470 311
alabama
3/2/33

Mr. Hackett

State of Alabama

A Proclamation by the

GOVERNOR

Whereas, the banking situation throughout the United States has been so materially affected by separate State and local action as to threate the public interest and the interests of the depositors and stockholders of the banks in Alabama; and

Whereas, the Congress of the United States has taken action in the public interest looking towards a proper adjustment of the banking structure of the Nation; and

WHEREAS, it is my information that the condition of the banking system in this State is fundamentally sound, but the necessity of protecting the interests of the public, bank depositors and bank stock holders to avert useless and unnecessary loss which might result from action by other states with respect to temporary or extended suspension in whole or in part of banking operations, and

WHEREAS, such action by other states may result in serious contraction of commerce between them and this State to such an extent as to unnecessarily embarrass our banking system;

NOW, THEREFORE, be it known and proclaimed that pursuant to the authority in me vested as Governor of the State of Alabama, I hereby declare the existence of an emergency in the State and do hereby proclaim and order a

BANK HOLIDAY

in the State of Alabama to become effective immediately for a period of ten days from the date of this proclamation and to be subject to such modifications, extensions, and rules and regulations as to banking operations during such holiday as may from time to time be ordered by the Superintendent of Banks.

IN TESTIMONY WHEREOF, I have issued this proclamation and have had the same attested and caused the Great Seal of the State of Alabama to be hereto attached at Montgomery, Alabama, on this the first day of March, 1933, at 12:00 O'clock noon.

SEAL
Pete B. Jarman, Jr.,
Secretary of State

B. M. Miller,
Governor.

As Superintendent of Banks of the State of Alabama I concur in the foregoing order.

H. H. Montgomery,
Superintendent of Banks, State of Alabama.

c o p y

470.311
Alabama
3/1/33

INCOMING TELEGRAM

Atlanta 4:27 pm. March 1

Board

Washington

We are informed by Superintendent of Banks of Alabama that Governor Miller has declared a ten day holiday in Alabama in which time it is anticipated that the legislature will pass the necessary enabling act.

Newton

5:35 pm.

(C O P Y)

TELEGRAM

470.911
Alabama
3-1-33

184fy 35

Atlanta 427p March 1

Board

Washn

We are informed by Superintendent of Banks of Alabama that Governor Miller has declared a ten day holiday in Alabama in which time it is anticipated that the legislature will pass the necessary enabling act.

Newton

535p

470.311
Oregon
3/2/33

Incoming Telegram

San Francisco

Mar 3-4 4:45 PM

Board - Washn

Special holidays have been declared by Proclamation of Governors of all states in twelfth district as follows

During month of March Arizona - 2,3,4

California - 2,3,4

Idaho - 3 to 17, inclusive

Nevada - 2,3,4

Oregon - 2,3,4

Utah - 3 to 7, inclusive

Washington - 3,4,6

Newton

9:43 AM

Incoming Telegram

470.31
Arizona

Dallas Mar 3 11:46 AM

Meyer - Washington

Yesterday afternoon the Governor of Texas issued proclamation declaring a financial moratorium during the period from March third to March seventh inclusive and requesting all banks in the State to remain closed during that period. This action was taken following an extended series of conferences and consultations beginning Wednesday afternoon and participated in by officers and members of Clearing House Association of Dallas Ft Worth, Houston, San Antonio, Waco and Galveston. The decision to request Governor to declare moratorium followed similar action taken Wednesday by Louisiana, Oklahoma, Arizona and California and was considered necessary on account of heavy withdrawals experienced by Texas Banks during past week due principally to spread of state moratorium movement and anticipation of similar action by Texas. Texas legislature now in session and I understand effort will be made to enact a law placing temporary restrictions upon deposits in time to enable Governor of Texas to lift moratorium Sunday March fifth and permit banks to open for business Monday March sixth upon a restricted withdrawal basis. We do not know however whether such legislation will be consummated before next Monday or not. Our bank is operating as usual. So far as we have been able to learn all commercial banks in Texas both state and national will probably observe holidays declared by Governor Ferguson and remain closed until moratorium is lifted except the Austin banks and a few country banks that have indicated their intention to remain open. We have received no detailed information concerning the moratoria in effect in Louisiana, Oklahoma and Arisona except announcements carried in press reports and

advices from the Federal Reserve Banks in whose territories the capitals of these three states are located. However we are endeavoring to obtain official copies of the proclamations issued in these states and if you so desire will wire you details of same when received.

Walsh

2:23 PM

Oregon

470.311
Arizona
3/2/33

3-day holiday 3/1/33

News ticker
Washington News 3/1

State of Arizona
Eleventh Legislature
House of Representatives
Regular Session

SUB. H. B. 167

AN ACT

Declaring the existence of an emergency, and providing procedure in actions and foreclosure of real estate mortgages.

Be it enacted by the Legislature of the State of Arizona:

Section 1. There is hereby declared to be in the state of Arizona an emergency involving the social, economic and financial welfare of the state as a whole.

Sec. 2. In all actions for the foreclosure of real estate mortgages now pending, in which final judgment has not been rendered, and in all actions hereafter commenced for the foreclosure of real estate mortgages, or on notes secured thereby, executed prior to the passage of this act, in any court in the state of Arizona, said court, upon application of either the plaintiff or the defendant in such action, provided said defendant is not in default for want of pleading, unless upon hearing of said application good cause is shown to the contrary, may order such cause continued for a period not longer than two years from the date this act becomes effective.

Sec. 3. In all actions now pending in which default has been entered but no judgment signed, the plaintiff or

defendant shall have ten days from the date upon which this act becomes effective in which to file said application for continuance. Upon an order of continuance, as provided in this act, the court shall make such order or orders for the possession of the real estate involved in said action, giving preference to the owner or owners in possession, determining fair rental terms to be paid by the party or parties to be in possession, and application for distribution of the rents, income and proceeds from said real estate, and make such provisions for the preservation of said property as in the discretion of the court may seem just and equitable during the continuance of said cause. Said order shall provide that such rent, income or proceeds shall be paid to and distributed by the clerk of the superior court of the county in which said suit is pending, and further provide that in such distribution the taxes, insurance, cost of maintenance and up-keep of said real estate shall be paid in the priority named and the balance distributed as the court may direct; provided, however, that the court shall, upon a substantial violation of its order, or for other good and sufficient cause, set aside said order of continuance, and the cause shall proceed to trial as by law now provided.

Sec. 4. The court may, upon such terms and conditions as in its discretion seem just, advisable or equitable, suggest and recommend conciliation or arbitration between the parties to the action.

Sec. 5. The provisions of this act shall not be construed to apply to any suit for the foreclosure of a mort-

gage or on notes secured thereby, owned by the superintendent of banks of Arizona, in his official capacity, or his assigns or any person claiming through or under him.

Sec. 6. To preserve the public peace, health and safety, it is necessary that this act shall become immediately operative. It is therefore declared to be an emergency measure, and shall take effect upon its passage in the manner provided by law.

470.311
Arkansas

Incoming Telegrams

Chicago, Ill 1933 Mar 4 6:12 AM

Federal Reserve Board - WashDC

In accordance with the proclamation of the Governor of Illinois this bank will observe March 4, March 6 and March 7 as public holidays.

Federal Reserve Bank of Chicago.

- - - - - - - - - - - -

St. Louis Mar 4 12.32 PM

Meyer - Washn

In accordance with proclamations of the Governor of Missouri and bank commissioner of Arkansas declaring today and Monday state wide bank holidays the St Louis office and Little Rock branch will observe March 4 and March 6 as holiday Thought it wise not to close Louisville and Memphis today as proclamations of Governors of Kentucky and Tennessee were not suffisiently definite as to holiday feature. When we learn todays experience at Louisville and Memphis will try to find sufficient color o law to do what that experience indicates is wise.

MARTIN 1:54 PM.

- - - - - - - - - - - -

New York Mar 4 12:17 PM

Board - Washn

Governor Lehman today issued proclamation setting apart Saturday March 4 and Monday March 6 as holidays on which all banking institutions will be closed. The Governor of New Jersey and the Governor of Connecticut has each taken similar action.

CASE 12:52 PM

Incoming Telegram

San Francisco

Mar 3-4 4:45 PM

Board - Washn

Special holidays have been declared by Proclamation of Governors of all states in twelfth district as follows

During month of March Arizona - 2,3,4

California - 2,3,4

Idaho - 3 to 17, inclusive

Nevada - 2,3,4

Oregon - 2,3,4

Utah - 3 to 7, inclusive

Washington - 3,4,6

Newton

9:43 AM

Incoming Telegram

Dallas Mar 3 11:46 AM

Meyer - Washington

Yesterday afternoon the Governor of Texas issued proclamation declaring a financial moratorium during the period from March third to March seventh inclusive and requesting all banks in the State to remain closed during that period. This action was taken following an extended series of conferences and consultations beginning Wednesday afternoon and participated in by officers and members of Clearing House Association of Dallas Ft Worth, Houston, San Antonio, Waco and Galveston. The decision to request Governor to declare moratorium followed similar action taken Wednesday by Louisiana, Oklahoma, Arizona and California and was considered necessary on account of heavy withdrawals experienced by Texas Banks during past week due principally to spread of state moratorium movement and anticipation of similar action by Texas. Texas legislature now in session and I understand effort will be made to enact a law placing temporary restrictions upon deposits in time to enable Governor of Texas to lift moratorium Sunday March fifth and permit banks to open for business Monday March sixth upon a restricted withdrawal basis. We do not know however whether such legislation will be consummated before next Monday or not. Our bank is operating as usual. So far as we have been able to learn all commercial banks in Texas both state and national will probably observe holidays declared by Governor Ferguson and remain closed until moratorium is lifted except the Austin banks and a few country banks that have indicated their intention to remain open. We have received no detailed information concerning the moratoria in effect in Louisiana, Oklahoma and Arisona except announcements carried in press reports and

advices from the Federal Reserve Banks in whose territories the capitals of these three states are located. However we are endeavoring to obtain official copies of the proclamations issued in these states and if you so desire will wire you details of same when received.

Walsh

2:23 PM

AMENDED IN ASSEMBLY MARCH 14, 1933.
AMENDED IN SENATE MARCH 9, 1933.
AMENDED IN ASSEMBLY MARCH 7, 1933.
AMENDED IN ASSEMBLY MARCH 4, 1933.

ASSEMBLY BILL No. 2319

INTRODUCED BY MR. WILLIAMSON,

March 3, 1933.

An act to add ~~section 135b~~ SECTIONS 135B, 135C, 135D, 135E AND 135F *to the "Bank Act" defining and regulating the business of banking;* AND DECLARING THE URGENCY THEREFOR, AND THAT THE SAME SHALL TAKE EFFECT IMMEDIATELY.

The people of the State of California do enact as follows:

~~SECTION 1. A new section to be numbered section 135b is hereby added to the Bank Act to read as follows:~~

~~Sec. 135b. The Superintendent of Banks, may, whenever he is of the opinion that such action is necessary for the protection of the interests of the depositors and of the creditors of the banks under his supervision or that such action is in the public interest, order simultaneously all such banks forthwith to uniformly limit the payment in lawful money of the liabilities of all such banks to depositors and other creditors. Such uniform order shall immediately become effective and shall be binding upon any such bank upon receipt by such bank of notice thereof and shall continue in full force and effect until rescinded or modified by the Superintendent of Banks in writing, but in no event to exceed a period of sixty days; provided, that such limitation may be extended for further successive periods not to exceed sixty days each upon the order of the Superintendent of Banks.~~

~~Nothing herein contained shall affect the right of any such bank to pay its current operating expenses and any other liabilities incurred during such period of limitation.~~

~~The Superintendent of Banks may, in his discretion, permit any such bank to receive deposits; provided, however, that~~

during such period of limitation and for thirty days after the expiration thereof, deposits of cash or of collected credits so received shall not be subject to any limitation as to payment or withdrawal and such deposits shall be segregated and held and used solely to meet such new deposit liabilities; provided further, that no part of such segregated deposits shall be invested in any manner other than in securities of the United States government during the period in which the order of the Superintendent of Banks is in effect or for thirty days after the expiration thereof.

Provided, however, that the Superintendent of Banks may authorize in writing the withdrawal of any or all deposits secured by deposits of securities in accordance with law from any or all banks, in such amount as he may from time to time determine; but in the event that scrip, clearing house certificates, or any other media of exchange shall be declared by law to be acceptable in payment of obligations to the State or any political subdivision thereof, or public corporation therein, then, during any period of limitation, authorized under this section, such deposits and withdrawals shall be made in such media.

Nothing herein contained shall prevent the assignment of any suspended deposit liability or the application or set-off by a depositor of all or a part of such suspended liability, to the payment of any indebtedness of any depositor to such bank which existed at the time said suspension became effective but no deposit liability subsequently created or incurred may be so applied. After such order of suspension or limitation and until such order of suspension or limitation shall be rescinded no assignment or hypothecation shall be made by such bank of any indebtedness due to it from a depositor without first crediting thereon the deposit liability of the bank to such depositor-borrower.

During such period of limitation no bank shall pay any dividend to its stockholders or members.

The Superintendent of Banks is hereby authorized and empowered to prescribe such rules and regulations as he may deem necessary in order to carry out the provisions of this act.

No action taken by any bank or by the Superintendent of Banks pursuant to the provisions of this section, nor the operation of any bank under said provisions, shall constitute grounds for the Superintendent of Banks taking possession of any such bank under the provisions of section 136 of the Bank Act of California; but nothing herein contained shall be construed to limit the powers of the Superintendent of Banks pursuant to any provisions of law now in effect.

The Superintendent of Banks is authorized to assess against and collect from each bank its pro rata of the costs incurred in the administration of this section.

Any bank now in the course of liquidation that can comply with the provisions of and meet the withdrawal authorized

~~under this act shall be permitted by the Superintendent of Banks to resume business on the same basis as other banks.~~

~~SEC. 2. This act is hereby declared to be an urgency measure, within the meaning of section 1 of Article IV of the Constitution, necessary for the immediate preservation of the public peace, health and safety, and shall take effect immediately.~~

~~The facts constituting such necessity are as follows: There exist throughout the United States economic conditions which have engendered financial disturbances requiring the immediate effective enactment of legislation protecting the depositors in financial institutions subject to the laws of this State. It is essential to the preservation of the public peace, health and safety that the financial institutions of this State be afforded an opportunity for the orderly payment of moneys due depositors and other creditors. This act will aid materially in accomplishing this necessary result.~~

SECTION 1. Five new sections to be numbered sections 135b, 135c, 135d, 135e and 135f are hereby added to the Bank Act to read as follows:

Sec. 135b. In order to provide for the safer and more effective operation of the banks of this State, to preserve for the people of this State the full benefits to be derived from national legislation and to relieve the banks of this State from undue pressure in times of financial stress which might arise from lack of uniformity in their operations with those of the national banking system and the Federal Reserve System:

(a) During any emergency period prescribed by the President of the United States, by proclamation or otherwise, each State bank shall conform to any order or orders of the Superintendent of Banks, directed to any such bank, with relation to the regulation or regulations, limitation or limitations, restriction or restrictions, which are applicable thereto, prescribed by the Secretary of the Treasury or the Comptroller of the Currency or the Federal Reserve Board regulating or governing the operation of any bank which may be a member of the Federal Reserve System.

(b) During any emergency period prescribed by the Governor of this State, by proclamation or otherwise, no bank organized under the laws of this State shall transact any banking business except to such extent and subject to such regulation or regulations, limitation or limitations, restriction or restrictions directed to any such bank as may be prescribed by the Superintendent of Banks and as are made effective by the Secretary of the Treasury or the Comptroller of the Currency or the Federal Reserve Board with relation to the operation of banks which are members of the Federal Reserve System.

The Superintendent of Banks is authorized to assess against and collect from such banks as become subject to the provisions of this section their ratable share of the costs incurred in the administration thereof.

Sec. 135c. Whenever he shall deem it necessary in order to conserve the assets of any bank for the benefit of the depositors and other creditors thereof, the Superintendent of Banks may appoint a conservator for such bank and require of him such bond and security as the Superintendent of Banks deems proper. The conservator under the direction of the Superintendent of Banks shall take possession of the books, records and assets of every description of such bank, and take such action as he may deem necessary to conserve the assets of such bank pending further disposition of its business as provided by law. Such conservator shall have all the rights, powers and privileges now possessed by or hereafter given the Superintendent of Banks, with relation to banks of which he has taken charge under the provisions of section 136 of this act, and shall be subject to the obligations and penalties, not inconsistent with the provisions of this section to which the Superintendent of Banks now or may hereafter become subject. During the time that such conservator remains in possession of such bank the rights of all parties with respect thereto, subject to the other provisions of this section, shall be the same as if the Superintendent of Banks had taken such bank into possession for purposes of liquidation. All expenses of any such conservatorship shall be paid out of the assets of such bank and shall be a lien thereon, which shall be prior to any other lien provided by this act or otherwise. The conservator shall receive as salary an amount no greater than paid by the Superintendent of Banks to his special deputies in charge of the liquidation of State banks.

(1) The Superintendent of Banks shall cause to be made such examination of the affairs of any bank for which he has appointed a conservator as shall be necessary to inform him as to the financial condition of such bank and the examiner shall make a report thereon to the Superintendent of Banks at the earliest practicable date.

(2) If the Superintendent of Banks becomes satisfied that it may safely be done and that it would be in the public interest, he may, in his discretion, terminate the conservatorship and permit such bank to resume the transaction of its business, subject to such terms, conditions, restrictions and limitations as he may prescribe.

(3) While any bank for which the Superintendent of Banks has appointed a conservator is in the hands of such conservator, the Superintendent of Banks may require the conservator to set aside and make available for withdrawal by depositors and payment to other creditors on a ratable basis such amounts as in the opinion of the Superintendent of Banks may safely be used for this purpose; and the Superintendent of Banks may, in his discretion, permit the conservator to receive deposits; but deposits received while the bank is in the hands of the conservator shall be held as trust funds, and shall not be subject to any limitation as to payment or withdrawal, and such deposits shall be segregated and shall not be used to liquidate

any indebtedness of such bank existing at the time such conservator was appointed for it, or any subsequent indebtedness incurred for the purpose of liquidating any indebtedness of such bank existing at the time such conservator was appointed. Such deposits received while the bank is in the hands of the conservator shall be kept on hand in cash, invested in the direct obligations of the United States Government or deposited with the Federal Reserve Bank.

(4) Any bank, including a bank in the possession of the Superintendent of Banks pursuant to the provisions of section 136 of this act, may be reorganized under a plan which requires the consent,

(a) Of depositors and other creditors, or

(b) Of stockholders, or

(c) Of both depositors and other creditors and stockholders. Such reorganization shall become effective only,

I. When the Superintendent of Banks shall be satisfied that the plan of reorganization is fair and equitable as to all depositors, other creditors and stockholders and is in the public interest, and shall have approved the plan subject to such conditions, restrictions and limitations as he may prescribe, and

II. When, in any such reorganization, in this paragraph mentioned, after notice thereof satisfactory to the Superintendent of Banks, as the case may be:

(a) Depositors and other creditors of such bank representing at least seventy-five per cent in amount of its total deposits and other liabilities as shown by the books of such bank, or

(b) Stockholders owning at least two-thirds of its outstanding capital stock as shown by the books of such bank, or

(c) Both depositors and other creditors representing at least seventy-five per cent in amount of the total deposits and other liabilities and stockholders owning at least two-thirds of its outstanding capital stock as shown by the books of such bank, have consented in writing to the plan of reorganization; provided, however, that claims of depositors or other creditors which will be satisfied in full under the provisions of the plan of reorganization shall not be included among the total deposits and other liabilities of such bank in determining the seventy-five per cent thereof as above provided. When such reorganization becomes effective, all books, records, and assets of such bank shall be disposed of in accordance with the provisions of the plan and the affairs of such bank shall be conducted by its board of directors in the manner provided by the plan and under the conditions, restrictions and limitations which may have been prescribed by the Superintendent of Banks. In any reorganization which shall have been approved and shall have become effective as provided herein, all depositors and other creditors and stockholders of such bank, whether or not they have consented to such plan of reorganization, shall be fully and in all respects subject to and bound by its provisions, and claims of all depositors and other creditors

shall be treated as if they had consented to such plan of reorganization.

