

## CHAPTER 48

## BANKS

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**48.056 REVERSE STOCK SPLIT.**

Subdivision 1. **Power to effect.** (a) A banking institution may effect a reverse stock split by reducing its outstanding shares of stock if the commissioner finds that the transaction:

(1) has a legitimate business purpose including, but not limited to, reducing corporate expenses, simplifying corporate procedures, or becoming a qualified S corporation under the Internal Revenue Code of 1986, as amended through December 31, 1998; and

(2) complies with safe and sound banking practices.

(b) The stock reduction is effective upon approval by the shareholders and the commissioner and filing with the commissioner and with the secretary of state, of the articles of amendment to the certificate of incorporation of the banking institution.

Subd. 2. **Fractional shares.** A banking institution may issue fractions of a share as a result of a reverse stock split by reducing its outstanding shares of stock according to this subdivision. If a banking institution inserts into its certificate of incorporation a provision prohibiting the issue of fractions of a share, it shall pay in cash the value of fractions of a share as of the time when persons entitled to receive the fractions are determined.

Subd. 3. **Par value.** Notwithstanding section 300.30, a banking institution proceeding under this subdivision may divide its capital into shares greater than \$100 each.

Subd. 4. **Rights of dissenting stockholders.** A stockholder of the banking institution not voting in favor of the amendment of the certificate of incorporation of the banking institution to effect a reverse stock split that will impact upon the stockholder's voting rights in the banking institution may, at the meeting of the stockholders held on the amendment, or within 20 days after the meeting, object to the stock reduction and demand payment for that person's stock. If the stock reduction takes effect at any time after this demand, the stockholder may, at any time within 60 days after the demand, apply to the district court in the county of the banking institution's principal place of business for the appointment of three persons to appraise the value of that person's stock. The court shall appoint the appraisers and designate the time and place of their first meeting, give directions with regard to their proceedings the court considers proper, and direct the time and manner in which payment must be made of the value of that person's 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 banking institution and another to the stockholder. The stockholder and the banking institution shall each pay one-half of the charges and expenses of the appraisers.

**History:** 1999 c 151 s 18

**48.15 SPECIAL POWERS.**

*[For text of subs 1 and 2, see M.S.1998]*

Subd. 2a. **Authorized activities.** The commissioner may authorize a state bank to undertake any activities, exercise any powers, or make any investments that are authorized by chapter 50, as of August 1, 1995, for any state savings bank, or that become authorized by chapter 50, for state savings banks after August 1, 1995. The commissioner may not authorize state banks to engage in any banking activity prohibited by the laws of this state.

Subd. 3. **Limits on authority to act as paying agent for public issuers.** No such bank shall act as paying agent of any municipality or other public issuer of obligations, other than

an issuer within whose corporate limits the principal office of the bank is situated, unless the bank is authorized to execute the powers conferred in section 48A.07.

*[For text of subd 4, see M.S.1998]*

**History:** 1999 c 151 s 19,20

#### 48.24 RESTRICTIONS UPON TOTAL LIABILITIES TO A BANK.

*[For text of subs 1 to 6, see M.S.1998]*

Subd. 7. Obligations of any individual or organization, however organized, in the form of notes or drafts secured by shipping documents or instruments transferring or securing title covering feeder livestock which is free from all other encumbrances, when the market value of the livestock securing the obligation at the time of the making of the loan is not less than 115 percentum of the face amount of the notes covered by such documents, shall be subject under this subdivision to a limitation of 20 percent of capital and surplus in addition to 20 percent of capital and surplus as included in provisions of subdivision 1. Feeder livestock loans as referred to in this subdivision is defined to include only obligations secured by liens or giving title to cattle, sheep, goats, hogs or poultry being fattened for market, but excluding dairy cattle, milk goats, poultry used for production of eggs, or barnyard or work animals.

*[For text of subs 7a to 9, see M.S.1998]*

Subd. 10. **Grain forward sale contracts; lending limits.** Obligations of any individual or organization, however organized, where the note is secured by a perfected first lien on stored grain and a perfected assignment of the proceeds of a forward contract for sale of the grain (1) with a recognized commodity buyer or broker, reasonably satisfactory to the bank, (2) where the delivery of grain under the contract will occur within 270 days, (3) where the grain is insured for full value against loss by fire or other casualty, and (4) where the value of the forward contract exceeds 115 percent of the face amount of the secured note, is subject under this subdivision to a limitation of ten percent of capital and surplus in addition to the 20 percent of capital and surplus as included in subdivision 1.

**History:** 1999 c 151 s 21,22

#### 48.33 EXECUTION OF TRUST.

When any state bank shall reorganize as a national bank, this national bank shall be regarded as continuing the existence of the state bank, and any officer of the bank elected to a corresponding office in this national bank shall be regarded as holding over as such state bank officer, for the purpose of carrying out any duty or trust reposed in the person holding such office or a successor in the state bank as personal representative of a will or trustee of any trust; and successors in office in the national bank shall be regarded as that person's successors in office in such state bank for the purpose of executing such will or performing such trust; and the personal representative of any will, or any trustee thereunder, who by such will has been directed or recommended to deposit the money of such estate or trust in this state bank, may deposit the same in the national bank under the same conditions as that person might have deposited them in the state bank, and with the same immunity from responsibility for its safety.

