

CHAPTER 48

BANKS AND TRUST COMPANIES

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48.01 DEFINITIONS. Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly indicates that a different meaning is intended, the term defined in subdivision 2, for the purposes of sections 48.57, 48.58, and 48.59, shall have that meaning; and the term defined in subdivision 3, for the purposes of this chapter, shall have that meaning.

Subd. 2. **Banking institution.** The term "banking institution" means any bank, trust company, bank and trust company, or mutual savings bank which is now or may hereafter be organized under the laws of this state.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of banks of the banking division of the department of commerce of the State of Minnesota,

48.521 DEFINITIONS FOR 48.521 TO 48.528. Subdivision 1. **Words, terms, and phrases.** The following words, terms, and phrases shall, for the purposes of sections 48.521 to 48.528, be given the meanings subjoined to them.

Subd. 2. **Banking institution.** "Banking institution" means any state bank, national bank, savings bank, or trust company within this state.

Subd. 3. **Financial institution.** "Financial institution" means any savings, building and loan association organized under the laws of this state, federal savings and loan association, credit union, industrial loan and thrift company, or other financial institution within this state.

Subd. 4. **Person.** "Person" means a partnership, association, or corporation, as well as a natural person.

Subd. 5. **The state.** "The state" means the State of Minnesota.

Subd. 6. **Deposit and funds or other property.** "Deposit" and "funds or other property," when such funds or other property are referred to as having been left on deposit or held on deposit, each means the unpaid balance of money or its equivalent received by a banking institution or financial institution in the usual course of business and for which it has given or is obligated to give credit to a commercial, checking, savings, time or thrift account, or which is evidenced by its certificate of deposit, passbook, share certificate, certificate of indebtedness, or other like certificate.

[1943 c. 620 s. 1]

48.522 ABANDONED FUNDS ESCHEAT TO STATE. When any person abandons any funds or other property which have been left on deposit, or otherwise, with any banking institution or financial institution, the same shall, with the increase and proceeds thereof, escheat to and become the property of the state.

[1943 c. 620 s. 2]

48.523 ABANDONED FUNDS. Any person who has left on deposit, or otherwise, with any banking institution or financial institution any funds or other property, and has not dealt therewith for a period of 20 years by adding thereto, withdrawing therefrom, or asserting any claim thereto, is presumed to have abandoned the same.

[1943 c. 620 s. 3]

48.524 LISTS OF ABANDONED FUNDS FILED. Subdivision 1. **Requirements of filing.**

(1) It shall be the duty of the cashier or managing officer of every banking institution and financial institution, which on June 30, 1943, holds on deposit, or otherwise, any funds or other property which have been left with it on deposit, or otherwise, and have not been dealt with for a period of 20 years by additions thereto, withdrawals therefrom, or the assertion of any claim thereto, to file with the secretary of state, within 30 days thereafter, a statement, in duplicate, reporting the same, stating the names of the persons shown by the records of said banking institution or financial institution to have been the owners or depositors of such funds or other property; the last known place of residence or business of each, and in each instance, the kind of funds or other property, and how held, the amount of the deposit, including interest if any, and the value and nature of the property otherwise held, including interest or other increase or proceeds thereof, if any. This statement shall be subscribed by the officer making it, and shall be verified by his affidavit that it is a complete and correct statement of the funds and other property required by this subdivision to be reported, and that the statements therein are true to the best of his knowledge, information and belief.

(2) Like verified statements, in duplicate, shall be filed with the secretary of state, within 30 days after the first day of January in each year thereafter, by the cashiers or managing officers of all banking institutions and financial institutions which, on said first day of January, hold on deposit, or otherwise, any funds or other property, which by the terms of section 48.523 are presumed to have been abandoned.

(3) The duplicate copies of these verified statements shall be delivered by the secretary of state to the attorney general immediately after filing.

Subd. 2. **Duties of Secretary of State.** The secretary of state shall have the statements referred to in Subdivision 1 of this section bound at the expiration of each filing period, and shall make and keep an alphabetical index of persons reported as depositors or owners, with appropriate references to the bound statements, and these bound statements and index shall be open to public inspection.

Subd. 3. **Copies of statements to be displayed.** A copy of each statement required by Subdivision 1, together with a notice, directed to whom it may concern, stating that the deposits or other property referred to in the statement have not been dealt with by additions thereto, withdrawals therefrom, or claim thereto, for a period of 20 years, and requesting all persons having knowledge or information relative to the whereabouts of the persons named in the statement, or other possible claimants to the funds or other property, to give this information to the subscribing officer, shall be displayed in a prominent place in the banking institution or financial institution for which the statement is filed, accessible to the public, for a period of 30 days from the date of filing.

[1943 c. 620 s. 4]

48.525 ESCHEATED FUNDS. Subdivision 1. **Duties of Attorney General.** Whenever the attorney general has reason to believe, from an examination of the statements required by section 48.524, subdivision 1, to be filed, or from other information or investigation, that any funds or other property, referred to in sections 48.521 to 48.528, have escheated to and become the property of the state by reason of the abandonment thereof, he shall commence an action in the name of the state in the district court of Ramsey county to declare the escheat of and enforce the rights of the state in and to said funds or other property, or any part thereof. Such action shall be commenced by the filing of a verified complaint in the office of the clerk. All or any number of persons who are claimed to have abandoned such funds or other property and any other known claimants to the same may be joined as defendants in one action. The place of trial of any such action shall not be changed without the consent of the attorney general. Every such action shall be triable by the court without a jury.