(5) After thirty days after the affairs of a bank shall have been turned back to its board of directors by the conservator, either with or without a reorganization as provided in this section, the provisions of paragraph (3) hereof with respect to the segregation of deposits received while it is in the hands of the conservator and with respect to the use of such deposits to liquidate the indebtedness of such bank shall no longer be effective: Provided, that before the conservator shall turn back the affairs of the bank to its board of directors, if any deposits have been received since the conservator was appointed, he shall cause to be published in a newspaper published in the city, town or county in which such bank is located, and if no newspaper is published in such city, town or county, in a newspaper to be selected by the Superintendent of Banks published in this State, a notice in form approved by the Superintendent of Banks stating the date on which the affairs of the bank will be returned to its board of directors and that the said provisions of paragraph (3) hereof will not be effective after thirty days after such date; and on the date of the publication of such notice the conservator shall immediately send to every person who is a depositor in such bank under paragraph (3) hereof a copy of such notice by mail addressed to the last known address of such person as shown by the records of the bank, and the conservator shall send similar notice in like manner to every person making deposit in such bank under paragraph (3) hereof after the date of such newspaper publication and before the time when the affairs of the bank are returned to its directors.

(6) No creditor having security for the payment of his claim shall be affected in his right to enforce such security by the provisions of any plan for the reorganization of any such bank. Any plan of reorganization involving the reduction of claims of creditors shall, as to secured creditors, apply to the amounts of their claims against any such bank after collateral has been realized upon.

(7) The Superintendent of Banks is authorized to assess against and collect from such banks as become subject to the provisions of this section their ratable share of the costs incurred in the administration thereof.

Sec. 135d. Notwithstanding any other provision of law, any bank may, with the approval of the Superintendent of Banks and by vote of shareholders owning a majority of the stock of such bank, upon not less than five days' notice, given by registered mail pursuant to action taken by its board of directors, issue preferred stock in such amount and with such par value as shall be approved by the Superintendent of Banks, and make such amendments to its articles of incorporation as may be necessary for this purpose; but, in the case of any newly organized bank which has not yet issued common stock, the requirement of notice to and vote of shareholders

shall not apply. No issue of preferred stock shall be valid until the par value of all stocks so issued shall be paid in.

The holders of such preferred stock shall be entitled to cumulative dividends at a rate not exceeding 6 per centum per annum, but shall not be held individually responsible as such holders for any debts, contracts, or engagements of such bank and shall not be liable for assessments to restore impairments in the capital of such bank as now provided by law with reference to holders of common stock. Notwithstanding any other provision of law, the holders of such preferred stock shall have such voting rights, and such stock shall be subject to retirement in such manner and on such terms and conditions, as may be provided in the articles of incorporation with the approval of the Superintendent of Banks.

No dividends shall be declared or paid on common stock until the cumulative dividends on the preferred stock shall have been paid in full; and, if the bank is placed in liquidation or a conservator is appointed therefor, no payments shall be made to the holders of the common stock until the holders of the preferred stock shall have been paid in full the par value of such stock plus all accumulated dividends.

Sec. 135e. If in the opinion of the Superintendent of Banks any bank is in need of funds for capital purposes either in connection with the organization or reorganization of such bank or otherwise, such bank may with the approval of the Superintendent of Banks request the Reconstruction Finance Corporation to subscribe for preferred stock in such bank or to make loans secured by such stock as collateral.

Sec. 135f. Subject to the approval of the Superintendent of Banks any bank is authorized, pursuant to the provisions of section 13 of the Federal Reserve Act, as amended, to apply for and receive from the Federal Reserve Bank loans secured by direct obligations of the United States, and to make, execute and deliver to the Federal Reserve Bank a promissory note or notes evidencing such loans, subject to such terms and conditions as may be fixed by the Federal Reserve Bank or the Federal Reserve Board.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 3. Nothing in this act contained shall be construed to limit, modify or in any way affect any powers now vested in the Superintendent of Banks under the terms of the bank act.

SEC. 4. This act is hereby declared to be an urgency measure, within the meaning of section 1 of Article IV of the Constitution, necessary for the immediate preservation of the public peace, health and safety, and shall take effect immediately.

The facts constituting such necessity are as follows: There exists throughout the United States economic conditions which have engendered financial disturbances requiring the immediate effective enactment of legislation protecting the depositors in financial institutions subject to the laws of this State. It is essential to the preservation of the public peace, health and safety that the financial institutions of this State be afforded an opportunity for the orderly payment of moneys due depositors and other creditors. This act will aid materially in accomplishing this necessary result.

Note: Mr. A. C. Agnew, Counsel for the Federal Reserve Bank of San Francisco advises that this became a law of the State of California on March 14, 1933.

J. M.

470.311
California
3/3/33

The citation for the original is:

“California Exchanges Closed.” The New York Times, March 3, 1933.

470.311
California
3/2/33

INCOMING TELEGRAM

San Francisco Mar 2 755 am

Morrill

Washington

Governor State of California has proclaimed Thursday Friday and Saturday of this week to be public holidays. It is too early to state the extent holidays will be observed by banks.

Clerk

11:21 am

470 311
California
3/2/33

Incoming Telegram

San Francisco, March 2 11 AM

Board - Washington

By proclamation Governor of California has declared three day legal holiday March 2, 3, and 4.

Newton

3:10 pm

470-311
California
3/2/33

California

3 day bank holiday proclaimed by Governor effective March 2, 1933.

Source: Amread, News ticker, Washington Daily News for March 2.

(COPY)

470.311
Comm.

CONFIRMATION OF TELEGRAM

JHC:CMP
12:00 noon

Federal Reserve Board, March 4, 1933.

Washington.

Governor Lehman today issued proclamation setting apart Saturday, March 4, and Monday, March 6, as holidays on which all banking institutions will be closed. The governor of New Jersey and the governor of Connecticut has each taken similar action.

CASE

Incoming Telegram

Philadelphia - 11:25 A Mar 4 1933

Board - Washington

Under proclamation issued by Governor Pinchot early this morning declaring bank holiday in Pennsylvania for Saturday, March 4th and Monday, March 6th, this bank is observing a holiday today and will observe one on Monday. We are notified by the Commissioner of Banking of New Jersey that Governor Moore has declared similar holidays for the banks of New Jersey. The Governor of Delaware has not acted as yet, it is presumed he will declare Monday, March 6th a bank holiday.

Austin

11:28 A

The citation for the original is:

“10 Banks Restrict Cash Withdrawal.” Washington Post, March 2, 1933.

(HOUSE BILL No. 403)

AN ACT for the Protection of State Banks Against Excessive Withdrawals or Runs and to Provide for Limits of Withdrawals on Said Banks to Twenty Per Cent (20%) of Its Deposits; Provide the Procedure to Be Followed by Such Bank or Banks in Case It Senses a Run Either by Withdrawal of Deposits by Its Depositors En Masse or Through the Clearing House or Houses or other Collecting Agents; to Correlate Such Procedure With Rules and Regulations of the Comptroller.

Whereas, a very large number of banks in Florida have closed within the past year, primarily, on account of excited runs by depositors—and too, by reason of withdrawals through the clearing houses, and,

Whereas, such runs have in many instances resulted in the closing of many solvent banking institutions in this State, and,

Whereas, under the laws of the State of Florida such banks are permitted to place as much as eighty per cent (80%) of their deposits in time loans, carrying only twenty per cent (20%) as a working reserve, and,

Whereas, such twenty per cent (20%) reserve appears to be adequate and sufficient for the usual demands of the banking business, but would, of course, be insufficient to pay off all or a large number of depositors in the event of a run, and,

Whereas, it would seem that if a bank is allowed to place a certain portion of its deposits on a time basis with a cash reserve of twenty per cent (20%) to meet all normal demands, the bank should have some protection against an abnormal demand, as a run, which usually destroys the bank and those in charge of it no matter how good that bank may be, and,

Whereas, it has always been the policy of the State of Florida to seek and get protection for the public and for itself in its relation to banks. It would therefor appear that all solvent banks should have some protection against undue excitement of its depositors, and,

Whereas, it is admitted that the public has a right to assume that any open bank is a solvent bank and the banking department should have legal authority to see to it that open banks are solvent—solvent in the sense that good valuation is supporting the accounts, and,

Whereas, banks should be allowed, or caused, to close only

470.311
Georgia

March 4, 1933

Memorandum

Mr. Mooney advises the following telegram sent by Federal Reserve Bank of Atlanta to all Federal reserve banks:

"In accordance with the proclamation of the Governor of Georgia, this bank, its branches and the agencies will observe March 4 and 6 as a holiday".

The following telegram sent to all Federal reserve banks by Governor Norris:

"In accordance with the proclamation of the Governor of Pennsylvania this bank will observe Saturday, March 4, and Monday, March 6, as a holiday."

A C. 68A. 10M SETS—6-32

470-311
Georgia

FEDERAL RESERVE BANK OF ATLANTA
PRIVATE WIRE SYSTEM
OUTGOING

CONFIRMATION

TO BOARD
WASHINGTON

ATLANTA, GA. 3-3-33

GOVERNOR OF GEORGIA HAS DECLARED BANK HOLIDAY

COPY OF PROCLAMATION WILL BE SENT AIR MAIL TONIGHT

NEWTON

A-a-23

SENT BY GMB

CONFIRMATION

470.311
Georgia
3/3/33

Incoming Telegram

Atlanta, Ga.

March 3 11:28 AM

Board - Washington

Governor of Georgia has declared bank holiday

Copy of proclamation will be sent air mail tonight

Newton

12:33 PM

2/70.311
Hendry
2/8/35

Incoming Telegram

San Francisco

Mar 3-4 4:45 PM

Board - Washn

Special holidays have been declared by Proclamation of Governors of all states in twelfth district as follows

During month of March

Arizona - 2,3,4

California - 2,3,4

Idaho - 3 to 17, inclusive

Nevada - 2,3,4

Oregon - 2,3,4

Utah - 3 to 7, inclusive

Washington - 3,4,6

Newton

9:43 AM

Mr. Hackett

Incoming Telegram

470.311
Lee
3/7/33

Chicago Mar 7 10:37 PM

Board - Washington

Following is copy of proclamation issued by Governor of Illinois late tonight "PROCLAMATION

On March third, 1933, to meet the serious financial emergency then affecting banks and trust companies in this state and the depositors thereof, I issued a proclamation for a holiday with reference to such banks and trust companies. That action was taken by me prior to any action of the Federal Government to meet the situation. Since then, on March sixth, the President of the United States issued a proclamation relating to the subject and applicable throughout the Nation.

In view of the action of our national government in the premises and also the necessity of harmonizing state action with national action as to the holidays during which banks and trust companies are to be closed for the transaction of business:

I, Henry Horner, Governor of the State of Illinois, do hereby declare, proclaim and direct that my proclamation of March third be modified and amended so that it shall provide that no bank or trust company shall be open for the transaction of banking or trust company business prior to March 10th, 1933 -- That is to say that the provision for holidays in my proclamation of March 3rd, 1933, as to the closing of all banks and trust companies in this state, be extended from March 7th, 1933 to and including March 9th, 1933.

Until I am authoritatively advised of further action by the

Federal Government, all other provisions of the proclamation issued by me on March 3rd, 1933, shall remain in force.

It should be clearly understood at this time that no proclamation now or heretofore made by me shall be construed to permit any Illinois State Bank or Trust Company to transact any business, or do any act which is in violation of the laws of this State.

Dated at Springfield, Illinois, this seventh day of March, 1933, at _____ PM HENRY HORNER, Governor of Illinois."

Stevens

11:52 PM

470.311
Sec

Incoming Telegrams

Chicago, Ill 1933 Mar 4 6:12 AM

Federal Reserve Board - WashDC

In accordance with the proclamation of the Governor of Illinois this bank will observe March 4, March 6 and March 7 as public holidays.

Federal Reserve Bank of Chicago.

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St. Louis Mar 4 12.32 PM

Meyer - Washn

In accordance with proclamations of the Governor of Missouri and bank commissioner of Arkansas declaring today and Monday state wide bank holidays the St Louis office and Little Rock branch will observe March 4 and March 6 as holiday Thought it wise not to close Louisville and Memphis today as proclamations of Governors of Kentucky and Tennessee were not sufficiently definite as to holiday feature. When we learn todays experience at Louisville and Memphis will try to find sufficient color o law to do what that experience indicates is wise.

MARTIN 1:54 PM.

- - - - - - - - - - - -

New York Mar 4 12:17 PM

Board - Washn

Governor Lehman today issued proclamation setting apart Saturday March 4 and Monday March 6 as holidays on which all banking institutions will be closed. The Governor of New Jersey and the Governor of Connecticut has each taken similar action.

CASE 12:32 PM

(C O P Y)

FEDERAL RESERVE BANK OF CHICAGO

February 4, 1933

Federal Reserve Board

Washington, D. C.

Gentlemen:

This is to advise you that the Hon. Edward J. Barrett, the new Auditor of Public Accounts of the State of Illinois, having in charge the administration of the State banking laws, has advised all State banks and trust companies in his January, 1933, Bulletin, as follows:

> "In regard to the prevalent idea of the legality of a moratorium, we wish to state that there is no warrant in the law for the declaration of a moratorium by banks, groups or municipalities, and consequently moratoriums will not be recognized by this office. Banks suspending business will be deemed to be in the control of the State Auditor for examination and such banks will not be permitted to reopen until an examination has been completed and then, only on the authority and consent of the Auditor."

Very truly yours,

(Signed) Eugene M. Stevens

C h a i r m a n

470.311
Indiana
9/28/33

Indiana

Indianapolis Banks restrict withdrawals

Until further notice Indianapolis banks will restrict all depositors withdrawals to not more than 5%, it was announced Sunday night.

Unusual withdrawals

To Indiana banks follow lead in Shelby, Tippecanoe & Grant Counties - One in Kokomo & 1 in Wabash —

See clipping, reverse side, on Ohio. Amer Banker 9/28/32

The citation for the original is:

“Indiana to Have 90 Day Deposit Withdrawal Limit.” American Banker, February 24, 1933.

THE INDIANA
Financial Institutions Act

APPROVED FEBRUARY 24, 1933

For

STATE-CHARTERED BANKS

BUILDING AND LOAN ASSOCIATIONS

GUARANTY LOAN AND SAVINGS ASSOCIATIONS

MORTGAGE GUARANTY COMPANIES

CREDIT UNIONS

Effective July 1, 1933, except Sections 10, 47, 63, 147, 244 and 367 effective February 24, 1933

Printed by

INDIANA BANKERS ASSOCIATION

1308 CIRCLE TOWER

INDIANAPOLIS

AN ACT CONCERNING FINANCIAL INSTITUTIONS

Part I. Short Title and Definitions

ARTICLE I

Short Title and Definitions

Section 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF INDIANA, That this act shall be known and may be cited as "The Indiana Financial Institutions Act."

Sec. 2. Application. This act shall apply to every financial institution enumerated in subsection (a) of section 3 of this act, and to such other corporations and individuals as may hereafter by law be subjected to the provisions of this act.

Sec. 3. Definitions. As used in this act, and unless a different meaning appears from the context:

(a) The term "financial institution" means any bank and/or trust company, building and loan association or credit union organized or reorganized under the provisions of this act; any bank of discount and deposit, private bank, loan and trust and safe deposit company, trust company, building and loan association, rural loan and savings association, guaranty loan and savings association, mortgage guarantee company or credit union organized under the provisions of any law enacted prior to the passage of this act; and any savings bank or small loan company heretofore or hereafter organized under the provisions of any law of this state.

(b) The term "small loan company or companies" means a person, copartnership or corporation heretofore or hereafter organized and licensed to transact business under the provisions of Chapter 125 of the Acts of the General Assembly of 1917, or of any acts amendatory thereof or supplemental thereto.

(c) The term "institution" means a financial institution.

(d) The term "domestic corporation" means a corporation formed under the laws of this state, and the term "foreign corporation" means every other corporation.

(e) The term "articles of incorporation" includes both the original articles of incorporation and any and all amendments thereto, except where the original articles of incorporation only are expressly referred to, and includes articles of merger and consolidation, and,

in the case of corporations heretofore organized, articles of reorganization filed in the office of the secretary of state, and all amendments thereto.

(f) The term "incorporator" means one of the signers of the original articles of incorporation.

(g) The term "subscriber" means one who subscribes for shares of stock in a corporation, whether before or after incorporation.

(h) The term "shareholder" means one who is a holder of record of shares of stock in a corporation, unless the context otherwise requires.

(i) The term "capital stock" means the aggregate amount of the par value of all shares of capital stock.

(j) The term "capital" means the aggregate amount paid in on the shares of capital stock of a corporation issued and outstanding.

(k) The term "assets" includes all of the property and rights of every kind of a corporation; and the term "fixed assets" means such assets as are not intended to be sold or disposed of in the ordinary course of business.

(l) The term "principal office" means that office maintained by the corporation in this state, the address of which is required by the provisions of this act to be kept on file in the office of the secretary of state.

(m) The term "subscription" means any written agreement or undertaking, accepted by a corporation, for the purchase of shares of capital stock in the corporation.

(n) The term "department" means "The Department of Financial Institutions."

(o) The term "commission" means "The Commission for Financial Institutions."

Part II. Department of Financial Institutions and Liquidation

ARTICLE I

Department of Financial Institutions

Sec. 4. Department of Financial Institutions. There is hereby created a department which shall be known as "The Department of Financial Institutions," which shall have charge of the organization, supervision, regulation, examination and liquidation of the several financial institutions to which this act is applicable, and the enforcement, administration and execution of the provisions of this act and the provisions of any other act applicable to any such financial insti-

tution, and shall exercise such other powers and perform such other duties as may at any time be conferred or imposed by law. Wherever, by any of the provisions of this act, or of any other act, any right, power or duty is imposed or conferred on the department, the right, power or duty so imposed or conferred shall be possessed and exercised by the commission, unless otherwise provided in this act, or unless any such right, power or duty is delegated to the duly appointed agents or employees of the department, or any of them, by an appropriate rule, regulation or order of the commission.

Sec. 5. Commission. The powers, duties, management and control of the department of financial institutions are hereby conferred on and vested in a commission which shall be known as "The Commission for Financial Institutions." The commission shall consist of not more than five members who shall be appointed by the Governor, one member of which shall be a person of tested banking experience in the actual operation of a state chartered bank or trust company, and one member a person of tested building and loan experience, and in the appointment of the members of such commission, the Governor shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests of the state. Any vacancy which may occur in the membership of the commission, for any cause, shall be filled by appointment for the unexpired term.

Sec. 6. Compensation and Removal of Members. The members of the commission shall receive such compensation as may be fixed by the Governor, not exceeding any aggregate, for any one member, the sum of one thousand dollars per year, and, in addition thereto, shall be entitled to receive their actual and necessary traveling and other expenses incurred in the performance of their duties. The Governor may remove any member of the commission, at any time, for inefficiency, incompetency or neglect of or for failure to perform his duty. No member of the commission shall vote upon any question which affects exclusively any financial institution or proposed financial institution of which he is an officer, director or employee, or in which he may be otherwise interested.

Sec. 7. Office and Services. The department shall be provided with suitable offices located in the state capitol building and with all necessary services therefor.

