

GENERAL STATUTES

33

OF THE

STATE OF MINNESOTA,

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VOL. 1.

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CHAPTER 33.

BANKS AND BANKING.

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TITLE 1.

BANKS AND BANKING.

INCORPORATION.

SEC. 2303. **Authorized capital stock.**— Any association of persons not less than three (3) in number, may establish offices of discount, deposit and circulation, and become incorporated upon the terms and conditions and subject to the liabilities prescribed in this chapter; *but the aggregate amount of the capital stock of such association shall not be less than ten thousand (10,000) dollars in any town containing a population of not exceeding one thousand (1,000) persons, and not less than fifteen thousand (15,000) dollars in towns of not exceeding fifteen hundred (1,500) population, and not less than twenty thousand (20,000) dollars in towns of not exceeding two thousand (2,000) population, and not less than twenty-five thousand (25,000) in towns of more than two thousand (2,000) inhabitants; the population in all cases to be determined by the last official census.^a And no such association shall be organized in any town containing less than two hundred (200) inhabitants.[†] The full amount of capital stock named in the organization certificate shall be paid in cash before any association shall be authorized to commence business, and such payment shall be certified to the state auditor, under oath, by the president or cashier of the association.

G. S. ch. 33, § 10, as amended 1881, ch. 77; 1883, ch. 19; 1887, ch. 63. Acts 1881, ch. 77, added matter below †, except that the words "the minimum amount" were changed by acts 1883, ch. 19, to "the full amount." Acts 1887 struck out "but the aggregate of the capital stock of such establishment shall not be less than twenty-five thousand dollars," and inserted matter between * *. Acts 1887 took effect January 1, 1888. 38 M. 87.

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[SECS. 2304-2306.]

SEC. 2304. Certificate.—The persons uniting to form such an association shall, under their hands and seals, make an organization certificate, which shall specifically state:

First — The name assumed to distinguish the bank and to be used in all its dealings, which name shall not be that of any other bank in this state.

Second — The place where the business of discount and deposit is to be carried on.

Third — The amount of capital stock and the number of shares into which the same is to be divided.

Fourth — The names and places of residence of the shareholders, and the number of shares held by each of them.

Fifth — The period at which said bank shall commence and terminate.

Acknowledged and recorded.—The certificate of organization shall be acknowledged before the clerk of some court of record or notary public, and authenticated by the seal of such court or notary and shall be recorded in the office of the register of deeds of the county where such bank may be established, and such certificate thus authenticated shall be transmitted to the state auditor, who shall carefully preserve the same on file in his office.

Incorporation.—Upon duly making and filing the organization certificate, the association shall become, as from the date of execution of the same, a body corporate, and as such and in the name designated in such certificate, it shall have power to make contracts, to sue and be sued, and shall have all other powers, privileges and immunities incident to corporations, and applicable to the ends of such establishments, subject to the restrictions and provisions of this chapter.

Certificate.—* Whenever it appears to the state auditor that any association is lawfully entitled to commence the business of banking, he shall give to such association a certificate, under his hand and official seal, that such association has complied with all the provisions required to be complied with before commencing the business of banking, and that such association is authorized to commence such business, which certificate shall be prima facie evidence in all the courts of the state that such association is duly and legally organized as a corporation. But the state auditor may withhold from any association his certificate authorizing the commencement of business whenever he has reason to suppose that the shareholders have formed the same for any other than the legitimate objects contemplated by this act.

Organization.—No association shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the state auditor to commence the business of banking.

Publication.—The association shall cause the organization certificate and the official authorization of the state auditor issued under this section, to be published in some newspaper partly or wholly printed in the city or county where the association is located, for at least four (4) successive weeks next after the issuing thereof; or, if no newspaper is published in such city or county then in some newspaper published at the capital of the state.

G. S. ch. 33, § 11, as amended 1881, ch. 77. Amendment below *.

SEC. 2305. Same — Certified copy of.—A copy of the certificate required by the preceding section, duly certified by the register of deeds of the county, or by the auditor of state, may be used as evidence in all courts for or against such bank, or any person for or against whom such evidence is necessary, whether on civil or criminal trial.

G. S. ch. 33, § 12.

SEC. 2306. Improper use of corporate name — Penalty.—No person or persons who are now or shall hereafter become engaged in the business of banking in this state, not subject to the supervision of and not required to report to any officer elected or appointed by the state shall make use of any

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SECS. 2307-2310.]

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office sign at the place where such business is transacted having thereon any artificial or corporate name, nor shall such person or persons make use of or circulate any letter-heads, bill-heads, blank notes, blank receipts, certificates, circulars, or any written or printed or partly written or partly printed paper whatever having thereon any artificial or corporate name. No bank hereafter incorporated shall adopt or use the name of any private or incorporated bank now existing without first obtaining consent in writing from the person or persons who have done business by or under such name.

Penalty — Violation of this chapter.—*Any person or persons violating any of the provisions of this chapter not hereinbefore specially provided for shall be guilty of a misdemeanor and on conviction thereof pay a fine of not less than fifty (50) dollars or more than five hundred (500) dollars for each and every offense, to be recovered before any court having competent jurisdiction, and all fines and penalties so recovered shall be paid into the state treasury.

G. S. ch. 33, § 43, as amended 1887, ch. 39. Approved March 7th. In force from and after January 1, 1888. Amendment above *.

SEC. 2307. Law applies to all banking.— All companies, associations and corporations organized under any law of this state other than the general or special banking laws or the laws relating to trust companies, which assume and exercise any of the privileges, functions and powers conferred upon banking associations duly organized under the banking laws of this state, shall be subject to all the limitations, penalties, and requirements incident and pertaining to such functions, powers and privileges so assumed and exercised, in the same manner and degree, and the stockholders, persons or owners forming such companies, associations and corporations shall be liable in the same manner and to the same extent as they would be if such companies, associations and corporations were duly organized under the banking laws of this state.

1889, ch. 230: "An act to subject certain companies, associations and corporations organized under laws of this state to the provisions of the state banking laws." Approved April 24, 1889.

CIRCULATION.

SEC. 2308. How prepared.— The auditor of state, on application of any person or association of persons wishing to organize under this chapter, shall cause to be engraved and printed, in the best manner to guard against counterfeiting, such quantity of circulating notes, in the similitude of bank-notes, in blank, of the different denominations hereinafter authorized to be issued, as may from time to time be needed to meet the demands of those organizations for the purpose of banking; and all necessary expenses in procuring such circulating notes in blank, shall be charged to and paid by the banker or banking association at whose solicitation and for which the same are furnished.

G. S. ch. 33, § 1. 25 M. 550.

SEC. 2309. Denominations.— Such bank-notes shall be of the dimensions usually issued by banks, from one dollar to five hundred dollars; but such notes shall not be of any intermediate number between five and ten dollars, ten and twenty, twenty and fifty, or fifty and one hundred dollars.

G. S. ch. 33, § 2.

SEC. 2310. Countersigned and registered.— Such blank circulating notes shall be countersigned by the auditor of state, and numbered, and registered in proper books to be kept for that purpose in his office and under his direction, so that each denomination of such circulating notes shall be of the same similitude, and all bear the uniform signature of the auditor of state.

G. S. ch. 33, § 3.

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[SECS. 2311-2317.]

SEC. 2311. **Notice on face of.**—The words “secured by the pledge of public stocks,” shall be engraved upon the face of all bills and notes, the payment of which is secured by the transfer of public stocks.

G. S. ch. 33, § 8.

SEC. 2312. **Amount of.**—The auditor of state shall not countersign bills or notes for any association or banker to an amount in the aggregate exceeding the securities, at their value as before provided in this chapter, deposited with him in trust by such association or banker, or use or dispose of such securities in any manner other than provided for in this chapter; and any auditor of state or deputy who violates the provisions of this section shall be deemed guilty of a felony, and be punished by a fine not less than five thousand dollars, or be imprisoned not less than five years in the state prison, or by both such fine and imprisonment.

G. S. ch. 33, § 17.

SEC. 2313. **Receivable for debts.**—All of the bills or notes of any bank or banking association shall be at all times received by the same in payment of all debts due to such bank or banking association.

G. S. ch. 33, § 30.

SEC. 2314. **Where payable.**—It shall not be lawful for any bank formed under the provisions of this chapter to make any of its bills or notes, to be put in circulation as money, payable at any other place than the office where the business of the bank is carried on and conducted, nor to issue the same at any other place; and said bills or notes shall be made payable on demand and without interest.

G. S. ch. 33, § 23.

• SEC. 2315. **Holders preferred to other creditors.**—In the event of the insolvency of any bank established under the provisions of this chapter, the bill-holders thereof (if any) shall be entitled to preference in payment over all other creditors of such bank.

G. S. ch. 33, § 22, as amended 1869, ch. 85, § 2. Amendment inserted (if any).

SEC. 2316. **Mutilated notes exchanged.**—The auditor shall receive mutilated circulating notes issued by him, and after making a record of them, their denomination and amount, deliver in lieu thereof circulating notes to the same amount.

G. S. ch. 33, § 29.

SEC. 2317. **Failure to redeem — Proceedings.**—If the maker of any circulating note, countersigned and registered as aforesaid, shall at any time, on lawful demand during the usual hours of business, at the place where such note is payable, fail or refuse to redeem such note in the lawful money of the United States, the holders of such note, making such demand, may cause the same to be protested for non-payment, by a notary public under his official seal; but the maker or makers of such note shall not be liable for the expense of so protesting the same, unless, on such demand and refusal so to redeem the same, he refuses to waive protest and notice of protest thereon; and such waiver of protest in all cases is equivalent to the regular protest thereof; and such notary shall, on protesting the same, forthwith forward notice of such protest to the auditor of state. The notary making such protest shall certify, in his notice of protest, the number of notes on which said payment was refused, and describe them by their numbers and letters, and shall also certify to the aggregate amount of said notes. The auditor of state, on receiving and filing in his office such protest, together with such note as aforesaid, shall forthwith give notice in writing to the makers of such note to pay the same; and if they omit to do so for forty days after such notice, the auditor shall immediately thereupon, unless he is satisfied there is a good and legal defence against the payment of such note, give notice that all the circulating notes of

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SECS. 2318-2320.]

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such person or association, and countersigned and registered as aforesaid, will be redeemed out of the trust funds in his hands for that purpose, which notice shall be given by publishing the same in some newspaper printed in the county where the business of such bank is established, if any, and in some newspaper printed at the capital of this state; and the auditor shall apply the said trust funds belonging to the maker of such protested note to the payment of all circulating notes, whether protested or not, put in circulation by the maker of such protested note, pursuant to the provisions of this chapter, and adopt such measures for the payment of such notes, as will, in his opinion, most effectually prevent loss to the holder; and to this end the auditor may, after the expiration of the said forty days, and after giving thirty days' notice by publication in a newspaper printed and published at the capital of this state, and in a daily newspaper printed in the city of New York, proceed to sell, at the Merchants' Exchange, in the city of New York, at public auction, the securities so pledged, and, out of the proceeds of such sale, shall pay *pro rata* and cancel all bills and notes which have been issued and put in circulation by such bank, under the provisions of this chapter; but nothing in this chapter contained shall be considered as implying any pledge on the part of this state for the payment of such bills or notes, beyond the proper application of the securities pledged to the auditor of state for their redemption.

G. S. ch. 33, § 15.

SEC. 2318. Damages for failure.— Such bank or banking association is liable to pay the holder of every bill or note put in circulation as money, the payment of which has been demanded or refused at the banking-house or usual place of business of such association or bankers, damage for non-payment thereof, from the time of such refusal until the payment of such evidence of debt and damages thereon.

G. S. ch. 33, § 16.

SEC. 2319. Illegal currency.— The officers or agents of any banking association or banker who shall pay out, to be put in circulation as money in this state, any bill, note, certificate of deposit, or other paper having the similitude of a bank-note, knowing the same to have been issued otherwise than by the authority of this or some other state of the United States, of the congress of the United States or of the British Possessions, shall, for each offense, upon conviction thereof, be adjudged guilty of a misdemeanor, and shall be punished by a fine of not less than one hundred dollars, or by not more than twelve months' imprisonment, or both by fine and imprisonment.

G. S. ch. 33, § 32.

SECURITY FOR CIRCULATION.

SEC. 2320. State or United States bonds.— Whenever any person or association of persons formed for the purpose of banking, under the provisions of this chapter, duly assigns or transfers in trust, to the auditor, any portion of the public stocks issued by any state of the United States, on which full interest is semi-annually paid, said stocks to be valued at a rate to be estimated and governed by the average rate at which such stocks have been sold in the city of New York, at the stock exchange, within six months next preceding the time when such stocks are assigned or transferred to the auditor; or any stocks or securities issued by the United States, bearing interest at a rate not less than five per centum per annum, said stocks or securities to be valued at a rate to be estimated and governed by the rate at which such stocks or securities are sold in the city of New York at the time of the assignment or transfer to the auditor, such person or association of persons is entitled to receive from the auditor an amount of such circulating notes of different denominations, registered and countersigned, equal to the amount of public stocks so assigned or transferred.

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[SECS. 2321-2324.]

Value.— Such state stocks shall in all cases be, or be made to be, equal to stocks producing six per cent. per annum, except as herein provided, and the auditor shall not take any such stocks at a value above their par value, nor above ninety-five per cent. of their current market value at the stock exchange in the city of New York, at the time of such assignment or transfer to the auditor.

Depreciation.— And if at any time any of the stocks so assigned or transferred depreciate ten per cent. or more in value at the stock exchange in New York, the auditor shall reduce the rate at which such stocks shall be held as securities, and shall require such banker or banking association owning such stocks to make up such deficiency with additional stocks, to be assigned or transferred as aforesaid; or such banker or banking association may make up such deficiency by returning to the auditor such amount of bank-bills previously issued to him, as are equal to the deficiency of security caused by such depreciation.