**History:** 1999 c 171 s 5

#### 48.39 TRUST ACCOUNTS RECORDED.

Besides its general books of account, it shall keep separate books of account for all fiduciary accounts. All funds and property held by it in a fiduciary capacity shall at all times be kept separate from its own funds and property, and all fiduciary funds deposited or held as fiduciary by the bank awaiting investment shall be carried in a separate account, and shall not be used by the bank in the conduct of its business, unless the bank, under authorization by its board of directors, first delivers to the commissioner of commerce, as collateral security: (1) bonds, notes, bills, certificates of indebtedness or other direct obligations of the United

States or its instrumentalities, or obligations fully guaranteed by the United States as to principal and interest; or (2) other readily marketable securities of the classes in which said trust companies or state banks exercising trust powers are authorized or permitted to invest trust funds under the laws of this state. The securities so deposited as collateral shall be owned by the bank and shall at all times be at least equal in market value to the amount of the trust funds so used in the conduct of the bank's business, and all deposits made by it of such funds in any other banking institutions shall be deposited as fiduciary funds, to its credit as fiduciary, and not otherwise. Every security or property in which the funds held by it as trustee, personal representative, guardian, conservator, receiver, or assignee, or in any other fiduciary capacity are invested, shall at once upon receipt thereof be immediately entered in the proper books as belonging to the particular fiduciary account whose funds have been invested therein. Any change in such investment shall be fully specified in and under the account of the particular fiduciary account to which it belongs so that all fiduciary funds and property can be readily identified at any time by any person. It shall be unlawful for any bank to lend any officer, director or employee any funds held as fiduciary under the powers conferred by section 48.37. Any officer, director or employee to whom such a loan is made shall be guilty of theft of the amount of such loan from the time of the making thereof. Any state bank, when acting in a fiduciary capacity, either alone or jointly with an individual or individuals, may, with the consent of such individual fiduciary or fiduciaries, who are hereby authorized to give such consent, cause any stocks, securities, or other property now held or hereafter acquired in such capacity to be registered and held in the name of a nominee or nominees of such state bank without mention of the fiduciary relationship. Any such state bank shall be liable for any loss occasioned by the acts of any of its nominees with respect to such stocks, securities or other property so registered.

**History:** 1999 c 171 s 5

#### **48.64 DEPOSITS OF TRUST FUNDS.**

Any person, firm, or corporation appointed by a court of competent jurisdiction as representative of the estate of a deceased person, or as guardian or conservator, or any trustee of a firefighters' relief association, or any referee, receiver, or trustee appointed by a court of record in this state, may deposit funds for safekeeping and disbursing, unless otherwise directed by the court, in any bank, credit union, if the beneficial owner is a member, or trust company, however organized, the deposits of which are insured, in whole or in part, by an agency of the federal government insuring deposits, to the extent that the funds so deposited are fully insured.

**History:** 1999 c 171 s 5

#### **48.74 FUNDS AND PROPERTY HELD IN FIDUCIARY CAPACITY.**

Besides its general books of account, it shall keep separate books for all fiduciary accounts. All funds and property held by it in a fiduciary capacity shall at all times be kept separate from its own funds and property, and all fiduciary funds deposited or held as fiduciary by the bank awaiting investment shall be carried in a separate account, and shall not be used by the bank in the conduct of its business, unless the bank, under authorization by its board of directors, first delivers to the commissioner of commerce, as collateral security: (1) Bonds, notes, bills, certificates of indebtedness, or other direct obligations of the United States or its instrumentalities, or obligations fully guaranteed by the United States as to principal and interest; or (2) other readily marketable securities of the classes in which said trust companies or state banks exercising trust powers are authorized or permitted to invest trust funds under the laws of this state. Every security or property in which the funds held by it as trustee, personal representative, guardian, conservator, receiver, or assignee, or in any other fiduciary capacity are invested, shall at once upon receipt thereof be immediately entered in the proper books as belonging to the particular fiduciary account whose funds have been invested therein. Any change in such investment shall be fully specified in and under the account of the particular fiduciary account to which it belongs, so that all fiduciary funds and property can be readily identified at any time, by any person. Any trust company incorporated under the laws of this state and any national banking association authorized to act in a fiduciary capacity in this state, when acting in a fiduciary capacity, either alone or jointly with an individual

or individuals, may, with the consent of such individual fiduciary or fiduciaries, who are hereby authorized to give such consent, cause any stocks, securities, or other property now held or hereafter acquired in such capacity to be registered and held in the name of a nominee or nominees of such corporate fiduciary without mention of the fiduciary relationship. Any such corporate fiduciary shall be liable for any loss occasioned by the acts of any of its nominees with respect to such stocks, securities or other property so registered.

**History:** 1999 c 171 s 5