Sec. 8. Officers and Seal. Upon the taking effect of this act and the appointment of the commission, and annually thereafter, the commission shall meet and organize by the election of one of its members as chairman and one member as vice-chairman and one person, who need not be a member of the commission, as secretary. The officers so elected shall hold office for one year and until their successors are elected and qualified. Three members of the commission shall constitute a quorum for the transaction of business. The commission shall hold such regular and special meetings each year as

may be prescribed in the rules of the commission. The department shall have an official seal of such design as may be approved by the commission.

Sec. 9. Management of Financial Institutions. Every financial institution to which this act is applicable shall conduct and transact its business in a safe and prudent manner; shall maintain such institution in a safe and solvent condition; and shall establish and maintain safe and sound methods for the conduct of such financial institution and its business and prudential affairs.

Sec. 10. Rules and Regulations. The department is hereby authorized, by a three-fourths vote of the members of the commission, to make, promulgate, alter, amend or repeal rules and regulations, for any or all of the following enumerated purposes:

(a) For the conduct of the meetings of the commission and the conduct of the work of the department and the several divisions thereof.

(b) Prescribing the methods and standards to be used in making the examinations and evaluating the assets and prescribing the forms of reports of the several financial institutions to which this act is applicable.

(c) Defining what is a safe or an unsafe manner and a safe or an unsafe condition for conducting and transacting business by any financial institution to which this act is applicable.

(d) For the establishment of safe and sound methods for the transaction of business by such financial institutions and for safeguarding the interests of depositors, creditors and shareholders respecting the withdrawal of funds in times of emergency.

Any rule or regulation made and promulgated under and pursuant to this subsection may apply to one or more financial institutions and/or to one or more localities in the state as the department, in its discretion, may determine.

(e) For the administration and termination of the affairs of any such financial institution which is in voluntary or involuntary liquidation or whose business and property have been taken possession of by the department pursuant to the provisions of this act.

All of such rules and regulations promulgated by the department shall have the force and effect of law, and any person who shall violate any of the provisions of such rules and regulations, shall be subject to a fine of not less than ten dollars nor more than five hundred dollars for each offense.

Sec. 11. Execution of Instruments. All rules, regulations, notices, orders, deeds, assignments and other instruments or documents issued, executed or promulgated by the department shall be executed in the name of "The Department of Financial Institutions," and on its behalf, by the director of the department, or, in case of his absence or disability, by the chairman or vice-chairman of the commission, shall

be attested by the secretary of the commission, and shall be sealed with the official seal.

Sec. 12. Director. The governor shall appoint a director of the department, who shall not be a member of the commission and who shall be familiar with the nature, problems and business of the respective financial institutions over which he has jurisdiction, and who shall be chosen solely for fitness, irrespective of his political beliefs or affiliations. The director shall serve and may be removed at the pleasure of the governor, and shall be the chief executive and administrative officer of the department and of the commission and shall have general supervision and charge of the work of the department and of each of the divisions and employees thereof, subject to the orders and under the direction of the commission.

Sec. 13. Divisions of the Department. The department shall consist of the following enumerated divisions:

(a) The division of banks and trust companies;

(b) The division of building and loan associations; and

(c) The division of small loans.

Divisions other than those hereinbefore enumerated may be created, from time to time, by the commission, with the approval of the governor, as the work of the commission develops and as it may be found necessary or desirable to differentiate the work of the department, but, in the creation of such divisions, the commission shall have no authority to exercise any powers or duties not otherwise conferred by the provisions of this act.

Sec. 14. Jurisdiction of Each Division. Subject to the authority of the commission and the director, and unless and until divisions other than those hereinbefore enumerated be created, as provided for in section 13 of this act, the division of banks and trust companies shall have charge of the administration of the laws concerning banks of discount and deposit, private banks, savings banks, loan and trust and safe deposit companies, banks and/or trust companies, and trust companies; the division of building and loan associations shall have charge of the administration of the laws concerning building and loan associations and rural and guaranty loan and savings associations; and credit unions and the division of small loans shall have charge of the administration of the laws concerning small loan companies, mortgage guarantee companies, and such other financial institutions as may, by law, be placed under the jurisdiction of the department.

Sec. 15. Supervisors. The governor shall appoint suitable persons to supervise and have charge of the respective divisions of the department. The supervisor in charge of the division of banks and trust companies shall be known as the bank supervisor; the supervisor in charge of the division of building and loan associations, as the building and loan supervisor; the supervisor in charge of the

division of small loans, as the small loan supervisor. The persons appointed as the supervisors of divisions shall have a practical knowledge of the organization, operation, problems, and business of the respective types and kinds of financial institutions under the jurisdiction and supervision of the division to which they are appointed.

Sec. 16. Powers of Supervisor. The supervisor in charge of each division shall, under the direction of the director of the department, have immediate supervision and management of and shall be responsible for the work of his division.

Sec. 17. Examiners and Assistants. The governor shall appoint such examiners, assistants, attorneys and other employees as may be found necessary to carry on the work of the department. Except as hereinafter otherwise provided, the supervisors and the several examiners, assistants and employees, shall be chosen for their fitness, either professional or practical as the nature of the position may require, irrespective of their political beliefs or affiliations. The technical or professional qualifications of any applicant shall be determined by examination, professional rating or otherwise, as the governor, in his discretion, may determine. Insofar as may be practicable, the examiners shall be so appointed that not more than one-half of the examiners in each division shall be adherents of any one political party and the applicants for the position of examiner shall be appointed according to their rating.

Sec. 18. Salaries and Removal. Subject to the approval of the state budget committee, the salary of the director shall be fixed by the governor and the salaries of the supervisors, examiners, assistants, attorneys and other employees shall be fixed by the director with the approval of the commission, and all such salaries shall be paid out of the financial institutions fund, as hereinafter provided for in this act. Any of the supervisors, any attorneys, any examiners, assistants, or employees, assigned to or employed in any division of the department or employed by the department may be removed, at any time, by the governor for inefficiency, incompetency or neglect of or failure to perform their duties.

Sec. 19. Restrictions on Directors, Supervisors and Employees. While exercising the powers and duties of his office, and except as herein otherwise provided, neither the director, nor any supervisor, examiner, assistant or employee shall be an officer, director, owner or shareholder of or a partner in any financial institution to which this act is applicable, nor shall the director nor any supervisor, examiner, assistant or other employee be interested in or receive, either directly or indirectly, any fee, perquisite, reward, emolument

or other compensation therefrom. Neither the director nor any supervisor, examiner, assistant or employee shall be or become indebted, directly or indirectly, either as borrower, endorser, surety or guarantor, to any financial institution under this act. If the director or any supervisor, examiner, assistant or employee shall be a shareholder, or partner in or an owner of any such financial institution at the time of his appointment, he shall dispose of his shares of stock or other evidence of ownership or property within such time as shall be fixed by the commission. Nothing contained in this section shall be so construed as to prohibit the director or any supervisor, examiner, assistant or employee from obtaining or maintaining a mortgage loan upon his own home from any financial institution authorized by law to make such loans.

Sec. 20. Oath of Office. The several members of the commission, the director, supervisors, examiners, assistants and employees shall each take an oath of office.

Sec. 21. Official Bonds. The director of the department shall give a bond in the penal sum of twenty-five thousand dollars, and each supervisor and each examiner shall give a bond in the penal sum of five thousand dollars, payable to the State of Indiana, with surety thereon to be approved by the commission, conditioned for the faithful and impartial discharge of their respective duties. The commission may, from time to time, require such bonds from other employees of the department, in such amounts and with such sureties as the commission may deem necessary. In lieu of such individual bonds of each supervisor and examiner and such other employees of the department as may be deemed necessary, a blanket bond payable to the State of Indiana may be procured by the department upon order of the commission in such amount, and with such surety or sureties as may be approved by the commission, conditioned for the faithful and impartial discharge of the respective duties of such supervisors, examiners and/or other employees. The cost of or premium on any bond given by any officer or employee or procured by the department contemplated in this section shall be paid out of the financial institutions fund.

Sec. 22. Liability for Official Acts. Neither the members of the commission nor the several officers and employees of the department shall be liable, in their individual capacity, except to the State of Indiana, for any act done or omitted in connection with the performance of their respective duties under the provisions of this act.

Sec. 23. Power to Administer Oaths and to Examine Records and Remove Officers and Directors. Each of the members of the commission, the director and each of the supervisors and examiners of the department, is hereby authorized to administer oaths and to require information for any lawful purpose under this act from any of the financial institutions, persons, firms or corporations to which

this act is applicable and/or any of the officers or agents thereof; to require the production of books, accounts, papers, records, documents and other evidence for any lawful purpose under this act. In case of the disobedience on the part of any person to comply with any lawful order of a member of the commission, or of the director or any supervisor or examiner, or any lawful subpoena, or upon the refusal of any witness to appear and testify to any matter regarding which he may be lawfully interrogated, as herein provided, upon petition of the department, it shall be the duty of the circuit or superior court of the county in which such financial institution is conducting business, or the judge thereof in vacation, to compel obedience to the lawful requirements of such subpoena or order, and to compel the production of the necessary and required books, papers, records, documents and other evidence, and, upon failure, refusal, or neglect of any person to comply with the order of the court or the judge thereof, such person shall be punished for contempt of court whenever, in the opinion of the director of the department any director or officer of any financial institution to which this act is applicable shall have continued to violate any law relating to such financial institution or shall have continued unsafe or unsound practice in conducting the business of such financial institution, after having been warned by the director to discontinue such violations of law or such unsafe or unsound practices, the director may certify the facts to the commission. In any such case the commission may cause notice to be served upon such director or officer of any such financial institution to appear before such commission to show cause why he should not be removed from office. A copy of such order shall be sent to each director of the financial institution affected, by registered mail. If, after granting the accused director or officer of any such financial institution a reasonable opportunity to be heard, the commission finds that he has continued to violate any law relating to the financial institution of which he is an officer or director, or has continued unsafe or unsound practices in conducting the business of such financial institution after having been warned by the director to discontinue such violation of law or such unsafe or unsound practice, the commission, in its discretion, may order that such director or officer be removed from office. A copy of such order shall be served upon the director or officer who is by the term of such order removed and a duplicate copy thereof shall also be served upon the financial institution of which he is a director or officer. Neither the order removing any such director of any financial institution, nor the findings of fact upon which such order is based, shall be made public or disclosed to anyone except the director or officer involved and the directors of the bank involved, otherwise than in connection with proceedings for a violation of the provisions of this section. Any such director or officer removed from office pursuant to the provisions of this section who thereafter par-

ticipates in any manner in the management of such financial institution shall be fined not more than five thousand dollars or imprisoned for not more than five years, or both, in the discretion of the court.

Sec. 24. Annual Reports of Department. On or before the first day of December of each year, the department shall submit to the governor a detailed report of the work and activities of the department, and of each of the divisions thereof, for the preceding fiscal year, in form and content comparable to the annual reports of the comptroller of the currency of the United States, which shall contain also the recommendations of the department for the amendment, repeal or passage of any law which the department may deem necessary or desirable, and such other information as the department may deem necessary and as the governor may require.

Sec. 25. Application for Organization of Financial Institutions. No bank, trust company, building and loan association, savings bank or credit union shall be organized or incorporated or engage in business as such in this state unless and until the articles of incorporation of such proposed financial institution shall have been submitted to and shall have been approved by the department, and unless the department shall approve the organization and establishment of such institution in the city or town in which the incorporators propose to establish such institution. The request to establish such proposed institution shall be set forth in an application which shall be furnished and prescribed by the department and shall contain such information as the department may require. No such application shall be approved by the department until a public hearing, after due notice thereof, shall have been had thereon, in the city or town in which the applicant proposes to establish such institution. If such proposed institution be a credit union, the hearing may be had in the office of the department.

Sec. 26. Notice of Hearing. Upon the receipt of any such application, and except as hereinafter otherwise provided, the department shall give notice thereof, by publication one time in a newspaper having a general circulation in the city or town in which the applicants propose to establish such institution. If no newspaper is published in such city or town, then such notice shall be published in one newspaper of general circulation published in the county in which such city or town is located. In addition to the newspaper publication, as hereinbefore provided, three notices shall be posted, one in each of three public places in such city or town. The department shall likewise give such notice, by mail or otherwise, to any person who, in the judgment of the department, may be interested in such application. If the application which is filed with the department requests the organization and incorporation of a credit union, it shall not be necessary to give notice thereof by publication in a newspaper, but notice thereof shall be given by posting, as herein-

before provided. The notice so given shall state the fact that the application has been filed, the names of the applicants, the place where the applicants propose to establish such institution, the date and place of the hearing thereon, and such other facts as the department, in its discretion, may deem pertinent. No such hearing shall be held until ten days after the date of the publication or posting of such notice.

Sec. 27. Hearing on Application. At the time and place designated in the notice, the hearing shall be held, either by the commission, or by any member or members thereof, or by the director of the department, or by the supervisor in charge of the division of the department which will have jurisdiction of such financial institution, if established, and any person who is interested may appear and be heard, either in person or by his attorney. A report of such hearing, in such form and detail as the department shall prescribe, shall be prepared by the person or persons who hold the hearing, and shall be placed on file in the department. Within a reasonable time after the date on which such hearing is held, but not to exceed sixty days, the commission shall either approve or disapprove such application.

Sec. 28. Investigation by Department. Upon the filing of such application, the department shall make, or cause to be made, a careful investigation and examination relative to the financial standing and character of the incorporators or organizers, the character, qualifications and experience of the officers of the proposed financial institution, and of the public necessity for the financial institution in the community in which such proposed financial institution is to be established, and if the commission, after the hearing, as hereinbefore provided, shall determine either of such questions unfavorably to such applicants, the application shall not be approved, and if all of such questions be determined favorably, the application shall be approved.

Sec. 29. Expense of Investigation. All expenses which may be incurred by the department in performing its duty, as prescribed in sections 25 to 28, inclusive, of this act, shall be paid by the applicants. At the time of filing their application, the applicants shall deposit, with the department, such amount of money, to be fixed by the department, as will be necessary to defray any and all expenses which may be incurred by the department in carrying out the provisions of sections 25 to 28, inclusive, of this act, and any balance remaining shall be returned to the applicants. The aggregate amount which is charged by the department for all of the expenses which may be incurred by the department in making the investigation incident to the organization of a credit union, as hereinbefore provided, shall in no case exceed five dollars.

Sec. 30. Penalty. Whoever shall violate any of the provisions of section 25 of this act shall be deemed guilty of a misdemeanor

and upon conviction thereof shall be fined in any sum not less than three hundred nor more than one thousand dollars, or be imprisoned for any period not less than thirty days nor more than one year, or be both so fined and imprisoned.

Sec. 31. Examination by the Department. The affairs of every financial institution, both domestic and foreign, to which this act is applicable, shall be subject to and shall be examined by the department as often as the department shall deem necessary, and every such examination shall be made without notice to the institution to be examined. The department is hereby authorized and required to make a thorough examination into all of the affairs of every such financial institution. In making such examination, the department may examine any of the officers or agents of such institution, under oath. After the examiner or examiners shall have completed the examination of any such financial institution, and before leaving such institution, they shall submit their findings and recommendations to the board of directors, owners or partners and confer with them thereon. Upon the conclusion of such examination, a full, true and detailed report of the condition of such financial institution shall be made to the department, by the person or persons making the examination, in such form as the department may prescribe. No such financial institution shall be subject to any visitorial powers other than such as are authorized by the provisions of this act or of any other law of this state and such as are vested in the several courts of this state. Financial institutions which are in voluntary liquidation shall be subject to the same examination as other institutions.

Sec. 32. Disclosure of Information. It shall be unlawful for any member of the commission or the director or any supervisor, examiner or assistant, or any other person having access to any such information to disclose to any person, other than officially to the department, by the report made to it, or to the board of directors, partners or owners, or in compliance with the order of a court, the names of the depositors or shareholders in any financial institution, or the amount of money on deposit therein at any time in favor of any depositor, or to disclose any other information concerning the affairs of any such financial institution. Any person who shall violate any of the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding three hundred dollars, to which may be added imprisonment for any period not to exceed one year and, in addition thereto, shall, if an officer or employee of the department, be dismissed from service.

Sec. 33. Examination by Federal Authority. The department may, in its discretion, accept any examination of any financial institution made by federal authority in lieu of the examination made under the provisions of this act.

Sec. 34. Notice of Insolvency or Suspension. If any financial institution be or become insolvent, or is in imminent danger of insolvency, or shall fail or suspend operation between the periods of examination hereinbefore authorized, it shall be the duty of the highest officer then actively in charge of such financial institution department the insolvency, suspension or failure of such financial institution, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not less than one hundred dollars nor more than five hundred dollars, to which may be added imprisonment for any period not to exceed six months.

Sec. 35. Fees. The commission shall prescribe and fix a schedule of fees, which are hereby imposed and shall be charged and collected by the department, for the services rendered and the duties performed by the department, under and by virtue of the provisions of this act, in the supervision, regulation, examination and liquidation of the several financial institutions to which this act is applicable. The fees so prescribed and fixed shall be based on the comparative cost to and the expense incurred by the department in the supervision, regulation, examination and liquidation of the respective financial institutions which are under its supervision, as such costs and expenses shall be ascertained and disclosed by an appropriate annual audit made by the department. In determining such costs and expenses, the department may classify the assets of such financial institutions and fix fees at different rates for the examination, supervision, regulation and liquidation of the several classes of assets, based on the proportionate cost and expense incurred by the department in making such examinations and in the administration of the provisions of this act relating to the supervision, regulation and liquidation of such financial institutions. Any such schedule of fees so prescribed and fixed shall be charged and collected until changed or modified by the commission, but no change or modification shall be made oftener than once during any year, and, except as hereinafter otherwise provided, any such modified schedule of fees shall become effective on the first day of the fiscal year of the state. The fees prescribed and fixed by the commission for the supervision, regulation, examination and liquidation of banks and/or trust companies, banks of discount and deposit, private banks, savings banks, loan and trust and safe deposit companies, trust companies, building and loan associations, rural loan and savings associations, guaranty loan and savings associations, mortgage guarantee companies and credit unions shall be based on the number of examinations made, and shall not exceed one-twenty-fifth of one per cent of the assets of any such financial institution for any one examination, and the charge for each one thousand dollars of assets or fraction thereof shall be uniform on all such institutions. No fees prescribed and fixed by the commission for any one examination of any bank and/or

trust company, bank of discount and deposit, private bank, savings bank, loan and trust and safe deposit company or trust company shall exceed fifty dollars for the first twenty-five thousand dollars of assets and three cents for each additional thousand dollars of assets. The term "assets," as used in this section, means the average amount of the assets of any such financial institution as disclosed by all of the reports made by such institution to the department during the year immediately preceding the date on which any such fee is charged and collected. Any and all administrative charges made and included in the fee prescribed and fixed, as herein provided, shall be in addition to any and all charges incurred and made by the department under the provisions of Article II of Part II of this act. The fee for the supervision, regulation and examination of small loan companies shall not exceed the sum of twenty dollars per day for each and every examiner or other employee of the department engaged in the examination of the business and affairs of such company, but no fees shall be paid by or collected from any such company unless the cost to the department of making such examination shall exceed the license fee paid by such company, as prescribed by law, in which event such excess only shall be paid and collected. Upon the failure or refusal of any financial institution to pay the fees prescribed and charged by the department, as hereinbefore provided, after due notice of the amount thereof, the department may take possession of the business and property of such financial institution as provided in section 41 of this act.

Sec. 36. Fund. All fees accruing to the department, as hereinbefore provided in this act, shall be paid into the state treasury monthly, and shall constitute a separate and distinct fund, which shall be known as the financial institutions fund. All expenses incurred and all compensation paid by the department in the administration of this act shall be paid out of the financial institutions fund, in the same manner as other state expenses and compensation are paid. No part of such fund shall revert to the general fund of the state treasury at the close of any fiscal year until such fund shall amount to twenty-five thousand dollars, in which event any amount in such fund in excess of twenty-five thousand dollars shall revert to the general fund at the end of each fiscal year.