Subd 2. **Attachment of property.** (1) In any such action the state, at the time of the filing of the complaint in the office of the clerk, or at any time thereafter, may have the funds or other property held by banking institutions and financial institutions on deposit, or otherwise, and claimed by the state to have been abandoned by the defendants, or any part of such funds or other property, attached, in the manner hereinafter prescribed, as security for the satisfaction of such judgment as it shall recover.

(2) To procure such attachment, the attorney general shall file a petition verified by himself or one of his assistants on information and belief, for a writ or writs of attachment, which petition shall set forth that the action is brought under the provisions of sections 48.521 to 48.528 for the purpose of declaring the escheat of and enforcing the rights of the state in and to certain funds and other property, claimed to have been abandoned, referring to the complaint on file for a description of the funds and other property involved; that the state, as plaintiff, desires certain of those funds and other property attached as security for the satisfaction of such judgment as it may recover, and that to that end he prays that one or more writs of attachment issue, directed to the sheriffs of such counties as shall be designated in the petition, requiring the attachment of the funds or other property to be in the petition described. The petition shall then set forth, as to each writ desired, the name of the county to the sheriff of which said writ shall run, and a statement of the funds and other property sought to be attached, stating as to each item of such funds and other property the name of the defendant by whom it is claimed it has been abandoned, and the names of any other known claimants thereto; the last known residence or business address of such person or persons, if known, and if not known, stating that fact; the amount or value thereof, including interest or other increase or proceeds thereof, whether funds or other property, and how held, describing the property if other than funds, and the name and business address of the banking institution or financial institution holding such funds or other property, including the name of the county in which it is doing business. A writ or writs of attachment shall then be allowed by a judge of the court in which the action is brought. No bond shall be required as a condition of allowing any such writ.

(3) Upon the filing of the petition and the order of allowance, the clerk shall issue the writ or writs prayed for. If more than one writ is issued, such writs may be directed to the sheriffs of different counties as specified in the petition. Each writ shall require the sheriff to attach the funds or other property held by banking institutions and financial institutions in his county on deposit, or otherwise, attachment of which was prayed for in the petition, and shall describe the funds and other property to be attached, stating as to each item thereof the same matters required to be stated in the petition.

(4) The sheriff, upon receiving the writ, shall execute the same without delay. He shall attach all funds and other property described in the writ as being held by any banking institution or financial institution by leaving with such banking institution or financial institution a certified copy of the writ and a notice specifying the funds and other property attached. When he has executed the writ he shall annex to it an inventory of the funds and other property attached, and return the writ with his doings to the court.

Subd. 3. **Service of Summons.** Service of the summons may be made upon the defendants in any action by publication of a copy thereof once each week for four consecutive weeks in a newspaper of general circulation published in each of the counties in which funds and other property have been attached. The first publication shall be made within 30 days after the issuance of the first writ of attachment in any action. If publications are made in more than one county such publications shall all be commenced within the same week. With the summons a notice shall be published, giving the title of the action and referring to the claim therein, and directed to all persons other than those named as defendants therein claiming any interest in any funds or other property described in the complaint, and requiring them to appear within 60 days after the first publication of the summons and show cause, if any they have, why it should not be adjudged that the owners of such funds and other property have abandoned the same, and why such funds and other property have not escheated to and become the property of the state, and notifying them that if they do not so appear and show cause the state will apply to the court for the relief demanded in the complaint. At the end of each such notice there shall be a statement of the date of the first publication of the summons and notice. A copy of the summons and notice shall be posted in a conspicuous place in each banking institution and in each financial institution holding funds or property described in the complaint, within 15 days after the first publication of the summons, the copies thereof mailed within the same period to all defendants whose last known place of residence or business is shown by the petition for writ of attachment to be in the State of Minnesota, at such last known place of residence or business.

Subd. 4. **Intervention.** Any person interested may intervene in such action, as provided by law.

Subd. 5. **Jurisdiction of court. How acquired.** Upon the completion of the publication of the summons and notice, and the elapse of 60 days from the date of the first publication thereof, and proof thereof, together with proof of the posting and mailing provided for in subdivision 3 of this section, the court shall have full and complete jurisdiction over all the funds and other property which have been attached and of everyone having or claiming an interest in said funds or other property, and full and complete jurisdiction to hear and determine the issues in the action and render an appropriate judgment therein.

Subd. 6. **Prima facie evidence.** Upon the trial the verified statements filed with the secretary of state, pursuant to the provisions of section 48.524, subdivisions 1 and 2, shall be prima facie evidence of the facts therein stated. The court shall, if it finds that any party is entitled to any of the funds or other property described in the complaint, order that the action be dismissed as to such party, and the attachment of such funds vacated, without costs. If the court shall find as to all or any part of the funds and other property described in the complaint that the depositors or owners thereof have abandoned the same, it shall adjudge that such funds and other property have escheated to and become the property of the state, and that the state is entitled to recover the same.