Approval.— No stocks shall be received by the auditor until the same are submitted to the governor and approved by him; and if, in the opinion of the governor and auditor, any stocks offered are deemed insecure, they shall not be received as such securities under the provisions of this chapter; nor shall any stocks which have been received as aforesaid be withdrawn or exchanged without the joint consent of the governor and auditor.

G. S. ch. 33, § 4.

SEC. 2321. Indorsement of.— All securities assigned and transferred to the auditor by any banker or banking association, as aforesaid, shall be indorsed at the time of such assignment and transfer, with a certificate which shall state the time of the assignment and transfer, by whom and for what purpose such security is assigned and transferred, and that the same is not to be withdrawn without the consent of the auditor indorsed thereon, and countersigned by the governor.

G. S. ch. 33, § 5.

SEC. 2322. Held for redemption of notes.— The securities to be deposited with the auditor of state in trust by any association or banker, shall be held by him exclusively for the redemption of the bills or notes of such bank, put in circulation as money, until the same are paid and returned to the auditor, as provided in this chapter; but the auditor may assign said securities to said association or banker transferring the same, upon receiving therefor equivalent securities, or an equivalent amount in circulating notes issued by such bank, as provided in the preceding section.

G. S. ch. 33, § 27.

SEC. 2323. When becomes insufficient.— Whenever the securities so assigned and transferred to the auditor by any banker or banking association, for the redemption of their circulating notes, shall, in the opinion of the auditor and governor, become insufficient for that purpose, the auditor may receive the interest and dividends on all securities, and shall deposit the same with some safe banking association; the deposit to be made on such terms and at such rate of interest as the auditor and governor determine, and be withdrawn and paid over whenever, in their opinion, such securities are sufficient to warrant it.

G. S. ch. 33, § 6.

SEC. 2324. Not to be used for protest fees.— No portion of the securities deposited, assigned or transferred to the auditor by any banker or banking association, to be used as security for the circulating notes of such banker or banking association, shall be applied to the payment of fees for protesting any of their circulating notes.

G. S. ch. 33, § 7.

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SECS. 2325-2327.]

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SEC. 2325. Power of attorney to receive interest or dividends.—The auditor may give to any person or association transferring securities in pursuance of the provisions of this chapter, a power of attorney to receive interest or dividends thereon, which person or association may receive and apply to their own use; but such power may be revoked upon such person or association failing to redeem the circulating notes so issued, or when, in the opinion of the auditor or governor, such securities become insufficient to secure their circulating notes as hereinbefore provided; and the auditor, upon application of the owners of such transferred securities in trust, may, with consent of the governor, change or transfer the same for other securities of the kind specified in this chapter, or may transfer the said securities or any part thereof, upon receiving and cancelling an equal amount of the circulating notes delivered to him by such person or association, in such manner that the circulating notes shall always be secured in full, as in this chapter provided.

G. S. ch. 33, § 9.

POWERS AND DUTIES.

SEC. 2326. General powers.—Such person or association has power to carry on the business of banking, by discounting bills, notes and other evidences of debt, by receiving deposits, by buying and selling gold and silver bullion, foreign coin, promissory notes, mortgages and other evidences of debt, and foreign and inland bills of exchange, by loaning money on real and personal securities, and by exercising all the usual and incidental powers and privileges belonging or pertaining to such business; may choose one of their number president, and may appoint a cashier and such other officers as their business may require, and remove such president, cashier, officers and agents, at pleasure, and appoint others in their places;* but no circulating notes shall be issued to any such association or banker by the auditor of state under the provisions of this chapter, until such association or banker shall have deposited with such auditor the securities prescribed in the fourth section of this chapter: *provided*, that nothing in this chapter contained shall be construed to require the deposit of any such securities by any such association or banker, unless such association or banker shall desire and apply to the auditor of state for such circulating notes.

G. S. ch. 33, § 13, as amended 1869, ch. 84; 1869, ch. 85; 1876, ch. 92. Acts 1869, ch. 84, added provision that notes shall not issue until securities are deposited. Acts 1869, ch. 85, struck out the provision that *business shall not be commenced* until securities are deposited, and inserted the matter below*, which is substantially acts 1869, ch. 84. Amendment 1869, ch. 85, and 1876, ch. 92, substantially the same. 23 M. 198.

SEC. 2327. Hold and convey real estate.—Such bank or banking association may purchase, hold and convey real estate for the following purposes:

First. Such as is necessary for its immediate accommodation in the convenient transaction of its business.

Second. Such as is mortgaged to it in good faith by way of security for loans made, or money due to such bank.

Third. Such as is conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

Fourth. Such as it acquires by sale on execution or judgment of any court in its favor.

The said bank shall not purchase, hold or convey real estate in any other case or for any other purpose whatever; and all conveyances of such real estate shall be made to the corporation, and the president and cashier may sell, assign, grant or convey the same, under the direction of the association, free from any claim thereon in favor of or against the shareholders or any person claiming under them.

G. S. ch. 33, § 20.

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[SECS. 2328-2331.]

SEC. 2328. Contracts and notes — Suits.—Contracts made by any bank or banking association established under the provisions of this chapter, and all notes and bills issued and put in circulation as money, shall be signed by the president and cashier thereof; and all actions and proceedings brought or prosecuted by and in behalf of such bank or banking association shall be brought and prosecuted in the corporate name mentioned in the certificate made and filed as hereinbefore required.

G. S. ch. 33, § 19. 4 M. 335.

SEC. 2329. Rate of interest — Payment in advance.—Such bank or banking association may demand and receive for loans on real and personal security, or for notes, bills, or other evidences of debt discounted, such rate of interest as may be agreed upon by the parties, not exceeding twelve per cent. per annum, subject, however, to such general laws regulating and fixing the rate of interest as may hereafter be passed by the legislature; and it shall be lawful to receive the interest in advance, according to the ordinary usage of banking institutions, and in general to do all things and have all the privileges incident to banking associations or corporations.

G. S. ch. 33, § 33.

SEC. 2330. Available funds.—Each association organized under the provisions of this chapter shall at all times have on hand in available funds an amount equal at least to twenty (20) per centum of all its immediate liabilities. One-half of this amount of available funds may consist of balances due to the association from good solvent banks, and one-half of such sum shall be held in reserve as cash on hand. Immediate liabilities shall include all deposits due to individuals, firms or corporations, or to banks, and all items in the nature of claims payable on demand, in cash on hand shall be counted specie, legal tender notes and all bills of solvent banks. Whenever the available funds of any association shall be below twenty (20) per centum of its immediate liabilities, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividends of its profits until the required proportion between its immediate liabilities and its available funds has been restored.

1881, ch. 77, which added this section.

SEC. 2331. Limit of liabilities.—The total liabilities to any association of any person, or of any company, corporation or firm, for money borrowed, including, in the liabilities of a company or firm, the liabilities of the several members thereof, shall at no time exceed fifteen (15) per cent. of aggregate amount of the capital stock of such association actually paid in, and of the permanent surplus fund of such association. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed.*

Dividends.—The directors of any association may declare dividends out of its net earnings, or any portion thereof, but no dividend shall be made by any association while it continues its banking operations to an amount greater than its net profits then on hand, after deducting all losses and bad debts. Whenever a dividend is to be declared, the officers and accountants of the association, under the supervision of the board of directors, shall determine the net profits, and in so doing shall charge against its net profits all losses and bad debts.

Bad debts.—All debts due to any association on which interest is past due and unpaid for a period of twelve (12) months, unless the same are well secured or in process of collection, shall be considered bad debts within the meaning of this section. The directors shall enter in the minutes of their meeting a complete list of all debts on which the interest is past due and unpaid for a

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SECS. 2332, 2333.]

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period of twelve (12) months or more, with a brief statement as to the value of each one and the character and value of security, if any.

1881, ch. 77: "An act to amend sections 10, 11, 18, ch. 33, of G. S., and to add sections 47, 48, 49 to said chapter." Approved March 8, 1881. Acts 1889, ch. 100, § 4, enacted "that section 47 of chapter 33 be amended by adding thereto" the matter below*. Act 1889 does not mention acts 1881, ch. 77, and section 47 of the G. S. refers to organization of savings banks. Acts 1889, ch. 100, being germane to acts 1881, ch. 77, is for that reason added.

SEC. 2332. Capital stock.— Any association organized under the provisions of this chapter, may, by its articles of association, provide for an increase of its capital from time to time, as may be deemed expedient, † subject to the limitations of this chapter. But no increase of capital shall be valid until the whole amount of the increase proposed is paid in cash, and such payment certified under oath by the president or cashier of such association to the state auditor, who shall give his certificate that the provisions of this section have been complied with, and specifying therein the amount of such increase of capital stock, with his approval thereof, and that it has been duly paid in as a part of the capital of such association.

Reduction.— Any association formed under this chapter may, by the vote of the shareholders owning two-thirds ($\frac{2}{3}$) of its capital stock, reduce its capital to any sum not below the amount required by this chapter to authorize the formation of associations; but no such reduction shall be made until the amount of the proposed reduction has been reported to the state auditor and his approval thereof in writing obtained, and no such reduction shall be construed as affecting the liability of shareholders for any debts of the association incurred prior to such reduction.*

Liquidation.— Any such association may go into liquidation and be closed by the vote of the shareholders owning two-thirds ($\frac{2}{3}$) of its stock, and whenever a vote to go into liquidation is taken, the board of directors shall cause such fact to be certified under seal of the association by its president or cashier to the superintendent of banks, and shall cause notice to be published that the association is closing up its affairs and that all claims against it are to be presented for payment. Such publication shall be made for four (4) successive weeks in a newspaper published in the city or town in which the association is located, if there be such a newspaper, and if there be none, then in some newspaper published in the county in which the association is located. Every such association in liquidation shall on the first (1st) day of January and last day of June in each year report the progress of such liquidation to the superintendent of banks in such form as he may require, which reports shall be under oath or affirmation of the president, vice president or cashier of the association, and shall be attended by the signatures of at least two (2) of the directors; and any such association which may be in liquidation may be proceeded against by any creditors of the association in the same manner as if the same were not in liquidation.

Insolvency.— Whenever an association has failed to pay the current demands of its depositors, or is otherwise in a condition of insolvency, it shall not be lawful for such association or any of its directors, officers, clerks or agents to pay out any of its moneys, to receive deposits, to discount or purchase any notes or bills, or in any other way, directly, or indirectly, to prosecute the business of banking; but nothing herein shall forbid an association to receive and safely keep money and other property belonging to it.

G. S. ch. 33, § 18, as amended 1881, ch. 77; 1889, ch. 100. Above † is G. S., except that it also provided for an increase of the members of such associations. Between † and * is acts 1881, ch. 77, and remainder is acts 1889, ch. 100. 38 M. 87.

SEC. 2333. Impairment of capital.— If any portion of the declared capital of any banking association is reduced for any purpose whatever while any debts of the association remain unsatisfied, no dividend or profits in the shares of the capital stock of the association shall thereafter be made until the

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[SECS. 2334-2337.]

deficit of the capital is made good, either by subscription of the shareholders, or out of the subsequent accruing profits of the association.

Close business.— And if it appears that any such dividends have been made, it shall be the duty of any judge of the district court of the county in which said bank is located, on application of any person in interest, to make the necessary orders and decrees for the closing of the affairs of the association, and distribute its property and effects among its creditors and shareholders.

Acts of insolvency.— * All transfers and conversions of the property or credits of any association, and all acts which prevent the application of its assets to the payment of its lawful debts, shall be utterly void when made or done after an act of insolvency committed by such association, or in contemplation of insolvency and with the intent to defeat the pro rata distribution of the assets of the association, or with the intent to give any creditor preference over others. No attachment, injunction or execution shall be issued against an insolvent association or its property before final judgment in any suit, action or proceeding in any state, county or municipal court, and when such process shall have been issued it shall be immediately quashed or dissolved upon proof that the association was insolvent at the time of the issue thereof.

G. S. ch. 33, § 31, as amended 1889, ch. 100. Approved March 24, 1889. Amendment below *.

SEC. 2334. Shares not security for loans.— No association shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall within six (6) months from the time of its purchase, be sold or disposed of at public or private sale.

1881, ch. 77, which added this section.

SEC. 2335. Shares are personal property — Transfer.— The shares in such bank are personal property, and transferable on the books of the bank in such manner as may be agreed upon in the articles organizing such bank, or prescribed in its by-laws; and every person becoming a stockholder therein shall, in proportion to his interest, succeed to all the rights, and be subject to all the liabilities of prior shareholders; no change shall be made in the articles organizing such bank whereby the rights, remedies or securities of existing creditors shall be in any manner impaired; and any association constituting such bank shall not be dissolved by the death or insanity of any one of the shareholders therein.

G. S. ch. 33, § 14. 38 M. 87.

SEC. 2336. List of shareholders — Liability.— The president and cashier of every bank formed pursuant to the provisions of this chapter, shall at all times keep a true and correct list of the names of all the shareholders of such bank, with the amount of stock held by each, the time of transfer, and to whom transferred, and shall file a copy of such list in the office of the register of deeds of the county wherein such bank is located, and also in the office of the auditor of state, on the first Monday in January and July in each year; and the stockholders in each bank shall be individually liable in an amount equal to double the amount of stock owned by them for all the debts of such bank, and such individual liability shall continue for one year after any transfer or sale of stock by any stockholder or stockholders.

G. S. ch. 33, § 21. 25 M. 550.

ANNUAL STATEMENT.

SEC. 2337. Deposits, interest, dividends and debts.— Every bank and banking association formed under the provisions of this chapter, shall annually, on the first Monday of January in each year, cause to be published

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for six successive weeks, in one public newspaper printed in the county in which such bank may be located, if any, and in some newspaper printed at the capital of this state, a true and accurate statement, verified by the oath of the cashier, of all deposits made with said bank, and of all dividends and interest declared and payable upon any of the stocks, bonds or other evidences of indebtedness of said bank, which, at the date of such statement, have remained unclaimed by any person or persons authorized to receive the same, for two years then next preceding.

