

CHAPTER 54

INVESTMENT AND LOAN COMPANIES

Sec.	INVESTMENT COMPANIES	Sec.	MORTGAGE LOAN AND LAND COMPANIES
54.26	Control	54.30	Formation
54.27	Supervision, examination fees	54.31	Statement filed with banking division
54.28	Soliciting business without authority	54.32	Capital to be paid in; deposit with trustee
54.29	Plan to be submitted; permit	54.33	Duties and powers of commissioner; fees
54.293	Examination of investment companies	54.34	Powers

NOTE: "Commissioner" means commissioner of banks. See Sections 46.03 and 46.04.

54.01-54.25 [Repealed, 1953 c 213 s 1]

INVESTMENT COMPANIES

54.26 CONTROL. No person and no copartnership, association, or corporation, whether local or foreign, heretofore organized or which may hereafter be organized, doing business as a so-called investment, loan, thrift, benefit, cooperative, home, securities, trust, or guarantee company for the licensing, control, and management of which there is no law now in force in this state, and which such persons, copartnership, association, or corporation shall solicit or receive payments to be made to himself or itself either in a lump sum or periodically, or on the instalment plan, and which issues therefor, or has issued therefor and has or shall have outstanding, so-called bonds, debentures, shares, coupons, thrift certificates, certificates of membership or other evidences of obligation or agreement or pretended agreement to return to the holders or owners thereof money or anything of value at some future date, shall solicit or transact any such business in this state, unless such person, co-partnership, association or corporation shall at all times keep and maintain a paid-up capital or capital and surplus of \$100,000, or shall keep on deposit with the commissioner of banks, authorized securities in an amount equal to the cash surrender value of all investment contract liabilities on investment contracts held by residents of this state and shall submit to the commissioner of banks on the first day of each month a verified report in writing which shall set forth the total amount of the cash surrender value of all investment contract liabilities on investment contracts held by residents of this state; such deposit at no time shall be less than \$50,000. Every such person, co-partnership, association or corporation, whether local or foreign, which shall be hereafter authorized to do business with an original paid-in capital of less than \$100,000 shall at all times be required to maintain and keep on deposit with the commissioner of banks authorized securities in an amount equal to the cash surrender value of all investment contract liabilities on investment contracts held by residents of this state; and shall have first complied with the provisions of section 54.29; provided, that existing permits heretofore issued under section 54.29 shall continue in full force and effect.

[1909 c. 333 s. 1; 1911 c. 321 s. 1; 1937 c. 271 s. 1; 1939 c. 109 s. 1; 1943 c. 659 s. 1] (7771)

54.27 SUPERVISION, EXAMINATION FEES. The persons, copartnerships, associations, and corporations mentioned or enumerated in section 54.26 are hereby put under the supervision of the commissioner of banks. The powers, authority, privileges, and duties conferred upon him for the purpose of examining, supervising, controlling, and regulating the action of, and for the liquidation of, each and every class of financial institution to the full extent to which he may at any time lawfully exercise them, shall each and all, so far as applicable, be exercised by him personally or by deputy in the examination, supervision, control, regulation, and liquidation of the persons, copartnerships, associations, and corporations first hereinbefore mentioned. The fees for examination shall be determined as follows: For each examination, a minimum fee of \$50 plus an amount equal to 5.5 cents for each \$1,000 of assets in excess of \$150,000 and not exceeding \$500,000; a minimum fee of \$75 where the assets exceed \$500,000 and do not exceed \$2,000,000 plus 5.5 cents on each \$1,000 of assets in excess of \$150,000; a minimum fee of \$100 where the assets exceed \$2,000,000 and do not exceed \$5,000,000 plus 5.5 cents on each \$1,000 of assets

in excess of \$150,000; a minimum fee of \$150 where the assets exceed \$5,000,000, plus 5.5 cents on each \$1,000 of assets in excess of \$150,000 and not exceeding \$5,000,000, plus 4.4 cents on each \$1,000 of assets in excess of \$5,000,000 and not exceeding \$20,000,000, and plus 3.3 cents on each \$1,000 of assets in excess of \$20,000,000 and the actual necessary expenses incurred by the commissioner of banks in and tending toward the performance of his duties and the exercise of his powers herein referred to shall be paid by the persons, copartnerships, associations, and corporations examined and supervised.

[1909 c 333 s 2; 1911 c 321 s 2; 1927 c 215 s 7; 1937 c 271 s 2; 1955 c 820 s 12] (7772)

54.28 SOLICITING BUSINESS WITHOUT AUTHORITY. Any person, copartnership, association, or corporation who or which shall act as principal or agent in doing such business, or in soliciting such business for, or membership or participation in any such copartnership, association, or corporation, or solicit business for such person or persons doing business as such companies, not authorized to do business in this state, shall be guilty of a misdemeanor; and, upon conviction thereof, punished by a fine of not less than \$100 nor more than \$1,000 or by imprisonment in the county jail of not less than three months, nor more than one year, or by both such fine and imprisonment; provided, that nothing contained in sections 54.26 to 54.29 shall apply to domestic mortgage loan companies.

[1909 c. 333 s. 3] (7773)

54.29 PLAN TO BE SUBMITTED; PERMIT. The persons, copartnerships, associations, and corporations referred to in sections 54.26 to 54.28 are hereby required to lay before the commissioner of banks a comprehensive plan of their intended business; and the commissioner of banks shall consider the same and, if he finds that the same contains no feature or essential proposition which is likely to be injurious to or defraud the public, he shall issue a permit for such person or institution to begin business according to such plan, otherwise such person or institution shall not engage in such business in this state.