Subd. 7. **Notice after entry of judgment.** Upon the entry of any judgment in favor of the state, the attorney general shall notify, in writing by mail, all banking institutions and all financial institutions holding any funds or other property

adjudged to have escheated to and become the property of the state, and demand that the same be forthwith transmitted to the state treasurer. If any such institution shall fail, within 30 days after the mailing of such written notice, to transmit such funds or other property to the state treasurer, the attorney general, after filing a proof of the mailing of the notice with an affidavit showing such failure to transmit the funds or other property, may proceed to have the judgment enforced by execution. Such a judgment as to any funds or other property shall be satisfied only out of the property attached. Executions may be directed to the sheriff of any county and shall run throughout the state without the necessity of filing any transcripts of the judgment in counties other than that in which it was rendered.

[1943 c. 620 s. 5]

48.526 MONEYS CREDITED TO GENERAL REVENUE FUND. All moneys transmitted to the treasurer by banking institutions and financial institutions, and all moneys collected on execution, shall be credited to the general revenue fund.

[1943 c. 620 s. 6]

48.527 Owners may sue state to recover money. Any person claiming to be legally entitled to any of the funds or other property involved in any action commenced under the provisions of section 48.525, who did not appear in said action, may, within a period of ten years after the entry of judgment therein, sue the state to recover the funds or other property of which it was alleged he was the owner or depositor, and in case such person be an infant or under disability, the period of limitation is extended to one year from the removal of such disability. In case such person recovers judgment the attorney general shall advise the legislature at its next session of such recovery and request an appropriation for the payment of such judgment. If funds or other property involved amount to less than the value of \$200, any person making claim to such funds or other property may make application to the executive council for the refund thereof, and upon good cause shown, the executive council is authorized to order such refund paid to such claimant from the general revenue fund. A sufficient amount is appropriated annually to pay any such refunds so ordered by said executive council. In any suit brought under the provisions of this section no interest shall be allowed by the plaintiff and no interest shall be allowed by the executive council on any amount which it shall order paid.

[1943 c. 620 s. 7]

48.528 VIOLATIONS OF 48.521 TO 48.528; PENALTIES. Any banking institution or financial institution which shall, or the cashier or managing officer of which shall knowingly and wilfully violate any of the provisions of sections 48.521 to 48.528 shall forfeit to the state interest in the amount of 15 per cent per annum upon all such funds or other property held on deposit or otherwise by said institution as come within the provisions of sections 48.521 to 48.528, until it shall have been determined by final decision of a court of competent jurisdiction, from which no appeal or request for review has been made within the time permitted by applicable provisions of law or from which no appeal or request for review is permissible, that the provisions of sections 48.521 to 48.528 are valid and enforceable, no bank or financial institution shall become subject to the penalty herein provided for failure to comply with any provision of sections 48.521 to 48.528 if such failure be based upon its contention in good faith that the provisions of sections 48.521 to 48.528 are invalid as applied to it.

[1943 c. 620 s. 8]

48.56 BANKING INSTITUTIONS MAY TAKE ADVANTAGE OF FEDERAL BANKING ACT. Any banking institution now or hereafter organized under the laws of this state is hereby empowered, on the authority of its board of directors, or a majority thereof, to enter into such contracts, incur such obligations and generally to do and perform any and all such acts and things as may be necessary or appropriate in order to take advantage of any and all memberships, loans, subscriptions, contracts, grants, rights, or privileges which may at any time be available or enure to banking institutions or to their depositors, creditors, stockholders, receivers, or liquidators, by virtue of those provisions of Section 8 of the federal "Banking Acts of 1933" [Sec. 12B of the federal reserve act, as amended (Mason's U. S. Code Anno., title 12, s. 264)], which establish the federal deposit insurance corporation and provide for the insurance of deposits, or of any other provisions of that or of any

other act or resolution of congress to aid, regulate, or safeguard banking institutions and their depositors, including any amendments of the same or any substitutions therefor; and to subscribe for and acquire any stock, debentures, bonds, or other types of securities of the federal deposit insurance corporation, and to comply with the lawful regulations and requirements from time to time issued or made by such corporation.

[1935 c. 319 s. 2] (7658-7)

48.57 FEDERAL DEPOSIT INSURANCE CORPORATION MAY ACT AS A RECEIVER OR LIQUIDATOR. The Federal Deposit Insurance Corporation created by Section 12B of the Federal Reserve Act, as amended, upon appointment by the commissioner, is hereby authorized and empowered to act without bond as receiver or liquidator of any banking institution, the deposits in which are to any extent insured by this corporation, and which shall have been closed on account of inability to meet the demands of its depositors.

Notwithstanding any other provision of law the appropriate state authority having the right to appoint a receiver or liquidator of a banking institution may, in the event of such closing, tender to the corporation the appointment as receiver or liquidator of the banking institution; and, if the corporation accepts the appointment, the corporation shall have and possess all the powers and privileges provided by the laws of this state with respect to a receiver or liquidator, respectively, of a banking institution, its depositors, and other creditors.