G. S. ch. 33, § 35.

SEC. 2338. **Same.**—Such statement shall set forth the time that every such deposit was made, its amount, the name and residence, if known, of the person making it, the name of the person in whose favor the dividend or interest may have been declared, its amount, and upon what number of shares, and on what amount of stocks, bonds or other evidence of indebtedness of any such bank or banking association.

G. S. ch. 33, § 36.

SEC. 2339. **False statements, entries, reports.**—Every officer, agent or clerk of any banking association or banker authorized by this chapter, who wilfully and knowingly subscribes or makes any false statement of facts, entries in the books of such person or association, or knowingly subscribes or exhibits false papers with the intent to deceive any person authorized to examine as to the condition of such bank or association, or wilfully and knowingly subscribes and makes false reports, shall be deemed guilty of felony, and shall be subjected to imprisonment at hard labor in the state prison for such term, not less than one year nor more than ten years, as the court trying him shall designate.

G. S. ch. 33, § 39.

REPORTS.

SEC. 2340. **Report to auditor.**—Every association shall make to the auditor of state not less than four (4) reports during each year, according to the form which may be prescribed by him, verified by the oath or affirmation of the president or cashier of such association, and attested by the signature of at least two (2) of the directors. Each such report shall exhibit in detail and under appropriate heads, the resources and liabilities of the association at the close of business on any past day by him specified; and shall be transmitted to the said auditor within seven (7) days after the receipt of a request or requisition therefor from him, and in the same form in which it is made to the auditor shall be published in a newspaper published in the place where such association is established, or if there is no newspaper in the place, then in one published nearest thereto in the same county, at the expense of the association; and such proof of publication shall be furnished as may be requested by the state auditor. The auditor shall also have power to call for special reports from any particular association, whenever in his judgment the same are necessary in order to a full and complete knowledge of its condition.

Penalty for failure.—Every association which fails to make and transmit any report required under this section shall be subject to a penalty of one hundred dollars (§100) for each day after the periods respectively therein mentioned that it delays to make and transmit its report.

G. S. ch. 33, § 34, as amended 1883, ch. 19. Approved March 1st. G. S. provided substantially as above, and in addition specified the items of the report; that he sue for the penalty and report to legislature.

SEC. 2341. **Examination and report by legislative committee.**—The legislature shall annually elect a joint committee whose duty it shall be to examine the treasurer's accounts, and the securities deposited in the auditor of state's office by banking associations and individual banks, together with

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all books and papers therein relating to the business of banking; and the said committee shall report the true state and condition of that department to the legislature.

G. S. ch. 33, § 38.

RELINQUISHING BUSINESS.

SEC. 2342. **Redeem notes.**— When any owner of a bank to which circulating notes shall have been issued under this chapter, desirous of relinquishing the banking business, notifies the state auditor of such intention, it is competent for such bank or bankers to redeem, and deposit with the auditor of state from time to time, their circulating notes, in sums not less than one thousand dollars at any one time, and receive and withdraw therefor an equal amount of the securities by them deposited with the auditor of state; but no such bank shall continue to transact any business whatever, further than what may be required to settle up its affairs, after its securities or circulation shall have been reduced to less than twenty-five thousand dollars, nor in any case after two years from the date of such notice of intention to relinquish and close up their banking business as aforesaid.

Withdrawal of securities.— And whenever any bank or banker to which circulating notes shall have been issued under this chapter desires to withdraw all the securities lodged with the auditor of state, they may, upon notifying the auditor of such desire, deposit from time to time with such auditor their circulating notes, in sums of not less than one thousand dollars at a time, and, upon such deposit, withdraw an equal amount of such securities; and when such bank or banker shall have so deposited as many of such circulating notes as, after reasonable efforts on their part in that behalf, have been presented to them for redemption, they may withdraw the balance of such securities by producing and filing with the auditor a certificate of deposit to his credit, in such bank as he shall approve, of an amount equal to the amount of the circulating notes of such bank then remaining unredeemed; and the auditor, upon being satisfied of such deposit and of the sufficiency thereof, shall give up all the remaining securities of such bank.

When issue.— *Provided*, that such bank or banker shall not thereafter, nor shall any bank or banking association organized and doing business under this chapter at any time, issue and put in circulation as money any bills or notes, unless obtained of the auditor of state in the manner and upon the securities prescribed in this chapter.

G. S. ch. 33, § 24, as amended 1869, ch. 85, § 3. Amendment added the proviso.

SEC. 2343. **Notice of redemption.**— Such banking association or banker, after having complied with the provisions of the preceding section, shall give notice for two years in some newspaper printed in the county where such bank is located, if any, and in a paper printed at the capital of this state, that all circulating notes issued by such banking association or banker, must be presented at the auditor of state's office within two years from the date of such notice, or that the funds deposited for the redemption of the notes will be given up to the banking association or banker; and on receiving satisfactory proof of the giving of such notice for the time aforesaid, the auditor of state shall surrender to the order of such banking association or banker any securities which he may hold for the payment of any unredeemed notes of the said banking association or banker.

G. S. ch. 33, § 25.

SEC. 2344. **Reduction of circulation.**— Any banking association or banker wishing to withdraw any of the securities by them deposited with the auditor of state may do so by depositing an equal amount of the circulating notes which have been issued to said association or banker by the auditor of state, in sums of not less than one thousand dollars; *provided*, that the amount of funds thus withdrawn by deposits of said circulating notes shall not

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reduce the amount of stock securities remaining in the hands of the auditor to less than twenty-five thousand dollars.

G. S. ch. 33, § 26.

SEC. 2345. **Destruction of notes.**—All circulating notes of banks or banking associations returned to the auditor shall be destroyed by him in presence of the governor and an authorized officer of the bank, after he has made a record of the same, which shall specify the number of each note, its date, and shall be made in the books to be kept by himself for registering circulating notes.

G. S. ch. 33, § 28.

SEC. 2346. **Destruction of plates and dies.**—All plates, dies and like materials of and peculiar to any individual bank or banking association which has closed business, either by its own voluntary act or by operation of law, under the direction of the auditor, in presence of the governor and treasurer of the state, shall be destroyed; and such destruction, specifying the articles so destroyed, shall be officially certified to by all the three aforesaid officers.

G. S. ch. 33, § 37.

FORFEITURE OF FRANCHISE.

SEC. 2347. **What constitutes.**—Every bank or banking association organized under the provisions of this chapter, which refuses or neglects to comply with any requirement lawfully made upon it by the auditor of state pursuant to this chapter, for the period of ninety days after demand made, shall be deemed to have forfeited its franchises; and any failure on the part of such bank or banking corporation to comply with, or any violation of, any of the provisions of this chapter, shall work a forfeiture of its franchises; and in either case the attorney general, upon demand of the auditor of state, shall commence an action for the purpose of annulling the existence of said corporation. Whenever any banking corporation is dissolved by the proceedings directed in this section, the state auditor shall proceed to sell the securities and redeem the currency of said bank, in the same manner as provided by section fifteen of this chapter.

G. S. ch. 33, § 44.

DISSOLUTION.

SEC. 2348. **Proceedings for.**—The attorney general shall also upon demand of the superintendent of banks, institute proceedings for the dissolution of such corporation, the appointment of a receiver whenever the superintendent of banks shall report to him, after due examination, that any association organized under this act is insolvent, with a detailed statement of such examination showing such insolvency, and the superintendent of banks may, in his discretion, pending the appointment of such receiver, take possession of the bank and its assets, and receive moneys due the bank, and shall schedule all such assets and keep an accurate record of all moneys paid to him, and may appoint an agent to do so in his stead, taking from such agent such bond and security as he may deem proper; and upon the appointment of a receiver the superintendent of banks shall turn over to such receiver all property and assets of such bank that may have come into his hands while in possession of such bank.

Repair deficiency.—*Provided*, that the officers and directors of any bank that upon examination may be found insolvent, may make good any deficiency that may exist in the assets of the bank. Upon showing that such deficiency has been made good and the payment of any costs that may have been incurred, all proceedings shall be discontinued.

1889, ch. 100, § 3: "An act to amend ch. 33 of G. S., relating to banks and banking."
Approved April 24, 1889.

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[SECS. 2349-2354.]

DUTIES AND FEES OF STATE AUDITOR.

SEC. 2349. **Give bond—No interest in banks.**—The auditor of state shall, before entering upon his duties under this chapter, give to the state of Minnesota a bond in the penal sum of fifty thousand dollars, with not less than five sureties to be approved by the governor and secretary of state, conditioned for the faithful discharge of all the duties of his office provided for and incumbent upon him under this chapter, and deposit the same in the office of the state treasurer; and the auditor of state shall not be directly nor indirectly interested in any bank or banking association or as an individual banker.

G. S. ch. 33, § 40.

SEC. 2350. **Fees.**—Any banker or banking association that shall organize under this chapter, shall pay the auditor, for the services performed by him or under his direction in behalf of such banker or banking association (according to the provisions thereof), one-fourth of one per cent. on the amount of circulating notes countersigned and registered as hereinbefore provided; and the auditor may require the same to be paid at the time of the delivery of such notes.

G. S. ch. 33, § 41.

SEC. 2351. **Same.**—In case the securities deposited with the auditor of state to secure the redemption of the circulating notes of any bank shall be sold in pursuance of the requirements hereof, one-eighth of one per cent. on the amount received for the same shall be allowed the auditor of state for his services in selling the stock and redeeming the notes of such bank; and the amount of such per centage, together with all necessary expenses incurred in advertising and selling such stock, shall be audited by the state treasurer, and on his certificate the auditor of state may deduct the same from the proceeds of such sale.

G. S. ch. 33, § 42.

REORGANIZE AS NATIONAL BANK.

SEC. 2352. **Surrender of securities.**—Whenever any bank or banking association, which has heretofore been incorporated under the provisions of this chapter, has reorganized as a national bank, pursuant to the act of congress of the United States, approved June third, eighteen hundred and sixty-four, entitled, "An act to provide a national currency, secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof," the auditor may surrender to such national bank the securities in his hands deposited by such state bank, upon receiving from such national bank an amount of lawful money of the United States equal to the amount of the outstanding notes of such state bank, to be held and applied by him to the redemption of such outstanding notes.

G. S. ch. 33, § 45.

SEC. 2353. **Redemption of notes.**—Upon receiving such notes or securities, such bank or banking association shall give the same notice as is required by the twenty-fifth section¹ of this chapter; and upon the expiration of the time specified in such notice, he shall surrender to the national bank which deposited them, such notes or security: *provided*, all the circulating notes issued by such state bank, which have been presented, have been redeemed.

G. S. ch. 33, § 46.

SEC. 2354. **Continuation to execute duty or trust.**—Whenever any bank incorporated under the laws of this state shall reorganize as a national bank or national banking association, such state bank shall be regarded as con-

¹Sec. 2343, *ante*.

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tinuing its existence in such new organization, and any officer of such state bank elected at such reorganization to the corresponding office in such national bank or national banking association shall be regarded as holding over as an officer of such state bank for all purposes of carrying out any duty or trust reposed in the person holding such office and in his successors in office in such state bank, as executor of any will or trustee of any trust, and his successors in office in such national bank or national banking association shall be regarded also as his successors in office in such state bank for the purpose of carrying out the execution of such will or the performance of such trust. And it shall be lawful for the executor of any will, or any trustee thereunder, who by such will has been directed or recommended to deposit the moneys belonging to the estate of the testator, or to the trust, in such state bank, to deposit such money in such national bank or national banking association, under the same conditions otherwise as he might have deposited them in said state bank, and he shall have the same immunity from responsibility for the safety of such moneys so deposited that he would have had if he had deposited them in such state bank and had it not reorganized as a national bank or national banking association.

1889, ch. 63: "An act to continue state banks and their officers in existence after reorganization as national banks for the purpose of carrying out the execution of wills or the performance of specific trusts." Approved April 23, 1889.

TITLE 2.

SAVINGS BANKS.

The law in this title supersedes all of acts 1867, ch. 23, and 1875, ch. 84, except perhaps section 4 of the latter act, providing for the capital stock of savings banks, which not being provided for in acts 1879, ch. 109, is inserted in this title as § 0000.

EXISTING SAVINGS BANKS.

SEC. 2355. Governed by this act — Vested rights.— The powers, privileges, duties and instructions, conferred and imposed upon any savings corporation by whatever name known, by its charter or act of incorporation, are hereby abridged, enlarged or modified, as each particular case may require, in such manner that each and every such charter or act of incorporation shall be made to conform to the provisions of this act, and to such amendments as may be made thereto; and each and every such savings corporation shall possess the powers and privileges and be subject to the duties and restrictions and liabilities conferred and imposed by this act, anything in their respective charters or acts of incorporation to the contrary notwithstanding.

Vested rights.— But nothing in this act shall be construed to affect the legality of investments heretofore made, or of transactions heretofore had pursuant to any provisions of law in force when such investments were made, or transactions had, nor to require the change of investments for those named in this act, except as the same can be done gradually by the sale or redemption of the securities so invested in, in such manner as to prevent loss or embarrassment in the business of such corporation, or unnecessary loss or injury to the borrowers on such securities.

Future investments.— And the investment hereafter in any such securities not named in this act, or the amendments that may be made thereto,

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shall be deemed a misdemeanor on part of the trustees authorizing or officers making the same, and such trustees or officers shall be subject to the prosecutions and punishments prescribed by law for that offense.

1879, ch. 109, § 49. Compare this section with § 2408, *post*.

INCORPORATION.

SEC. 2356. Corporate powers.—All savings banks or institutions for savings now existing or which may hereafter be organized under and by virtue of any law of this state, are hereby declared to be corporations possessed of the powers and functions of corporations generally, and as such shall have power:

1. To have perpetual succession by its corporate name.
2. To sue and be sued, complain and defend, in any court of law or equity.
3. To make and use a common seal, which may be affixed by making an impression directly on the paper, and alter the same at pleasure.
4. To appoint such officers, managers and agents as the business of the corporation may require.
5. To make by-laws not inconsistent with the laws of this state, or of the United States, for the management of its property and regulation of its affairs.
6. To contract and be contracted with.
7. To receive money on deposit, to invest the same, and further transact the business of a savings bank, as hereinafter provided.
8. To exercise any corporate powers necessary to the exercise of the powers above enumerated and given.

