

CHAPTER 49

LIQUIDATION, REORGANIZATION, AND CONSOLIDATION

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49.01 DEFINITIONS. Subdivision 1. For the purposes of sections 49.01 to 49.32, inclusive, the following words, terms, and phrases shall be given the meanings subjoined to them.

Subd. 2. "Financial institution" means and includes a bank, a savings bank, a trust company, a savings, building and loan association, a credit union, an industrial loan and thrift company, and an investment company.

Subd. 3. "Investment company" means any person, copartnership, association, or corporation referred to in Minnesota Statutes 1941, Sections 54.26 to 54.29, inclusive, as amended.

Subd. 4. "Commissioner" means the commissioner of banks.

Subd. 5. "The district court," unless otherwise specifically stated, means the district court of the county in which the financial institution being liquidated had its principal place of business prior to the time the commissioner took possession of its business and assets.

Subd. 6. "Liquidation division" means the liquidation division of the banking division, department of commerce, consisting of the commissioner of banks, his deputy, any examiner in charge of liquidation, deputy examiners, attorneys, and other employees engaged in carrying out the provisions of sections 49.01 to 49.32, inclusive, and performing functions incidental thereto.

[1945 c. 128 s. 1 sdds. 1, 2, 3, 4, 5, 6]

49.013 INSOLVENT FINANCIAL INSTITUTIONS; NO ASSIGNMENT BY. No financial institution shall make an assignment by reason of existing or probable insolvency. Its governing board or managing officers, if satisfied that it is, or is about to become, insolvent, shall immediately report that fact to the commissioner.

[R. L. s. 2998; 1945 c. 128 s. 1 sdd. 7] (7682)

49.02 ASSESSMENTS ON STOCK; STOCK UNPAID OR CAPITAL IMPAIRED. Subdivision 1. **Grounds for assessment.** Every bank or trust company which shall have failed to pay up its capital stock as required by law, or the capital of which shall have become impaired, within 90 days after receiving notice thereof from the commissioner, shall make up the deficiency by a pro rata assessment on the capital stock, to be made by the stockholders at a meeting called for that purpose, and, in case of its refusal to do so, the commissioner may proceed forthwith to take possession of its property and business and liquidate it as hereinafter provided; but, with his consent and approval it may reduce its paid-up capital stock, as provided by law, pay in any remaining deficiency, and thereupon continue business upon the reduced capital.

Subd. 2. **Procedure.** The directors of any bank or trust company receiving notice from the commissioner to make good an impairment of capital shall fix the time when the assessment made at the stockholders' meeting shall become due and payable, which time shall be not less than 15, nor more than 30, days after the

assessment is levied. Notice of this assessment shall be mailed to each stockholder at his office address as shown by the stockbooks of the bank or trust company.

If any stockholder shall fail to pay in cash the amount of the assessment against his stock for a period of 30 days after the same shall become due and payable, the directors of the bank or trust company shall sell the same at public sale upon ten days' notice, to be given by posting copies of the notice of sale in three public places in the city, town, or community where the bank or trust company is located, or at a private sale, after giving the stockholder ten days' written notice by registered mail addressed to his post-office address as shown by the stock books of the bank or trust company.

Upon sale of any stock, as herein provided, the purchaser shall forthwith become liable for, and shall pay in cash, the amount of the assessment thereon.

Subd. 3. Sale of stock. This stock shall not be sold for less than the amount due thereon and the expense of sale, and any excess shall be paid to the delinquent stockholder. If no bidder offers the amount due and expenses of sale, the amount previously paid on the stock shall be forfeited, and the stock sold by order of the directors within six months thereafter, or canceled and deducted from the capital of the corporation; and when, by reason of this cancellation and reduction, the capital is reduced below the minimum required by law, the deficiency shall be paid in within 30 days, or the commissioner shall take possession of the property and business of said bank or trust company and may proceed to liquidate it as hereinafter provided.

[R. L. ss. 3000, 3002; 1939 c. 302; 1945 c. 128 ss. 2, 3, 4] (7681-1, 1684, 7686)

49.03 [Repealed, 1945 c 128 s 13]

49.04 INVOLUNTARY LIQUIDATION OF FINANCIAL INSTITUTIONS.

Subdivision 1. Commissioner taking possession; grounds for; rights of third parties. When its shall appear to the commissioner that any financial institution has violated its charter, or any law of the state, or is conducting its business in an unsafe or unauthorized manner, or that its capital is impaired, or if it or any of its controlling officers shall refuse to submit its books, papers, and concerns to the inspection of the commissioner, or any assistant by him thereunto duly authorized, or if any of its officers shall refuse to be examined upon oath touching its concerns, or if it shall suspend payment of its obligations, or furnish reason for the commissioner concluding that it is in an unsound or unsafe condition to transact the business for which it was organized, or that it is unsafe and inexpedient for it to continue business, or if it shall neglect or refuse to observe a proper order of the commissioner, he may forthwith take possession of its property and business and retain this possession until it shall resume business or its affairs be finally liquidated, as herein provided. On taking possession of the property and business of any such financial institution, the commissioner shall forthwith give notice of that fact to any and all financial institutions or other corporations, associations, partnerships, and individuals holding, or in possession of, and of its assets. No financial institution or other corporation, association, partnership, or individual knowing of such taking possession by the commissioner, or notified, as aforesaid, shall have a lien or charge for any payment, advance, or clearance thereafter made, or liability thereafter incurred against any of the assets of the financial institution of whose property and business the commissioner shall have taken possession, as aforesaid. The financial institution may, with the consent of the commissioner, resume business upon such conditions as may be approved by him. Upon taking possession of the property and business of the financial institution, the commissioner is authorized to collect moneys due to it and to do such other acts as are necessary to conserve its assets and business, and shall proceed to liquidate the affairs thereof, if in his opinion it cannot safely resume business, as hereinafter provided.