[1939 c. 301 s. 1] (7690-31)

48.58 RIGHT OF SUBROGATION. When any banking institution shall have been closed, and the federal deposit insurance corporation shall have paid or made available for payment the insured deposit liabilities of the closed institution, the corporation, whether or not it has or shall thereafter become a liquidating agent of the closed institution, as hereinafter provided, shall be subrogated, by operation of law with like force and effect as if the closed institution were a national bank, to all rights of the owners of these deposits against the closed banking institution in the same manner and to the same extent as now or hereafter necessary to enable the federal deposit insurance corporation under federal law to make insurance payments available to depositors of closed insured banks; provided, that the rights of depositors and other creditors of the closed institution shall be determined in accordance with the laws of this state. The commissioner may, in his discretion, in the event of the closing of any banking institution by reason of inability to meet the demands of its depositors, the deposits of which banking institution are to any extent insured by the corporation, tender to the corporation the appointment as liquidating agent of this banking institution and, if the corporation accepts the appointment, it shall have and possess all the powers and privileges provided by the laws of this state with respect to a special deputy examiner of the banking division of the department in the management and liquidation of this institution, and be subject to all of the duties of the special deputy examiner; provided, that nothing herein contained shall be construed as a surrender of the right of the commissioner to liquidate banking institutions under his supervision pursuant to the statute in such case made and provided; and the commissioner is hereby authorized and empowered to waive the filing of a bond by the corporation as such special deputy examiner.

[1935 c. 319 s. 3; 1937 c. 404 s. 1] (7658-8)

48.59 COMMISSIONER MAY ACCEPT EXAMINATIONS AND REPORTS OF CORPORATION. The commissioner is authorized to accept, in his discretion, in lieu of any examination authorized by the laws of this state to be conducted by his department of a banking institution, the examination that may have been made of same within a reasonable period by the federal deposit insurance corporation, provided a copy of this examination is furnished to the commissioner. The commissioner may also, in his discretion, accept any report relative to the condition of a banking institution which may have been obtained by the corporation within a reasonable period, in lieu of a report authorized by the laws of this state to be required of the institution by his department, provided a copy of this report is furnished to the commissioner.

The commissioner may furnish to the corporation, or to any official or examiner thereof, a copy or copies of any or all examinations made of any such banking

institutions any deposits of which are insured by the corporation and of any or all reports made by same, and shall give access to and disclose to the corporation, or any official or examiner thereof, any and all information possessed by the office of the commissioner with reference to the conditions or affairs of any such insured institution.

Nothing in this section shall be construed to limit the duty of any banking institution in this state, deposits of which are to any extent insured under the provisions of Section 8 of the "Banking Act of 1933" [Section 12B of the federal reserve act, as amended (Mason's U. S. Code Anno., title 12, s. 264)], or of any amendment of or substitution for the same, to comply with the provisions of that act, its amendments or substitutions, or requirements of the corporation relative to examinations and reports, nor to limit the powers of the commissioner with reference to examinations and reports under any law of this state.

[1935 c. 319 s. 4] (7658-9)

48.60 COMMISSIONER MAY BORROW MONEY. With respect to any banking institution which is now or may hereafter be closed on account of inability to meet the demands of its depositors or by action of the commissioner or of a court or by action of its directors, or, in the event of its insolvency or suspension, the commissioner may borrow from the corporation and furnish any part or all of the assets of the institution to the corporation as security for a loan from same. The order of a court of record of competent jurisdiction shall be first obtained approving this loan. The commissioner, upon the order of a court of record of competent jurisdiction, may sell to the corporation any part or all of the assets of the institution.

The provisions of this section shall not be construed to limit the power of any banking institution, or the commissioner, to pledge or sell assets in accordance with any other law of this state.

[1935 c. 319 s. 5] (7658-10)

48.61 AUTHORIZED INVESTMENTS FOR STATE BANKS. Any bank organized under the laws of this state is authorized to invest not to exceed ten per cent of its capital in the capital stock of any agricultural credit corporation organized under the laws of this state, and entitled to discount privileges with any federal intermediate bank organized under the laws of the United States.

[1935 c. 174] (7677-1)

48.62 BANKS MAY ISSUE NOTES OR DEBENTURES. With the approval of the commissioner any banking institution may, at any time, through action of its board of directors and without requiring any action of its stockholders, issue and sell its capital notes or debentures. These capital notes or debentures shall be subordinate and subject to the claims of depositors and may be subordinated and subjected to the claims of other creditors.

In determining whether the capital of any banking institution is impaired, outstanding capital notes or debentures, legally issued by the institution and sold by it to the reconstruction finance corporation, shall not be considered as liabilities of the institutions, but for all other purposes they shall be, and shall be considered as, liabilities of the institution.

No capital notes, or debentures, shall be retired or paid by any such institutions if this retirement or payment would impair the capital of the institution.

These capital notes or debentures shall in no case be subject to any assessment. The holders of the capital notes or debentures shall not be held individually responsible, as holders, for any debts, contracts, or engagements of the institutions, and shall not be held liable for assessments to restore impairments in the capital of the institution.

[1935 c. 305 s. 1] (7697-7)

48.63 BANKS NEED NOT GIVE SECURITY FOR DEPOSITS. Notwithstanding any provisions of law of this state requiring security for deposits in any bank or trust company in the form of collateral, surety bond or any other form, security for such deposits shall not be required to the extent the deposits are insured under the provisions of Section 12B of the federal reserve act, as amended (Mason's U. S. Code Anno., title 12, s. 264), or any amendments thereto.