1879, ch. 109: "An act to conform all savings banks or institutions for savings to uniformity of powers, rights and liabilities, and to provide for the organization of savings banks, for their supervision, and for the more efficient protection of depositors in such institutions." Approved March 11, 1879.

SEC. 2357. Number of persons necessary.—Any number of persons, not less than seven (7) may associate themselves together for the purpose of organizing a savings bank in accordance with the provisions of this act, but the majority of such number of persons shall reside in the county where the proposed bank shall be located.

1879, ch. 109, § 2. Substantially and supersedes § 1, ch. 84, acts 1875, and § 1, ch. 23, acts 1867.

CERTIFICATE OF ASSOCIATION.

SEC. 2358. Contents.—Such persons, under their hands and seals, shall execute a certificate in which shall be set forth:

1. The name assumed to distinguish such association, and to be used in its dealings, which shall be in no material respect similar to the name of any other savings bank, organized and doing business in this state.
2. The place where its business is to be transacted, designating the particular city, town or village, and, if in any city, the ward in such city.
3. The name, residence — if in any city, the street and number — occupation and postoffice address of each member of such association.
4. A declaration that each member of such association will accept the responsibilities, and faithfully discharge the duties of a trustee in such institution, when authorized according to the provisions of this act.

Trustees' bond.—Every trustee before entering upon his duties, shall execute a bond to the state of Minnesota, in the penal sum of five thousand dollars (\$5,000), with two or more sureties, to be approved by one of the judges of the district court of the district in which such savings bank may be situated, conditioned for the faithful discharge of his duties as trustee as aforesaid. Said bond shall be recorded in the office of the register of deeds of the county in which said savings bank is situated, and then deposited in the office of the secretary of state, and in case of a breach of the conditions of such

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bond, any person aggrieved by such breach may upon leave granted by the said judge of said district court bring suit in his own name, and the judgment of plaintiff in such action shall be for the amount of damages he may show himself entitled to by reason of such breach, not exceeding the amount of said bond, and successive actions may be brought by persons aggrieved as aforesaid until the penalty of said bonds is exhausted.

1879, ch. 109, § 3. Contains part of provisions of §§ 3, 10, ch. 84, acts 1875. Supersedes §§ 2, 3, ch. 23, acts 1867.

SEC. 2359. Acknowledgment — Filing.— Such certificate shall be executed in duplicate and be acknowledged before an officer of this state authorized to take the acknowledgment of conveyances of real estate for record, and shall, within sixty days of such acknowledgment, be filed, one copy in the office of the register of deeds of the county wherein such savings bank is proposed to be located, and one copy in the office of the auditor of state.

1879, ch. 109, § 4. Supersedes § 2, ch. 84, acts 1875, and § 2, ch. 23, acts 1867.

SEC. 2360. Notice of intention to organize.— A notice of intention to organize such savings banks, shall be published at least once a week for four (4) weeks previous to filing the certificate of association, as provided in the last preceding section, in at least one (1) newspaper of the largest circulation published in the city, town or village where such savings bank is proposed to be located, or, if there be no newspaper published in such village or town, then in some newspaper published in such county; if none in said county then in an adjoining county, which notice shall specify the names of the proposed corporators, the name of the proposed savings bank and the location of the same, as set forth in the certificate of association; and if there is any savings bank or banks organized and doing business in such county, a copy of such notice shall also be sent to each such savings bank so organized and doing business, at least fifteen (15) days before the filing of such certificate of association, as provided for in the last preceding section.

1879, ch. 109, § 5. Contains provision in and supersedes § 3, ch. 84, acts 1875, and § 3, ch. 23, acts 1867.

SEC. 2361. Auditor to examine for filing.— Upon the receipt of any such certificate of association, at the office of the auditor of state, if the same is in due form and duly executed according to the provisions of sections three (3) and four (4) of this act,¹ and is accompanied by evidence satisfactory to the auditor of state of the proper publication and service, in good faith, of the notice required in the last preceding section, he shall forthwith endorse the same over his official signature "filed for examination," with the date of such endorsement.

1879, ch. 109, § 6.

SEC. 2362. Examination for purpose of authorization.— If such certificate shall not be in form and substance as required by section three (3) of this act, or shall not be duly and properly acknowledged, as required by section four (4) of this act, or shall not be accompanied by evidence satisfactory to the auditor of state, of the publication and service in good faith according to the intent and purpose of this act, of the notice required by section five (5) of this act, the auditor of state shall refuse to file such certificate until the same shall be amended, in conformity to the provisions of this act.² And it shall be the duty of the auditor of state, upon filing said certificate, to forthwith notify the attorney general and public examiner of the state, of the filing of such certificate, and of a meeting to be held in said auditor's office, at some time within twenty days thereafter, and it shall be the duty of said auditor, attorney general and public examiner to meet at the time and place in said notice set forth, to consider said certificate.

1879, ch. 109, § 7.

¹ Secs. 2358, 2359, *ante*.

² Refers to §§ 2358, 2359, 2360, *ante*.

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SEC. 2363. Same.— And it shall be the duty of said officers, and they, or a majority of them, shall have power, in regard to any certificate of association so filed, to ascertain from the best sources of information at their command:

1. Whether greater convenience of access to a savings bank will be afforded to any considerable number of depositors by opening a savings bank at the place designated in such certificate.

2. Whether the density of population, in the neighborhood designated for such savings bank, and in the surrounding country, affords a reasonable promise of adequate support to the enterprise.

3. Whether the responsibility, character and general fitness for the discharge of the duties appertaining to such a trust, of the persons named in such certificate, are such as to command the confidence of the community in which such savings bank is proposed to be located.

1879, ch. 109, § 8.

CERTIFICATE OF AUTHORIZATION.

SEC. 2364. When to be granted.— If the said officers, or a majority of them, shall be satisfied, from their knowledge, or from information gained, concerning the several points named in the last preceding section that the organization of a savings bank, as proposed in such certificate, will be a public benefit, they shall within sixty days after the same has been filed by them for examination, issue under their hands and official seals, a certificate of authorization to the persons named in such certificate, or to them or to a portion of them, together with such other persons, as a majority of those named in such certificate of association, shall in writing approve; which such certificate so issued shall authorize the persons named thereon to open an office for the deposit of savings as designated in the certificate of association, subject to the provisions of this act: *provided, however*, that no person shall be named in such certificate of authorization who shall not have duly made and acknowledged the declaration prescribed in subdivision four (4) of section three (3) of this act.¹

1879, ch. 109, § 9. Supersedes § 4, ch. 23, acts 1867.

SEC. 2365. Where filed.— The public examiner shall transmit such certificate of authorization to the register of deeds of the county in which the savings bank so authorized is to be located, who shall file the same and attach it to the certificate of association previously filed, relating to the organization of such savings bank, and the public examiner shall also file a duplicate copy of such certificate in his own office.

1879, ch. 109, § 10.

SEC. 2366. Effect of.— Upon the filing of any certificate of authorization of a savings bank as hereinbefore provided, the persons named therein and their successors shall thereupon and thereby be duly and lawfully constituted a body corporate and politic, and shall be vested with all the powers and charged with all the liabilities conferred and imposed by this act.

1879, ch. 109, § 12. Supersedes § 5, ch. 84, acts 1875, and § 4, ch. 23, acts 1867.

SEC. 2367. Refusal to grant — Notice.— If the said officers shall not be satisfied that the establishment of a savings bank as proposed in any certificate of association filed, is expedient and desirable, the public examiner shall, within sixty days after the filing of such certificate by him, give notice to the register of deeds of the county in which such savings bank is proposed to be located, that they refuse to issue a certificate of authorization for such savings bank, which notice shall forthwith be filed by the register of deeds with the certificate of association of such savings bank.

1879, ch. 109, § 11.

¹Sec. 2358, ante.

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SECS. 2368-2372.]

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FAILURE TO ORGANIZE.

SEC. 2368. **Effect of.**— Any savings bank so incorporated that shall not organize and commence business within one year after the certificate of authorization of the same has been filed, as hereinbefore provided, shall forfeit its rights and privileges as a corporation under this act; but the public examiner may, for satisfactory cause to him shown, extend the term within which such organization may be effected and such business commenced, but not for a longer period than one year; and the order, so extending such term, shall be under his hand and seal, and shall be transmitted to the register of deeds of the county in which such savings bank is to be located, who shall file the same, together with the certificate of association and the certificate of authorization of such savings bank.

1879, ch. 109, § 14.

CAPITAL STOCK.

SEC. 2369. **Amount — Investment — Dividend.**— Every association shall provide for the payment of not less than fifty thousand dollars for a capital stock, twenty-five per cent. of which shall be paid in before the association shall commence business. The stock thus provided shall be held by the association as a guarantee to its depositors to make good any loss or depreciation in the funds of the association, and shall never be withdrawn or diminished except to make good such loss or depreciation, and any portion of the capital so used shall be again paid in within ninety days. The stock shall be invested in the same manner hereinafter provided for the investment of the funds of the association. Each stockholder shall receive a certificate for the proportion of the capital owned by him, which shall be transferable only on the books of the association, and shall entitle the holder to participate in the profits of the association, after the depositors shall have been paid such rate of interest as may be provided in the by-laws of the association, not less than six per cent. per annum, to such an extent and in such manner as may be prescribed in the by-laws; and, at the dissolution of the association, to receive the proportional amount thereof which shall remain after the payment of the depositors.

1875, ch. 84, § 4: "An act to amend ch. 23 of laws 1867, relating to the incorporation of savings associations." Approved March 9th. This section does not appear to be superseded by acts 1879, ch. 109, and is therefore inserted. All the other sections of acts 1875, ch. 84, appear to be superseded by acts 1879, ch. 109.

BOARD OF TRUSTEES.

SEC. 2370. **Number — Officers — Vacancies.**— The business of every such corporation shall be managed and directed by a board of trustees, of not less than seven, who shall elect from their number a president, a vice president, a treasurer and such other officers as they may see fit; and all vacancies in such board by death, resignation or otherwise, shall be filled by the board of trustees as soon as practicable, at a regular meeting after such vacancy shall occur.

1879, ch. 109, § 16. Contains part of § 6 and first sentence of § 7, ch. 84, acts 1875. Supersedes §§ 5, 6, ch. 23, acts 1867.

SEC. 2371. **First trustees — Powers.**— The persons named in the certificate of authorization issued pursuant to the provisions of this act, shall be the first trustees of such corporation, and shall have the entire management and control of all the affairs of the corporation, subject to the provisions of this act.

1879, ch. 109, § 15. This and succeeding two sections contain § 6, ch. 84, acts 1875, and § 5, ch. 23, acts 1867.

SEC. 2372. **Trustees' obligations.**— No trustee of any such corporation shall have any interest whatever, direct or indirect, in the gains or profits thereof, nor as such, directly or indirectly, receive any pay or emolument for his services, except as hereinafter provided; and no trustee or officer of any

such corporation shall, directly or indirectly, for himself, or as the agent or partner of others, borrow any of its funds or deposits, or in any manner use the same, except to make such current and necessary payments, as are authorized by the board of trustees; nor shall any trustee or officer of such corporation hereafter become an endorser or surety, or become in any manner an obligor for moneys loaned by or borrowed of such corporation.

1879, ch. 109, § 21. Supersedes § 8, ch. 84, acts 1875; and § 7, ch. 23, acts 1867.

SEC. 2373. Increase or reduction of trustees.— It shall be lawful for the board of trustees of any savings corporation, by a resolution to be incorporated in their by-laws, a copy of which shall also be filed with the public examiner, to reduce the number of trustees named in the original charter of such corporation, to a number not less than the minimum named in this act, such reduction to be effected gradually by the occurrence of vacancies by death, resignation or forfeiture, until the number is reduced to seven, or to such greater number as shall be designated in the aforesaid resolution; or the number of trustees may be increased to any number designated in a resolution for that purpose where reasons therefor are shown to the satisfaction of the public examiner, and his consent in writing is obtained thereto.

1879, ch. 109, § 47. This section containing provisions for increasing the number of trustees, supersedes § 11, ch. 84, acts 1875, and § 10, ch. 23, acts 1867.

SEC. 2374. Powers of board — Rules.— The board of trustees of any such corporation shall have power from time to time to make such by-laws, rules and regulations as they may think proper for the election of officers, for prescribing their respective powers and duties, and the manner of discharging the same; for the appointment and duties of committees, and generally for transacting managing and directing the affairs of the corporation. *Provided*, such by-laws, rules and regulations are not repugnant to nor inconsistent with the provisions of this act, to the constitution and laws of this state or of the United States,* and a copy of the same shall be transmitted to the public examiner, who shall also be notified of any amendment or change therein.

1879, ch. 109, § 17. This section contains substance and supersedes the first and last sentences of § 11, ch. 23, acts 1867, as amended 1889, ch. 233. Supersedes § 12, ch. 84, acts 1875, and substantially the same except below*.

SEC. 2375. Meetings of board.— Regular meetings of the board of trustees shall be held as often as once in each month, for the purpose of receiving the reports of its officers and committees, and for the transaction of other business. A quorum at any regular, special or adjourned meeting, shall consist of not less than five (5) trustees, of whom the president shall be one, except where he is prevented from attending any meeting by unavoidable detention, when he may be represented in forming a quorum by the vice president; but less than a quorum shall have power to adjourn from time to time, or until the next regular meeting.

1879, ch. 109, § 18. Contains part of §§ 6, 7, ch. 84, acts 1875, which also provides that "the affirmative vote of at least a majority of the members of the board (not a majority of a quorum), shall be required in making any order for or authorizing any investment of any money, or the sale or transfer of any stock or securities, or other property real or personal, belonging to the corporation, or the appointment of any officer receiving any salary therefrom." Acts 1879, ch. 109, does not repeal acts 1875, ch. 84, but only repeals all inconsistent acts. Supersedes same provisions in §§ 5, 6, ch. 23, acts 1867.