Subd. 2. Application to enjoin liquidation. Whenever any such financial institution of whose property and business the commissioner has taken possession as aforesaid deems itself aggrieved thereby it may at any time within ten days after such taking possession apply to the district court to enjoin further proceedings, and said court, after citing the commissioner to show cause why further proceedings should not be enjoined, and hearing the allegations and proofs of the parties in determining the facts, may upon the merits dismiss such application or enjoin the commissioner from further proceedings and direct him to surrender such business and property to such financial institutions.

Subd. 3. Actions stayed. When the commissioner shall take possession of the business and property of any financial institution, any action at law pending against it shall be stayed, upon motion to the court in which such action is pending setting forth said fact, so long as such possession continues, unless otherwise ordered by the court, pursuant to the provisions of subdivision 5.

Subd. 4. Garnishments, attachments, levies vacated. All garnishments, attachments, and levies in any action against the financial institution shall likewise be set aside and vacated upon motion.

Subd. 5. Judgments vacated. Any judgment for money only entered against such financial institution within 30 days preceding the date when the commissioner takes possession shall be vacated and set aside upon motion, and the judgment creditor shall be entitled to file his claim with the commissioner; all other judgments entered within that period of 30 days shall be vacated upon the application of the commissioner to the court wherein such judgment is entered, when it appears to the court that the judgment is detrimental to the interest of the creditors of the financial institution.

Subd. 6. Subsequent levies and attachments unlawful. It shall be unlawful for any officer or other person to levy upon, seize, or attach any of the assets of any financial institution to the possession of which the commissioner is entitled, after he has taken possession, and so long as this possession continues.

[1909 c. 179 s. 2; 1927 c. 261 ss. 1, 2, 3, 4; 1945 c. 128 s. 5] (7688, 7699-25, 7699-26, 7699-27, 7699-28)

49.05 POWERS AND DUTIES OF COMMISSIONER ON LIQUIDATION.

Subdivision 1. General powers. In all cases where the commissioner has taken possession of the property and business of any financial institution, or any such financial institution is in the process of liquidation by him, he may, in the name of such financial institution or in his own name as commissioner, for its use, bring and carry to an end all necessary actions in the proper courts to reduce its assets to money and to protect its property and rights, and to that end may, in its name or in his own name as commissioner, execute all bonds and other papers necessary to carry on any such actions, and may, in its name, satisfy, discharge, and assign, by written instrument, any and all real estate and chattel mortgages and all other liens held by it, and may foreclose in the manner provided by law any real estate mortgage held by it, and execute, in its name, to the attorney employed to foreclose any such mortgage, any power of attorney required by law.

Subd. 2. Certificates prior to foreclosure sales. Prior to any sale under any foreclosure proceedings, the commissioner shall file for record in the office of the register of deeds of the county where any land affected by any such foreclosure sale is situated, a certificate under his hand, as such commissioner, stating therein the corporate name of the financial institution affected; its principal place of business; that, as commissioner, he has taken possession of its property and business under the laws of the state, and the date of taking possession thereof; and that it is in process of liquidation by him, pursuant to the laws of this state, if such be the fact. A like certificate shall be filed for record by the commissioner in the office where any such mortgage or lien is recorded. This certificate, or a duly certified copy thereof, shall be prima facie evidence of the facts therein set forth. Only one such certificate need be filed as hereinbefore provided in this section, for each financial institution in liquidation. All foreclosure proceedings heretofore conducted, whether the certificate was filed for record as to each such foreclosure or not, are hereby validated if one such certificate has been filed as to each financial institution in liquidation, or if the commissioner shall after any foreclosure sale file a certificate reciting the facts required to be set out in an original certificate, as they existed prior to the foreclosure sale.

Subd. 3. Certificates prior to judgments and final orders. A like certificate shall be filed by the commissioner in the office of the clerk of the district court in any county where any action or proceeding affecting any such financial institution or its property shall be brought, in the name of such financial institution, or in the name of the commissioner for its use, prior to the entry of judgment or the making of any final order therein, and this certificate, or a duly certified copy thereof, shall be prima facie evidence of the facts therein set forth.

Subd. 4. Certain actions, orders, and judgments validated. Where the commissioner has heretofore taken possession of the property and business of any financial institution, or any financial institution has been liquidated, or the same is in

process of liquidation by him, and actions or proceedings have been heretofore brought in the name of any such financial institution, or in the name of the commissioner for its use, in any court of the state, all such actions, and all orders and judgments that have heretofore been, or may hereafter be, made or entered therein, are hereby in all things validated, on the filing of a certificate reciting the facts required to be set out as provided for in subdivision 3, in the court wherein any such action or proceeding is or has been pending.

