

## CHAPTER 53

## INDUSTRIAL LOAN AND THRIFT COMPANIES

53.01 Organization.  
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 53.04 Special powers.

53.051 Repealed.  
 53.10 Mandatory insurance or guarantee of certificates held for investment.

**53.01 ORGANIZATION.**

It is lawful for three or more persons, who desire to form a corporation for the purpose of carrying on primarily the business of loaning money in small amounts to persons within the conditions set forth in this chapter, to organize, under this chapter, an industrial loan and thrift company, by filing with the secretary of state and the county recorder in the county in which the place of business of the corporation is located, a certificate of incorporation, and upon paying the fees prescribed by sections 301.07 and 301.071 or chapter 302A and upon compliance with the procedure provided for the organization and government of ordinary corporations under the laws of this state, and upon compliance with the additional requirements of this chapter prior to receiving authorization to do business.

*History: 1981 c 270 s 126*

**53.03 CERTIFICATE.**

Subdivision 1. **Application, fee, notice.** Any corporation hereafter organized as an industrial loan and thrift company, shall, after compliance with the requirements set forth in sections 53.01 and 53.02, cause an application, in writing, to be made to the department of commerce for a certificate of authorization. The application, in triplicate, shall be in the form prescribed by the department of commerce and filed in its office. The application shall be made in the name of the corporation, executed and acknowledged by two of its officers designated by the board of directors of the corporation for that purpose, requesting a certificate authorizing the corporation to transact business as an industrial loan and thrift company, at the place and in the name stated in the application. At the time of filing the application the applicant shall pay a filing fee of \$500, to be paid into the state treasury and credited to the general fund and also shall pay to the commissioner of banks the sum of \$250 as a fee for investigating the application, which fee shall be turned over by the commissioner to the state treasurer and credited to the general fund of the state, and submit a copy of the bylaws of the corporation, its articles of incorporation and all amendments thereto. If the application is contested, the applicant shall pay an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the state treasurer and credited to the general fund of the state. A notice of the filing of the application shall be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a newspaper published in the municipality in which the proposed industrial loan and thrift company is to be located, or, if there be none, in a newspaper published at the county seat of the county in which the company is proposed to be located. If the department of commerce receives a written objection to the application from any person within 20 days of the notice having been fully published a contested case hearing shall be conducted on the application. The department of commerce may without cause order a contested case hearing on the application. Notice of a hearing in connection with this section shall be published once in the form prescribed by the department of

commerce, at the expense of the applicant, in the same manner as a notice of application.

*[For text of subs 2 to 5, see M.S.1980]*

Subd. 6. **Amended certificates, thrift certificates for investment, application, fee, notice.** Upon approval by the commissioner of banks of a commitment for insurance or guarantee of certificates to be held for investment as required in section 53.10, subdivision 3, an industrial loan and thrift company may apply to the department of commerce for an amended certificate of authorization and consent to sell and issue thrift certificates for investment.

The application, in triplicate, shall be in the form prescribed by the department of commerce and filed in its office. At the time of filing the application, the applicant shall pay a filing fee of \$500 and if an application is contested, an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the state treasurer and credited by the treasurer to the general fund shall be paid by applicant. A notice of the filing of the application shall be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a newspaper published in the municipality in which the place of business under the application is located, or if there is none, in a newspaper published at the county seat of the county in which the place of business is located. Not more than one place of business maintained under a certificate of authorization shall be the subject of an application.

Subd. 7. **Objection to application.** Upon receiving written objection to the application from any person within 20 days of the notice having been fully published, the department of commerce shall order a contested case hearing to be conducted on the application. The department of commerce may without cause order a contested case hearing to be conducted on the application.

Subd. 8. **Investigation.** Upon receiving an application, the department of commerce shall make or cause to be made, an investigation of the application to determine that the corporation is in a solvent condition, meets current thrift industry standards of management quality and asset condition, is in compliance with the requirements of this chapter and that the approval of the application will not have an adverse effect upon the solvency of any existing industrial loan and thrift company selling and issuing certificates for investment or banks in the locality, or endanger the safety of any company or bank in the locality as a place for investing or depositing public and private money. If upon completion of its investigation and any hearing provided for in subdivision 7, it appears to the department of commerce that the requirements for approval contained in this subdivision have been met, the application shall be approved. In all other cases, the application shall be denied. As a condition of approval, the capital funds of the applicant corporation shall not be less than the total amount which the department of commerce considers necessary having in mind the potential for the issuance of certificates for investment by the applicant. The procedure in subdivision 3a shall be followed in decisions, notice, and hearing of applications for consent to sell and issue thrift certificates for investment by issuance of an amended certificate of authorization.

**History:** 1981 c 132 s 1-4

### 53.04 SPECIAL POWERS.

*[For text of subs 1 and 2, see M.S.1980]*

# MINNESOTA STATUTES 1981 SUPPLEMENT

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INDUSTRIAL LOAN AND THRIFT COMPANIES 53.10

Subd. 3. [Repealed, 1981 c 258 s 23]

Subd. 3a. The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted licensees under chapter 56. The right to extend credit or lend money and to collect and receive charges therefor as provided by chapter 334, or in lieu thereof to charge, collect, and receive interest at the rate of 21.75 percent per annum. Nothing in this subdivision shall be deemed to supersede, repeal, or amend any provision of section 53.05.

Subd. 4. [Repealed, 1981 c 258 s 23]

*[For text of subd 5, see M.S.1980]*

Subd. 6. [Repealed, 1981 c 258 s 23]

Subd. 7. [Repealed, 1981 c 258 s 23]

**History:** 1981 c 258 s 20

**53.051** [Repealed, 1981 c 258 s 23]

## **53.10 MANDATORY INSURANCE OR GUARANTEE OF CERTIFICATES HELD FOR INVESTMENT.**

Subdivision 1. **Requirement.** Not later than July 1, 1983, every industrial loan and thrift company operating under this chapter with consent or holding a certificate of authorization, which includes the right to sell and issue for investment certificates of indebtedness, other than those to be pledged as security for a loan made contemporaneously therewith, shall obtain a commitment for insurance or guarantee of the certificates by or through an insurance company or guarantee fund acceptable to the commissioner of banks. The insurance or guarantee shall provide for the redemption of the investment of certificate holders in the event of liquidation, insolvency or bankruptcy of the industrial loan and thrift company. The amount of insurance or guarantee benefit to each certificate holder, as an individual or multi-party account, shall at all times be in full force and equal to the lesser of the industrial loan and thrift company's liability under a certificate or \$100,000. For purposes of this section, an insurance company or guarantee fund includes an insurance company authorized to do business in this state, an insurance or guarantee fund organized under the laws of the United States, this state or any other state with the expressed purpose or authority to guarantee the accounts of industrial loan and thrift companies or any other person who contracts with industrial loan and thrift companies to guarantee accounts.

*[For text of subds 2 and 3, see M.S.1980]*

**History:** 1981 c 132 s 5