Sec. 37. Powers of Banking Department Transferred. All of the rights, powers, authority and duties now vested in or conferred by law upon the department of banking and upon the state charter board, and the building and loan charter board, when not inconsistent with the provisions of this act, are hereby transferred to and conferred upon the department of financial institutions, as by this act created, and shall hereafter be held, exercised and possessed by the department of financial institutions, under the laws now in force or hereafter enacted.

Sec. 38. Solicitation of Contributions. For the purpose of securing and maintaining the professional standing and conduct of the staff of the department and to safeguard the service from the disadvantages which would result from interference by persons not members of the staff, it is hereby declared to be a misdemeanor for any person to solicit from any officer or employee of the department any money or other thing of value for political assessments or contributions, and upon conviction thereof the person so soliciting such assessment or contribution shall be fined in any sum not less than fifty nor more than five hundred dollars, to which may be added imprisonment for not less than sixty days nor more than one year.

Sec. 39. Regional Clearing House Association. If, at any time, any of the private banks, banks of discount and deposit, banks and/or trust companies, savings banks, loan and trust and safe deposit companies, trust companies and credit unions of any designated geographical area of the state, to be approved by the department, shall associate themselves together in a regional clearing house association, the department shall, if it deems it desirable, assign an examiner to the area in which the association has jurisdiction, who shall be known as the regional examiner, and who, in addition to his other duties, as prescribed by law, shall co-operate with the officers of the clearing house association in such manner and to such extent as the department shall determine and direct.

Sec. 40. Illegal or Unsafe Practices. Whenever it shall appear to the department that any financial institution to which this act is applicable is conducting its business contrary to law; or in an unsafe or unauthorized manner; or that the capital of such financial institution is impaired or has been reduced below the amount required by law; or that such financial institution has failed, neglected or refused to observe and comply with any order, rule or regulation of the department, then the department is hereby authorized, by an order in writing, addressed to the board of directors, board of trustees, partners or owners of or in such financial institution, to direct the discontinuance of any such illegal, unauthorized or unsafe practice; or the restoration of any impairment to the capital; or the compliance with any such lawful order, rule or regulation of the department, and in case such financial institution shall fail, neglect or refuse, for a period of thirty days after receiving such order, to comply with the terms thereof, the department may, in addition to any other remedies conferred upon it by law, bring an action against such financial institution, its officers and agents, to enjoin such institution from continuing or engaging in any such illegal, unauthorized or unsafe practice, or to require it to restore any impairment of its capital, or to compel such financial institution to observe and comply with any such lawful order, rule or regulation duly issued by the department. Every such action shall be brought in the name of the State of Indiana, on the

relation of "The Department of Financial Institutions," in the circuit or superior court of the county in which such financial institution has its principal place of business, and the court in which such action is brought, or the judge thereof in vacation, after notice to such financial institution, and after hearing the issues presented, shall have full jurisdiction to enforce any order theretofore made by the department in such matter.

ARTICLE II

Liquidation

Sec. 41. When Department May Take Possession. In addition to any and all other powers conferred by this act, the department is hereby authorized to take possession of the business and property of any financial institution to which this act is applicable, except small loan companies, whenever it shall appear to the department that such financial institution:

(a) Has violated its articles of incorporation, or any law of this state, or any rule or regulation made and promulgated by the department; or

(b) Is conducting its business in an unauthorized or unsafe manner; or

(c) Is in an unsound or unsafe condition; or

(d) Cannot, with safety and expediency, continue business; or

(e) Has an impairment of its capital; or

(f) Has suspended payment of its obligations; or

(g) Has neglected or refused, for a period of thirty days, to comply with the terms of a duly issued order of the department, essential to preserve the solvency of such financial institution; or

(h) Has refused, upon proper demand, to submit its records and affairs for inspection to the department; or

(i) Has refused to be examined upon oath regarding its affairs; or

(j) Is insolvent or in imminent danger of insolvency.

Sec. 42. Power to Require Possession. If any such financial institution, upon demand of the department, shall fail or refuse to surrender possession of its business or property, then the department may bring an action in the name of the State of Indiana, on the relation of the department, in the circuit or superior court of the county wherein the financial institution has its principal place of business, to require such financial institution to surrender such possession, and the court, after notice and a hearing, shall have full jurisdiction, by order and decree, to compel such financial institution to surrender possession of its business and property to the department.

Sec. 43. When Possession Shall Terminate. When the department shall have duly taken possession of the business and property of any financial institution, pursuant to the provisions of this act, the de-

partment shall hold possession thereof until the affairs of such institution shall have been finally liquidated by the department, as hereinafter provided, unless:

(a) Such financial institution shall have been permitted to resume business pursuant to the provisions of section 47 of this act; or unless

(b) Such financial institution shall have procured an order of a court of competent jurisdiction requiring the surrender of the possession of the business and property of such financial institution, as provided in section 46 of this act; or unless

(c) Such financial institution shall have undertaken the voluntary liquidation of its affairs pursuant to Article VI of Part III of this act.

Sec. 44. Notice of Possession. Immediately upon the taking possession of the business and property of any financial institution, pursuant to the provisions of this act, the department shall give notice thereof by posting such notice at the main entrance of the principal place of business of such financial institution, and by causing such notice to be served upon the president or other executive officer actively in charge of the business of such financial institution, and by sending a copy of such notice, or a summary thereof, by mail or telegram, to every person, firm or corporation known to the department tion, and by filing such notice in the office of the clerk of the circuit, superior or probate court of the county in which such financial institution has its principal office. Upon the filing of such notice, the clerk shall note the filing thereof upon the records of the court wherein such notice is filed, and shall enter such cause as a civil action upon the dockets of such court, under the name and style of "In the matter of the liquidation of ———," (inserting the name of such financial institution), and thereupon the court wherein such cause is docketed, or the judge thereof in vacation, shall be vested with exclusive jurisdiction to hear and determine all issues and matters pertaining to or connected with the liquidation of such financial institution, as hereinafter set forth, and thereafter all papers and pleadings pertaining to such liquidation proceedings, and all entries, orders, judgments and decrees of such court, in connection with such liquidation proceedings, shall be filed and entered of record in such cause of action.

Sec. 45. Right to Liquidate Financial Institutions. Except as herein otherwise provided, the sole and exclusive right to liquidate and terminate the affairs of any financial institution to which this act is applicable, shall be vested in the department, and hereafter no receiver, assignee, trustee or liquidating agent shall be appointed for such purpose or for any financial institution or the assets or property thereof by any court, or the judge thereof, or any other person. After the department shall have taken possession of the business and property of any financial institution, as herein provided, no suit, action or other proceeding at law or in equity shall be commenced or prosecuted against such financial institution upon any debt, obligation, claim or

demand, but all debts, claims and demands of every kind and character against such institution shall be filed with the department and shall be determined and disposed of as provided in this act. No person, firm or corporation holding any of the property or credits of any such financial institution shall have any lien or charge against such property or credits for any payment, advance or clearance made after receiving notice of the fact that the department has taken possession, and no lien shall attach to any of the assets or property of such financial institution by reason of the entry of any judgment recovered against such institution after the department shall have taken possession of its business and property and while such possession continues.

Sec. 46. Action to Enjoin Department. At any time within ten days after the department shall have taken possession of the business and property of any financial institution, pursuant to the provisions of this act, unless such possession be taken under order and decree of court, pursuant to the provisions of section 42 of this act, such financial institution may, by petition, apply to the court wherein such liquidation proceedings are pending, for an order requiring the department to show cause why it should not be enjoined from continuing such possession, and, after notice to the department, and after hearing the evidence, the court may dismiss such petition or may order the department to refrain from further proceedings and surrender possession of such business and property.

Sec. 47. Resumption of Business. Any financial institution which shall have been closed, for any reason, is hereby authorized to resume business either in the manner and subject to the conditions prescribed in subsection (a) of this section, or, in the manner and subject to the conditions prescribed in subsection (b) of this section:

(a) The department may at any time after taking possession of the business and property of any financial institution upon such conditions as may be approved by the department, surrender such possession to such financial institution for the purpose of permitting it to resume business.

(b) In any case in which, in the opinion of the department, it would be to the advantage of the depositors and the unsecured creditors of any financial institution whose business has been closed, whether the same has been closed pursuant to the provisions of this article or of Article VI of Part III of this act, or pursuant to any other law of this state enacted prior to the passage of this act, for such institution to resume business upon the retention by it, for a reasonable period of time, to be prescribed by the department, of all or any part of its deposits, the department is hereby authorized, in its discretion, to permit such financial institution to resume business if the depositors and unsecured creditors of the financial institution who represent at least eighty per cent of its total deposits and un-

secured credit liabilities consent in writing to such retention of deposits. The depositors and unsecured creditors of the financial institution who represent the remaining deposits and unsecured credit liabilities not evidencing consent by a writing, shall have the same but no greater rights than the depositors and unsecured creditors consenting to such retention of deposits. If, in any financial institution, there shall be deposits of public money belonging to the State of Indiana or any political subdivision or municipal corporation thereof, it shall be lawful for the state treasurer, by and with the consent of the governor, if such deposits belong to the state, and the treasurer of any political subdivision or municipal corporation thereof, by and with the consent of the board of finance having jurisdiction, to which any such deposit may belong, to join with other depositors of such financial institution in a plan for the reopening or reorganization of any such financial institution, as herein provided, and for such purpose said respective treasurer may bind the state or any political subdivision or municipal corporation thereof, as the case may be, after being duly authorized so to do, as above provided, to limit withdrawals from such deposits over a period of time and in accordance with such terms as may have been prescribed by the department and agreed to by the other depositors of said financial instittuion.

Nothing in this subsection shall be construed to affect in any manner any powers of the department under any other provisions of this act with respect to the reopening and/or reorganization of any such financial institution.

Sec. 48. Examination and Voluntary Liquidation. Every financial institution which is in voluntary liquidation shall be subject to the same examinations, rules and regulations and shall be required to make the same reports to the department as is herein provided for solvent and going concerns. The department may take possession of the business and property of any financial institution which is in voluntary liquidation and proceed to liquidate its affairs, if, at any time, it shall appear to the department that the affairs of such institution are not being administered or liquidated to the best interest of the depositors, creditors and shareholders.

Sec. 49. Appointment of Special Agents and Attorneys. Upon taking possession of the business and property of any financial institution, as herein provided, the department shall proceed to liquidate its affairs, and, for that purpose, the department may appoint one or more special representatives, assistants, accountants and agents, and may retain any officer or employee of such financial institution;

unless, upon a proper showing by the department, the court having jurisdiction of such liquidation orders otherwise, the department shall also appoint one or more attorneys, who are residents of the county in which the principal office of such financial institution is located or of a county adjacent thereto; and may delegate to such persons such portion of its powers and authority as the department may deem necessary and proper. The compensation of such special representatives, assistants, accountants, agents and attorneys shall be fixed by the department, subject to the approval of the court having jurisdiction of such liquidation. The department may require the persons so appointed and employed to give bonds, in such amounts and with such sureties as the department may approve, for the faithful discharge of their respective duties.

Sec. 50. Powers of Department Upon Taking Possession. Upon taking possession of the business and property of any financial institution, as herein provided, the department shall proceed to collect all debts, dues, claims and demands belonging to such institutions, and, upon order of the court wherein such liquidation proceedings are pending, and upon such terms and conditions as shall be fixed by the court, the department may (1) sell or otherwise dispose of all or any part of the assets and property, including real estate, at public or private sale after notice; (2) compound all bad or doubtful debts, dues, claims and demands or sell or otherwise dispose of same at public or private sale, after notice; and (3) compromise all claims and demands against such institution. The department may also, in its own name, or in the name of such financial institution, commence and prosecute, or participate in any and all such proceedings, suits or actions at law or in equity as may be necessary and proper to collect or recover any assets, claims, debts, dues or demands in favor of such financial institution, and may likewise prosecute or defend or participate in any and all suits or actions at law or in equity which were pending against such financial institution when possession was acquired by the department, and may likewise defend any suit or action instituted thereafter. The department may also, in its own name, by its proper officers, execute, acknowledge and deliver all deeds, conveyances, assignments, releases and other instruments necessary and proper to effect any sale, lease or transfer of real estate or personal property or to carry into effect any power conferred or duty imposed upon the department by this act or by the order of the court. Any instrument executed by the department pursuant to the authority hereby granted, shall be as valid and effectual for all purposes as though such instrument had

been executed by the officers of the financial institution pursuant to authority conferred by its board of directors or board of trustees.

If the department shall deem it advisable, expedient and practicable and to the best interest of creditors and shareholders of any financial institution, whose business and property is in its possession for liquidation, to permit creditors and shareholders, hereinafter sometimes designated as "claimants", to use the cash value of their claims in lieu of money in the purchase of any of the assets and property of such financial institutions, the department, with the approval of the court wherein such liquidation proceedings are pending, may proceed to sell all or any part of the property and assets, including real estate, of such financial institution in the manner and to the extent provided for hereinafter in section 147 when such liquidation is effected by liquidating agents.

Sec. 51. Loans for Liquidating Institutions. For the purposes and in the manner hereinafter prescribed, the department is hereby authorized to borrow money, and to issue evidences of indebtedness therefor, and to secure the repayment of such loan or loans by the mortgage, pledge, transfer in trust and/or hypothecation of any or all of the property and assets, whether real, personal or mixed, of any such financial institution, whose affairs are being liquidated by the department, superior to any charge thereon for the expenses of liquidation. Such loans may be obtained in such amounts, upon such terms and conditions and with such provisions for repayment as may be deemed necessary or expedient, and such loans may be obtained for the purpose of facilitating liquidation, protecting or preserving the assets, expediting the making of distributions to depositors and other creditors by liquidating dividends, providing for the expenses of administration and liquidation, aiding in the reopening or reorganization of such financial institution or its merger or consolidation with another financial institution or the sale of its assets, as hereinafter provided in this act. The department shall be under no personal obligation to repay any such loan so made, and shall have authority to take any and all action necessary or proper to consummate such loan and to provide for the repayment thereof, and to give bond, when required, for the faithful performance of all undertakings in connection therewith.

Sec. 52. Approval of Court. The department shall, by verified petition, apply to the court having jurisdiction to hear and determine matters pertaining to, or connected with, the liquidation of such financial institution for authority to borrow money as authorized in section 51 of this act. Upon the filing of such verified petition, the court, or the judge thereof in vacation, shall prescribe the form and manner of the notice to be given to the officers, stockholders, creditors, and other persons interested in such institution, which notice shall show the filing of the verified petition and the date on which the petition will

be heard. At the time of the hearing, any officer, stockholder, creditor or other person interested shall have the right to be heard. If the court shall by order approve the petition, then the department shall proceed to make the loan as ordered by the court.

Sec. 53. Disaffirmance of Leases and Contracts. Subject to the approval of the court having jurisdiction of any such liquidation proceedings, the department is hereby authorized, within six months after taking possession of the property and assets of any financial institution, pursuant to the provisions of this act, to affirm or disaffirm any leases or other rental contracts theretofore entered into by any such financial institution, but such affirmance or disaffirmance shall be within the limits and subject to the powers usually held and exercised by receivers acting under and pursuant to the authority of a court of general equity jurisdiction.

Sec. 54. Title in Department. Upon taking possession of the business and property of any financial institution, pursuant to the provisions of this act, the department shall immediately become vested with all of the right, title and interest of such financial institution, in and to all credits, choses in action, real estate and personal property owned or possessed by such financial institution, or in which it has an interest, and thereafter such financial institution shall have no right, power or authority to possess or control such property or to sell, convey, encumber or otherwise dispose of or deal with such property.

Sec. 55. Schedule of Assets and Liabilities. When the department has taken possession of the business and property of any financial institution, pursuant to the provisions of this act, the president, cashier, secretary or other executive officer having active charge of the affairs of such financial institution at such time, shall, upon demand of the department, or its duly authorized representative, file with the department, in triplicate, a complete, detailed and verified schedule, setting forth all of the debts and liabilities of such financial institution, and all of the assets, property, rights, credits and choses in action owned or possessed by such financial institution, or in which it has any interest, and wherever the same may be located, together with such other information as the department may require, and for that purpose the department may examine the officers of such financial institution under oath regarding such matters.

Sec. 56. Inventory of Property. Within such time as may be fixed by the court wherein the liquidation proceedings are pending, the department shall prepare, in triplicate, a complete inventory of all property coming to the knowledge or into the possession of the department, and shall file one copy of such inventory in the office of the department and one copy thereof with the clerk of the court wherein the liquidation proceedings are pending.

Sec. 57. Statement of Liabilities. Upon order of the court, the department shall prepare, in triplicate, a complete statement of all debts and liabilities of such financial institution, setting forth the name and address of each creditor, and the nature and amount of each claim, as disclosed by the books of such financial institution, or otherwise coming to the knowledge of the department, and shall file one copy thereof in the office of the department and one copy thereof with the clerk of the court, together with the recommendations of the department as to the allowance or disallowance of such claims, but, in making such recommendations, the department shall not determine or recommend any preferences or priorities as to any claim or claims. For the purpose of enabling the department to determine the nature, amount and validity of any claim, the department may, upon notice to any creditor, require such creditor to file with the department a verified proof of any claim asserted by him, within such time as may be fixed by the department. Upon the filing of the statement of liabilities, the department may by mail, notify each creditor whose name appears upon the statement, of the amount for which his claim was recommended for allowance, without priority, and shall, in such notice, fix a date, not less than sixty days from the date of such notice, within which all creditors who may be dissatisfied with the recommendations of the department as to the allowance or disallowance of claims, may appear in court, and, by petition, assert their claims or any priorities thereon. Upon the filing of the statement of liabilities with the clerk, the department shall also give notice, by publication, once each week for three successive weeks, in some newspaper of general circulation, printed or circulated in the county where the liquidation proceedings are pending, that the statement of liabilities and the recommendations as to the allowance or disallowance of claims have been filed with the clerk of the court, and fixing a date, not less than sixty days after the date of such notice, within which any creditors, shareholders or other persons interested, may appear and, by petition filed in the court, assert any claims or priorities thereon or object to the allowances or disallowances recommended by the department. Within the time fixed by the notice, any creditor, shareholder or other person interested, may, by verified petition filed in the court, assert his claim, or any priority thereon, or oppose the allowance of any claims appearing upon the statement, or asserted by any other creditor, and the department, or any creditor, shareholder or other person interested, within such time as may be fixed by the court, may oppose the allowance, with or without priority, of the claims asserted by any creditor or creditors. The court may, upon good cause shown, extend the time for the filing of such statement of liabilities by the department, and the time for filing any petition or objection by any person for the allowance or disallowance of any claim herein contemplated.

Any creditor who fails to appear and file his petition, as above provided, within the time fixed by the notice, or by any extension granted by the court, shall be forever barred from asserting any claim different from that recommended by the department, or from asserting any claim to priority, and from contesting or opposing the allowance, with or without priority, of any claim asserted by any creditor.

Sec. 58. Allowance of Claims. Upon the date fixed in the notice, or as soon thereafter as practicable, the court shall hear and determine the issues presented by the recommendations of the department for the allowance or disallowance of claims, and the petitions and objections of any creditor, shareholder or other interested person, and shall enter an order for the allowance or disallowance of all claims so presented, fixing the priority and preference to which any claim or claims may be entitled, and any dividend or distribution of the assets of such financial institution made by the department, as hereinafter provided, shall be upon the basis fixed and determined by the court in such order.