[1913 c. 447 s. 1; 1933 c. 10 s. 1; 1945 c. 128 s. 6] (7690)

49.06 CONSOLIDATION DURING LIQUIDATION. Any such financial institution in course of liquidation may, with the consent of the commissioner, consolidate with any other like financial institution, upon such terms as may be authorized by their respective boards of directors, with the consent of a majority of the stockholders, and may transfer to such financial institution its entire assets, subject to its existing liabilities.

[R. L. s. 2971; 1945 c. 128 s. 7] (7643)

49.07 REORGANIZATION DURING LIQUIDATION. Subdivision 1. **Plan.** When the commissioner, with a view to restoring the solvency of any bank or trust company of which he has taken charge pursuant to law, shall approve a reorganization plan entered into between the depositors and unsecured creditors of such bank or trust company and the bank or trust company or reorganizers thereof which represent 90 per cent of the amount of deposits and unsecured claims of the bank or trust company, then and in such case all other depositors and unsecured creditors shall be held to be subject to this agreement to the same extent and with the same effect as if they had joined in the execution thereof, and their claims shall be treated in all respects as if they had joined in the execution of the articles or reorganization plan in the event of restoration of the bank or trust company to solvency, and the reopening of the same for business.

Subd. 2. **Deposits subject to plan.** All deposits made in any state bank or trust company subsequent to the passage of Laws 1925, Chapter 38, shall be subject to the provisions of this section.

Subd. 3. **Public deposits exempted from plan.** Deposits of the state, counties, cities, villages, towns and school districts are exempt from the operation of this section.

[1925 c. 38 ss. 1, 2, 3; 1945 c. 128 s. 8] (7690-1, 7690-2, 7690-3)

49.08 [Renumbered 49.07, subdivision 2]

49.09 [Renumbered 49.07, subdivision 3]

49.10 [Renumbered 49.04, subdivisions 3, 4]

49.11 [Renumbered 49.04, subdivision 5]

49.12 [Renumbered 49.04, subdivision 6]

49.13-49.15 [Repealed, 1945 c 128 s 13]

49.16 [Renumbered 49.02, subdivision 3]

49.165 [Renumbered 49.02, subdivision 2]

49.17 ASSESSMENTS AGAINST STOCKHOLDERS; ORDERS FOR. In all cases where a state bank or trust company has been closed and the commissioner of banks has taken charge of its business, property, and assets, and the corporation is in process of liquidation by the commissioner and the commissioner shall find and determine that the corporation is insolvent, and it is necessary, in order that the creditors thereof may be paid, to levy an assessment on and against the stockholders of the corporation, in such case the commissioner is hereby authorized and empowered to make and file an order in his office, levying an assessment against and upon the stockholders of the corporation. This order shall set forth a summary statement of the assets of the corporation and the probable value thereof, and of the deposits and other liabilities of the corporation, and state the reason for the assessment and the rate thereof against each share of stock, and fix the time within which the assessment must be paid, which time shall not be less than 40 days from the date of filing the order.

A certified copy of the order shall be filed in the office of the clerk of court in the county where the corporation has its principal place of business.

A copy of the order shall be served by the commissioner of banks, by registered mail, on each of the stockholders of the corporation, directed to his last known address, within ten days after the filing of the order in the office of the commissioner.

[1927 c. 254 s. 1] (7699-20)

49.18 REVIEW OF ORDERS OF COMMISSIONER. This order shall be a conclusive determination that the necessity for the levying of the assessment exists; provided, that the corporation, or any stockholder or creditor thereof, may secure a review of the commissioner's order by serving a notice so requesting upon the commissioner within 20 days after the service of the order upon the aggrieved party. This notice, with proof of service thereof, shall be filed within ten days after service with the clerk of the district court in the county where the corporation has its principal place of business. The district court shall thereupon have jurisdiction to consider the necessity of levying the assessment, and shall hear and determine the matter de novo in or out of term at any place in the district. This hearing shall take precedence of all other matters and may be held upon ten days' written notice by either party. The judge shall make such order in the premises as is proper, and may affirm, vacate, or modify the commissioner's order, and an appeal may be taken therefrom to the supreme court. During the pendency of the appeal the commissioner of banks shall remain in charge of the business, property, and assets of the corporation involved.

[1927 c. 254 s. 2] (7699-21)

49.19 DEFENSES BY STOCKHOLDERS. In all other respects the stockholders in the corporation shall have and retain all defenses that they may now have, in case an action is brought to enforce payment of the assessment.

[1927 c. 254 s. 3] (7699-22)

49.20 REMEDY EXCLUSIVE. The provisions of sections 49.17 to 49.19 shall not be cumulative but shall be the exclusive procedure for the levying of assessments upon and against stockholders of banks or trust companies in charge of the commissioner of banks and in process of liquidation by him.

[1927 c. 254 s. 4] (7699-23)

49.21-49.23 [Repealed, 1945 c 128 s 13]

49.215 VOLUNTARY LIQUIDATIONS. Subdivision 1. **Resolution for.** By a resolution duly adopted by the holders of 75 per cent of its stock, a bank, a trust company, one acting in the capacity of both a bank and trust company, a savings bank, an industrial loan and thrift company, or an investment company may go into voluntary liquidation upon filing a certified copy of such resolution with the commissioner and obtaining his written consent to such voluntary liquidation.

