks and the articles of incorporation have been published in accordance with the provisions of this act: the association may commence business whenever twenty per cent (20%) of the capital stock has been subscribed and paid in, and the amount of capital stock shall at no time be diminished below twenty per cent (20%) of the amount of the authorized capital.

Sec. 7. Meetings of stockholders.—Meetings of the stockholders shall be held annually at the principal place of business of the association at such times as shall be designated by the by-laws. At such annual meeting reports covering the business of the association for the previous fiscal year and showing

the condition of the association at the close of the fiscal year shall be submitted to the stockholders by the officers, and directors shall be elected for the ensuing years. The secretary shall cause notice of such meeting to be published in a daily or weekly newspaper published in the principal place of business of such association and being qualified to publish legal notices and such notice shall appear in at least two consecutive issues of such newspaper in the case of a weekly paper and in case of a daily paper once each week for two consecutive weeks, previous to such meeting. Or notice of such meeting may be given by mailing notice of such meeting to each and every stockholder at his or her last known post office address not less than fifteen (15) days, nor more than thirty (30) days previous to the date of such meeting.

Special meetings of the stockholders may be called by a majority vote of the directors or upon written petition of at least ten per cent (10%) of the stockholders, in which case it shall be the duty of the president to cause notice of such meeting to be made as above provided. Such notice shall state the time, place and purpose of such meeting and shall be issued within ten (10) days of the date of the presentation of such petition and such meeting shall be held within thirty (30) days of the date of the presentation of such petition. Notice of regular or special meetings having been mailed to the stockholders of the association or published in a daily or weekly newspaper as above provided, the secretary shall execute a certificate stating the date and manner in which such notice was issued and an exact copy of such notice and failure of any stockholder to receive such notice shall not invalidate any action taken by the stockholders at such regular or special meeting.

Sec. 8. Same—Quorum.—The number of stockholders required to be present in person or represented by mail vote at any regular or special stockholders' meeting to constitute a quorum for the transaction of business shall be a majority of such stockholders when the total number does not exceed fifty (50), and at least ten per cent (10%) of the total number of stockholders in all other cases, which shall not be less than forty (40); but one hundred (100) stockholders present in person shall constitute a quorum in any association organized under this act. The fact of attendance of a sufficient number of stockholders to constitute a quorum shall be established by a registration of the stockholders of the company, which registration shall be verified and certified to by the president and secretary of the association. No action of any association organized under this act shall be valid or legal unless there is a quorum present as above provided at the meeting at which such action is taken.

Sec. 9. Board of directors—Officers.—Every association

shall be managed by a board of not less than five (5) directors, who shall be members of the association and who shall be elected by the stockholders by ballot at such time and for such period as the by-laws shall prescribe. The officers of the association shall be a president, one or more vice presidents, a secretary and a treasurer, who shall be elected annually by the directors. Each officer shall be a director of the association. The office of secretary and treasurer shall be combined, and when so combined, the person filling the office shall be termed "secretary-treasurer." A quorum of the stockholders shall have the power at any regular or special stockholders' meeting, regularly called, to remove any director or officer for cause and fill the vacancy. The by-laws shall specify the manner of nominating and electing the directors.

Sec. 10. Reserve fund created.—At the annual meeting of any association organized under the provisions of this act the stockholders may set aside all of the income of the first and second fiscal years of the association for the purpose of creating a reserve fund, and the directors shall transfer to said reserve fund at least ten per cent (10%) of the annual net income each year, until an amount has accumulated equal to thirty per cent (30%) of the paid up capital stock which reserve fund may be used in the business of the association the same as paid up capital. The term "net income" as used in this act shall mean the income of the business after the operating charges and interest on capital stock have been deducted from the gross income. When recommended by the directors the stockholders at any annual meeting may increase such reserve fund out of the annual net income up to one hundred per cent (100%) of the paid up capital stock. The interest paid on the capital stock shall not exceed the rate of eight per cent (8%) per annum. After the operating charges, interest on capital stock and the reserve fund as provided herein has been deducted from the gross income the remainder of the same shall be disbursed to the stockholders of the association, pro rata, based upon the amount of interest paid by the stockholders to the association on loans made under the provisions of this act. If the board of directors of any association shall authorize the payment of interest on the capital stock in excess of eight per cent (8%) per annum such act shall operate as a vacation of office of each director or officer voting for, authorizing, or in any manner sanctioning such payment and as a disqualification of any such officer from holding any office of the association for a period of three (3) years thereafter.

Sec. 11. May issue debentures.—Such corporation may issue and negotiate its debentures secured by the chattel mortgages and other securities taken by it under the provisions of this act in such manner and in accordance with such rules as

are established by the superintendent of banks who is hereby authorized and directed to make such rules as he may deem necessary for the regulation of the issuance of debentures by associations organized under this act.

Sec. 12. Shall make annual reports to superintendent of banks.—Every association organized under this act shall be required to file with the superintendent of banks each year a report of its business for the last fiscal year, which report shall be made on or before the first day of March at the close of the fiscal year, such report to be in such form as shall be determined by the superintendent of banks.

Sec. 13. This act shall take effect and be in force from and after its passage.

Approved April 3, 1923.

CHAPTER 132—H. F. No. 384.

An act to amend Sections 7082 and 7083, General Statutes 1913, as amended by Chapter 248, General Laws for 1921, relating to liens for threshing grains and shelling corn.

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

Section 1. Lien for threshing grain.—That Section 7082, General Statutes of 1913, be amended to read as follows:

Sec. 7082. Any person owning or operating a threshing machine, *clover huller, corn sheller, corn shredder or hay baler* shall have a lien upon the grain threshed, *clover hulled, corn shelled or shredded, or hay baled, as the case may be*, for the price or value of such service, which shall be preferred to all other liens or incumbrances except those given for the seed from which said grain was grown.

Sec. 2. How preserved and enforced.—That Section 7083 General Statutes 1913, as amended by Chapter 248, General Laws for 1921, be amended so as to read as follows:

Sec. 7083. Within *fifteen* days after such threshing, *clover hulling, corn shelling or shredding, or hay baling* is completed the claimant of such lien shall file with the Register of Deeds of the County in which it was done a verified statement of the amounts and kinds of grain threshed, *clover hulled, corn shelled or shredded, or hay baled* the time and place of doing the same, giving the first and last days thereof, the rates per bushel, *per day, per hour or other terms of the contract* and the total charge therefor, the amounts paid thereon, if any, and the balance due, the name of the reputed owner and of the person requesting the work to be done, and a notice that a lien is claimed for the amount remaining unpaid. A certified copy of such statement shall authorize the seizure and sale of so much of the grain, *clover, corn or hay* covered by the lien