Sec. 59. Partial and Final Accounting by Department. Within such time as may be fixed by the court, the department shall file with the court an account, in partial or final settlement of the liquidation proceedings, setting forth all receipts and disbursements to the date of such account, and a list of the claims which have been allowed and a separate list of the claims which have been objected to or are disputed, and any and all other appropriate information relative to the declaration and payment of dividends. If no account is filed within one year from the date when the department has taken possession of such business and property, any party interested may petition the court for an order requiring the filing of such account. Upon the filing of any such account, the department shall give notice thereof, by publication once each week for three successive weeks, in some newspaper of general circulation published or circulated within the county, fixing a date, not less than thirty days from the filing of such account, upon which such account will be heard and determined by the court, and, during such period of thirty days, any creditor, shareholder or other interested person may file objections in writing to such account. At the expiration of thirty days from the filing of the account, the court shall, without delay, hear and determine such objections, and pass upon such account and order the payment of a partial or final dividend, as the case may be.

Sec. 60. Disposition of Property Held as Bailee. After the department has taken possession of the business and property of any financial institution, the department shall cause notice of that fact to be mailed to the owners of any personal property theretofore left in the possession of such financial institution for safe-keeping, or as bailee or depository for hire, and to all lessees and other persons in possession of any safe deposit box, vault or locker, requiring such

persons to appear and assert their claims to such property within sixty days from the date of such notice; and, within such time, the owner or owners of such property may appear and assert their claims thereto, and the court shall make such orders as may be necessary for the disposition of such property and the contents of such safe deposit boxes, vaults or lockers, and approving any agreements which may be entered into between the department and the owners of such property as to the disposition thereof and the termination of any leases or other contracts relating thereto.

Sec. 61. Disposition of Trust Property. If, at the time of liquidation, such financial institution shall hold any property, real or personal, in trust for any individual or corporation, under or by virtue of any trust instrument, the department shall convey, assign and deliver such property to the successor trustee named in the trust instrument under which such property is held, or, if no successor trustee be named therein, to such individual or to such bank or trust company qualified to exercise trust powers as may be designated in writing by the beneficiaries of such trust, or, if no such designation is made after written notice to the beneficiaries, or, if the beneficiaries are minors or otherwise incompetent to designate a successor trustee, then to such individual or to such bank or trust company qualified to exercise trust powers as may be appointed by the circuit, probate or other court having jurisdiction of trusts in the county where the principal office of the financial institution is located. If any such financial institution, at the time of liquidation, shall be acting as administrator, executor, guardian, receiver or in any other fiduciary capacity under the appointment of any court, the department shall convey, assign and deliver all of the property of such trust, and all of such trust business, to such individual or to such bank or trust company qualified to execute trusts, as may be appointed by the court having jurisdiction of such trust, upon the order and direction of such court.

Sec. 62. Unknown Creditors and Shareholders. In case depositors or other creditors or the holders of shares of any financial institution are unknown, or shall fail or refuse to accept their distributive shares in the property and assets of such financial institution, or are under any disability, or cannot be found after diligent inquiry, the department shall deposit the distributive portions of the property and assets distributable to such depositors, creditors or owners of such shares of stock with the clerk of the circuit or superior court of the county in which the principal office of such financial institution is located, for the use and benefit of those who may be lawfully entitled thereto, and such deposit shall have the same force and effect as if payment had been made directly to and accepted by the persons lawfully entitled thereto. The distributive portions so deposited shall be paid over by the clerk to such depos-

itors, creditors or shareholders, respectively, or to the lawful owners of such distributable portions, or to their respective legal representatives, upon satisfactory proof being made to such clerk of their respective rights thereto. If any of the distributive portions deposited with the clerk shall not have been claimed within a period of three years after the date of such deposit by the department, the department shall distribute the remaining portions of such property and assets to the creditors and shareholders of such financial institution as their interests may appear.

Sec. 63. Enforcement of Shareholders' Liability. If, at any time after the department has taken possession of the business and property of any financial institution, pursuant to the provisions of this act, it shall appear to the department that such financial institution is insolvent or that the cash value of its assets is not sufficient to pay its creditors in full, the department may enforce the individual liability imposed by law upon the shareholders of such financial institution, and for that purpose shall make demand in writing upon each shareholder for the payment of his proportionate part of the amount necessary to pay the creditors of such financial institution in full, and shall mail such demand to each of the shareholders, at their last known address, setting forth in such demand, the total amount required for such purpose from all shareholders, and the proportionate amount required from the shareholder to whom such demand is addressed. The demand shall also fix a date, not earlier than thirty days from the date thereof, upon which the shareholders shall be required to pay such amount to the department. If any shareholder shall fail, neglect or refuse to pay the amount so demanded from him, within the time fixed by such demand, the department shall have a cause of action, and may proceed, in the name of the State of Indiana, on the relation of the department in the circuit or superior court of the county in which the principal office of such financial institution is located, and/or in any other court of competent jurisdiction in this state or in any other state, against any shareholder or shareholders, either severally or jointly with other shareholders, for the collection of such unpaid demands, with interest thereon at the rate of six per cent per annum from the date when the same became due and payable, together with the cost of such action. In any such action the written statement of the department reciting its determination to enforce the individual liability of such shareholders, or any part thereof, and setting forth the value of the assets of such financial institution, and the liabilities thereof, as determined by the department, after examination and investigation, shall be conclusive evidence of the facts therein stated. If the amount so collected by the department from the shareholders of such financial institution is not sufficient to pay the creditors in full, and the full liability of such shareholders for the payment of

the indebtedness of the financial institution has not been exhausted, the department may, by subsequent and successive demands and actions, collect from each shareholder his proportionate part of the amounts required for such purpose until the full liability of each shareholder has been exhausted. Any amount collected by the department from the shareholders, as provided in this section, and remaining after the payment of the costs and expenses of making such collection, the payment in full of the debts and liabilities of such financial institution, and the costs and expenses of liquidating such financial institution including attorneys fees shall be returned pro-rata to the shareholders from whom such collection was made, but the costs and expenses of liquidating such financial institution and/or its assets shall not be paid out of such amount unless and until all creditors have been paid in full. The term "shareholder", as used in this section, means and includes a shareholder, partner, or owner.

Sec. 64. Action by Department Against Officers, Directors and Employees. At any time after the department has taken possession of the business and property of any such financial institution, the department may, within six years after any cause of action has accrued against any of the directors, trustees, officers, owners or employees of any financial institution, institute and maintain, in the name of the department, any action or proceeding for the enforcement of any right, demand or claim which is vested in such financial institution or in the shareholders or creditors thereof.

Sec. 65. Costs and Expenses of Liquidation. All costs and expenses incurred by the department in liquidating the affairs of any financial institution, pursuant to the provisions of this act, shall be paid by the department out of the assets and property of such financal institution and the balance remaining on shareholder's liability as provided in Section 63. The costs and expenses so paid shall include the court costs; the compensation o feach regular officer or employee of the department, for the time actually devoted by such officer or employee to the liquidation of such financial institution, at not to exceed the compensation paid to such officer or employee for the performance of his regular duties; the actual expenses of each such regular officer and employee, necessarily incurred in the performance of his duties; and the compensation and necessary expenses of any special representative, assistant, accountant, agent or attorney employed by the department.

Sec. 66. Articles of Dissolution. When the proceedings hereinbefore prescribed in this Article shall have been completed, the department shall then execute and file, in the manner hereinafter provided, articles of dissolution, setting forth the following:

(a) The name of the financial institution;

(b) The place where its principal office is located;

(c) The names and addresses of the directors and officers of the financial institution at the time when such liquidation proceedings were commenced;

(d) A complete itemized list of all of the debts and liabilities of the financial institution existing at the time of the commencement of such liquidation proceedings and thereafter incurred, and the date and manner of payment of each such debt and liability; and

(e) A complete itemized list of all of the assets and property distributed to its shareholders, the name of each such shareholder, the amount distributed to each, and the date of distribution.

Sec. 67. Execution of Articles of Dissolution. The articles of dissolution shall be executed in triplicate, and shall be presented in triplicate to the secretary of state, at his office, as hereinafter provided, accompanied by the fees prescribed by law.

Sec. 68. Certificate of Dissolution. Upon presentation of the articles of dissolution, as provided in section 67 of this act, the secretary of state, if he finds that they conform to law, shall endorse his approval upon each of the triplicate copies of the articles, and, when all fees shall have been paid, as required by law, shall file one copy of the articles in his office, and shall issue a certificate of dissolution to the department, and shall return the certificate of dissolution to the department, together with two copies of the articles of dissolution, bearing the endorsement of his approval.

Sec. 69. Recording of Articles. The department shall then file for record with the county recorder of the county or counties in which the articles of incorporation were or should have been recorded, one of the triplicate copies of the articles of dissolution bearing the endorsement of the approval of the secretary of state as provided in section 68 of this act.

Sec. 70. Effect of Certificate of Dissolution. Upon the issuance of the certificate of dissolution and the recording of the articles of dissolution, as provided in section 69 of this act, the financial institution shall be dissolved and its existence shall cease.

Sec. 71. Right of Appeal and Substitution of Department. (a) At any time within ten days after any order has been entered by the court, pursuant ot the provisions of sections 42 or 46 of this act, the department, or any party feeling aggrieved by such order, may appeal therefrom to the supreme court of Indiana, in the same manner as appeals are now or may be allowed by law from interlocutory orders of any circuit or superior court. Appeals from any judgment of the court entered pursuant to the provisions of sections 58, 59 and 60 of this act may be taken in the same manner as appeals are now or may be allowed by law from final judgments of any circuit or superior court. (b) From and after the taking effect of this act, or as soon thereafter as practicable, the department, where it appears that the best interests of the depositors and shareholders of

any financial institution in liquidation will be served, may by petition to any court having jurisdiction of such liquidation and/or receivership, set out such facts as may be necessary to maintain such petition and pray the court for an adjudication thereon and for an order substituting the department for such receiver appointed in any such receivership, whereupon the department shall proceed to liquidate such financial institution under and pursuant to the terms of this act.

Part III. Banks, Trust Companies and Building and Loan Associations

ARTICLE I

Formation of Corporations

Sec. 72. Incorporators. Any number of natural persons, not less than ten, of lawful age, at least a majority of whom are citizens of the State of Indiana, may form a corporation under the provisions of this act for the purpose of transacting business as a bank and/or trust company, or as a building and loan association, by complying with the provisions of sections 74 to 79, inclusive, of this act.

Sec. 73. Rights and Powers. Any bank or trust company, or any building and loan association, incorporated as such under the provisions of this act, and its successors, shall have the rights and powers, shall be entitled to the privileges and shall be subject to the duties, obligations and liabilities prescribed in this act.

Sec. 74. Subscriptions. Any person or persons desiring to form a corporation, under the provisions of this act, for the purpose of transacting business as a bank and/or trust company or as a building and loan association shall first cause lists for subscriptions to the shares of the capital stock of the proposed corporation to be opened at such time and place as he or they may determine.

Sec. 75. Meeting of Subscribers. When subscriptions to the shares of the capital stock of the proposed corporation shall have been obtained in the amount prescribed in section 83 of this act, the person or persons causing such subscription lists to be opened, or a majority of them, shall call a meeting of the subscribers for the purpose of designating the incorporators and of electing the first board of directors, to be named as such in the articles of incorporation, and shall give at least ten days' notice by mail to each subscriber of the time and place of such meeting. The giving of such notice may be waived in writing by any or all of such subscribers. The subscribers shall meet at the time and place designated in the notice, or in the waiver of notice, in case the giving of

such notice be waived, shall designate the persons to be the incorporators, and shall elect the first board of directors of the corporation. At such meeting the several subscribers shall have one vote for each share subscribed for.

Sec. 76. Articles of Incorporation. When the provisions of sections 74 and 75 of this act shall have been complied with, the incorporators shall execute articles of incorporation, not inconsistent with the provisions of this act, setting forth the following:

(a) The name of the proposed corporation;

(b) The purpose or purposes for which it is formed;

(c) The period during which it is to continue as a corporation, if the period is to be limited;

(d) The post-office address of its principal office;

(e) The amount of its capital stock and the number and par value of the shares into which such capital stock is to be divided;

(f) The amount of paid-in capital with which it will begin business;

(g) The maximum number of directors;

(h) The name, post-office address and term of office of each member of the first board of directors;

(i) The name and post-office address of each of the incorporators; and

(j) Any other provisions, consistent with the laws of this state, for the regulation of the business and conduct of the affairs of the corporation, and creating, defining, limiting or regulating the powers of the corporation, of the directors or of the shareholders or any class or classes of shareholders.

Sec. 77. Preparation of Articles of Incorporation. The form of the articles of incorporation shall be prescribed and furnished by the department. The articles of incorporation shall be prepared and signed in triplicate by all of the incorporators and shall be acknowledged by at least three of such incorporators before a notary public, and shall be presented in triplicate to the department at its office, accompanied by an application in the form prescribed in section 25 of this act, and by the deposit of money, as prescribed in section 29 of this act.

Sec. 78. Approval of Articles by Department. The department is hereby authorized, in its discretion, to approve or disapprove the application for the organization and incorporation of such proposed corporation. If the department shall approve the application for the organization and incorporation of such proposed corporation, it shall write or stamp, in an appropriate place on such articles of incorporation, the words "Approved by the Department for Financial Institutions of the State of Indiana," and the date of such approval beneath which shall appear the impression of the seal of the department and the signature of the director of the department.

Sec. 79. Certificate of Incorporation. When the articles of incorporation shall have been approved by the department, as hereinbefore provided, the incorporators shall present such articles of incorporation to the secretary of state. If the secretary of state finds that the articles of incorporation conform to law, he shall endorse his approval upon the triplicate copies of the articles, and, when all fees shall have been paid, as required by law, he shall file one copy of the articles of incorporation in his office and shall issue a certificate of incorporation to the incorporators. The certificate of incorporation, together with two copies of the articles of incorporation bearing the endorsement of the approval of the secretary of state, shall be returned by the secretary of state to the incorporators or their representatives.

Sec. 80. Corporate Existence. Upon the issuance of the certificate of incorporation by the secretary of state, the corporate existence of such corporation shall begin; all subscriptions to shares of the capital stock theretofore received by the incorporators shall be deemed accepted by the corporation, and the subscribers for such shares, or their assigns, shall be deemed to be shareholders of such corporation.

Sec. 81. Effect of Certificate of Incorporation. The certificate of incorporation issued by the secretary of state shall be conclusive evidence of the fact that such corporation has been incorporated, but proceedings may be instituted by the state to dissolve and terminate any such corporation which has begun business without a substantial compliance with the conditions prescribed by this act as precedent to beginning business.

Sec. 82. Corporate Name. (a) No corporation shall use as a part of its corporate name any word or phrase which indicates or implies any purpose or power not possessed by corporations organizable under this act.

(b) The corporate name of the proposed corporation shall not be the same as, or confusingly similar to, the name of any other corporation then existing under the laws of this state or authorized to transact business in this state.

(c) If the proposed corporation is organized to transact business under the provisions of Part IV of this act, the corporate name shall include the word "bank" or the word "trust" as a part of the corporate name; and if the proposed corporation is a building and loan association, the corporate name shall include the words "building and loan association" or "savings and loan association," but shall not include the word "rural" or the word "guaranty."

(d) Any corporation may change its corporate name, at any time, by amending its articles of incorporation in the manner hereinafter provided.

(e) The provisions of this section shall not affect the right of any corporation which is existing under the laws of this state or which is authorized to transact business in this state at the time this act takes effect to continue the use of its corporate name.

Sec. 83. Capital Requirements. (a) The capital stock of every bank or trust company organized or reorganized under the provisions of this act shall be as follows:

(1) Where the principal office of the bank or trust company is located outside of a city or town or in a city or town having a population of not to exceed three thousand inhabitants, the capital stock shall be not less than twenty-five thousand dollars;

(2) Where the principal office of the bank or trust company is located in a city or town having a population of more than three thousand and not to exceed six thousand inhabitants, the capital stock shall be not less than fifty thousand dollars;

(3) Where the principal office of the bank or trust company is located in a city or town having a population of more than six thousand and not to exceed seventy-five thousand inhabitants, the capital stock shall be not less than one hundred thousand dollars; and

(4) Where the principal office of the bank or trust company is located in a city or town having a population of more than ~~fifty~~ 75 thousand, the capital stock shall be not less than two hundred thousand dollars.

(b) The capital stock of every building and loan association organized or reorganized under the provisions of this act except associations operating solely upon the terminating plan shall be as follows:

(1) Where the principal office of the association is located in a city or town having a population not exceeding ten thousand inhabitants, the capital stock shall be not less than twenty-five thousand dollars;

(2) Where the principal office of the association is located in a city or town having a population of more than ten thousand and not to exceed fifty thousand inhabitants, the capital stock shall be not less than fifty thousand dollars; and

(3) Where the principal office of the association is located in a city or town having a population exceeding fifty thousand inhabitants, the capital stock shall be not less than one hundred thousand dollars.

(c) The term "population," as used in this section, shall be construed to mean the population according to the last preceding United States census.

Sec. 84. Par Value and Incidents of Shares. The capital stock of every corporation organized or reorganized under the provisions of this act shall be divided into shares of the par value of one hundred dollars each, and shall be deemed to be personal property, and transferable on the books of the corporation, in such manner

as is prescribed in section 93 of this act. Every person becoming a shareholder by such transfer shall, in proportion to his shares, succeed to all of the rights and liabilities of the prior holder of such shares, and no change shall be made in the articles of incorporation by which the rights, remedies, or security of the existing creditors of the corporation shall be impaired.

Sec. 85. Shareholders' Preemptive Rights. The shareholders of corporations shall have no preemptive rights to subscribe to any additional issues of shares of the capital stock of such corporation, except to the extent, if any, that such rights shall be fixed and prescribed in the articles of incorporation, or in a by-law adopted by the board of directors of such corporation.

Sec. 86. Requirements Before Beginning Business. No bank or trust company or building and loan association which is organized or reorganized under the provisions of this act shall transact any business or incur any indebtedness, except such as shall be incidental to its organization or to obtaining subscriptions to or payment for shares of its capital stock, unless and until:

(a) One of the triplicate copies of the articles of incorporation, bearing the endorsement of the approval of the department and of the secretary of state, as prescribed in sections 78 and 79 of this act, shall have been filed for record with the county recorder of the county in which the principal office of the corporation is located; and until

(b) The amount of the capital stock of any such bank or trust company, as prescribed in section 83 of this act, shall have been fully paid for in money to the cashier or secretary thereof; and until all of the minimum capital stock of any such building and loan association, except associations operating solely upon the terminating plan, as prescribed in section 83 of this act, shall have been subscribed for, and until at least one-half of the amount of such minimum capital stock shall have been paid in money to the association; and until

(c) There shall have been filed in the office of the department the affidavit of not less than a majority of the board of directors, stating that the amount of paid-in capital with which it will begin business, as hereinafter prescribed in this act, and as stated in its articles of incorporation, has been fully paid in.

Within six months from the date of beginning business, an amount equal to the remaining one-half of the minimum capital stock of any such building and loan association shall be paid in money to the association.

Sec. 87. Liability for Debts. If any such corporation shall transact any business or incur any indebtedness in violation of section 86 of this act, the officers and directors who participated therein, except those who dissented therefrom and caused their written

dissent to be filed at the time in the principal office of the corporation, or who, being absent, filed their dissent upon learning of the action, shall be severally liable for the debts or liabilities of the corporation so incurred or arising therefrom.

Sec. 88. Organization Meetings. (a) If the articles of incorporation provide for the adoption of the by-laws by the shareholders, the incorporators, or a majority of them, after the issuance of the certificates of incorporation, shall call a meeting of the shareholders, for the purpose of adopting the by-laws, giving at least ten days' notice by mail to each shareholder of the time and place of such meeting, unless the giving of such notice be waived in writing by any or all of the shareholders, in which case the notice shall be given only to the shareholders who have not so waived such notice. The shareholders shall meet at the time and place designated and shall adopt the by-laws. After the adoption of such by-laws, the directors named in the articles of incorporation as the first board of directors shall meet at the call of a majority thereof and shall elect officers and transact such other business as may properly come before such board.