Subd. 2. **Notice to creditors.** After the filing of such certified copy of such resolution and obtaining the written consent of the commissioner, it shall give eight weeks' published notice, in a qualified newspaper in the county of the principal place of business of such financial institution, to creditors to present their claims, file a copy thereof with the commissioner within one week after the first publication thereof, and file with him proof of the publication within ten days after the completion thereof.

Subd. 3. **Certificate of liquidation.** Upon compliance with the foregoing and upon filing with the commissioner an affidavit of the president and cashier of said financial institution that the provisions of subdivision 4 of this section have been complied with and that all depositors and other creditors have been paid in full, or, if any dividends or any moneys set apart for the payment of claims remain unpaid and the places of residence of the depositors or other creditors are unknown to the persons making the affidavit, that sufficient funds have been turned over to the commissioner for payment into the state treasury to pay said depositors and other creditors, in the manner provided by subdivision 5, the commissioner shall issue his certificate of liquidation, and, upon the filing for record of said certificate of liquidation in the office of the secretary of state and in the office of the register of deeds of the county of the principal place of business of such financial institution immediately prior to its voluntary liquidation, the liquidation of said financial institution shall be complete, and its corporate existence shall thereupon terminate.

Subd. 4. **Omitted assets; trustee.** If any assets have been omitted from the liquidation, before the commissioner shall file his certificate of liquidation the financial institution being liquidated shall petition the district court for the appointment of a trustee and shall transfer the title to all assets so omitted from its liquidation to the trustee, except unpaid dividends or any moneys set apart for the payment of claims remaining unpaid, and turn over to the commissioner of banks for payment into the state treasury, as provided for in subdivision 5, for the benefit of the persons entitled thereto. Such assets shall thereafter be administered and distributed by the trustee subject to the approval of the district court.

Subd. 5. Disposition of unclaimed dividends. If any dividends or any moneys set apart for the payment of claims remain unpaid and the places of residence of the owners thereof are unknown to the officers of the financial institution being liquidated, they may pay the same over to the commissioner for payment into the state treasury, furnishing him certified triplicate lists of any such unclaimed dividends or other moneys, specifying the name of each owner, the amount due him, and his last known address. Thereafter the commissioner shall deposit said unpaid dividends or other moneys in the state treasury in the manner provided for in subdivision 13 of section 49.24 with reference to unclaimed dividends and other moneys in his hands as a result of involuntary liquidations and the provisions of said subdivision 13 which apply to such unclaimed dividends and other moneys.

[1945 c. 128 s. 12]

49.24 PROCEDURE IN LIQUIDATION. Subdivision 1. **Inventory.** Upon taking possession of the property and assets of any financial institution the commissioner shall make an inventory of the assets of such financial institution, in duplicate, one to be filed in the office of the commissioner and one in the office of the clerk of the district court, and thereupon the district court shall assume jurisdiction for the purpose of taking such action as is provided for in sections 49.24 to 49.32, inclusive.

Subd. 2. Collection of debts; enforcement stockholders' liability; compromise of debts and sale of property. The commissioner shall collect all debts due and all claims belonging to such financial institution and may, if necessary to pay its debts, enforce the individual liability of the stockholders. Whenever he is of the opinion that a debt due such financial institution is bad or doubtful he may present a verified petition to a judge of the district court setting forth the facts; and the judge, if satisfied that it is for the best interests of the creditors, may hear such petition, without notice, and make an order granting such petition and authorizing the petitioner to sell, compound, or compromise such debt. Personal property or real estate may be sold on like petition, approval, and order; provided that, if a petition for the sale of real estate is presented, the judge may require that notice to the creditors of a hearing thereon be given by publication in such manner as he may order. The commissioner may compromise bad or doubtful debts and sell personal property having a book value, as shown by the commissioner's inventory, of not to exceed \$200 without such order.

Subd. 3. Attorneys. Upon the request of the commissioner in writing the attorney general shall employ a special attorney to act as counsel in all matters relating to the liquidation of each financial institution, which appointment shall be made according to the provisions of the statutes regulating the employment by the attorney general of special attorneys for state boards and officers, and the payment of such attorney shall be made in the manner provided in subdivision 7 hereof for the payment of compensation and expenses in liquidation of financial institutions.

Subd. 4. Notice to file claims. The commissioner shall cause notice to be given by advertisement in a legal newspaper in the city or village where such financial institution had its principal place of business prior to liquidation, or, if none in such city or village, then in the county, weekly for five consecutive weeks, calling on all persons who may have claims against such financial institution to present the same to the commissioner, and make legal proof thereof at a place and within a time not earlier than one week after the last day of publication, which time and place shall be specified in said notice. The commissioner shall mail a similar notice to all persons whose names appear as creditors upon the books of the financial institution.