[1935 c. 317 s. 1] (7697-8)

48.64 DEPOSITS OF TRUST FUNDS. Any person, firm, or corporation appointed by a court of competent jurisdiction as representative of the estate of a deceased person, or as guardian, or any trustee of a firemen's relief association, or

any referee, receiver, or trustee appointed by a court of record in this state, may deposit the funds coming into his or its possession for safe-keeping and disbursing, unless otherwise directed by the court, in any bank or trust company, however organized, the deposits of which are insured, in whole or in part, by the federal deposit insurance corporation, to the extent that the funds so deposited are fully insured.

[1937 c. 318 s. 1] (7697-9)

48.65 TRUST COMPANIES TO COMPLY WITH CERTAIN LAWS. No trust company of this state shall conduct a banking business, as defined in section 47.02, without fully complying with the provisions of section 48.22 relating to the reserve requirements of the state banks.

[1919 c. 117 s. 1] (7726)

48.66 NATIONAL BANKS MAY ACT AS TRUSTEES. Any national bank in this state granted a special permit by the federal reserve board to act in a fiduciary capacity under the provisions of sub-section K of section 11 of the federal reserve act, as amended by the act of September 26, 1918, may assign, transfer to, and deposit with the commissioner, and procure his certificate therefor, the kinds and amounts of authorized securities required of a trust company in a city or village wherein the national bank is located, by section 48.67; provided, that such national bank which has a capital of \$500,000 or over shall not be required to deposit these securities for more than ten per cent of this capital. The securities so deposited shall be held and maintained as a guaranty fund for the national bank for the performance of its duties in such fiduciary capacity.

When such national bank has complied with section 48.67, no oath or security shall be required of it in the acceptance and performance of any such trust, as provided in section 48.79.

[1921 c. 490 s. 1] (7727)

48.67 CAPITAL OF TRUST COMPANIES. The capital of every trust company hereafter organized, having its principal place of business in any city of less than 25,000 inhabitants, shall not be less than \$50,000; the capital of every trust company hereafter organized, having its principal place of business in a city of more than 25,000 inhabitants and less than 100,000 inhabitants, shall not be less than \$75,000; the capital of every trust company hereafter organized, having its principal place of business in a city of more than 100,000 and less than 200,000 inhabitants, shall be not less than \$100,000; and the capital of every trust company hereafter organized, having its principal place of business in a city of more than 200,000 inhabitants, shall be not less than \$200,000; but the capital stock of any trust company shall not be in excess of \$2,000,000. No trust company hereafter organized shall transact any business until all of its authorized capital stock has been paid in, in cash, or, if the authorized capital be more than \$200,000, until at least \$200,000 thereof has been paid in, in cash, and at least 50 per cent of the capital of all trust companies of less than \$200,000 and 25 per cent of the capital of all trust companies of \$200,000 or more, hereafter organized, has been invested in one or more of the first, second, third, and fourth classes of authorized securities and railroad bonds, as described by that statute, and also in the farm loan bonds issued by the federal land banks duly assigned and transferred to and deposited with the state treasurer, or, if its capital stock be more than \$200,000, until at least one-fourth thereof has been so invested, assigned, transferred, and deposited. The state treasurer shall submit the securities deposited to the commissioner, who shall carefully examine the securities offered for deposit and ascertain that they comply with all the provisions of law applicable thereto. Upon receipt of an order of the commissioner, the state treasurer shall issue his receipt therefor. This deposit shall be maintained unimpaired as a guaranty fund for depositors and creditors and for the faithful discharge of its duties, with the right to collect the income thereof and to substitute other like authorized securities, of equal amount and value, upon approval and order of the commissioner.

If the securities comply with the law, the commissioner shall issue his certificate of authorization for the trust company to commence business.

The capital stock of any trust company may be reduced with the approval of the commissioner, but not below the respective minimum amounts aforesaid, and no assets shall be returned to the stockholders unless its deposits of authorized

securities after such return equal one-fourth of the reduced capital, in no event less than \$25,000; nor shall the liability of any stockholder upon any existing contract be affected thereby.

When two or more trust companies have been or shall hereafter be consolidated under and pursuant to the provisions of sections 49.34 to 49.41, the capital of the consolidated trust company shall be considered as substituted for the capital of the several trust companies entering into the consolidation, and the aggregate of the securities of these trust companies on deposit with the state treasurer, pursuant to the provisions of this section, shall be increased or diminished accordingly; provided, that any company may hereafter be organized, with its principal place of business at any place within the state, with a capital of not less than \$10,000, to be paid in cash, of which 50 per cent shall be invested in authorized securities and deposited with the state treasurer, as provided in this section. The powers and business of the company so organized shall be to act as assignee under any assignment for the benefit of creditors, or be appointed and act as a trustee or receiver, as a guardian, as executor of any will, or administrator of any estate, and the company so organized may accept and perform any other lawful trust over which any court, either state or federal, has jurisdiction. This company, before entering upon the duties of its trust, shall give a corporate surety bond in such sum as the court directs, with sufficient surety, conditioned for the faithful performance of its duties. The business of any company so organized shall be limited to the above matters; provided, that the company so organized with a capital stock of \$10,000 shall not use the word "trust" in the title or name of the company.