(b) If the articles of incorporation do not provide for the adoption of the by-laws by the shareholders, then, after the issuance of the certificate of incorporation, the directors named in the articles as the first board of directors shall meet at the call of a majority thereof, adopt the by-laws, elect officers and transact such other business as may properly come before such board.

ARTICLE II

General Provisions

Sec. 89. Definition. The term "corporation" as used in Articles II and III of Part III of this act means any bank and/or trust company or building and loan association organized or reorganized under the provisions of this act; and any bank of discount and deposit, loan and trust and safe deposit company, trust company, building and loan association or rural or guaranty loan and savings association organized or reorganized under the provisions of any law of this state enacted prior to the passage of this act.

Sec. 90. General Powers. (a) Every corporation shall have the capacity to act which is possessed by natural persons, but shall have the authority to perform such acts only as are necessary, convenient or expedient to accomplish the purposes for which it is formed and such as are not repugnant to law.

(b) Subject to any limitations or restrictions imposed by law or by the articles of incorporation, each corporation shall have the following general rights, powers and privileges:

(1) To continue as a corporation, under its corporate name, for the period limited in its articles of incorporation, or, if the period is not so limited, then perpetually;

(2) To sue and be sued in its corporate name;

(3) To have a corporate seal and to alter such seal at its pleasure;

(4) To acquire, own, hold, use, lease, mortgage, pledge, sell, convey or otherwise dispose of property, real and personal, tangible and intangible, in the manner and to the extent hereinafter provided;

(5) To borrow money and to mortgage or pledge its property to secure the payment thereof, in the manner and to the extent hereinafter provided;

(6) To conduct business in this state and elsewhere;

(7) To appoint such officers and agents as the business of the corporation may require, and to define their duties and fix their compensation;

(8) To make by-laws for the government and regulation of its affairs;

(9) To cease doing business and to dissolve and surrender its corporate franchise; and

(10) To do all acts and things necessary, convenient or expedient to carry out the purposes for which it is formed.

Sec. 91. Principal Office. Every corporation shall maintain an office or place of business in this state, which shall be known as the "principal office," and which shall be located in the county in which such corporation conducts business. The post-office address of the principal office shall be stated in the original articles of incorporation, at the time of the incorporation. Thereafter the location of the principal office may be changed at any time, or from time to time, when authorized by the board of directors, and approved by the department, by filing with the secretary of state, on or before the day on which any such change is to take effect, a certificate signed by the president or a vice-president and by the secretary or cashier of the corporation, and verified by one of the officers signing such certificate, stating the change to be made and reciting that such change is made pursuant to authorization by the board of directors.

Sec. 92. Shares Held by Fiduciaries. No person or corporation holding shares as executor, administrator, conservator, guardian, trustee, assignee for the benefit of creditors, receiver or pledgee shall be personally liable as a shareholder, but the estate and funds in the hands of such executor, administrator, conservator, guardian, trustee or receiver, or the beneficial owner of the pledged shares, as the case may be, shall be liable therefor.

Sec. 93. Evidences of Stock Ownership. Every shareholder of the corporation shall be entitled to a certificate, or other evidence of

stock ownership, signed by the president or by a vice-president and by the secretary or cashier which shall state the name of the registered holder, the number of shares represented thereby and the par value of each share. The shares represented thereby shall be transferable on the books of the corporation in such manner and under such regulations, not inconsistent with the laws of this state relating to the transfer of shares of stock in corporations, as may be provided in the by-laws. Where such certificate or evidence of stock ownership is also signed by a transfer agent, the signatures of the president, vice-president, secretary or cashier may be facsimiles.

Sec. 94. By-Laws. Unless otherwise provided in the articles of incorporation, the power to make, alter, amend or repeal the by-laws of a corporation is hereby vested in the board of directors. The by-laws so adopted may contain any provision for the regulation and management of the affairs of the corporation which is not inconsistent with this act, or of any other law of this state or with the articles of incorporation, and may include provisions concerning:

(a) The time and place of holding, and the manner of conducting, meetings of shareholders and of directors;

(b) The manner of calling special meetings of shareholders and directors;

(c) The powers, duties, tenure and qualifications of the officers of the corporation and the time, place and manner of electing them;

(d) The creation and appointment of executive or other committees and the number of members thereof and prescribing their powers;

(e) The form of stock certificates or other evidences of stock ownership and the manner of transferring shares of capital stock, and the manner of creating and exercising proxies.

Sec. 95. Shareholders' Meetings. (a) Every meeting of shareholders shall be held at the principal office of the corporation, or in the city or town in which the principal office is located.

(b) An annual meeting of the shareholders shall be held within one month after the close of each calendar year, and at such time within that period as the by-laws of the corporation may provide. The failure to hold the annual meeting at the designated time shall not work any forfeiture or a dissolution of the corporation.

(c) Special meetings of the shareholders may be called by the president, by the board of directors, by shareholders holding not less than one-fourth of all of the shares outstanding and entitled by the articles of incorporation to vote on the business proposed to be transacted thereat, or by such other officers or persons as the by-laws may provide.

(d) Except as hereinafter otherwise provided, a written or printed notice, stating the place, day and hour of the meeting, and, in

case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the secretary or cashier, or by the officers or persons calling the meeting, to each shareholder of record entitled by the articles of incorporation and by this act to vote at such meeting, at the address which appears on the records of the corporation, at least ten days before the date of the meeting. The notice of any shareholders' meeting may be waived in writing by any shareholder if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place thereof. Attendance at any meeting, in person or by proxy, shall constitute a waiver of notice of such meeting. If the corporation is a building and loan association, notice of the annual or of any special meeting of the shareholders may be given by the publication of such notice, at least ten days prior to the date fixed for such meeting, by one insertion in some newspaper of general circulation, published in the city or town in which the principal office of the association is located, or if no such newspaper be published in such city or town, then by the publication of such notice in the newspaper published nearest thereto.

(e) Unless otherwise provided in the articles of incorporation or the by-laws, at any meeting of the shareholders, a majority of the shares of the outstanding capital stock entitled by the articles of incorporation to vote at such meeting, represented in person or by proxy, shall constitute a quorum.

(f) The officer or agent having charge of the stock transfer books and/or records shall, at least five days before the date of each election of directors, provide a complete list of the shareholders entitled by the articles of incorporation to vote at such election, arranged in alphabetical order, with the address of and the number of shares so entitled to vote held by each. The list or records so prepared shall be kept on file at the principal office of the corporation, shall be subject to inspection by any shareholder, and shall be produced and kept open at the time and place of the election and shall be subject to the inspection of any shareholder during the time of holding such election. The original stock transfer book or records, or duplicate thereof, kept in this state, shall be the only evidence as to who are the shareholders entitled to examine such list, transfer book or records or to vote at any meeting of the shareholders.

Sec. 96. Voting at Shareholders' Meetings. (a) Except as otherwise provided in the articles of incorporation or in this section, every shareholder shall have the right, at every shareholders' meeting, to one vote for each share of stock standing in his name on the books of the corporation. No share shall be voted at any meeting:

(1) Which shall have been transferred on the books of the corporation within such number of days, not exceeding thirty, next preceding the date of such meeting as the board of directors shall deter-

mine, or, in the absence of such determination, within ten days next preceding the date of such meeting; or

(2) Which belongs to the corporation that issued it.

(b) Shares standing in the name of a corporation, other than the issuing corporation, may be voted by such officer, agent or proxy as the board of directors of such corporation may appoint or as the by-laws of such corporation may prescribe.

(c) Shares held by fiduciaries may be voted by the fiduciaries in such manner as the instrument or order appointing such fiduciaries may direct. In the absence of such direction, or the inability of the fiduciaries to act in accordance therewith, the following provisions shall apply:

(1) Where shares are held jointly by three or more fiduciaries, such shares shall be voted in accordance with the will of the majority;

(2) Where the fiduciaries, or a majority of them, cannot agree, or where they are equally divided upon the question of voting such shares, any court having general equity jurisdiction may, upon petition filed by any of such fiduciaries, or by any party in interest, direct the voting of such shares as it may deem to be for the best interests of the beneficiaries, and such shares shall be voted in accordance with such direction;

(d) Unless otherwise provided in the agreement of pledge, shares that are pledged may be voted by the shareholder pledging such shares until the shares shall have been transferred to the pledgee on the books of the corporation, and thereafter such shares may be voted by the pledgee;

(e) Shares issued and held in the names of two or more persons shall be voted in accordance with the will of the majority, and if a majority of them cannot agree, or if they are equally divided as to the voting of such shares, the shares shall be divided equally between or among such persons for voting purposes.

(f) A shareholder, including any fiduciary, may vote either in person or by proxy executed in writing by the shareholder or a duly authorized attorney in fact. Unless a longer time is expressly provided therein, no proxy shall be valid after eleven months from the date of its execution.

Sec. 97. Directors. (a) The business of every corporation shall be managed by a board of directors, composed of not less than five nor more than the maximum number fixed in the articles of incorporation. The exact number of directors to serve for each year shall be determined, from time to time, in such manner as the by-laws may prescribe.

(b) Each member of the board of directors shall be a shareholder in the corporation and shall have such other qualifications as are prescribed in section 98 of this act or in the by-laws of the corporation.

(c) The first board of directors shall be elected by the subscribers and shall hold office until the first annual meeting of the shareholders. At the first annual meeting of the shareholders, and at each annual meeting thereafter, directors shall be elected by the shareholders for the term or terms hereinafter prescribed.

(d) The articles of incorporation or by-laws may provide that the directors may be divided into two or more classes whose terms of office shall expire at different times, but no term shall continue longer than three years. In the absence of such provision, each director, except members of the first board of directors, shall be elected for a term of one year and shall hold office until his successor is elected and has qualified.

(e) Any vacancy which may occur in the membership of the board of directors, caused by death, resignation, an increase in the number of directors or otherwise, shall be filled by a majority vote of the remaining members of the board, until the next annual meeting of the shareholders.

(f) A majority of the whole board of directors shall be necessary to constitute a quorum for the transaction of any business except the filling of vacancies, and the act of a majority of the board of directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless a greater number is required by this act, or by the articles of incorporation or by the by-laws.

(g) The board of directors may, by a resolution adopted by a majority of the whole board, pursuant to a provision of the by-laws, designate two or more of their number to constitute an executive committee, which, to the extent provided in such resolution or in the by-laws, shall have and exercise all of the authority of the board of directors in the management of the corporation, during the intervals between the meetings of such board, but the designation of such committee and the delegation thereto of such authority shall not operate to relieve the board of directors or any member thereof of any responsibility imposed upon it or him by this act. The minutes of each meeting of the executive committee shall be read at the next succeeding meeting of the board of directors.

(h) Meetings of the board of directors may be held at such time at the principal office of the corporation or in the city or town in which such principal office is located, and upon such notice as may be provided in the by-laws.

(i) Every director, when elected, shall take and subscribe an oath that he will, insofar as the duty devolves upon him, faithfully, honestly and diligently administer the affairs of such corporation, and that he will not knowingly violate or willingly permit to be violated any of the provisions of law applicable to any such corporation.

Sec. 98. Qualifications of Directors. Every director shall, during his whole term of service, be a citizen of the United States, and at

least three-fourths of the directors shall reside in the State of Indiana. Every director shall own, in his own right, shares of the capital stock of the corporation of which he is acting as director, the aggregate par value of which shall not be less than one thousand dollars, unless the capital stock of the corporation does not exceed fifty thousand dollars, in which case such director must own in his own right shares of such capital stock, the aggregate par value of which shall not be less than five hundred dollars. If the corporation is a building and loan association, except one operating solely upon the terminating plan, such shares shall be fully paid. Any director who ceases to be the owner of the required number of shares of the stock of any such corporation or who pledges the same to such corporation to secure any debt or who becomes in any other manner disqualified, shall thereupon cease to be a director.

Sec. 99. Duties of Directors. In addition to such other duties as may be imposed upon the directors by any other provisions of this act, such directors shall keep a record of the attendance of directors at meetings of the board, and shall make a report, showing the names of the directors, the number of meetings of the board, regular and special, the number of meetings attended and the number of meetings from which each director was absent, which report shall be read at and incorporated in the minutes of the annual meeting of the shareholders. Such directors, at such times as they are meeting as a board of directors, shall also require the secretary of such board, or some other duly designated agent, to make official communications from the department a matter of record in the minutes of the meetings of such board of directors. The board of directors, or a committee therefrom, or, if the board shall so authorize an Indiana certified public accountant or a firm of Indiana certified public accountants, shall examine the corporation once each year and submit a complete statement of the condition of such corporation to the department.

Sec. 100. Officers. (a) The officers of a corporation shall consist of a president, a secretary and/or cashier, and such other officers as may be prescribed by the by-laws, each of whom shall be chosen by the board of directors at such time and in such manner and for such terms as the by-laws of the corporation may prescribe. Each officer shall hold office until his successor is chosen and has qualified. The president shall be chosen from among the directors. If the by-laws so provide, any two or more offices may be held by the same person, except that the duties of the president and the secretary and/or cashier shall not be performed by the same person.

(b) All officers and agents of the corporation, as between themselves and the corporation, shall have such authority and shall perform such duties in the management of the property, business and affairs of the corporation as may be provided in the by-laws, or in

the absence of such provision, as may be determined by resolution of the board of directors.

Sec. 101. Bonds of Officers. The president, cashier, secretary, treasurer, each active vice president and other active officer shall, before entering upon the performance of their duties as such officer, execute their individual bond payable to the corporation in such amount and with such surety or sureties as may be approved by the board of directors, to indemnify the corporation for any pecuniary loss it shall sustain of money or other personal property by any act or acts of fraud, dishonesty, forgery, theft, embezzlement, wrongful abstraction, or wilful misapplication. In lieu of such individual bonds of the president, cashier, secretary, treasurer, each vice president and other active officer, a bankers' blanket bond payable to the corporation may be furnished upon order of the board of directors, in such amount and with such surety or sureties as may be approved by the board of directors, to indemnify the corporation for any pecuniary loss it shall sustain of any money or other personal property by any act or acts of fraud, dishonesty, forgery, theft, embezzlement, wrongful abstraction or wilful misapplication. Each and every bond required by the provisions of this section shall be approved by and filed in the office of the department. The department is hereby authorized to approve or disapprove any such bonds so executed and filed, to require new or additional bond or bonds, either because of the insufficiency of the amount of the penalty of the bond or the insufficiency of the surety or sureties thereon. In the event that any such bond be disapproved by the department, notice thereof in writing shall be given to the corporation and thereupon a new and sufficient bond to the approval of the department and board of directors of the corporation shall be executed and filed within twenty days after written notice of disapproval shall have been mailed to said corporation. The board of directors of the corporation shall require a bond of each agent and employee of the corporation in such amount and with such surety or sureties as may be approved by the board of directors. No officer or director of the corporation shall sign the bond of any other person as surety thereon required by the provisions of this act.

Sec. 102. Books and Records. Every corporation shall keep correct and complete books of account and minutes of the proceedings of its shareholders, directors, executive and/or finance committees, and it shall likewise keep, at its principal office, an original or a duplicate stock transfer book and/or records giving the names and addresses of all shareholders and the number of shares held by each. Every such book and/or record shall be open to inspection and examination, during the usual business hours of the corporation, for all proper purposes, by every shareholder of the corporation, or by his duly authorized agent or attorney.

ARTICLE III

Amendment of Articles of Incorporation

Sec. 103. Right to Amend. Any corporation may, at any time, amend its articles of incorporation, without limitation, if any article so amended would have been authorized by the provisions of this act as an original article, by complying with the provisions of sections 104 to 113, inclusive, of this act.

Sec. 104. Proposal of Amendment. Every amendment to the articles of incorporation, except an amendment providing for an increase or a decrease in the capital stock of a building and loan association, shall first be proposed by the board of directors, by the adoption of a resolution setting forth the proposed amendment and directing that it be submitted to a vote of the shareholders, at a designated meeting of such shareholders, which may be an annual or a special meeting of the shareholders. If the resolution shall direct that the proposed amendment is to be submitted at an annual meeting, notice of the submission of the proposed amendment shall be included in the notice of such annual meeting. If the resolution shall direct that the proposed amendment is to be submitted at a special meeting of the shareholders entitled to vote thereon, such special meeting shall be called by the resolution proposing the amendment, and notice of such meeting shall be given at the time and in the manner prescribed in subsection (d) of section 95 of this act.

Sec. 105. Adoption of Amendment. An amendment to the articles of incorporation so proposed shall be submitted to a vote of the shareholders at the annual or at the special meeting directed by the resolution of the board of directors proposing the amendment, and the proposed amendment shall be adopted upon receiving the affirmative votes of the holders of at least a majority, or such greater proportion as the articles of incorporation may require, of the outstanding shares of stock of such corporation.

Sec. 106. Building and Loan Associations. The articles of incorporation of any building and loan association may be amended for the purpose of increasing or decreasing the capital stock of such association by a resolution, adopted by a vote of three-fourths of the members of the board of directors, at any regular or special meeting of the board.

Sec. 107. Articles of Amendment. Upon the proposal and adoption of any amendment to the articles of incorporation, articles of amendment shall be executed and filed, in the manner hereinafter prescribed, setting forth the following:

(a) The amendment so adopted;

(b) The manner of its adoption and the vote by which it was adopted;

(c) If the total authorized amount or the number of shares of the capital stock of such corporation is increased by such amendment, a statement of the amount and number of shares theretofore authorized and a statement of the additional shares authorized by the amendment;

(d) If the total authorized amount or the number of shares of the capital stock of such corporation is reduced by such amendment, a statement of the amount and number of shares theretofore authorized and the amount thereof that has been issued, and a statement of the reduction authorized by the amendment and the manner in which the reduction is to be effected.

Sec. 108. Preparation of Articles of Amendment. The form of the articles of amendment shall be prescribed and furnished by the department. The articles of amendment shall be prepared and signed in triplicate by the president or a vice-president and by the secretary or cashier of the corporation, and shall be acknowledged before a notary public by the officers who sign the articles, and shall be presented in triplicate to the department at its office, for the approval or disapproval of the department.

Sec. 109. Approval by Department. The department is hereby authorized to approve or disapprove such articles of amendment, and the approval of them, if given, shall be evidenced in the manner prescribed in section 78 of this act.

Sec. 110. Certificate of Amendment. When the articles of amendment shall have been approved by the department, as hereinbefore provided, such articles shall be presented to the secretary of state. If the secretary of state finds that the articles of amendment conform to law, he shall endorse his approval upon each of the triplicate copies of the articles, and, when all fees shall have been paid, as required by law, the secretary of state shall file one copy of the articles in his office and shall issue a certificate of amendment to the corporation, and shall return the certificate of amendment, together with two copies of the articles of amendment, bearing the endorsement of his approval, to the corporation.

Sec. 111. Effect of Certificate of Amendment. (a) Upon the issuance of the certificate of amendment by the secretary of state, the amendment shall become effective and the articles of incorporation shall be deemed to be amended accordingly.

(b) No amendment to the articles of incorporation shall affect any existing cause of action in favor of or against such corporation, or any pending suit in which such corporation shall be a party, or the existing rights of persons, other than shareholders. In the event that the corporate name of any such corporation shall be changed by

any amendment, no suit brought against such corporation under its former name shall be abated for that reason.

Sec. 112. Requirements Before Exercising Authority. (a) No corporation whose articles of incorporation shall have been amended in accordance with the provisions of this act shall exercise any power, right or authority conferred by, or take any action pursuant to, such amendment until one of the triplicate copies of the articles of amendment, bearing the endorsement of the approval of the secretary of state, as provided in section 110 of this act, shall have been filed for record with the county recorder of the county in which the articles of incorporation of such corporation were or should have been filed for record as provided in section 86 of this act.