Subd. 5. Rejection of claims; actions; limitations. If the commissioner doubts the justice or validity of any claim, he may reject the same in whole or in part and serve notice of such rejection upon the claimant, either by mail or personally. An affidavit of the service of such notice made according to law shall be filed with the commissioner. An action upon a claim so rejected must be brought within 60 days after such service and the filing of proof thereof. The venue of such action shall be in the county in which such financial institution had its principal place of business prior to liquidation, and such action shall be brought jointly against the financial institution and the commissioner as statutory liquidator thereof. Any person having a claim against such financial institution which is not presented and filed within the time fixed in the notice to creditors may thereafter present the same and the commissioner shall allow or reject the same in whole or in part and give

notice of any rejection, as hereinbefore provided. Suit on any such claim not filed within the time fixed by the notice which is rejected must be brought within 30 days after the service and filing of proof of such rejection. Any claim not filed within the time fixed in the notice to creditors but later received and filed as by this section provided and duly allowed, shall participate and share in such dividends only as shall be paid from the proceeds of those assets remaining undistributed at the time of filing of such claim, and any claim not filed prior to the declaration of a final dividend shall be barred. No action shall be commenced against any such financial institution after possession of the business and property thereof has been taken by the commissioner on any claim until such claim has been filed with and rejected, in whole or in part, by him. As to any action pending at the time the commissioner takes possession of the business and property of such financial institution which has been stayed by order of the court, a claim may be filed for the subject matter of said action. If the claim be allowed, the action shall terminate and be dismissed without costs and disbursements, but, if rejected in whole or in part, the stay order shall be vacated, and the action may continue. No interest shall be allowed or paid on any deposit or other claim from and after the closing of the financial institution and the taking over of the same by the commissioner for purposes of liquidation.

Subd. 6. Filing list of claims. Upon the expiration of the time fixed for the presentation of claims, the commissioner shall make in duplicate a complete list of the claims presented, including and specifying such claims as have been rejected by him, one such list to be filed in his office and one in the office of the clerk of the district court. The inventory and list of claims shall be open at all reasonable times to inspection.

Subd. 7. Payment expenses of supervision and liquidation. All expenses of supervision and liquidation and the compensation of legal counsel as fixed by the attorney general, shall be paid upon the certificate of the commissioner out of the commissioner of banks' liquidation fund created by this section. The commissioner shall determine monthly the amount of compensation paid to each employee for services in connection with the liquidation of each financial institution and of all other expenses in connection therewith and thereupon shall pay to the state treasurer from the assets of each such financial institution the amount so determined, if such assets be sufficient to pay the amount of such compensation and expenses, which shall be deposited in such commissioner of banks' liquidation fund.

Subd. 8. Deposit of moneys collected on liquidation. The money collected by the commissioner shall be from time to time deposited in one or more state banks or trust companies, and, in case of a suspension or insolvency of the depository, such deposit shall be preferred before all of the deposits.

Subd. 9. Dividends on claims. At any time after the expiration of the date fixed for the presentation of claims the commissioner may, out of the funds remaining on hand after the payment of expenses, declare one or more dividends, and after the expiration of one year from the first publication of notice to creditors he may declare a final dividend, such dividends to be paid to such persons in such amounts as may be directed by the district court.

If any dividend on any claim shall be less than \$1.00, the commissioner may, in his discretion, hold that dividend until it with subsequent dividends amounts to the sum of \$1.00 or more. He shall pay all dividends so withheld with the final dividend.

Subd. 10. Objections to claims. Objections to any claim not rejected by the commissioner may be made by any party interested by filing a copy of such objections with the commissioner, who shall present the same to the district court at the time of the next application to declare a dividend.

Subd. 12. Completion of liquidation after full payment of claims. Whenever the commissioner shall have paid each and every depositor and other creditor of any financial institution in liquidation (not including stockholders) whose claim or claims as such creditor or depositor shall have been duly approved and allowed, and who can be located by the commissioner for the purpose of making payment, the full amount of such claim or claims as allowed, and shall have made proper provisions for any dividends or other moneys set apart for the payment of claims remaining unpaid, and shall have paid all the expenses of the liquidation, he shall call a meeting of the stockholders of such financial institution by giving notice thereof for ten days by publishing such notice in one or more newspapers of the county

where it had its principal place of business prior to liquidation. At such meeting the stockholders shall determine whether the commissioner shall be continued as liquidator and shall wind up the affairs of such financial institution, or whether an agent or agents shall be elected for that purpose, and in so determining the said stockholders shall vote by ballot, in person or by proxy, each share of stock entitling the holder to one vote, and the majority of the stock shall be necessary to a determination. In case it is determined to continue the liquidation under the commissioner he shall complete the liquidation of the affairs of such financial institution, and after paying the expenses thereof, if there are proceeds of liquidation as yet undistributed he shall reimburse any stockholders who have paid stock assessments pursuant to any order for assessment to the extent that each has paid, and if the proceeds are insufficient to reimburse such paying stockholders in full, then in just proportion. Any proceeds remaining undistributed after such paying stockholders have been reimbursed as by this subdivision provided shall be distributed among all the stockholders in proportion to their several holdings of stock in such manner and upon such notice as may be directed by the district court. In case it is determined to appoint an agent or agents to liquidate, the stockholders shall thereupon select such agent or agents by ballot, a majority of the stock present and voting, in person or by proxy, being necessary to a choice. Such agent or agents shall execute and file with the commissioner a bond to the State of Minnesota, in such amount, with such sureties, and in such form as shall be approved by the commissioner, conditioned for the faithful performance of all the duties of his or their trust, and thereupon the commissioner shall transfer and deliver to such agent or agents all the undivided or uncollected or other assets of such corporation then remaining in his hands, and upon such transfer and delivery the said commissioner shall be discharged from any and all further liability to such financial institution and its creditors. Such agent or agents shall convert the assets coming into his or their possession into cash and shall account for and make distribution of the property of such financial institution as is herein provided in the case of distribution by the commissioner, except that the expenses thereof shall be subject to the direction and control of the district court. In case of the death, removal or refusal to act of any such agent, the stockholders, on the same notice as that after which they were elected, and in the same way may elect a successor who shall have the same powers and be subject to the same liabilities and duties as the agent originally elected.