SEC. 2376. Vacancy — What acts constitute.— Whenever a trustee of any savings bank shall hereafter become a trustee, officer, clerk or employee in any other savings bank, or upon his borrowing, directly or indirectly, any of the funds of the savings bank of which he is a trustee, or becoming a surety or guarantor for any money borrowed of, or of a loan made by, such savings bank, or upon his failure to attend the regular meetings of the board, or to perform any of the duties devolved upon him as such trustee for six (6) successive months, without having been previously excused by the board for such failure, the office of such trustee shall thereupon immediately become vacant;

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but the trustee vacating his office by failure to attend meetings, or to discharge his duties may, in the discretion of the board, be eligible to a re-election.

1879, ch. 109, § 19. Supersedes last sentence § 7, ch. 84, acts 1875, and § 6, ch. 23, acts 1867.

SEC. 2377. Compensation of officers.— It shall be lawful for trustees of such corporation, acting as officers of the same, whose duties require and receive their regular and faithful attendance at the institution, to receive such compensation as in the opinion of a majority of the board of trustees shall be just and reasonable; but such majority shall be exclusive of any trustee to whom such compensation shall be voted.

1879, ch. 109, § 34.

SEC. 2378. Salaries and bond.— The trustees of any such corporation shall have the power to require from the officers, clerks and agents of the corporation such security for their fidelity and the faithful performance of their duty, as they shall deem necessary, and to fix the salaries of such officers and agents, subject to the provisions of this act.

1879, ch. 109, § 20.

DEPOSITS.

SEC. 2379. File address before receiving.— Before any savings bank so incorporated shall be authorized to receive deposits, such corporation shall transmit to the public examiner the name, residence and postoffice address of each of the officers of such savings bank, and the place where its business is to be carried on, designating the same by street and number when practicable.

1879, ch. 109, § 13.

SEC. 2380. Receive deposits.— It shall be lawful for any savings bank to receive on deposit any sum or sums of money that may be offered for that purpose, by any person or persons, or by any corporations or societies, and to invest the same, and declare credit, and pay dividends thereon, as hereinafter authorized and provided, and not otherwise.

1879, ch. 109, § 22. In § 8, ch. 84, acts 1875, and § 7, ch. 23, acts 1867.

SEC. 2381. Deposits by minors and married women.— Whenever any deposit shall be made by, or in the name of any person being a minor, or a female being or thereafter becoming a married woman, the same shall be held for the exclusive right and benefit of such depositor, and free from the control or lien of all persons whatsoever, except creditors, and shall be paid, together with the dividends or interest thereon, to the person in whose name the deposit shall have been made, and the receipt or acquittance of such minor or female shall be a valid and sufficient release and discharge for such deposit, or any part thereof, to the corporation. And whenever any deposit shall be made by any person in trust for another, and no other or further notice of the existence and terms of a legal and valid trust shall have been given in writing to the bank, in the event of the death of the trustee, the same, or any part thereof, together with the dividends or interest thereon, may be paid to the person for whom the said deposit was made.

1879, ch. 109, § 24. Supersedes and contains substance of § 16, ch. 84, acts 1875, and § 14, ch. 23, acts 1867.

SEC. 2382. Certificate of deposit.— All certificates or other evidences of deposit made in pursuance of the regulations and usages of any such corporation shall be as binding upon such corporation as though made under its common seal.

1879, ch. 109, § 50. In § 8, ch. 84, acts 1875, and § 7, ch. 23, acts 1867.

SEC. 2383. Repaid to depositors — Rules for.— The sums so deposited, together with any dividends or interest credited thereto, shall be repaid to such depositors respectively, or to their legal representatives, after demand, in

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such manner and at such times, and after such previous notice, and under such regulations as the board of trustees shall prescribe, which regulations shall be put in some conspicuous place in the room where the business of such corporation shall be transacted, and shall be printed in the pass-books, or other evidence of deposit furnished by the corporation, and shall be evidence between the corporation and the depositors holding the same, of the terms upon which the deposits therein acknowledged are made.

Limitations.— *Provided*, that every such corporation shall have the right to limit the aggregate amount which any one person or society may deposit to such sum as they may deem expedient to receive, and may in their discretion refuse to receive a deposit, and may also at any time return all or any part of any deposit; but no by-law or regulation shall be adopted by said trustees, so as to affect a deposit previously made.

1879, ch. 109, § 23.

SEC. 2384. Interest on deposits.— Savings banks and savings associations shall not be required, in any case, to pay their depositors a greater rate of interest than four (4) per cent. per annum in accordance with their regulations.

1881, ch. 119: "An act relating to savings banks." Approved February 18, 1881.

SEC. 2385. Interest and dividends.— It shall be the duty of the trustees of every such corporation to regulate the rate of interest or dividends upon the deposits therewith in such manner that depositors shall receive, as nearly as may be, all the profits of such corporation after deducting necessary expenses and reserving such amount as the trustees may deem expedient as a surplus fund for the security of depositors, which, to the amount of fifteen per cent. of their deposits, the trustees of any such corporation are hereby authorized gradually to accumulate and hold, to meet any contingency or loss in its business from the depreciation of its securities or otherwise. *Provided, however*, that the trustees of any such corporation may classify their depositors according to the character, amount and duration of their dealings with the corporation and regulate the interest or dividends allowed in such manner that each depositor shall receive the same ratable proportion of interest or dividends as all others of his class. It shall be unlawful for the trustees of any savings bank to declare or allow interest on any deposit for a longer period than the same has been deposited, except that deposits made not later than the third day of any month, or withdrawn on one of the last three days of the month, may have interest declared upon them for the whole period or month when so deposited or withdrawn. No dividends or interest shall be declared, credited or paid, except by the authority of a vote of the board of trustees, duly entered upon their minutes, whereon shall be recorded the ayes and nays upon each vote, and whenever any dividends or interests shall be declared and credited in excess of the interest or deposits earned and appearing to the credit of the corporation, the trustees voting for such dividend shall be jointly and severally liable to the corporation for the amount of such excess so declared and credited.

And it shall be the duty of the trustees of any such corporation, whose surplus amounts to fifteen per cent. of its deposits, at least once in three years, to divide equitably the accumulation beyond such authorized surplus, as an extra dividend to depositors, in excess of the regular dividends hereinbefore authorized.

1879, ch. 109, § 32, as amended 1889, ch. 119, by striking out "ten" and inserting "fifteen" per cent. Supersedes § 15, ch. 84, acts 1875.

SEC. 2386. Invest deposits.— It shall be lawful for the trustees of any savings bank to invest the moneys deposited therein, only as follows, to wit:

1. In the stocks, or bonds, or interest bearing notes, or obligations of the United States, or those for which the faith of the United States is pledged for the payment of the interest and principal.

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2. In the stocks or bonds of any state in the Union and of the territory of Dakota, provided that such state or territory has not within ten (10) years prior to making such investment by such corporation defaulted in the payment of any part of the principal or interest of any debt authorized by any legislature of such state or territory to be contracted, and of the state of Minnesota issued since one thousand eight hundred and sixty (1860).

3. In the stocks or banks of any city, county, town, village or school district in the states of Minnesota, Wisconsin or Iowa, or in the territory now known as the territory of Dakota, or in any warrants or interest-bearing obligations, issued by the state, city, (or any city board), county, town, village or school district within which such banks shall be situate; * or in the stocks or bonds of any city, county, town, village or school district of the United States, which city, county, town, village or school district had at least ten thousand (10,000) inhabitants, as determined by the state or United States census taken next preceding the issue of the bonds or stocks tendered; provided that the bonded indebtedness of any such city, county, town, village or school district so tendering bonds or stocks shall not exceed ten (10) per centum upon the assessed valuation of such city, county, town, village or school district at the time of the issue of the stocks or bonds tendered.

4. In notes secured by mortgage or unincumbered real estate situate in the states of Minnesota, Wisconsin and Iowa, and in the territory of Dakota, and worth at least twice the amount loaned thereon, but not to exceed seventy (70) per cent. of the whole amount of the moneys of the bank shall be so loaned or invested; but in case the loan is on unimproved or unproductive real estate, the amount loaned thereon, shall not be more than thirty (30) per cent. of its actual value; and no investment in any bond and mortgage shall be made by any savings bank except upon the report of a committee charged with the duty of investigating the same, and who shall certify to the value of the premises mortgaged or to be mortgaged, according to their best judgment, and such report shall be filed and preserved among the records of the institution.

5. If the money held by any such corporation cannot be conveniently invested in any or all of the modes hereinbefore prescribed, it may loan not exceeding one-fourth part of the amount thereof on personal securities, with at least two sureties. *Provided*, that such loans shall not be for a longer time than one year; *provided further*, that no loan upon personal security shall be made by any one person, co-partnership, association, or corporation, to an amount exceeding one half ($\frac{1}{2}$) of one (1) per cent. of the total deposit of any such savings bank; provided, that nothing contained in this section shall apply to savings banks whose total deposits be less than one million dollars (\$1,000,000).

1879, ch. 109, § 26, as amended 1883, ch. 46; 1889, ch. 64; 1889, ch. 119. Acts 1883, ch. 46, amended subsections 2, 3 and 4 by adding Dakota. Acts 1889, ch. 64, amended subsection 3 by adding below *. Acts 1889, ch. 119, amended subdivision 5 by striking out \$5,000 and adding below *. This section contains § 9, ch. 84, acts 1875, and § 8, ch. 23, acts 1867.

POWERS AND DUTIES.

SEC. 2387. **Purchase, hold or convey real estate.**— It shall be lawful for any such corporation to purchase, hold or convey real estate only as follows:

First — A plot whereon is erected or may be erected, a building or buildings requisite for the convenient transaction of its business, and from portions of which not required for its own use, a revenue may be derived. The cost of such building or buildings and lot in no case to exceed fifty per cent. of the net surplus of such corporation.

Second — Such as shall have been purchased by it at sales upon the foreclosure of mortgages owned by such corporation or upon judgment or decrees obtained or rendered for debts due to it, or in settlements effected to secure such debts, and all such real estate mentioned in the last preceding clause,

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shall be sold by such corporation within ten (10) years after the same shall be vested in it, unless upon application by the board of trustees the public examiner shall extend the time within which such sale shall be made.

Change location.— And it shall be lawful for any such corporation, with the approval in writing, and under the seal of the public examiner, to change its location, within the limits of any city or town wherein it may be established; and in effecting such change of location, such corporation owning a banking house and lot, may purchase such additional plot under the provisions of subdivision one (1) of this section as the corporation may require; and such banking house and lot previously owned and occupied shall be sold, as provided in subdivision two (2) of this section, concerning real estate acquired in satisfaction of debts.

1879, ch. 109, § 27, as amended 1889, ch. 119, by striking out "five years" and inserting "ten years." The provision for change of location supersedes that provision in § 11, ch. 23, acts 1867, as amended 1889, ch. 233. This section contains the substance of and supersedes § 13, ch. 84, acts 1875, and § 12, ch. 23, acts 1867.

SEC. 2388. Misnomer.— The misnomer of any such corporation in any deed, grant, contract, conveyance or other instrument, shall not vitiate or impair the same, if the corporation be sufficiently described therein to ascertain the intention of parties.

1879, ch. 109, § 51.

SEC. 2389. Insurance.— Whenever buildings are included in the valuation of any real estate, upon which a loan shall be made by any such corporation, they shall be insured by the mortgagor in such company or companies as the trustees shall direct, and the policy of insurance shall be duly assigned, or the loss made payable, as its interests may appear to such corporation; and it shall be lawful for such corporation to renew such policy of insurance in the same or in any other company or companies, as they may elect, from year to year, or for a longer or shorter term, in case the mortgagor shall neglect to do so, and may charge the amount paid to the mortgagor. And all the necessary charges and expenses paid by such corporation, for such renewal or renewals, shall be paid by such mortgagor to such corporation, and shall be a lien upon the property so mortgaged, recoverable with interest, from the time of payment as part of the moneys secured to be paid by such mortgage.

1879, ch. 109, § 30.

SEC. 2390. Available fund.— It shall be the duty of the trustees of any such corporation, as soon as practicable, to invest the moneys deposited with them in the securities named in the twenty-sixth (26th)¹ section of this act, except that for the purpose of meeting current expenses and payments in excess of the receipts, there may be kept an available fund of not exceeding fifteen (15) per cent. of the whole amount of deposits with such corporation, and the same may be kept on hand, or on deposit in any bank or banking association in the state of Minnesota, organized under any law or laws of the state or of the United States, or with any trust company incorporated by any law of this state; or in any trust company or bank in the city of New York, duly organized under the laws of the state of New York or of the United States; but the sum so deposited in any one bank or trust company shall not exceed ten (10) per cent. of the paid up capital and surplus of such bank or trust company; or such available fund, or any part thereof, may be loaned upon pledge of the securities, or any of them, named in subdivisions one (1), two (2), three (3), four (4), and five (5), of section twenty-six (26),¹ but not in excess of ninety (90) per cent. of the cash market value of such securities so pledged, nor in excess of the par value thereof; and should any of the securities so held in pledge depreciate in value, after making any loan thereon, it shall be the duty of the trustees to require the immediate payment of such

¹ Sec. 2386, *ante*.

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loan, or of a part thereof, or additional security therefor, so that the amount loaned shall at no time exceed ninety (90) per cent. of the market value of the securities pledged for the same.*

Preferred creditor.—Whenever any bank, banking association or trust company, indebted to any savings bank organized or doing business under this act, becomes insolvent, the debt of such savings bank against such bank, banking association or trust company shall be paid before that of any other creditors, except only the United States and the state of Minnesota.