(b) If any corporation exercises any such power, right or authority, or takes any such action, in violation of the provisions of this section, the officers and directors who participate therein shall be severally liable for any debts or liabilities of the corporation incurred thereby or arising therefrom.

Sec. 113. Reduction of Capital Stock. No reduction of the issued and outstanding shares of capital stock of a corporation, however accomplished, shall be lawful when such reduction renders the corporation insolvent.

ARTICLE IV

Merger and Consolidation

Sec. 114. Authority to Consolidate. Any two or more banks and/or trust companies, banks of discount and deposit, loan and trust and safe deposit companies and/or trust companies, whether organized or reorganized under the provisions of this act or of any law enacted prior to the passage of this act, may merge into one of such corporations, or may consolidate into a new corporation, to be organized under this act, by complying with the provisions of this Article. Any two or more building and loan associations, and, subject to the provisions of section 293 of this act, any one or more rural or guaranty loan and savings associations may merge with one building and loan association, or may consolidate into a new corporation, to be organized under this act, by complying with the provisions of this Article.

Sec. 115. Agreement of Merger. The merger of any two or more corporations shall be effected in the following manner:

The board of directors of each corporation shall, by a resolution adopted by a majority vote of the members of such board, approve a joint agreement of merger setting forth:

(a) The names of the corporations proposing to merge, and the name of the corporation into which such corporations propose to merge, hereinafter designated as the surviving corporation;

(b) The terms and conditions of the proposed merger and the manner of carrying such merger into effect;

(c) The manner and basis of converting the shares of the capital stock of each corporation, other than the surviving corporation, into the shares of the surviving corporation;

(d) A re-statement of such provisions of the articles of incorporation of the surviving corporation as may be deemed necessary or advisable to give effect to the proposed merger; and,

(e) Such other provisions with respect to the proposed merger as may be deemed necessary or desirable.

Sec. 116. Submission to Vote. The resolution of the board of directors of each corporation approving the agreement shall direct that the agreement be submitted to a vote of the shareholders of such corporation, at a designated meeting thereof, which may be an annual or a special meeting of the shareholders. If the designated meeting of any corporation at which the agreement is to be submitted is an annual meeting, notice of the submission of the agreement shall be included in the notice of such annual meeting. If the designated meeting of any corporation at which the agreement is to be submitted is a special meeting of the shareholders, such special meeting shall be called by the resolution designating the meeting, and notice of such meeting shall be given at the time and in the manner provided in subsection (d) of section 95 of this act.

Sec. 117. Approval by Commission. After the resolutions approving a joint agreement of merger shall have been adopted by the board of directors of each of the respective corporations, such resolutions and joint agreement shall be submitted to and shall be approved by the department before such joint agreement is submitted to a vote of the shareholders of such corporations. The department is hereby authorized, in its discretion, to approve or disapprove such resolution and joint agreement. If the department shall disapprove of the proposed merger, it shall so indicate, in writing, and it shall thereupon be unlawful to proceed with such merger. If the department shall approve of the proposed merger, its approval shall be evidenced in the manner prescribed in section 78 of this act.

Sec. 118. Adoption of Agreement. If the agreement of merger is approved by the department, it shall be submitted to a vote of the shareholders of each corporation, at the meeting directed by the resolution of the board of directors of such corporation, and the agreement shall be adopted by such corporation upon receiving the affirmative votes of the holders of a majority of the outstanding shares of the capital stock of such corporation.

Sec. 119. Notice to Shareholders. Within five days after the proposed agreement of merger shall have been approved by the meeting of shareholders, the secretary or cashier of such corporation shall deliver or mail a written or printed notice of the adoption

of the agreement and the approval thereof by the department to each shareholder of record of such corporation.

Sec. 120. Objection by Shareholders. Any shareholder of any such corporation who did not vote in favor of the adoption of the agreement of merger may, within thirty days after the date of the adoption thereof by the shareholders of such corporation, object to such merger in the manner and with the effect provided in section 134 of this act.

Sec. 121. Reapproval and Agreement. As soon as practicable after the expiration of a period of thirty days after the adoption of the agreement of merger by the shareholders of that one of the merging corporations which is the last, in point of time, to adopt such agreement, the agreement shall again be considered by the board of directors of each corporation a party thereto, at a regular or special meeting of such board, and if the board of directors of each such corporation, by a majority vote of the members of such board, shall again approve the agreement, and shall authorize the execution thereof, the agreement shall be signed on behalf of each such corporation by its president or a vice-president and by its secretary or cashier and shall have the corporate seal of each such corporation affixed thereto. If the department shall deem it advisable and to the best interests of the creditors and shareholders of any two or more merging corporations, such corporations may merge by complying with the provisions of this article, other than sections 116 and 118, provided waivers of the notice of meetings provided for in such sections are procured from a majority of the shareholders of each such merging corporations.

Sec. 122. Articles of Merger. Upon the execution of the agreement of merger by all of the corporation parties thereto, articles of merger shall be executed and filed, in the manner hereinafter provided, setting forth the agreement of merger, the fact that the merger has been approved by the department, the signatures of the several corporations parties thereto, the manner of its adoption and the vote by which adopted by each of such corporations. The articles of merger shall be signed on behalf of each such corporation by its president or a vice-president and by its secretary or cashier, and shall be acknowledged before a notary public by the officers signing such articles, in such multiple copies as shall be required to enable the corporations to comply with the provisions of this act, with respect to filing and recording the articles of merger, and shall then be presented to the secretary of state, at his office, accompanied by the fees prescribed by law.

Sec. 123. Certificate of Merger. Upon the presentation of the articles of merger, the secretary of state, if he finds that such articles conform to law, shall endorse his approval upon each of the multiple copies of the articles, and, when all fees shall have been paid, as

required by law, the secretary of state shall file one copy of the articles in his office and shall issue a certificate of merger, and shall return the remaining copies of the articles bearing the endorsement of his approval, together with the certificate of merger, to the surviving corporation.

Sec. 124. Procedure for Consolidation. The consolidation of any two or more corporations, as authorized in section 114 of this act, shall be effected in the following manner:

The board of directors of each corporation shall, by a resolution adopted by a majority vote of the members of such board, approve a joint agreement of consolidation setting forth:

(a) The names of the corporations proposing to consolidate, and the name of the new corporation into which they propose to consolidate, hereinafter designated as the new corporation;

(b) The terms and conditions of the proposed consolidation and the manner of carrying such consolidation into effect;

(c) The manner and basis of converting the shares of the capital stock of each corporation into the shares of the new corporation;

(d) With respect to the new corporation, all of the statements required by section 76 of this act to be set forth in original articles of incorporation for corporations formed under this act; and

(e) Such other provisions with respect to the proposed consolidation as may be deemed necessary or desirable.

Sec. 125. Approval by Department. After the resolution approving a joint agreement of consolidation shall have been adopted by the board of directors of each of the respective corporations, such resolutions and joint agreement shall be submitted to and shall be approved by the department before such joint agreement is submitted to a vote of the shareholders of such corporations. If the department shall disapprove of the proposed merger, it shall so indicate, in writing, and it shall thereupon be unlawful to proceed with such consolidation. If the commission shall approve of the proposed consolidation, its approval shall be evidenced in the manner prescribed in section 78 of this act.

Sec. 126. Adoption of Agreement. If the agreement of consolidation is approved by the department, it shall then be submitted to a vote of the shareholders of each corporation, in the same manner, and shall be adopted upon receiving the same affirmative votes, and the adoption thereof shall be followed by the same notice to shareholders as is hereinabove prescribed in sections 116, 118 and 119 of this act, in case of a merger.

Sec. 127. Objection by Shareholders. Any shareholder of any such corporation who did not vote in favor of the adoption of the agreement of consolidation may, within thirty days after the date of the adoption thereof by the shareholders of such corporation, object to such consolidation in the manner and with the effect provided in section 134 of this act.

Sec. 128. Reapproval and Agreement. Upon the adoption of the agreement of consolidation, it shall be considered again by the board of directors of each corporation which is a party to the agreement, and, if the agreement is again approved, and if the execution of the agreement be authorized by such board, the agreement shall be signed, in the same manner and within the same time as is provided in section 121 of this act, in the case of a merger.

Sec. 129. Articles of Consolidation. Upon the execution of the agreement of consolidation by all of the corporations parties thereto, articles of consolidation shall be executed and shall be presented to and filed with the secretary of state, at his office, accompanied by the fees prescribed by law, in the same form and manner and in such multiple copies as is hereinbefore prescribed in section 122 of this act, in the case of a merger.

Sec. 130. Certificate of Consolidation. Upon the presentation of the articles of consolidation, the secretary of state, if he finds that such articles conform to law, shall endorse his approval upon each of the multiple copies of the articles, and, when all fees shall have been paid, as required by law, the secretary of state shall file one copy of the articles in his office and shall issue a certificate of consolidation and incorporation to the new corporation, and shall return the remaining copies of the articles of consolidation, bearing the endorsement of his approval, together with the certificate of consolidation and incorporation, to the new corporation or to its designated agent.

Sec. 131. Effective Date of Merger or Consolidation. Upon the issuance of a certificate of merger or a certificate of consolidation and incorporation by the secretary of state, the merger or consolidation, as the case may be, shall be effected.

Sec. 132. Effect of Merger or Consolidation. When any such merger or consolidation shall have been effected, as hereinbefore provided:

(a) The several corporations which are parties to the agreement of merger or of consolidation shall be a single corporation, which shall be:

(1) In case of a merger, the surviving corporation which is a party to the agreement of merger into which it has been agreed that the other corporations which are parties to the agreement shall be merged, which surviving corporation shall survive the merger; or

(2) In case of a consolidation, the new corporation into which it has been agreed that the corporations which are parties to the agreement of consolidation shall be consolidated.

(b) The separate existence of all of the corporations which are parties to the agreement of merger or consolidation, except the surviving corporation in the case of a merger, shall cease.

(c) Such single corporation shall have all of the rights, privileges, immunities and powers and shall be subject to all of the duties

and liabilities of a corporation organized under Article I of Part III of this act.

(d) Such single corporation shall thereupon and thereafter possess all of the rights, privileges, immunities, powers and franchises which such corporation would possess if it were organized under the provisions of this act; and all property, real, personal and mixed, and all debts due on whatever account, including subscriptions to shares of capital stock, and all other choses in action and all and every other interest, of or belonging to or due to each of the corporations so merged or consolidated shall be taken and deemed to be transferred to and vested in such single corporation without further act or deed; and the title to any real estate, or any interest therein, under the laws of this state vested in any of such corporations shall not revert or be in any way impaired by reason of such merger or consolidation.

(e) Such single corporation shall thenceforth be responsible and liable for all the liabilities and obligations of each of the corporations so merged or consolidated, in the same manner and to the same extent as if such single corporation had itself incurred such liabilities and obligations, or contracted therefor; and any claim existing or any action or proceeding pending by or against any of such corporations may be prosecuted to judgment as if such merger or consolidation had not taken place, or such single corporation may be substituted in its place. Neither the rights of creditors nor any liens upon the property of any of such corporations shall be impaired by such merger or consolidation, but such liens shall be limited to the property upon which they were liens immediately prior to the time of such merger or consolidation, unless otherwise provided in the agreement of merger or consolidation and with the consent in writing of the parties affected.

(f) In case of a merger, the articles of incorporation of the surviving corporation shall be supplanted and superseded to the extent, if any, that any provision or provisions of such articles shall be restated in the agreement of merger as provided by paragraph (d) of section 115 of this act, and such articles of incorporation shall be deemed to be thereby and to that extent amended; and in case of a consolidation, the statements set forth in the agreement of consolidation as provided in paragraph (d) of section 124 of this act shall be deemed to be the articles of incorporation of the new corporation formed by such consolidation.

Sec. 133. Requirement Before Conducting Business. (a) The surviving or new corporation, as the case may be, resulting from a merger or consolidation, shall, within ten days after such merger or consolidation shall have become effective, as hereinabove provided, file for record one of the multiple copies of the articles of merger or consolidation bearing the endorsement of the approval of the

secretary of state, as hereinabove provided, or a copy of such agreement and endorsement certified by the secretary of state, in the office of the recorder of each county in which the principal office of any of the corporations parties to the agreement is located, and shall file for record the certificate, or a certified copy thereof, provided for in sections 123 and 130 of this act, in the office of the recorder of each county in this state in which any of such corporations shall have real property at the time of the merger or consolidation the title to which will be transferred by the merger or consolidation, and in each county in this state in which any mortgage held by any of such corporations is recorded.

(b) If such surviving or new corporation transacts any business or incurs any indebtedness after the expiration of such ten day period without having complied with the provisions of this section, the officers and directors thereof who participated therein shall be severally liable for any debts or liabilities of such corporation so incurred or arising therefrom.

Sec. 134. Rights of Dissenting Shareholders. (a) If any shareholder of any corporation a party to a merger or consolidation who did not vote in favor of such merger or consolidation at the meeting at which the agreement of merger or consolidation was adopted by the shareholders of such corporation, shall, at any time within thirty days after such adoption of the agreement of merger or consolidation by such shareholders, object thereto in writing and demand payment of the value of his shares, in any or either corporation which is a party to such merger or consolidation, the surviving or new corporation shall, in the event that the merger or consolidation shall be made effective, pay to such shareholder, upon surrender of his certificates therefor, the value of such shares at the effective date of the merger or consolidation. If, within thirty days after such effective date, the value of such shares is agreed upon between the shareholder and the surviving or new corporation, as the case may be, payment therefor shall be made within ninety days after the effective date. If within thirty days after such effective date, the surviving or new corporation, as the case may be, and the shareholder do not so agree, either such corporation or the shareholder may, within ninety days after such effective date, petition the circuit or superior court of the county in which the principal office of the corporation is located, to appraise the value of such shares; and payment of the appraised value thereof shall be made within sixty days after the entry of the judgment finding such appraised value. The practice, procedure and judgment in the circuit or superior court upon such petition shall be the same, so far as practicable, as that under the eminent domain laws in this state.

(b) Upon the effective date of the merger or consolidation, any shareholder who has made such objection and demand shall cease

to be a shareholder and shall have no rights with respect to such shares except the right to receive payment therefor. Every shareholder who did not vote in favor of such merger or consolidation and who does not object in writing and demand payment of the value of his shares at the time and in the manner aforesaid, shall be conclusively presumed to have assented to such merger or consolidation.

Sec. 135. Trusteeships. If any such bank and/or trust company, bank of discount and deposit, loan and trust and safe deposit company or trust company is acting as the administrator, co-administrator, executor, co-executor, trustee or co-trustee of or in respect to any estate or trust, or guardian of any person or estate which is being administered under the laws of this state, or has been named or designated as such in any will or other writing theretofore executed, such relation, as well as any and all other similar fiduciary relations, and all rights, privileges, duties and obligations connected therewith shall remain unimpaired, and shall continue into and in such surviving or single corporation, from and as of the time of the taking effect of such merger or consolidation, irrespective of the date when any such relation shall have been created or established, and irrespective of the date of any trust agreement relating thereto or of the date of the death of any testator or decedent whose estate is being so administered.

Sec. 136. Fiduciary Relationships Unaffected. Nothing done in connection with the consolidation or merger of any two or more banks and/or trust companies, banks of discount and deposit, loan and trust and safe deposit companies or trust companies shall be deemed to be or to effect a renunciation or revocation of any letters of administration or letters testamentary, pertaining to such relation, nor a removal or resignation from any such executorship or trusteeship or any other fiduciary relationship, nor to be of the same effect as if the executor or trustee or other fiduciary had died or had otherwise become incompetent to act.

ARTICLE V

Sale of Entire Assets

Sec. 137. Right to Sell. Any bank and/or trust company, bank of discount and deposit, loan and trust and safe deposit company, trust company or building and loan association, whether organized or reorganized under the provisions of this act or of any law enacted prior to the passage of this act, may, at any time, if otherwise lawful, sell, lease, exchange or otherwise dispose of all of its property and assets, including good will, upon such terms and conditions and for such considerations as it deems expedient, by complying with the provisions of this article.

Sec. 138. Proposal by Directors. Such sale, lease, exchange or other disposition shall first be proposed by the board of directors, by the adoption of a resolution, setting forth the terms and conditions thereof, and directing that the proposed disposition be submitted to a vote of the shareholders, at a designated meeting thereof, which may be an annual or a special meeting of the shareholders. If the designated meeting at which the proposed disposition is to be submitted is an annual meeting, notice of the submission of the proposed disposition shall be included in the notice of such annual meeting. If the designated meeting at which the proposed disposition is to be submitted is a special meeting of the shareholders entitled to vote in respect thereof, such special meeting shall be called by the resolution designating the meeting, and notice of such meeting shall be given at the time and in the manner provided in subsection (d) of section 95 of this act.

Sec. 139. Approval by Department. Before the proposed disposition is submitted to a vote of the shareholders, the resolution adopted by the board of directors setting forth the terms and conditions of the proposed sale, lease, exchange or other disposition shall be submitted to the department, and in no event shall the property and/or assets of any such corporation be sold, leased, exchanged or otherwise disposed of unless and until the resolution proposing such sale, lease, exchange or other disposition shall have been approved by the department. The approval of the department, if given, shall be evidenced in the manner prescribed in section 78 of this act.

Sec. 140. Authorization by Shareholders. If the resolution proposing the disposition of such property and/or assets be approved by the department, the proposed sale, lease, exchange or other disposition shall then be submitted to a vote of the shareholders at the annual or special meeting directed by the resolution of the board of directors proposing such disposition, and shall be authorized upon receiving the affirmative votes of the holders of two-thirds of the outstanding shares, if the corporation is able to meet its obligations then matured, or the affirmative votes of the holders of a majority of such outstanding shares if the corporation is not able to meet its liabilities then matured.

Sec. 141. Rights of Dissenting Shareholders. The provisions of section 134 of this act, with respect to the rights of dissenting shareholders in case of a merger or consolidation, shall, so far as practicable, be applicable to the sale, lease, exchange or other disposition of the property and assets of a corporation under the provisions of this Article; and any shareholder of any such corporation who did not vote in favor of such disposition at the meeting at which such disposition was authorized by the shareholders of such corporation shall have such rights and remedies against such corporation, and

shall be subject to such conditions and limitations, as are granted to, or imposed upon, dissenting shareholders by the provisions of section 134 of this act. The effective date of such disposition, within the meaning of section 134 of this act, shall, for the purposes of this section, be the date upon which such disposition was authorized by the shareholders of the corporation.

ARTICLE VI

Voluntary Dissolution

Sec. 142. By Act of Incorporators Before Beginning Business. With the approval in writing of the department, the incorporators named in the articles of incorporation of any corporation organized under the provisions of this act may surrender the certificate of incorporation and all of the corporate rights and franchises of the corporation, at any time within one year from the date of the issuance of the certificate and before the issuance of any of the shares of capital stock of the corporation and before the beginning by it of the business for which it was formed, by presenting to the secretary of state, at his office, accompanied by the fees prescribed by law, a certificate, in triplicate, signed and verified by the joint and several oaths of a majority of the incorporators, in the form prescribed by the secretary of state, showing that no shares of the capital stock of the corporation have been issued and that the amount, if any, actually paid in on the shares, less any part thereof disbursed for necessary expenses, has been returned to those entitled thereto, that such business has not been begun, that no debts remain unpaid and that they surrender all rights and franchises.