Subd. 13. **Disposition of unclaimed dividends.** Upon the liquidation of any financial institution liquidated by the commissioner as statutory liquidator, if any dividends or other moneys set apart for the payment of claims remain unpaid, and the places of residence of the owners thereof are unknown to the commissioner, he may pay same into the state treasury as hereinafter provided. Whenever the commissioner shall be satisfied that the process of liquidation should not be further continued he may make and certify triplicate lists of any such unclaimed dividends or other moneys, specifying the name of each owner, the amount due him and his last known address. Upon one of such lists, to be retained by the commissioner he shall endorse his order that such unclaimed moneys be forthwith deposited in the state treasury. When so deposited, one of said lists shall be delivered to the state treasurer and another to the state auditor and the commissioner shall retain in his office such records and proofs concerning said claims as he may have, which shall thereafter remain on file in his office. The treasurer shall execute upon the list retained by the commissioner a receipt for such money, which shall operate as a full discharge of the commissioner on account of such claims. At any time within six years after such receipt, but not afterward, the claimant may apply to the commissioner for the amount so deposited for his benefit, and upon proof satisfactory to the governor, the attorney general and the commissioner, or to a majority of them, they shall give an order to the auditor to issue his warrant upon the treasurer for such amount, and such warrant shall thereupon be issued. If no such claim be presented within six years the commissioner shall so note upon his copy of said list and certify the fact to the auditor and treasurer who shall make like entries upon the corresponding lists in their hands; and all further claims to said money shall be barred. Provided, that the state treasurer shall transfer to the commissioner of banks' liquidation fund created by this section not to exceed 50 per cent of the amount so turned over to him by the commissioner, to be used to partially defray expenses in connection with the liquidation of closed banks

and the conduct of the liquidation division, in such amounts and at such times as the commissioner shall request.

Subd. 14. Destruction of books and records. At any time after ten years from the date of payment of the final dividend in liquidation of any financial institution the commissioner may destroy all books and records of such financial institution which came into his care and custody at the time he took possession of the assets thereof, unless he has been requested by some interested party to preserve any such books or records for any purpose for any period beyond such ten years.

Subd. 15. Liquidation fund created. There is hereby created the commissioner of banks' liquidation fund, for the purpose of paying the expenses of liquidating financial institutions and of conducting the liquidation division. Such fund shall consist of the moneys transferred to it as herein provided, which are appropriated to the commissioner for the purposes of this section. Such funds shall be kept in the state treasury and shall be paid out upon authorization of the commissioner in the manner prescribed by law for moneys therein.

Subd. 16. Transfers to liquidation fund. The following moneys shall be transferred to and deposited in the commissioner of banks' liquidation fund:

(1) All moneys paid to the state treasurer by the commissioner out of funds of any financial institution in his hands as reimbursement for services and expenses pursuant to the provisions of subdivision 7 of this section.

(2) All moneys in the possession of the commissioner set aside for the purpose of meeting unforeseen and contingent expenses incident to the liquidation of closed financial institutions, which funds have been or shall be hereafter established by withholding portions of final liquidating dividends in such cases.

(3) All moneys which the commissioner shall request the state treasurer to transfer to such fund pursuant to the provisions of subdivision 13 of this section.

(4) All moneys in the possession of the commissioner now carried on his books in "stamp account," "suspense account," and "unclaimed deposit account."

(5) All moneys in the possession of the commissioner which he may be authorized by order of any district court having jurisdiction of any liquidation proceedings to transfer to such fund, or to use for any of the purposes for which the fund is established.

(6) All moneys in the possession of the commissioner carried on his books in the "unclaimed bonds account." At any time within one year after the effective date of Laws 1945, Chapter 128, or within six years after any bond the proceeds of the sale of which constitute a portion of the moneys in this paragraph referred to came into the possession of the commissioner as liquidator of any financial institution, whichever is later, any claimant thereto may apply to the commissioner for the proceeds of the sale of such bond, and, upon proof satisfactory to the governor, the attorney general, and the commissioner, or a majority of them, they shall give an order to the state auditor to issue his warrant upon the treasurer for such amount, without interest, and such warrant shall thereupon be issued and the amount thereof paid out of the commissioner of banks' liquidation fund. If no such claim be presented within such period, all further claims to the proceeds of any such bond shall be barred.

(7) All sums which the commissioner may receive from the sale of personal property of liquidated financial institutions where the final dividend has been paid and no disposition of said property made by any order of the court, and the proceeds of sales of any personal property used by the liquidation division which have been purchased with funds of financial institutions in liquidation.