[R. L. s. 3033; 1907 c. 225; 1911 c. 314 s. 1; 1927 c. 323; 1931 c. 375; 1935 c. 339] (7728)

48.68 DIRECTORS; QUALIFICATIONS; VACANCIES, HOW FILLED. Each director of a trust company shall own at least ten shares of its capital stock, and a majority of them shall be residents of this state. Each shall take and subscribe an oath that he will diligently and honestly perform his official duties and will not knowingly violate, or permit to be violated, any provision of law relating to trust companies and that he is the owner in good faith of the stock above specified standing in his name on the books of the corporation; the taking of this oath to be noted on the minutes of the records of the corporation and filed with the commissioner. Failure of any person selected as director to qualify shall create a vacancy in the board, and all vacancies in the board shall be filled by the qualified members; provided, that not more than one-third of the membership of the board may be so filled in any one year.

[R. L. s. 3034; 1919 c. 30 s. 1] (7729)

48.69 CERTAIN TRUST COMPANIES MAY ASSUME POWERS OF STATE BANKS. Any trust company organized under the laws of this state, and having a capital of not less than \$50,000, may exercise the powers and privileges conferred by sections 48.69 to 48.73, in addition to all other powers granted by law, upon complying with the conditions and requirements specified in sections 48.69 to 48.73.

[1929 c. 90 s. 1] (7733-1)

48.70 CERTIFICATES TO BE AMENDED. In order to exercise such powers as may be granted in sections 48.69 to 48.73, any such trust company may amend its certificate of incorporation so as to assume the additional powers of a state banking corporation. This amendment may include the change of the corporate name of the trust company so as to include the words "state bank" therein. Such trust company shall display in its place of business, the certificate of such authorization issued by the commissioner of banks.

[1929 c. 90 s. 2; 1945 c. 91 s. 1] (7733-2)

48.71 DEPARTMENT TO APPROVE CERTIFICATES. Amendments to the certificate of incorporation shall be made in accordance with section 300.45 and before becoming effective these amendments must be approved by the department and the approval endorsed upon the certificate of amendment.

[1929 c. 90 s. 3] (7733-3)

48.72 APPLICATION. In considering the application of a trust company to assume the powers of a state bank, the department shall proceed in the same manner and be governed by the same laws which are now applicable to application for charters for new state banks.

[1929 c. 90 s. 4] (7733-4)

48.73 POWERS AND DUTIES. Upon complying with the terms of sections 48.69 to 48.73, the trust company shall have all the powers and privileges of a state bank not heretofore granted to trust companies, and shall become subject to and comply with all the provisions of the laws of this state in relation to state banks.

[1929 c. 90 s. 5] (7733-5)

48.74 TRUST ACCOUNTS KEPT SEPARATE; SECURITIES, HOW DEPOSITED. Besides its general books of account, it shall keep separate books for all fiduciary accounts. All funds and property held by it in a fiduciary capacity shall at all times be kept separate from the funds and property of the corporation, and all deposits by it of such funds in any banking institution shall be deposited as fiduciary funds, to its credit as fiduciary and not otherwise. Every security or property in which the funds held by it as trustee, executor, administrator, guardian, receiver, or assignee, or in any other fiduciary capacity are invested, shall at once upon receipt thereof be immediately entered in the proper books as belonging to the particular fiduciary account whose funds have been invested therein. Any change in such investment shall be fully specified in and under the account of the particular fiduciary account to which it belongs, so that all fiduciary funds and property can be readily identified at any time, by any person. Any trust company incorporated under the laws of this state and any national banking association authorized to act in a fiduciary capacity in this state, when acting in a fiduciary capacity, either alone or jointly with an individual or individuals, may, with the consent of such individual fiduciary or fiduciaries, who are hereby authorized to give such consent, cause any stocks, securities, or other property now held or hereafter acquired in such capacity to be registered and held in the name of a nominee or nominees of such corporate fiduciary without mention of the fiduciary relationship. Any such corporate fiduciary shall be liable for any loss occasioned by the acts of any of its nominees with respect to such stocks, securities or other property so registered.

[R. L. s. 3044; 1943 c. 339 s. 1] (7739)

48.75 PROHIBITED DEALINGS AND INDEBTEDNESS. Trust companies shall not engage in any banking, mercantile, manufacturing, or other business, except such as is herein expressly authorized for such a corporation. It shall not lend its funds, moneys, capital, trust funds, or any other property whatsoever, to any director, officer, agent, or employee, nor shall any such director, officer, agent, or employee become in any manner indebted to it by means of any overdraft, promissory note, account, endorsement, guaranty, or any other contract; and any such director, officer, agent, or employee who shall become so indebted to it shall be guilty of larceny of the amount of such indebtedness from the time of its creation.

[R. L. s. 3045] (7740)

48.76 POWERS OF COURT; ANNUAL REPORT TO THE COURT AND TO THE COMMISSIONER. Every such corporation shall be subject at all times to the further orders, judgments, and decrees of any court of record from which it shall have accepted any trust, appointment, or commission as to such trust, and shall render to such court such itemized and verified accounts, statements, and reports as may be required by law, or as the court shall order as to a particular trust. Every such corporation shall also be subject to the general jurisdiction and authority of the district court of the county of its principal place of business. On or before June 30 in each year, every such corporation shall render to the commissioner a full and detailed account of its condition, and such further accounts, either in full or in part, or in relation to any particular investments, trusts, funds, or other business, as the commissioner may, from time to time, direct or request; and a condensed statement of the annual account, together with a list of its board of directors, approved by the commissioner, shall be published by the corporation in a newspaper of the county of its principal place of business.