1879, ch. 109, § 28, as amended 1885, ch. 22; 1889, ch. 119. Acts 1885 amended this section of acts 1879 by adding matter below *. Acts 1889, ch. 119, amended this section of acts 1879, without mentioning acts 1885, by increasing the available fund from ten to fifteen per cent. and adding city of New York.

SEC. 2391. Excess of current daily receipts.—It shall further be lawful for any such corporation to deposit temporarily in banks or trust companies, as provided in the last preceding section of this act, the excess of current daily receipts over the payments until such time as the same can be judiciously invested in the securities named in section twenty-six (26)¹ of this act, and whenever it shall appear to the public examiner that the trustees of any such corporation are violating the spirit and intent of the foregoing provision, by keeping permanently uninvested all, or an undue proportion of the moneys received by them, it shall be his duty to report the facts to the attorney general, who shall proceed against such corporation under the provisions of section forty-three (43)² of this act.

1879, ch. 109, § 29.

SEC. 2392. Per cent. of surplus.—In determining the per cent. of surplus held by any savings bank, its interest-paying stocks, notes and bonds, shall be estimated at their market value; its notes and bonds on which there are no arrears of interest for a longer period than six months shall be estimated at their face, and its real estate at not above cost. Concerning such stocks as bonds or notes, or notes and mortgages, as are in arrears of interest for six months or more, and concerning all other investments not herein enumerated, the public examiner shall determine the valuation of the same, from time to time, from the best information he can obtain, and he may change the valuation thereof, from time to time, according as he may obtain other and further information.

1879, ch. 109, § 33.

SEC. 2393. Change of name.—Whenever a majority of all the trustees of any such corporation shall, by a resolution to be entered upon their minutes, express a desire and purpose to change the name of such corporation the same may be effected in the following manner, to wit: Notice of intention to apply to the public examiner for leave to change the name of such corporation, specifying the name thereof, and the name to which it is proposed to change the same, shall be published as required in section five of this act. After such publication, application may be made to the public examiner to change the name of such corporation to such name as has been agreed upon in such resolution and publication, evidence of which must be made satisfactory to the public examiner, together with such application. If it shall appear to the public examiner that it is expedient and proper that such change of name be made, he shall by an order, under his hand and seal of office, direct and authorize such change of corporate name to be made, and designate some day in the future, not to exceed thirty days from the date of such order, when the said change shall take effect. Such order shall be executed in triplicate, one filed in the office of the register of deeds in the county in which such corporation is located; one copy shall be transmitted to the corporation affected thereby, and one copy shall be filed in the office of the public examiner. Thereupon,

¹ Sec. 2386, *ante*.

² Sec. 2397, *post*.

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from the date designated in such order for such change of name to take effect, such corporation shall be known and described by the name designated in such order, and by such name shall have all the rights and powers to which it would be entitled if such change had not been made; but no such change shall in any manner lessen or impair any liability of such corporation incurred or existing at the time such change of name shall be made.

1879, ch. 109, § 48. Contains middle paragraph, § 11, ch. 23, acts 1867, as amended 1880, ch. 233, except that in latter it empowered a "change in its principal place of doing and transacting business" in the same manner which is provided for in § 42, ch. 109, acts 1879 (*post*, § 2399).

SEC. 2394. Application of assets when insolvent.—All the assets of any savings bank or association now or hereafter organized, that shall become insolvent, shall be applied [by] to the directors, assignee, or receiver thereof, in the first place to the payment in full of any sum or sums of money deposited therewith by any savings corporation, but not to an amount exceeding that authorized to be so deposited by the provisions of section 28¹ of this act; and the foregoing provisions of this section shall also extend and apply to trust companies receiving deposits of savings corporations as authorized by this act, subject, however, to any preference in payment declared and provided in the charters of such trust companies respectively.

1879, ch. 109, § 45.

SEC. 2395. Actions against.—In all actions in any court of this state, against any savings bank by a husband to recover for moneys deposited by his wife in her own name, or as her own money, the wife may be examined and testify as a witness in like manner as if she were an unmarried woman. And in all actions against any savings bank to recover for moneys on deposit therewith, if there be any person or persons, whether husband or wife or otherwise, claiming the same fund, who are not parties to the action, the court in which such action is pending, may, on the petition of said savings bank, and upon eight days' notice to the plaintiffs and such claimants, make an order amending the proceedings in said action, by making such claimants parties defendant thereto; and the said court shall thereupon proceed to hear and determine the rights and interests of the several parties to the said action in and to said funds. The said funds or deposits which are the subject of the said action, may remain with such savings bank upon the same interest as other deposits of like amount, to the credit of the action until final judgment therein, and the same shall be paid by such savings bank in accordance with the order of the court; or the deposit in controversy may be put into court to await the final determination of the action, and when so paid into court, the corporation shall be stricken out as the party to such action; and the statutes limiting the time within which actions shall be commenced, shall have no application to actions brought by depositors, their representatives or assigns, against savings banks for deposits made therein.

1879, ch. 109, § 25.

SEC. 2396. Certain business forbidden.—It shall be unlawful for any savings bank, directly or indirectly, to deal or trade in real estate in any other case or for any other purpose than as authorized in section twenty-seven of this act, or to deal or trade in dry goods, wares, merchandise or commodities whatever, except as authorized by the terms of this act, and except such personal property as may be necessary in the transaction of its business; and it shall be unlawful for any savings bank, or for any officer in his regular attendance upon the business of such bank, to in any manner engage in the business in such bank, or buying or selling exchange, or in the business of collecting or protesting promissory notes or time-bills of exchange.

1879, ch. 109, § 31.

SEC. 2397. Unsafe or unauthorized practices.—Whenever it shall appear to the said public examiner from any examination made by him, or

¹ Sec. 2390, *ante*.

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from the report of any examination made [to] by him, or from the report made by any such corporation, pursuant to the requirement of sections thirty-five (35), thirty-six (36) and thirty-seven (37)¹ of this act, that any such corporation has committed any violation of its charter or of law, or is conducting its business and affairs in an unsafe and unauthorized manner, he shall, by an order under his hand and seal, direct the discontinuance of such illegal and unsafe or unauthorized practices, and strict conformity with the requirements of the law, and with safety and security in its transactions, and whenever any such corporation shall refuse or neglect to make any such report as is hereinbefore required, or to comply with any such order as aforesaid, or, whenever it shall appear to the public examiner, that it is unsafe or inexpedient for any such corporation to continue to transact business, he shall communicate the facts to the attorney general, who shall thereupon institute such proceedings as the nature of the case may require. The proceedings instituted by the attorney general, may be for the removal of one (1) or more of the trustees, or for the transfer of the corporate powers to other persons, or the consolidation and merger of the corporation with any other savings corporation that may be willing to accept of the trust, or for such other or further relief or correction as the particular facts communicated to him shall seem to require.

And the court before whom such proceedings shall be instituted shall have power to grant such orders, and, in its discretion, from time to time to modify or revoke the same, as the evidence in the case, and the situation of the parties, and the interests involved shall seem to require.

1879, ch. 109, § 43.

SEC. 2398. Unlawful business.—It shall not be lawful for any bank, banking association, or individual banker, except savings banks, to advertise or put forth a sign as a savings bank, or in any way to solicit or receive deposits as a savings bank; and any bank, banking association, or individual banker, who shall offend against these provisions, shall forfeit and pay for every such offense the sum of one hundred dollars for every day such offense shall be continued, to be sued for and recovered in the name of the people of this state, by the district attorneys of the several counties, in any court having cognizance thereof, for the use of the poor chargeable to said county in which such offense shall be committed.

1879, ch. 109, § 46. Supersedes §§ 17, 20, ch. 84, acts 1875.

EXAMINATIONS.

SEC. 2399. Examination by public examiner.—It shall be the duty of the public examiner at least once in each year, and as much oftener as he may deem proper, either personally or by some competent person or persons, to be appointed by him, to visit and examine every savings corporation in this state. The public examiner shall also have power in like manner to examine any such corporation, whenever, in his judgment, its condition or management is such as to render an examination of its affairs necessary or expedient. The said public examiner, and every such examiner shall have power to administer an oath to any person whose testimony may be required on any such examination, and to compel the appearance and attendance of any such person for the purpose of such examination, by summons, subpoena or attachment, in the manner now authorized in respect to the attendance of persons as witnesses in the courts of record of this state; and all books and papers which it may be deemed necessary to examine by the public examiner, or the examiner or examiners so appointed, shall be produced, and their production may be compelled in like manner.

1879, ch. 109, § 42. Supersedes part of § 14 and § 19, ch. 84, acts 1875, and § 13, ch. 23, acts 1867.

¹ Secs. 2401, 2402, 2403, *post*.

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SEC. 2400. Examination by trustees.—It shall be the duty of the trustees of every savings bank on or before the first day of January in each year, to thoroughly examine the books, vouchers and assets of such savings bank and its affairs generally, and the statement or schedule of assets reported to the public examiner for the first of January in each year, shall be based upon such examination, and shall be verified by the oath of a majority of the trustees making such examination, but nothing herein contained shall be construed as prohibiting the trustees of any savings bank from requiring such examinations at such [other] times as they shall prescribe.

1879, ch. 109, § 44.

REPORTS.

SEC. 2401. Report semi-annually.—Every such corporation shall semi-annually, on or before the first day of February in each year, make a report in writing to the public examiner and in such form as he shall prescribe, of its condition on the morning of the first day of January preceding.

1879, ch. 109, § 35. This and the succeeding sections contain and supersede part of § 14, ch. 84, acts 1875. Supersedes § 14, ch. 23, acts 1867.

SEC. 2402. Same — Contents.—Such report shall state the amount loaned upon note and mortgage, together with a list of such notes and mortgages and the location of the mortgaged premises as have not previously been reported, and also a list of such previously reported as have since been paid wholly or in part or have been foreclosed, and the amount of such payments respectively; the cost, par value, estimated market value of all stock investments designating each particular kind of stock; the amount loaned upon the pledge of securities, with a statement of the securities held as collateral for such loans; also a list of all notes, with the names of the drawers and endorsers, the dates when said notes were made, the length of time they have to run, the amounts for which they are drawn, and the rates of interest they bear, or at which they were discounted; also specifying all notes overdue and unpaid; the amount invested in real estate, giving the cost of the same; the amount of cash on hand and on deposit in banks or trust companies and the amount deposited in each, and such other information as the public examiner may require.

1879, ch. 109, § 36.

SEC. 2403. Same — Contents.—Such report shall also state all the liabilities of such savings corporations on the morning of the said first (1st) day of January, the amount due to depositors, which shall include any dividend to be credited to them for the six months ending on that day, and any other debts or claims against such corporation, which are or may be a charge upon its assets. Such report shall also state the amount deposited during the year previous, and the amount withdrawn during the same period; the whole amount of interest or profits received or earned, and the amount of dividends credited to depositors, together with the amount of each semi-annual credit of interest, and the amount of interest that may have been credited at other than semi-annual periods; the number of accounts opened or re-opened, the number of accounts closed during the year, and the number of open accounts at the end of the year, and such other information as may be required by the state examiner.

1879, ch. 109, § 37.

SEC. 2404. Report to be verified.—Such report shall be verified by the oath of the two principal officers of the institution, and the statement of assets shall be verified by the oath of a majority of the trustees who examined the same pursuant to the requirements of section 44¹ of this act; and any wilful false swearing in regard to such reports or in regard to any reports

¹Sec. 2400, *ante*.

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made to the public examiner pursuant to the provisions of this act, shall be deemed perjury, and be subject to the prosecutions and punishments prescribed by law for that offense.

1879, ch. 109, § 38.

SEC. 2405. Failure to report — Penalty.—If any savings bank shall fail to furnish to the public examiner any report or statement required by this act, at the time so required, it shall forfeit the sum of one hundred dollars per day for every day such report or statement shall be so delayed or withheld; and the said public examiner may maintain an action in his name of office to recover such penalty, and when collected, the same shall be paid into the treasury of the state, and be applied to defraying, so far as possible, the expenses entailed in examining savings banks; but the public examiner may, for sufficient cause, extend the time for making such report, not exceeding thirty days.

1879, ch. 109, § 39.

SEC. 2406. No other report.—No such corporation shall hereafter be required to make any annual or other report to the mayor or other commonalty of any city, nor to the board of supervisors of any county, nor to any other officer or authority whatsoever, except as in this act provided and required, nor shall they be subject to the inspection or supervision of any local officer or board, in any matters pertaining to the business and dealings of such corporation.

1879, ch. 109, § 40.

SEC. 2407. Report of public examiner.—It shall be the duty of the public examiner, on or before the first (1st) day of February in each year, to communicate to the legislature a statement of the condition of every such corporation from which a report has been received for the preceding year, also the name and location of savings corporations authorized by him during the previous year, with the date of their incorporation, and particularly designating those incorporated at any time which have commenced business during the previous year.

1879, ch. 109, § 41.

REPEAL.

SEC. 2408. Existing banks to continue.—This act is hereby declared to be a public act and shall be construed favorably for every beneficial purpose therein contained, but no portion of this act shall apply to savings banks now in existence and operation in the state of Minnesota, which banks may be continued under the laws applicable to such banks before the passage of this act, unless they or any of them desire to organize thereunder.

Repeal.—All acts and parts of acts inconsistent with the provisions of this act are hereby repealed, save so far as they may apply to the banks now organized.

1879, ch. 109, §§ 52, 53. Acts 1875, ch. 84, § 18, excepted from the operation of that act "The Minnesota Savings Association," "The German American Bank," and Farmers' and Mechanics' Bank, and provided that all existing savings banks may obtain the privileges of that act and be subject to the liabilities prescribed therein.

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BUILDING, LOAN AND SAVINGS ASSOCIATIONS. [SECS. 2409-2412.]

TITLE 3.

BUILDING, LOAN AND SAVINGS ASSOCIATIONS.

INCORPORATION.