Subd. 17. Disbursements from liquidation fund. The commissioner of banks' liquidation fund shall be used for the purpose of paying compensation and expenses as provided in subdivision 7 of this section, for the payment of salaries of employees, regular and special, the compensation of legal counsel, and all other expenses incurred by the commissioner in connection with the administration of the liquidation division.

[1909 c. 179 s. 3; 1933 c. 168; 1941 c. 183; 1943 c. 442 s. 2; 1945 c. 128 ss. 9, 13] (7689)

49.25-49.29 [Repealed, 1945 c 128 s 13]

49.30 COMMITTEE TO COMPLETE LIQUIDATION. At any time after a period of three years shall have elapsed, after the commissioner shall have taken possession of the business and property of a financial institution, a majority of the

creditors in number and amount may petition the court for the appointment of a committee of three competent persons, residents of the county, named by them, the court may make such appointment, and any officer or member of the board of directors of the financial institution may be appointed as members of said committee, if residents of the county. All rights and duties of the commissioner shall then devolve upon the committee.

[R. L. s. 2999; 1933 c. 310 s. 1; 1945 c. 128 s. 10] (7683)

49.31 COMMITTEE TO FURNISH BONDS. The committee provided for by section 49.30 shall furnish adequate bond, to be approved by the district court, for the faithful performance of its duties.

[1933 c. 310 s. 2] (7683-1)

49.32 DISCHARGE OF COMMISSIONER AS STATUTORY LIQUIDATOR. Upon this order of the court, the commissioner shall be discharged as statutory liquidator of the financial institution and released from any further liability thereunder.

[1933 c. 310 s. 3; 1945 c. 128 s. 11] (7683-2)

49.33 CONSOLIDATION, WHEN AUTHORIZED. With the written consent of the commissioner of banks, any bank of discount and deposit may effect a transfer of its assets and liabilities to another bank for the purpose of consolidating therewith, but the same shall be without prejudice to the creditors of either.

[R. L. s. 3004] (7692)

49.34 CONSOLIDATION OF STATE BANKS OR TRUST COMPANIES, PROCEDURE. Any two or more state banks, operating in the same city or village, may be consolidated into a consolidated state bank, and any two or more trust companies, operating in the same city or village, may be consolidated into a consolidated trust company, and any state bank or state banks and any trust company or trust companies, operating in the same city or village, may be consolidated into a consolidated state bank or consolidated trust company, as the respective boards of directors thereof may determine. All such consolidation shall be effected in the manner provided in sections 49.35 to 49.41 and when so organized, the consolidated corporation shall be governed and conducted in all other respects as provided by the statutes relating to the respective classes of financial corporations.

[1925 c. 156 s. 1] (7699-5)

49.35 CONSOLIDATION AGREEMENT. The respective boards of directors of the consolidating corporations may, by the majority vote of all of the members of each board, make or authorize to be made between the corporations a written consolidation agreement, in duplicate, for the consolidation of the corporations. This agreement shall specify each corporation to be a party to the consolidation, and shall prescribe the terms and conditions thereof; the mode of carrying it into effect; the authorized capital stock of the consolidated corporation, which shall not exceed the aggregate authorized capital stock of all of the corporations that are a party thereto; the name of the consolidated corporation, which may be the name, in whole or in part, of any corporation which is a party to the agreement, and shall specify the city or village in which it shall have its principal place of business. It shall name the persons who shall constitute the board of directors of the consolidated corporation, but the number and qualifications of these persons shall be in accordance with the statutes relating to the number and qualifications of directors of that class of corporation.

[1925 c. 156 s. 2] (7699-6)

49.36 APPROVAL BY COMMISSIONER. This consolidation agreement and certified copy of the proceedings of the meetings of the respective boards of directors, at which the making of the agreement was authorized, shall be submitted to the commissioner of banks for his approval, and it shall not be effective until so approved by him. He shall take action thereon within 20 days after the documents are submitted to him, and he shall be entitled to such further information from the consolidated corporation as he may request, or as he may obtain upon a hearing directed by him.

[1925 c. 156 s. 3] (7699-7)

49.37 STOCKHOLDERS TO APPROVE; CERTIFICATE OF CONSOLIDATION. Either before or after the consolidation agreement has been approved by the commissioner of banks, it shall be submitted to the stockholders of each corporation at

a meeting thereof called for that purpose, and it shall not become binding upon the corporation until it shall have been approved at each of the meetings by the vote or ballot of the stockholders, holding at least a majority of the amount of stock of the respective corporations. Proof of the holding of these meetings and the results thereof shall be submitted to the commissioner of banks. After the consolidation agreement shall have been so approved by the stockholders of the respective corporations and by the commissioner of banks, the latter shall issue a certificate reciting that these corporations have complied with the provisions of sections 49.34 to 49.41, and declaring the consolidation of these corporations; the name of the consolidated corporation, the amount of capital stock thereof, and the names of the first board of directors, and the place of business of the consolidated corporation, which shall be within the city or village where any one of the constituent corporations shall have been previously authorized to have its place of business. Upon the issuing of this certificate and the filing thereof for record in the office of the secretary of state, and also in the office of the register of deeds within and for the county in which the consolidated corporation is authorized to have its principal place of business, this incorporation shall be deemed to be complete, and the consolidated corporation shall, from the date of this certificate, have such term of corporate existence as may be therein specified, not exceeding the longest unexpired term of any constituent corporation. The certificate of the commissioner of banks shall be prima facie evidence that all of the provisions of sections 49.34 to 49.41 have been complied with, and shall be conclusive evidence of the existence of the consolidated corporation.