[R. L. s. 3046] (7741)

48.77 PROCEDURE UPON VIOLATION OF LAW OR INSOLVENCY. The director's and managing officers of any such corporation, when satisfied that it is, or is about to become, insolvent, shall immediately report that fact to the commissioner; and when the commissioner shall be satisfied from that report, or from any examination made by him, that it is conducting its business in an unlawful or unsafe manner, or that it is insolvent, he may at once take possession of its books, records, and assets, which shall not be subject to any levy or attachment, nor shall any application for a receiver be entertained by any court, during such reasonable time as may be necessary for further examination. If, upon this examination, it shall appear to the commissioner that its business is being conducted in a safe and lawful manner and that all creditors, except those represented by stock, can be paid in full from the assets, he may relinquish possession of its assets to its directors and officers; otherwise he shall apply to a court for the appointment of a receiver, who shall take possession of all its books, records, and assets, and close up its affairs under the direction of the court; provided, that if at any stage of the proceedings the directors or stockholders shall satisfy the court that the corporation is able to pay all creditors, other than themselves, if the showing is approved, after investigation by the commissioner, the court may order the return of the assets to the company for liquidation or such other course as the stockholders, in compliance with law, may determine; and in such case the receiver shall be discharged.

[R. L. s. 3047] (7742)

48.78 AGENT OR ATTORNEY IN FACT, ACTING AS. Any trust company may take and hold in trust any real or personal property, wherever situated, by order, judgment, or decree of any court of record, or by gift, grant, assignment, transfer, devise, legacy, or bequest from, or by lawful contract with, any public or private corporation or individual, and manage the same upon the terms, conditions, limitations, and restrictions therein declared or imposed. The trust company may also act as agent for the signature, countersignature, registration, transfer, or redemption of certificates of stock, bonds, coupons, or other evidences of indebtedness of any such corporation or individual, or otherwise act as general or special agent or attorney in fact in the acquisition, management, sale, assignment, transfer, incumbrance, conveyance, or other disposition of any real or personal property, the collection of rents, payment of taxes, and generally as the representative of any such corporation or individual.

[R. L. s. 3036] (7731)

48.79 ACTING AS ASSIGNEE, RECEIVER, OR EXECUTOR. Any trust company may act as assignee under any assignment for the benefit of creditors, or be appointed and act as a trustee or receiver, as a guardian, as executor of any will, or administrator of any estate, and may accept and perform any other lawful trust conferred by any court, or by any corporation or individual. In the acceptance and performance of any such trust, no oath or security shall be required.

[R. L. s. 3038] (7733)

48.80 COMPENSATION; COMMISSION NOT DEEMED INTEREST. For the faithful performance of its duties and discharge of its trust, any trust company shall be entitled to reasonable compensation, or such amount as has been or may be agreed upon by the parties, and all necessary expenses, with legal interest thereon, unless otherwise agreed upon. No compensation or commission paid or agreed to be paid by it for the negotiation of any loan, or the execution of any trust, shall be deemed interest within the meaning of the law, nor shall any excess thereof over the legal rate be deemed usury.

[R. L. s. 3042] (7737)

48.81 INVESTMENTS, HOW LIMITED. Any trust company may acquire, use, and improve, and for that purpose mortgage, lease, sell, and convey, such real and personal property as may be necessary for the transaction of its business. Any estate or interest in real estate which it may acquire by virtue of the foreclosure of any mortgage, trust deed, or other security, or by the settlement of any obligation or otherwise, in the course of its legitimate business, it may sell or continue to hold and use as deemed for its interests or those of the estate or trust to which the same belongs, and to that end it may become the purchaser at any foreclosure or judicial sale to which it is a party as trustee or otherwise. It may also accept or make any deed, mortgage, or other instrument necessary for the transaction of its

business, may loan money and secure such loans by mortgage, trust deed or pledge, purchase notes, bonds, mortgages, and other evidences of indebtedness, and securities, and sell and assign the same, and convert them into cash or into other authorized securities; or securities and property not herein expressly prohibited. It may guarantee a title to securities sold and transferred by it; may become sole surety upon any bond without justification; and may maintain and operate safe deposit vaults. It shall invest none of its capital or surplus in real estate except as herein authorized, nor any of its deposits, trust funds or property therein except as so authorized, or under or by virtue of an express contract, judgment, or other instrument conferring or imposing special power and authority so to do.

[R. L. s. 3035] (7730)

48.82. DEPOSITS OF TRUST AND OTHER FUNDS RECEIVED. Any trust company may take and hold on deposit or for safe-keeping money, bonds, stocks, and other securities or personal property which any public officer, or any trustee or other legal representative, or any public or private corporation or person, may desire or shall be authorized, ordered, or otherwise required by law to deposit in a bank or other safe depository, or to pay into any court of record; and the same may, instead thereof, be paid into or deposited with any such trust company, and, where the deposit is made pursuant to order of court, in such as the court shall designate, and take the receipt of the trust company therefor; and thereupon the depositor and his sureties shall be relieved from liability thereafter accruing so long as these deposits continue.