SEC. 2409. **Articles and certificate of.**— Whenever any number of persons, not less than ten (10), desire to be incorporated as a building and loan association for the purpose of accumulating the savings and funds of its members and lending them only the funds so accumulated, they shall make and execute a written declaration to that effect in the form now provided by statute for the execution of deeds of real estate to entitle the same to record. Said declaration shall state the name of such association, its principal place of business, which shall be within the state, the limit of capital to be accumulated, the time of its duration, the names and places of residence of such persons, and that it is organized under this act and for the purpose herein expressed.

Certificate.— When so executed, said declaration shall be filed and recorded in the office of the secretary of state, whereupon such officer shall issue a copy of such declaration under his certificate, in proper form, setting forth the time and place of filing and recording thereof in his office, which declaration and certificate shall thereupon be recorded in the office of the register of deeds of the county where said association is located, and published once in a daily or weekly newspaper printed and published and of general circulation in said county. Upon complying with the foregoing requirements, and upon filing an affidavit of proof of such publication in the office of the secretary of state, the persons executing such declaration, their associates and successors, shall become a corporate body.

1889, ch. 236, § 1: "An act relating to building, loan and savings associations doing a general business." Approved April 22, 1889.

SEC. 2410. **Name.**— The name shall not be the same as, nor too closely resemble that in use by any existing corporation established under the laws of this state. The words "building and loan association," or "savings and loan association," shall form a part of the name, and no corporation not organized under this act shall be entitled to use a name embodying either said combination of words, *provided*, that associations now existing may continue their present names.

1889, ch. 236, § 2.

SEC. 2411. **Defined.**— The name "building and loan association," as used in this act, shall include all corporations, societies, organizations or associations doing a saving and loan or investment business, on the building society plan, whether mutual or otherwise, and whether issuing certificates of stock, which mature at a time fixed in advance or not.

1889, ch. 236, § 22.

APPLICATION OF THIS LAW

SEC. 2412. **To comply with this act.**— All corporations organized in this state and doing business in this or any other state as building and loan associations, shall comply with and be subject to all the provisions of this act within sixty (60) days after its passage, and shall be entitled to all the privileges and benefits thereof without reincorporating.

Time enlarged.— *Provided*, that all such companies, or associations incorporated prior to the passage of this act, not having at the time thereof securities to the amount of twenty-five thousand (25,000) dollars, may have until November first (1st), A. D. one thousand eight hundred and eighty-nine

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SECS. 2413-2416.] BUILDING, LOAN AND SAVINGS ASSOCIATIONS.

(1889), in which to make the full deposit of said sum, as provided in section six (6)¹ of this act; but all such associations shall deposit all their securities during said time as provided in said section.

1889, ch. 236, § 33.

SEC. 2413. Exception.— This act shall not apply to any association organized under the laws of this state, which confines its loaning and business operations wholly to its county and the counties adjacent and adjoining thereto. *Provided*, that any association heretofore incorporated which desires to hereafter confine its business to adjacent counties as aforesaid, may file with the public examiner a statement to that effect, and also containing the names of those holding and the amount held by them of the stock of said association outside such counties, and so long as such association thereafter confines its sales of stock within the limits aforesaid it shall not be subject to the provisions hereof, and any sales of stock outside the limits of said counties made after filing of such statement by any officers, director or agent of any such association, shall subject such person to all the penalties prescribed in section twenty-four (24)² of this act. *Provided, further*, that nothing in this section shall be so construed as to prevent the bona fide sale or transfer of the individual stock of any member of such association.

1889, ch. 236, § 34.

POWERS AND DUTIES.

SEC. 2414. By-laws.— Each association shall adopt by-laws for its government and therein describe the manner in which its business shall be transacted, which by-laws shall be in conformity with the provisions of this act and the laws of this state, and at all times be open to the inspection of the public examiner and the members of the association at its home office. All by-laws shall be subject to the approval of the public examiner before going into effect, and every corporation heretofore organized and brought under the provisions of this act shall within sixty (60) days from the passage hereof present its by-laws to said examiner for approval, and in case any provision in said by-laws shall be contrary to the provisions of this act or to the laws of this state or be detrimental to the interests of the members of such organization or against the public policy, he may, under the advice and consent of the attorney general, require the same to be stricken out.

1889, ch. 236, § 3.

SEC. 2415. Notice of meetings.— At least thirty (30) days prior to any annual or special meeting of any such association, a notice stating the time and place of such meeting shall be deposited in the postoffice of the headquarters of such association directed to each member at his address as the same appears at the time on the books of the association and when so deposited, postage prepaid, shall be deemed a legal and sufficient notice of any such meeting and there shall be attached to and accompany such notice any proposed amendment or amendments to the articles of association or by-laws of such association and a statement of any officers to be elected at such meeting, and any member of any such association, entitled to vote at any such meeting, may vote in person or by proxy; but no person shall be appointed such proxy who shall not reside in the same county where the stockholder so appointing resides at the time of such appointment, except that stockholders residing outside the state may appoint proxies in any county in this state. And no person shall be appointed proxy in any case who is at the time an officer, agent or employee of any such association, and no person shall hold proxies to exceed five hundred (500) votes for any such meeting.

1889, ch. 236, § 39.

SEC. 2416. Board of directors — Limitation.— That not more than three (3) of the officers of any such association incorporated under the laws

¹ Sec. 2433, *post*.

² Sec. 2427, *post*.

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of this state shall be members of the board of directors of such association; *provided*, that no change shall be required under this section until the next annual meeting of such association.

1889, ch. 236, § 32.

SEC. 2417. Bonds of officers.— All officers of any building and loan association governed by this act, and doing business in this state, who sign or endorse checks, or handle any of the funds of such association, shall give such bonds or fidelity insurance for the faithful performance of their duties, as the board of directors may require, and no such officer shall be deemed qualified to enter upon the duties of his office until his bond is approved by the board of directors and the public examiner, with whom such bond shall be filed; *provided*, that the public examiner may require of any association at any time, such increase of said bond or additional sureties thereto, or such increase of said insurance as he may deem necessary for the protection of the members. The penalty for a failure of any association to file and maintain the bonds, or policy, as required by the provisions of this section, shall be a fine of one hundred (100) dollars for each day such association transacts business after such bond has become due under the provisions of this act. Said bond or policy shall be held in trust for the benefit and protection of the members of such association, and shall be enforceable by any member whenever cause of action shall accrue thereon.

1889, ch. 236, § 21.

SEC. 2418. Purchase and dispose of real estate — Limitation.— Any such association may purchase at any sale, public or private, any real estate upon which it may have a mortgage, judgment, lien or other encumbrance, or in which it may have any interest, and may sell, convey, lease or mortgage the same at pleasure to any person or persons, but shall not otherwise acquire or deal in real estate; *provided*, that any such association may acquire any leasehold interest necessary for the transaction of its business.

1889, ch. 236, § 5.

SEC. 2419. Expense fund and fines restricted.— That no association governed by this act shall set apart as an expense fund, exclusive of admission fees, to exceed one (1) dollar per year upon each share of its stock, or assess any fines for non-payment of monthly instalments, or otherwise, in excess of ten (10) cents per share, for the first month that the same shall be in arrears, and fifteen (15) cents per share per month, for every month thereafter.

1889, ch. 236, § 31.

SEC. 2420. Premiums not usury.— Any premiums taken for loans made by any association governed by this act shall not be considered or treated as interest nor render such association amenable to the laws relating to usury.

1889, ch. 236, § 25.

SEC. 2421. Taxes.— Every such association shall be assessed for and pay taxes upon its office furniture and fixtures, and all real estate acquired in the course of its business, and every stockholder in such association shall be assessed and pay taxes upon the shares held by him therein, the value of which said shares, for the purpose of taxation shall be fixed at the withdrawal value thereof, as provided in section twenty-seven (27)¹ of this act, except in cases of such associations the stock of which heretofore or hereafter issued shall mature at a fixed time mentioned in section twenty-seven (27)¹ of this act, and the value of the shares in any such association of all stock so issued as aforesaid for the purpose of taxation shall be fixed upon the basis of the ag-

¹Sec. 2423, *post*.

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SECS. 2422-2425.] BUILDING, LOAN AND SAVINGS ASSOCIATIONS.

gregate amount paid in by a member, together with interest thereon at the rate of six (6) per cent. per annum computed on annual rates.

1889, ch. 236, § 35.

SEC. 2422. **Violation of law.**—If it shall appear to the said public examiner from any examination made by him, or from any report of any examination made by him, or from the annual report aforesaid, that said corporation is violating its charter or the law, or that it is conducting business in any unsafe, unauthorized or dishonest manner, he shall, by an order under his hand and seal of office, addressed to such corporation, direct conformity with the requirements of its charter, and of the law. And whenever such corporation shall refuse or neglect to make such report or account as may be lawfully required, or to comply with such order as aforesaid, or whenever it shall appear to the said examiner that it is unsafe or inexpedient for any such corporation to continue to transact business, he shall communicate the facts to the attorney general, who shall thereupon be authorized to institute such proceedings against any such corporations as are now or may hereafter be provided by law, in the case of insolvent corporations, or such other proceedings as the occasions may require. And if such corporation shall have been organized under the laws of any other state or territory, the said attorney general shall upon receiving such communication, if in his judgment the facts in the case are sufficient to warrant such action, give notice to such corporation that it is no longer authorized to do business in this state, by depositing such notice in the postoffice properly sealed and stamped, addressed to said corporation at its principal office in the state where incorporated, and thereupon said corporation shall cease to have any right in this state, and said notice may be published in the same manner as provided in section fourteen (14)¹ of this act.

1889, ch. 236, § 20.

CAPITAL STOCK.

SEC. 2423. **Amount.**—All building and loan associations hereafter incorporated in this state shall have an authorized capital of two millions of dollars at the time of the incorporation.

1889, ch. 236, § 15.

SEC. 2424. **Increase of—Amend articles of incorporation.**—Any building and loan association heretofore or hereafter incorporated under the laws of this state may at any time increase the amount of its capital stock, or amend its articles of incorporation in any other respect by a vote of at least three-fourths of its board of directors: *Provided*, that no such increase shall be made unless three-fourths of the capital stock previously authorized has actually been issued and the amount of increase made at any one time shall not exceed the amount issued previous to the time of such increase.

1889, ch. 236, § 16.

SEC. 2425. **Publication of amendment.**—Whenever any building and loan association increases its capital stock or otherwise amends its articles of incorporation, as provided in this act, a copy of the resolutions of the board of directors making such increase or other amendment, duly verified by oath of the president and secretary of such association, shall be filed in the office of the register of deeds of the county in which the home office of said association is located, and in the office of the secretary of state, and be published four (4) successive times in some daily or weekly newspaper published at the capital of the state, or in the county where the association has its home office. Proof of which such publication shall be filed in the office of the secretary of state.

1889, ch. 236, § 17.

¹ Sec. 2444, *post*.

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BUILDING, LOAN AND SAVINGS ASSOCIATIONS. [SECS. 2426-2429.]

SEC. 2426. **Preferred stock prohibited.**— Every such association heretofore organized under the laws of this state or incorporated under this act are hereby prohibited from hereafter creating or issuing any preferred or non-contributing stock, but this section shall not prevent the issue of different series of stock.

1889, ch. 236, § 26.

SEC. 2427. **Unlawful sale of.**— Any officer, director, or agent of any building and loan association incorporated under the laws of this state, or any other person whatever, who shall sell or issue, or knowingly cause to be sold or issued, to any person not a resident of the county in which the home office of said association is located, or in the counties immediately adjacent thereto, any stock of said association, while said association does not have on deposit with the state auditor as required by this act, securities of the value and at the time herein prescribed, or while such association shall not have the certificate of the public examiner authorizing it to do business as herein prescribed, shall be guilty of a misdemeanor, and upon conviction therefor shall be punished by a fine of not less than one hundred (100) dollars, and not more than five hundred (500) dollars, or by imprisonment of not less than ten (10) days, nor more than six (6) months, or both such fine and imprisonment, in the discretion of the court.

1889, ch. 236, § 24.

SEC. 2428. **Withdrawal of.**— Any shareholder whose stock has not been declared forfeited in such association and whose share or shares are not pledged upon a loan may withdraw such share or shares from the association at any time after one (1) year by giving at least sixty (60) days' notice in writing to the secretary of his intention to do so. Upon receipt of such notice the same may be considered a withdrawal by such person and the association may within sixty (60) days dispose of said stock and the member shall assign the same for that purpose. At the end of said sixty (60) days the association shall pay to the member so surrendering as follows: If said stock is not more than two years old all amounts paid in by such member upon such stock, except the sum paid as membership fee and fines, and the amount set apart upon such shares by said association as an expense fund, which expense fund, however, shall not exceed the amount fixed in this act; if such stock is more than two years old, the member upon such surrender shall receive in addition to the amount above specified at least three-fourths ($\frac{3}{4}$) of all profits standing to the credit of such shares. *Provided*, that not more than one-half ($\frac{1}{2}$) of the monthly installments received by such association for any month shall be used to pay withdrawals without consent of the board of directors.

Exception.— *Provided, further*, that the foregoing provisions in relation to withdrawals shall not apply to any association heretofore organized under the laws of this state which has issued shares of stock that matures at a fixed and definite time, nor shall the provisions of sections 28, 29 and 31 of this act apply to any such association, but all stock hereafter issued by any such association shall have printed upon the back of every certificate, in large type, these words: "This stock has no surrender value, and cannot be withdrawn until it fully matures." But this provision shall not be so construed as to authorize any association heretofore or hereafter organized, except such as have heretofore adopted that system and issued such stock, from issuing any stock that shall mature at a fixed and definite time.

1889, ch. 236, § 27.

SEC. 2429. **Same — Death of stockholder.**— Upon the death of a stockholder in any such association, except in cases where the stock matures at a fixed and definite time as aforesaid, his heirs or personal representatives shall, upon giving sixty (60) days' notice to the association, receive from such asso-

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ciation the then withdrawal value of his shares agreeable to the provisions of section twenty-seven (27)¹ of this act.

1889, ch. 236, § 29.