[1925 c. 156 s. 4] (7699-8)

49.38 CORPORATE EXISTENCE MERGED; RIGHTS, POWERS, OBLIGATIONS. Upon the consolidation of any such corporation with any one or more corporations, into a consolidated corporation, as herein provided, the corporate existence of each former corporation shall be merged into that of the consolidated corporation, and all and singular its rights, privileges, and franchises, and its right, title, and interest in and to all property of whatsoever kind, whether real, personal, or mixed, and all things in action, and every right, privilege, interest, or asset of conceivable value or benefit then existing which would inure to it under an unmerged or unconsolidated existence, shall be deemed fully and finally transferred to and vested in the consolidated corporation without further act or deed, and the last mentioned corporation shall have and hold the same in its own right as fully as the same was possessed and held by the former corporation from which it was, by operation of sections 49.34 to 49.41, transferred. Its rights, obligations, and relations to any person, creditor, depositor, trustee, or beneficiary of any trust shall remain unimpaired and the corporation into which it shall have been consolidated shall succeed to these relations, obligations, trusts, and liabilities and shall execute and perform all such trusts in the same manner as though it had itself assumed the relation or trust, or incurred the obligation or liability; and its liabilities and obligations to creditors existing for any cause shall not be impaired by the consolidation, nor shall any obligation or liability of any stockholder, in any corporation which is party to the consolidation, be affected by any such consolidation, but these obligations and liabilities shall continue as fully and to the same extent as existed before the consolidation. The consolidated corporation shall become, without further act or deed, the successor of the consolidating corporations in any and all fiduciary capacities, in which each consolidated corporation may be acting at the time of the consolidation, and shall be liable to all beneficiaries as fully as if the consolidating corporations had continued its separate corporate existence. If any consolidating corporation shall be nominated and appointed, or shall have been nominated or appointed, as executor, guardian, administrator, agent, or trustee, or in any other trust relation of fiduciary capacities in any will, trust agreement, trust conveyance, or any other conveyance, order, or judgment of any court, or any other instrument prior to the consolidation, even though the will or other instrument shall not become operative or effective until after the consolidation shall have become effective, every such office, trust relationship, fiduciary capacity, and all of the rights, powers, privileges, duties, discretions, and responsibilities so provided to devolve upon, vest in, or inure to the corporation so nominated or appointed, shall fully and in every respect devolve upon, vest in, and inure to, and be exercised by, the consolidated corporation, whether there be one or more successive mergers or consolidations.

[1925 c. 156 s. 5] (7699-9)

49.39 CONSOLIDATION OF BANKS AND TRUST COMPANIES. Upon the consolidation of a trust company with a national banking corporation into a consolidated banking corporation, as provided by any existing act of congress of the United States, the corporate existence of that trust company shall be merged into that of the consolidated banking corporation to the same extent and with the same effect provided in section 49.38, relating to the consolidation of two or more state banks or trust companies.

[1931 c. 348] (7699-9½)

49.40 PENDING ACTIONS OR PROCEEDINGS NOT AFFECTED. Any pending action or other judicial proceeding in which any consolidating corporation is a party shall not be deemed to have abated or to have discontinued by reason of the consolidation but may be prosecuted to final judgment, order, or decree in the same manner as if the consolidation had not been made, or the consolidated corporation may be substituted as a party to the action or proceeding, and any judgment, order, or decree may be rendered for or against it that might have been rendered for or against that corporation if the consolidation had not occurred.

[1925 c. 156 s. 6] (7699-10)

49.41 RIGHTS OF DISSENTING STOCKHOLDERS. Any stockholder not voting in favor of the agreement of consolidation at the meeting prescribed in section 49.37 may, at that meeting, or within 20 days thereafter, object to the consolidation and demand payment for his stock. If the consolidation takes effect at any time after this demand, the stockholder may, at any time within 60 days thereafter, apply to the district court in the county wherein is situated the principal place of business of the corporation with which the other or others are consolidated, for the appointment of three persons to appraise the value of his stock. The court shall thereupon appoint these appraisers and designate the time and place of their first meeting, with such directions in regard to their proceedings as shall be deemed proper, and also direct the time and manner in which payment shall be made of the value of his stock to the stockholder. The appraisers shall meet at the time and place designated, after being duly sworn to discharge their duties honestly and faithfully, make and certify a written estimate of the value of the stock at the time of the appraisal, and deliver one copy to the corporation and another to the stockholder, if demanded. The charges and expenses of the appraisers shall be paid one-half by the stockholder and one-half by the corporation. When the corporation shall have paid the appraised value of this stock, the stock shall be canceled and this stockholder shall cease to be a member of the corporation or to have any interest in this stock or in the corporation or in the corporate property, and this stock may be held and disposed of by the corporation for its own benefit.

[1925 c. 156 s. 7] (7699-11)