[R. L. s. 3037] (7732)

48.83. DEPOSIT WITH TRUST COMPANY INSTEAD OF A LARGER BOND. When new or additional security shall be required from any executor, administrator, guardian, assignee, receiver, or other trustee, if the judge or court having jurisdiction deems it expedient, because of the magnitude of the estate or fund or otherwise, to require the maximum security prescribed by law, it may direct any securities belonging thereto to be deposited with any trust company; subject to the order of the trustee, when countersigned by the judge, and fix the amount of the security with reference only to the remainder. No such security shall be withdrawn, nor any part of the principal or interest thereof collected, except by an officer of the company, without the order of the judge duly entered and certified, upon satisfactory proof that additional security has been furnished, or that the estate or fund has been so reduced that the deposit is no longer required.

[R. L. s. 3039] (7734)

48.84 CORPORATE TRUSTEE; INVESTMENT OF TRUST FUNDS; COMMINGLING FUNDS. Any trust company may invest all moneys received by it in trust in authorized securities, and shall be responsible to the owner or cestui que trust for the validity, regularity, quality, value, and genuineness of these investments and securities so made, and for the safe-keeping of the securities and evidences thereof. When special directions are given in any order, judgment, decree, will, or other written instrument as to the particular manner or the particular class or kind of securities or property in which any investment shall be made, it shall follow such directions, and in such case it shall not be further responsible by reason of the performance of such trust. In all other cases it may invest funds held in any trust capacity in authorized securities using its best judgment in the selection thereof, and shall be responsible for the validity, regularity, quality, and value thereof at the time made, and for their safe-keeping. Whether it be the sole trustee or one of two or more co-trustees, it may invest in fractional parts of, as well as in whole, securities, or may commingle funds for investment. If it invests in fractional parts of securities or commingles funds for investment, all of the fractional parts of such securities, or the whole of the funds so commingled shall be owned and held by the trust company in its several trust capacities, and it shall be liable for the administration thereof in all respects as though separately invested; provided, that not more than \$25,000, at the cost price of such investments, shall be so invested for any one trust at any one time in fractional parts or as commingled funds for investment, unless the authority to invest in fractional parts or as commingled funds be given in the order, judgment, decree, will, or other written instrument governing such trust. Funds so commingled for investment shall be designated collectively as a common trust fund. It may, in its discretion, retain and continue any investment and security or securities coming into its possession in any fiduciary

capacity. The foregoing shall apply as well whether a corporate trustee is acting alone or with an individual co-trustee.

[R. L. s. 3040; 1941 c. 298] (7735)

48.85 TRANSFER OF TRUSTS TO COMPANY; CONDITION. The trustees of any estate or property may surrender and resign such trust in favor of such trust company which will accept the same, and convey and deliver to it all property and assets of such trust, upon condition that the grantor, cestui que trust, and all parties in any manner interested in the execution and performance of such trust shall execute, acknowledge, and deliver an instrument in writing, whereby they shall consent to such transfer and the release and discharge of the original trustee, and the appointment of such trust company as his successor. If either party to the original trust is dead, or does not join in such written consent, or if such original trust was created under a last will, or an order or decree of a court of record, then such transfer shall not be valid except upon the judgment or decree of such court as would have jurisdiction of an action to remove the acting trustee, and full compliance with the terms and conditions of such judgment or decree.

[R. L. s. 3041] (7736)

48.86 TRUST FUNDS; INVESTMENT OF ACCUMULATIONS. Any amount not less than \$100.00 received by any trust company as executor, administrator, guardian, or other trustee, or by order of court, not required for the purposes of such trust, or not to be accounted for within one year, it shall invest as soon as practicable in authorized securities either then held by it or specially procured by it; and the income, less its proper charges, shall become part of the trust estate, and the net accumulations thereon shall be likewise invested, accounted for, and allowed in the settlement of such trust.

[R. L. s. 3043] (7738)

48.87 DEPOSIT OF SECURITIES. All securities, moneys, mortgages, certificates, bonds, notes, receipts, statements, records, and all papers relating thereto, of annuity, safe deposit and trust companies heretofore required by law to be deposited with the state auditor or the state treasurer, shall be deposited with the commissioner.

All duties heretofore devolving by law upon the state auditor and the state treasurer relating to the organization and conduct of annuity, safe deposit and trust companies shall hereafter be required of and be performed by the commissioner.

[1905 c. 49 ss. 1, 2, 3; 1909 c. 495 ss. 1, 2] (7743, 7744, 7745, 7746, 7747)

48.88 VIOLATIONS; PENALTIES. Subdivision 1. Any officer or employee of a bank or trust company who violates the provisions of sections 48.15 to 48.20, or who consents thereto or connives thereat, shall be guilty of a gross misdemeanor.

Subd. 2. Any person or officer or a state bank or trust company who knowingly or wilfully deposits with an agreement or understanding, either directly or indirectly, on the part of the bank or trust company to pay a larger rate of interest than that provided in section 48.25 shall be guilty of a misdemeanor.

[1927 c. 257 s. 6; 1929 c. 144 s. 2] (7699-13 $\frac{1}{2}$ a, 7699-19)