[1911 c 321 s 3; 1937 c 271 s 3] (7774)

54.293 EXAMINATION OF INVESTMENT COMPANIES. Subdivision 1. **Investment company defined.** Wherever used in this section the term "investment company" means any person, copartnership, association, or corporation referred to in sections 54.26 to 54.29.

Subd. 2. Fees for examinations, expenses. Every investment company shall pay to the State of Minnesota, in addition to the fees for examination and expenses provided for in section 54.27, the actual necessary expenses incurred by the commissioner of banks for all salaries, wages, and expenses of special examiners and other special employees employed by the commissioner of banks to make the examinations provided for by law, and compensation for special services rendered by regular examiners in connection with such examinations, and shall make deposits to cover the estimated cost of such salaries, wages, expenses, and compensation for special services, as hereinafter provided.

Subd. 3. Estimate of expenses. Prior to the commencement of any examination of an investment company in any year, the commissioner of banks shall make and furnish to such investment company under his supervision an estimate of the amount reasonably necessary to pay the salaries, wages, and expenses of special examiners and other special employees to be employed by him for the purpose of making such examination, and compensation for special services to be rendered by regular examiners. Such company shall forthwith pay the amount of such estimate to the state treasurer and all amounts so paid are appropriated to the commissioner of banks for the purposes of this subdivision.

Subd. 4. Salaries and expenses to be paid from deposits. Upon authorization by the commissioner of banks, the monies due each special examiner or special employee engaged in any examination of an investment company, and compensation to any regular examiner for special services in connection with such examination, shall be paid to him from the deposit made by such investment company, in the manner prescribed by law.

Subd. 5. To pay additional sums. If at any time it appears to the commissioner of banks that the money deposited by any investment company shall be insufficient to pay the salaries, wages, expenses, and compensation for special services of regular examiners aforesaid, as and when incurred by the commissioner of

banks, such investment company shall, on request of the commissioner of banks, forthwith pay to the state treasurer such additional sum as may be necessary to meet such salaries, wages, expenses, and compensation for special services.

Subd. 6. **Commissioner to prepare a statement; repayment of excess.** Within 30 days after the completion of an examination of any investment company which has made a deposit as herein provided, the commissioner of banks shall prepare and present to such investment company a full statement of all salaries, wages, and expenses of special examiners and other special employees, and compensation for medical services rendered by regular examiners paid from such deposit, and if the amount so paid is not equal to the amount of the deposit, the excess shall, upon authorization of the commissioner of banks, be repaid by the state treasurer to the investment company making the deposit.

[1943 c 319 s 1-6]

MORTGAGE LOAN AND LAND COMPANIES

54.30 FORMATION. Corporations may be formed for the purpose of loaning money, either for themselves or as agents for others, upon mortgages or other securities, and for the purchase and sale of lands, and of money obligations secured upon real or personal property, with power to execute all contracts, incumbrances, transfers, releases, and other documents necessary or convenient to the transaction of such business.

[R. L. s. 2845] (7436)

54.31 STATEMENT FILED WITH BANKING DIVISION. Before any corporation which heretofore has been organized, or which hereafter may be organized, under the laws of the state for any of the purposes mentioned in section 54.30 shall sell, offer for sale, or negotiate any bonds, notes, certificates of indebtedness, or other evidences of debt which are secured to be paid by the deposit or pledge with a trustee of any notes or other obligations secured by mortgages on real estate in Minnesota or elsewhere, or by the deposit or pledge of other evidences of indebtedness owned, issued, negotiated, or guaranteed by it, the corporation shall file in the office of the division of banking of the department of commerce a statement showing the aggregate amount of the bonds, notes, certificates of indebtedness, or other evidences of debt then proposed to be sold or offered for sale, the name of the trustee to whom the securities for the payment of the same are to be pledged or assigned, together with a statement of the face value and the corporation's estimate of the actual value of the securities so to be pledged or assigned.

[1913 c. 442 s. 1] (7437)

54.32 CAPITAL TO BE PAID IN; DEPOSIT WITH TRUSTEE. No such corporation shall sell or offer for sale any such bonds, notes, certificates of indebtedness, or other evidences of debt, until at least \$100,000 has been actually paid into the treasury of the corporation on account of the capital stock thereof and until there have been deposited and pledged with the trustee notes secured by such real estate mortgages or such other securities, or both, of an aggregate par value at least equal to the principal sum of the obligations to be secured thereby, and bearing annual interest amounting in the aggregate to at least the annual interest upon the obligations so secured.

[1913 c. 442 s. 2] (7438)

54.33 DUTIES AND POWERS OF COMMISSIONER; FEES. Upon the filing, by any such corporation, of any such statement, if a trust company organized under the laws of this state is not designated as the trustee, then the commissioner of banks shall inquire into and determine the financial responsibility of the person, firm, or corporation proposed as the trustee, and he may approve or disapprove the trustee so named, and unless the trustee be approved by him it shall not be lawful for any such corporation transacting the business described in section 54.31 to sell or offer for sale any such bonds, notes, certificates of indebtedness, or other evidences of debt.

The commissioner of banks shall, at all times, have the power, and upon the request of any such corporation it shall be his duty, to examine the same by inspecting and verifying the assets and liabilities thereof, and so far investigate the character and value of the assets of the corporation as to ascertain with reasonable

certainty that the values are correctly carried upon its books, and may also investigate its methods of operation and conduct to ascertain whether the same are in accordance with law.

The corporation shall pay into the state treasury the same fees for the examination as trust companies are required to pay under section 46.13.

[1913 c. 442 s. 3] (7439)

54.34 POWERS. Mortgage loan companies may acquire, hold, sell, hypothecate, assign, transfer, and convey any obligations thereof, or of any person or other corporation, which are secured by mortgage or other real estate security, and collect, foreclose, compound, compromise, release, satisfy, and discharge the same of record.

[R. L. s. 3072] (7796)