SEC. 2430. **Forfeited stock.**—Whenever any such association shall declare any of its stock forfeited for non-compliance of the holder with any of its by-laws or regulations, the said stock shall, if one year old, be sold by said association at a monthly meeting thereof to the highest bidder; and it is made the duty of such association at any such sale to bid in the stock so offered at its then withdrawal value, and thereupon said stock shall be cancelled; but if a higher bid is received, the person making the highest bid shall have such stock assigned to him, and upon such sale said association shall pay to the member so forfeiting his stock the withdrawal value thereof, as fixed in section twenty-seven (27)² of this act, less all the fines and arrearages charged against him.

1889, ch. 236, § 28.

LOANS.

SEC. 2431. **Application for.**—Every such association shall provide in its by-laws in what manner applications and bids for loans shall be received, and who shall be entitled to loans thereunder; such bids shall be opened at stated times, and all the money in the loan fund shall be loaned upon such bids, providing that the securities shall be in the amount and of the character stated in this act, and the amount bid shall not be less than the rate for any legal indebtedness under the laws of this state, the object of this section being to prevent such association from retaining in its loan fund any moneys actually bid for for the purpose of securing better bids, or inducing bidders to raise their bids, and to compel said associations to loan their funds to the highest and best bidders therefor. *Provided*, that the provisions of this section relating to bidding for loans shall not apply to associations which fix the rate of interest and premium annually by resolution of the board of directors, at a rate which will keep the money of such associations at all times safely invested and in which the system of bidding is not allowed.

1889, ch. 236, § 30.

SEC. 2432. **Security for.**—For every loan made, a note non-negotiable or bond, secured by first mortgage on real estate shall be given, which security shall be in double the value of the loan and satisfactory to the directors and shall be accompanied by a transfer and pledge of the shares of the borrower to the association. The shares so pledged shall be held by the corporation as collateral security for the performance of the conditions of said note or bond and mortgage: *provided*, that the shares, without other security, may, in the discretion of the directors, be accepted as security for the loans for an amount, not exceeding their withdrawal value, as provided by this act.

1889, ch. 236, § 4.

SEC. 2433. **Deposit securities.**—Every building and loan association heretofore or hereafter incorporated under the laws of this state and governed by this act shall deposit and keep with the state auditor, or with a duly chartered trust company of this state, approved by the public examiner, in trust for all its members and creditors, all mortgage or other securities received by it in the usual course of business. When deposited with a trust company, such company shall certify to the auditor the possession of such securities, and the same shall not be surrendered without the authority or sanction of the auditor.

Prior association.—*Provided*, that every such corporation heretofore organized, not having or owning mortgage or other securities to the amount of twenty-five thousand (25,000) dollars shall deposit with the state auditor

¹Sec. 2428, *supra*.

²Sec. 2428, *supra*.

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additional securities to make with the securities so owned and deposited, equal in value to said sum of twenty-five thousand (25,000) dollars.

Subsequent association.— And every such corporation hereafter organized under this act shall deposit and keep with the state auditor, in trust as aforesaid, securities of the value of twenty-five thousand (25,000) dollars before commencing to do business.

Securities named.— The securities mentioned in this proviso shall consist of bonds or treasury notes of the United States, or national bank stocks, or bonds of this state, or any other state of the United States, or of any solvent city, county or town of this state or any other state of the United States, having the legal authority to issue the same.

Withdrawal.— And such securities may be withdrawn from time to time, when mortgage securities of corresponding value shall be deposited, as provided in this act, or when other securities of like character are substituted therefor, and it shall be the duty of the public examiner from time to time to examine said associations to ascertain whether all its securities are deposited as required by this act.

Deposit in other states.— *Provided*, that whenever required by the laws of any other state, territory or nation, all securities taken in such state by any association organized under the laws of this state and subject to the provisions of this act may be deposited with some officer authorized to receive the same in such state under the laws thereof for the benefit of its members and creditors, but in every such case a certificate of such depository showing the amount and character of such deposits shall be filed with the auditor of this state and renewed annually, together with a statement verified by the affidavit of some officer of such association who has knowledge of the facts, showing all of the securities taken by such association in such state at the time of the filing of such certificate; and in case any securities taken in any such state are not deposited there, then the same shall be deposited here, as required by this act.

1889, ch. 236, § 6.

SEC. 2434. Withdrawal of— Interest, etc., on.— All interests and dividends and premiums which may accrue on securities held by the state auditor, or such trust company as provided for herein, and all dues of monthly payments which may become payable on stock pledged as security for loans, the mortgages for which are so deposited, in accordance with the provisions of this act, may be collected and retained by the association depositing such securities or mortgages, so long as such association remains solvent, and faithfully performs all contracts with its members. And when any mortgage shall have been fully paid to said corporation, the same may be surrendered by said state auditor, or under his order, upon filing with him a certificate of the register of deeds of the county where the real estate is situate, to the effect that the satisfaction of such mortgage has been filed of record, or in case no mortgage was taken then the affidavit of the secretary or treasurer of said corporation showing judgment. Any mortgage upon which default has been made may be surrendered as aforesaid upon filing with the state auditor an affidavit sworn to by the president and secretary of the association owning the same, stating that such mortgage is in default, and that it is withdrawn for the purpose of foreclosure.

1889, ch. 236, § 7.

REPORTS.

SEC. 2435. To public examiner — Contents.— On or before the first (1st) day of September in each year, every building and loan association doing business in this or any other state or territory shall deposit with the public examiner a report of its affairs and operations for the year ending on the thirtieth (30th) day of June immediately preceding. Such report shall be

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verified under oath by the president and secretary, or by three directors of the association, and shall contain answers to the following questions:

First — The amount of authorized capital, and the par value of each share of stock.

Second — The number of shares sold during the year.

Third — The number of shares cancelled and withdrawn during the year.

Fourth — Number of shares in force at the end of the year.

Fifth — A detailed statement of the receipts and disbursements during the year.

Sixth — A detailed statement of the assets and liabilities at the end of the year, and shall pay to the public examiner a fee of twenty-five (25) dollars on filing such report.

Failure to report.— If any such association shall fail to furnish to the public examiner of the state any report required by this act, at the time so required, it shall forfeit the sum of twenty-five (25) dollars per day for every day such report shall be delayed or withheld; and the examiner may maintain an action in his name of office to recover such penalty, and the same shall be paid into the treasury of the state and applied to the expenses of the department of said examiner.

Certificate of compliance.— After receiving such report the public examiner, if satisfied that such corporation has complied with all the provisions of this act and is entitled to do business in this state, he shall issue his certificate stating the compliance with such provisions and that such corporation is entitled to do business in this state, which certificate shall be in force for the period of one year, unless sooner rescinded as provided in this act. Such certificate shall also be issued to any foreign corporation authorized to do business in this state, after complying with the conditions of section nine (9)¹ of this act, and shall be in force until the time herein required for such annual report.

1889, ch. 236, § 18.

SEC. 2436. To county auditor, when.— It shall be the duty of the secretary of every such association incorporated under the laws of this state to make out and transmit to the auditor of every county in this state in which said association shall have shareholders on the first (1st) day of May in each year a statement containing the names of every person holding stock in such association in such county, and the amount and value of the respective shares of such stock at such date, upon the basis of its value as fixed in this act, and any failure to comply with the provisions of this section, by any such association, shall be deemed sufficient cause for proceedings under this act for forfeiture of the charter of the association so offending.

Books open.— The books and papers of every such association shall also be open, at all convenient times, for inspection by any assessor desiring to make examination thereof for the purposes of taxation. *Provided*, that no report shall be required under this section upon stock pledged as collateral security for a loan, so long as the amount of such loan exceeds the withdrawal value of such stock as fixed in this act, and when it shall exceed such value then only as to such excess.

1889, ch. 236, § 36.

FOREIGN BUILDING OR LOAN ASSOCIATIONS.

SEC. 2437. Deposit securities.— No building or loan association organized under the laws of any other state, territory or nation, shall do business in this state, unless such association shall have securities of the value of one hundred thousand dollars, and of the character mentioned in this act, on deposit, in trust for all its members and creditors, with some responsible trust com-

¹ Sec. 2438, *post*.

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pany, duly incorporated under the laws of such state or territory in the United States, or with some authorized officer of this or some other state of the United States. Certificate of such deposit shall be made to the auditor of this state, certifying the possession of such securities, which shall not thereafter be surrendered without the authority or consent of the auditor or some other authorized officer of the state or territory in which said company is incorporated.

1889, ch. 236, § 8.

SEC. 2438. File certain papers.— Every building and loan association organized under the laws of any other state, territory or nation, shall, before commencing to do business in this state:

First — File with the public examiner of this state, a duly authenticated copy of its charter or articles of incorporation.

Second — File with the public examiner of this state, the certificate of the authorized officer of another state, showing that securities of the value of one hundred thousand dollars are on deposit with such state officer or duly incorporated trust company, in trust for all the members and creditors of such building and loan association.

Third — File with the public examiner of this state a duly authenticated copy of resolution adopted by the board of directors of such association, stipulating and agreeing that if any legal process affecting such association be served on such examiner, and a copy thereof be mailed, postage prepaid, by the party procuring the issue of the same, or his attorney, to said association, addressed to its home office, then such service and mailing of such process shall have the same effect as personal service on said association in this state, and also an agreement that said association will not remove any action commenced in any state court of this state against the same to the United States court, and will pay every judgment that may be taken against it upon any such action within sixty (60) days after the final judgment shall have been entered.

Fourth — Pay to the public examiner twenty-five (\$25) dollars as fees for filing the papers mentioned in this section.

1889, ch. 236, § 9.

SEC. 2439. Unlawful unless authorized.— Any officer, director or agent of any foreign building and loan association, or any other person whomsoever, who shall, in this state, solicit subscriptions to the stock of such association, or who shall sell or issue, or knowingly cause to be sold or issued to a resident of this state any stock of such association while such association shall not have had the certificate of the public examiner authorizing it to do business in this state, as herein prescribed, or has not deposited, as required by this act, securities of the value and at the times herein prescribed, or before said association has complied with all the provisions of this act, or when said association shall have been notified and required to discontinue business in this state, as hereinbefore provided, shall be guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine of not less than one hundred (100) dollars nor more than five hundred (500) dollars, or by imprisonment of not less than ten (10) days nor more than six (6) months, or both such fine and imprisonment, in the discretion of the court.

1889, ch. 236, § 23.

SEC. 2440. Reciprocity.— When by the laws of any other state, territory or nation, any taxes, fines, penalties, licenses, fees, deposits of money or securities, or other obligations or prohibitions are imposed on building and loan associations of this state doing business in such other state, territory or nation, or upon their agents therein, so long as such laws continue in force, the same obligations and prohibitions of whatever kind shall be imposed upon all build-

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ing and loan associations of such other state, territory or nation doing business in this state and upon their agents here.

1889, ch. 236, § 13.

SEC. 2441. Service of process on.— When process against or affecting any foreign building and loan association is served on the public examiner, the same shall be by duplicate copies, one of which shall be filed in the office of the public examiner, and the other by him immediately mailed, postage prepaid, to the home office of said association.

1889, ch. 236, § 10.

SEC. 2442. Process defined.— The word “process” in this act shall include any writ, declaration, summons or order whereby any action, writ or proceeding shall be commenced, or which shall be issued in or upon any action, suit or proceedings authorized by law in this state.

1889, ch. 236, § 11.

SEC. 2443. Service by stipulation.— Services of process according to a stipulation provided in section four (4)¹ of this act shall be sufficient personal service on the association filing such stipulation.

1889, ch. 236, § 12.

SEC. 2444. Forfeiture of right.— Any building and loan association, organized under the laws of any other state or territory, that shall remove any action that shall be commenced against it in a court of this state to the United States court, or that shall fail to pay any judgment rendered against it upon a suit in any court of this state within sixty (60) days after the rendition of final judgment in such case, or that shall fail to make yearly statements to the public examiner, as hereinafter mentioned, or statements of the amount and value of its stock held in this state as hereafter required, or to pay the fees of [to] the public examiner as provided in this act, or to do any other act required in this act to be done and performed, shall, upon failure or violation of the provisions of this act have no right or authority to do or transact any further business within the limits of this state, and the public examiner shall thereupon cause notice of the termination of such authority to do business to be mailed to such corporation and to be published in some newspaper of general circulation at the capital of the state, and shall communicate the facts to the attorney general of this state, who shall institute such proceedings in the matter as the case may require. *Provided*, any such corporation may be again authorized to commence business in this state upon such terms as the public examiner may deem just and proper, and upon full compliance with the provisions of this act.

1889, ch. 236, § 14.

SEC. 2445. Report to public examiner.— It shall be the duty of every such association, not incorporated under the laws of this state, to make and forward to the public examiner upon the first (1st) day of May in each year, a statement containing the names and the withdrawal value of all its stock held and owned by residents of this state, together with the place of residence of every such stockholder, except those having loans or [as] provided in the foregoing section; and it shall be the duty of the said public examiner to make out and forward to the county auditors of the proper counties, a statement of the stock held by them. And it shall be the duty of the said county auditors, upon receiving the statements provided for in this and the foregoing sections, to furnish the assessors of each town in his county having such stockholders, with the names of such stockholders, and the value of their stock as given in such statements, for the purpose of assessment.

1889, ch. 236, § 37.

¹ Sec. 2432, *ante*.

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SEC. 2446. Duty of.—It shall be the duty of such public examiner at least once in each year, and as often as he may deem necessary, to assume and exercise over every building and loan association incorporated under the laws of this state, its business, officers, directors and employes, all the power and authority conferred on him over banks and other moneyed corporations under the laws of this state, provided he shall not have the power to suspend the operations of any such associations, except in the manner provided in the next succeeding section.

• 1889, ch. 236, § 19.

SEC. 2447. Fees.—The public examiner shall receive and retain all the fees mentioned in this act and the same shall be in lieu of any allowance of clerk hire made necessary by the extra labor required by the provisions of this act.

• 1889, ch. 236, § 38.