Sec. 143. By Act of the Corporation. Any bank and/or trust company, bank of discount and deposit, loan and trust and safe deposit company, trust company or building and loan association, whether organized or reorganized under the provisions of this act or of any law enacted prior to the passage of this act, may liquidate its affairs and dissolve in the manner hereinafter prescribed in this Article. Whenever the board of directors, by a resolution adopted by a majority vote of the members of such board, shall deem it advisable to submit the question of dissolution, or whenever the board of directors shall be requested in writing by the holders of a majority of the outstanding shares of capital stock to submit the question of dissolution, the board of directors shall submit the question of dissolving the corporation to a vote of the shareholders of the corporation entitled to vote in respect thereof at such meeting thereof as may be designated in such request, or, in the absence of such request or of such designation, in such resolution. The designated meeting may be an annual or a special meeting of the share-

holders. If the designated meeting is an annual meeting, notice of the submission of the question of dissolution shall be included in the notice of such annual meeting. If the designated meeting is a special meeting of the shareholders, such special meeting shall be called by the board of directors, and notice of such meeting shall be given at the time and in the manner provided in subsection (d) of section 95 of this act. The dissolution shall be authorized, subject to the provisions of section 144 of this act, upon receiving the affirmative votes of the holders of two-thirds of the outstanding shares of stock of such corporation, unless the corporation is a building and loan association authorized to dissolve by the provisions of this section, in which case the affirmative votes of the holders of a majority of the outstanding shares of stock shall be sufficient and dissolution shall thereby be authorized.

Sec. 144. Approval by Department. After the resolution submitting the question of dissolving the corporation shall have been adopted by the board of directors, such resolution shall be submitted to and shall be approved by the department before such resolution is submitted to a vote of the shareholders of such corporation. Upon the filing of such resolution, the department shall cause an examination to be made of the business and affairs of such corporation. If the department shall find, from such examination, that such corporation is solvent or that it has sufficient assets with which to pay all of its depositors and all of its other liabilities, it may enter an order in writing, approving the dissolution of such corporation, and authorizing the board of directors of such corporation to submit the question of dissolving such corporation to the shareholders, in the manner prescribed in this act. If the department shall find, from such examination, that such corporation is in an unsound or unsafe condition, or has otherwise violated the provisions of section 41 of this act, it may enter an order in writing, disapproving of the voluntary dissolution of such corporation, and the department shall thereupon take possession of the business and property of such corporation and proceed to liquidate such corporation in the manner prescribed in and subject to the provisions of Article II of Part II of this act.

Sec. 145. Payment of Dividends and Profits. After the vote of the shareholders shall have been taken, as hereinbefore provided, no dividend or profits shall be paid to the shareholders, nor shall any part of the capital be withdrawn by or paid to the shareholders, in any manner whatsoever, nor shall such corporation transact any business whatsoever except such as may be necessary or incidental to its dissolution, until all of the debts and liabilities of the corporation of every kind are fully paid.

Sec. 146. Procedure of Dissolution. Upon the authorization of the dissolution by the shareholders, the board of directors, with the approval of the department, shall appoint one or more liquidating

agents, and their successors, hereinafter in this Article designated as "agent," to act for and on behalf of the corporation, which agent shall have the power and authority to liquidate such corporation subject to such limitations as may be imposed by the board of directors not inconsistent with the provisions of this act. Such agent shall proceed to:

(a) Cause a notice that the corporation is about to be dissolved to be published once in a newspaper of general circulation in the county in which the principal office of the corporation is located;

(b) Dispose of all trust property as prescribed in section 148 of this act, and all property of the kind described in section 60, in the same manner as the department is authorized to dispose of such property;

(c) Collect all of the corporate assets and for that purpose may bring all actions, in his own name, that may be necessary;

(d) Enforce and collect, in his own name, the liability imposed by law upon shareholders, in the same manner and to the same extent as the department is authorized, to enforce and collect such liability upon involuntary liquidation, as provided in section 63 of this act;

(e) Pay and discharge all of the corporate debts and liabilities, in the same manner as is prescribed for the department in section 59 of this act; and

(f) Distribute the remaining corporate assets and property among the shareholders or such other persons as may be designated in the articles of incorporation, according to their respective interests, after the provisions of subsections (a), (b), (c), (d) and (e) of this section shall have been fully complied with.

Sec. 147. Powers of Agent on Liquidation. (a) The agent shall have the right and authority to collect all debts, dues, claims and demands belonging to such corporation, and, upon order of the court wherein the statement of all debts and liabilities of such corporation shall have been or may be filed, and upon such terms and conditions as shall be fixed by such court, may (1) sell or otherwise dispose of all or any part of the assets and property, including real estate, at public or private sale after notice; (2) compound all bad or doubtful debts, dues, claims and demands, or sell or otherwise dispose of the same at public or private sale after notice; and (3) compromise all claims and demands against such corporation. The agent may prosecute, defend or participate in any and all actions which were pending against the corporation when he was appointed and may likewise defend any action instituted thereafter. The agent shall, in the name of the corporation and on its behalf, execute, acknowledge and deliver all deeds, conveyances, assignments, releases or other instruments necessary and proper to effect any sale, lease or transfer of real estate or personal property or to carry into effect any power conferred, or duty imposed by this act. All such instruments shall be sealed with the corporate seal.

(b) (1) If the agent and the court wherein the statement of all debts and liabilities of the corporation shall have been or may be filed, shall deem it advisable, expedient and practicable and to the best interest of creditors and shareholders of the corporation to permit such creditors and shareholders, hereinafter sometimes designated as "claimants," to use the cash value of their claims in lieu of money in the purchase of any of the assets and property of such corporation, the agent may, upon such further terms and conditions as may be prescribed by the court, sell all or any part of the property and assets of such corporation at public sale at not less than the appraised value as in subsection (2) hereof determined. The agent shall give three weeks' notice of such sale in a newspaper of general circulation printed or circulated in the county wherein such corporation has its principal office. Any creditor or shareholder of the corporation in liquidation may bid on any of its property and assets and apply the cash value of his claim in payment therefor and the agent shall accept, in payment for any property of the corporation, the cash value, as hereinafter determined, of any claim owned by any bidder at the time dissolution of the corporation was authorized. Any claim accepted in payment of any bid made shall be deemed liquidated and paid to the extent that the same was used and applied to the bid price of any property purchased by any claimant. Nothing herein shall be construed to authorize any purchaser to apply on the purchase price of property of the corporation bid for by him claims not owned by him at the time dissolution was authorized.

(2) The cash value of the claims of creditors, shareholders and other persons shall be determined as hereinafter in this subsection prescribed. The court shall cause an appraisement of the assets of such corporation to be made and for that purpose shall appoint three disinterested freeholders and householders of the county to appraise such assets. The undetermined assets or assets that cannot be appraised need not be included in such appraisement. The agent shall file one copy of the appraisement so made with the clerk of the court in which such proceedings are pending, one copy in the office of the department, and retain one copy thereof at the principal office of the corporation for inspection and examination by the public and the creditors, shareholders, and other persons interested. Upon the filing of such appraisement the agent shall give notice by publication, once each week, for three successive weeks in some newspaper of general circulation, printed or circulated in the county where the liquidation proceedings are pending that the appraisement has been filed and specifying the date that shall have been fixed by the court, not less than thirty days from the date of such notice, within which any creditors, shareholders or other persons interested may appear and file objections to such appraisement, or any item or items therein separately and/or severally. If no objections are filed within the

time fixed by the court, such appraisement shall be deemed correct and shall be accepted as the true cash value of the assets of such corporation for the purposes of liquidation as provided in this subsection. If objections are filed to such appraisement, or any item thereof, within the time fixed for so doing, the same shall be docketed and heard by the court as other civil proceedings and the court shall enter a judgment determining the correct amount of such appraisement, or the correct amount of the appraisement of the item or items thereof to which objections were filed. After the court shall have determined the correct appraisement upon objections filed, such corrected appraisement shall be deemed correct and shall be accepted as the true cash value of the assets of such corporation for the purposes of liquidation as provided in this subsection.

(3) After all the corporate debts and liabilities of such corporation shall have been determined in the manner provided in sections 149, 150 and 151 of this act, and an estimate of the court costs and all other expenses of administration shall have been filed with and approved by the court the agent shall, with the approval of the court, fix the total liabilities of the corporation and determine therefrom and from the true cash value of the assets of the corporation as fixed by the final appraisement, the per cent of the value of the total assets to the value of the total liabilities. The cash value of every claim, except preferred claims, shall be and is hereby fixed at the per cent of its face value which the value of the total assets bears to the value of the total liabilities as such values are determined in this subsection and subsection (2). The cash value of every preferred claim shall be and is hereby fixed at its full face value, if the assets of the corporation are sufficient to satisfy all preferred claims. Nothing in this subsection shall be construed to prevent the court from reducing the amounts estimated as expenses of administration after such estimate has been used as a basis for determining the total liabilities of the corporation.

(4) If any of such assets remain unsold after public sale, as hereinbefore provided, the agent may thereafter sell such property, at private sale, from day to day, until the same is all sold, without further notice; but in no case shall such property be sold for less than the appraised value as determined in subsection (2) hereof unless the proceeds from other property exceed the appraised value thereof so that the total proceeds from the sale shall be sufficient to pay all creditors not purchasing property and applying their claims, as aforesaid, the cash value of their claims. In the event the proceeds of sales of property exceed the value of the total assets as determined by the appraisement and/or the value of the undetermined assets or assets that could not be appraised are collected, the excess and other collections shall be pro-rated upon order of the court and paid to claimants by such agent.

Sec. 148. Disposition of Trust Property. If, at the time of liquidation such corporation shall hold any property, real or personal, in trust for any individual or corporation under or by virtue of any trust instrument, the agent shall convey, assign and deliver such property to the successor trustee named in the trust instrument under which such property is held, or if no successor trustee be named therein, to such individual or to such bank or trust company qualified to exercise trust powers as may be designated in writing by the beneficiaries of such trust, or if no such designation is made after written notice to the beneficiaries, or if the beneficiaries are minors or otherwise incompetent to designate a successor trustee, then to such individual or to such bank or trust company qualified to exercise trust powers as may be appointed by the circuit, probate or other court having jurisdiction of trusts in the county where the principal office of such corporation is located. If any such corporation, at the time of liquidation, shall be acting as administrator, executor, guardian, receiver or in any other fiduciary capacity under the appointment of any court, the agent shall convey, assign and deliver all of the property of such trust and all of such trust business, to such individual or to such bank or trust company qualified to execute trusts, as may be appointed by the court having jurisdiction of such trust, upon the order and direction of such court.

Sec. 149. Judicial Supervision. Within sixty days after such dissolution has been authorized by the shareholders, the agent shall file with the clerk of the circuit, superior or probate court of the county in which such corporation has its principal place of business, a verified petition, in duplicate, which shall contain a complete statement of all debts and liabilities of such corporation, whether to creditors or shareholders, setting forth the name and address of each creditor, and/or shareholder and the nature and amount of each claim, as disclosed by the books of such corporation, or otherwise coming to the knowledge of such agent, together with the recommendations of such agent as to the allowance or disallowance of such claims, but in making such recommendations, such agent shall not determine or recommend any preferences or priorities as to any claim or claims. The agent shall also file one copy of such petition in the office of the department and retain one copy thereof at the principal office of the corporation for inspection by creditors, shareholders or other persons interested. Upon the filing of such petition the same shall be docketed as a cause of action upon the records of the court wherein such petition is filed and thereupon such court shall be vested with exclusive jurisdiction to hear and determine all issues and matters pertaining to or connected with the allowance, disallowance and payment of claims against such corporation. No creditor or other person shall have any claim or any right to bring an action in any court upon any claim or to assert any right against

such corporation after such dissolution has been authorized by t shareholders and before the date fixed for the filing of such petit with the clerk of such court.

Sec. 150. Notice Upon Petition. Upon the filing of such pe tion, the agent may, by mail, notify each creditor and/or shareholc whose name appears in the petition of the amount for which his cla was recommended for allowance, without priority, and shall, in su notice, specify the date that shall have been fixed by the court, r less than sixty days from the date of such notice, within which creditors and/or shareholders who may be dissatisfied with the reco mendations of the agent as to the allowance or disallowance of clai may appear in court, and, by petition, assert their claims or a priorities thereon. At the same time the agent shall also give not by publication, once each week, for three successive weeks, in so newspaper of general circulation, printed or circulated in the cour where the liquidation proceedings are pending that the petition a the recommendations as to the allowance or disallowance of clai has been filed with the court and specifying the date that sh have been fixed by the court, not less than sixty days from the da of such notice, within which any creditors, shareholders or oth persons interested, may appear, and, by petition filed in the cou assert any claims or priorities thereon or object to the allowances disallowances recommended by such agent.

Sec. 151. Allowance and Disallowance of Claims. Within t time fixed by the notice, any creditor, shareholder or other pers interested may, by verified petition filed in the court, assert claim, or any priority thereon or oppose the allowance, of any clai appearing upon the statement, or asserted by any other creditor shareholder, and the agent or any creditor, shareholder or oth person interested, within such time as may have been fixed by t court, may oppose the allowance with or without priority of t claims asserted by any creditor or shareholder. The court may, up good cause shown, extend the time for the filing of any petiti or objection by any person for the allowance or disallowance any claim herein referred to. Any creditor or shareholder who fa to appear and file his petition as is provided within the time fixed the notice or by any extension granted by the court shall be forev barred from asserting any claim different from that recommended the agent or from asserting any claim or priority, and from conte ing or opposing the allowance, with or without priority, of a claim asserted by any creditor. If such agent shall not file a pe tion, as hereinbefore prescribed in this section, within sixty da after the dissolution shall have been authorized, any creditor other person asserting any claim against or any right, title interest in and to the assets of such corporation may bring action founded on such claim or other right in the circuit or super

court of the county in which the principal office of such corporation is located. If such petition shall have been filed on or before the date fixed for the filing of such petition with the clerk of the circuit, superior or probate court all creditors or other persons asserting any claim or other right against such corporation shall enforce such claim or other right pursuant to the provisions prescribed in this section and not otherwise.

Sec. 152. Unknown Creditors and Shareholders. In case depositors or other creditors or the holders of shares of any such corporation are unknown, or shall fail or refuse to accept their distributive shares in the property and assets of such corporation, or are under any disability, or cannot be found, after diligent inquiry, the board of directors shall deposit the distributive portions of the property and assets distributable to such depositors, creditors or owners of such shares of stock with the clerk of the circuit court of the county in which the principal office of such corporation is located, for the use and benefit of those who may be lawfully entitled thereto, and such deposit shall have the same force and effect as if payment had been made directly to and accepted by the persons lawfully entitled thereto. The distributive portions so deposited shall be paid over by the clerk to such depositors, creditors or shareholders, respectively, or to the lawful owners of such distributable portions, or to their respective legal representatives, upon satisfactory proof being made to such clerk of their respective rights thereto. If any of the distributive portions deposited with the clerk shall not have been claimed within a period of three years after the date of such deposit by such board of directors, the board of directors shall distribute the remaining portions of such property and assets to the creditors and shareholders of such corporation as their interest may appear.

Sec. 153. Power to Borrow Money. After the authorization of the dissolution of such corporation, the board of directors is hereby authorized to borrow money and to secure payment thereof, in the same manner and to the extent that the department may borrow money and secure the payment thereof when any financial institution is in involuntary liquidation, as provided in sections 51 and 52 of this act.

Sec. 154. Articles of Dissolution. Upon the completion of the dissolution, the corporation shall execute and file, in the manner hereinafter provided, articles of dissolution, setting forth the following:

(a) The name of the corporation;

(b) The place where its principal office is located;

(c) The date of the meeting of the shareholders at which the dissolution was authorized, and a copy of the notice of such meeting;

(d) A copy of the resolution of the shareholders authorizing the dissolution;

(e) The manner of its adoption and the vote by which adopted;

(f) A copy of the notice published as hereinabove provided;

(g) The names and addresses of the then existing directors and officers of the corporation;

(h) A copy of the order of the department authorizing the dissolution of such corporation;

(i) A complete itemized list of all of the corporate debts and liabilities of the corporation existing at the time of the adoption of such resolution and thereafter incurred, and the date and manner of payment of each such debt and liability; and

(j) A complete itemized list of all of the corporate assets and property distributed to its shareholders, the name of each such shareholder, the amount distributed to each, and the date of distribution.

Sec. 155. Form of Articles of Dissolution. The articles of dissolution shall be executed in triplicate, in the form prescribed by the department, by the president or a vice-president and by the secretary or cashier of the corporation, and shall be verified by the oaths of the officers signing such articles, and shall be presented in triplicate to the department and to the secretary of state, at their offices, as hereinafter provided, accompanied by an affidavit of the publisher of the newspaper wherein the notice of dissolution was published, as hereinbefore provided, as to the publication of such notices, and by the fees prescribed by law.

Sec. 156. Approval of Department. After the articles of dissolution shall have been executed and before they are presented to the secretary of state, they shall first be presented to the department. If the department finds that the articles of dissolution conform to law, it shall approve such articles, and its approval shall be evidenced in the manner prescribed in section 78 of this act.

Sec. 157. Certificate of Dissolution. Upon presentation of the certificate of the incorporators, as provided in section 142 of this act, or of the articles of dissolution and proof of publication, as provided in section 155 of this act, the secretary of state, if he finds that it or they conform to law, shall endorse his approval upon each of the triplicate copies of the certificate or articles, as the case may be, and, when all fees shall have been paid, as required by law, shall file one copy of the certificate or articles and the accompanying proof of publication in his office, and shall issue a certificate of dissolution to the corporation, and shall return the certificate of dissolution to the corporation, together with two copies of the certificate of the incorporators or articles of dissolution, as the case may be, bearing the endorsement of his approval.

Sec. 158. Recording of Certificate of Incorporators or of Articles. The corporation shall then file for record with the county recorder of the county or counties in which the articles of incorporation were or should have been recorded, as provided in section 86 of this act, one of

the triplicate copies of the certificate of the incorporators or of the articles of dissolution bearing the endorsement of the approval of the secretary of state as provided in section 157 of this act.

Sec. 159. Effect of Certificate of Dissolution. (a) Upon the issuance of the certificate of dissolution and the recording of the certificate of the incorporators or the articles of dissolution, as the case may be, as provided in section 158 of this act, the corporation shall be dissolved and its existence shall cease.

(b) The dissolution of any corporation in accordance with the provisions of this section shall not take away or impair any remedy against such corporation, its directors, officers or shareholders, for any liabilities incurred by the corporation previous to its dissolution if suit is brought and service of process is had, as provided by the laws of this state, within two years after the date of such dissolution.

Sec. 160. Expiration of Term of Existence. Every corporation whose term of existence, as fixed by the articles of incorporation, has expired shall continue its corporate capacity for two years for the purpose of liquidating its affairs and distributing its assets to its shareholders, after paying all of its liabilities, and for no other purpose. For such purpose, every such corporation shall use its corporate name and shall be capable of prosecuting and defending actions and suits at law or inequity.

Sec. 161. Acceptance of This Act. Any bank of discount and deposit, loan and trust and safe deposit company or building and loan association organized under the provisions of any law enacted prior to the passage of this act which is now in voluntary liquidation pursuant to any statute of this state may accept the provisions of Article VI of Part III of this act and continue the liquidation of such corporation pursuant to the terms and provisions thereof.

ARTICLE VII

Reorganization of Existing Corporations

Sec. 162. Acceptance of Act. Any private bank, bank of discount and deposit, loan and trust and safe deposit company, trust company or building and loan association, and, subject to the provisions of section 293 of this act, any rural or guaranty loan and savings association, heretofore organized under any of the laws of this state may reorganize under the provisions of this act, and thereafter avail itself of the rights, privileges, immunities and franchises provided by this act, by complying with the provisions of this Article.

Sec. 163. Articles of Reorganization. The owners, partners or board of directors of or in such financial institution desiring to reorganize under the provisions of this act shall, by a resolution adopted by a majority vote of the members of the board of directors, or by

all of the owners or partners, if the institution be a private bank, approve articles of reorganization setting forth:

(a) The name of the corporation or institution;

(b) The location of its principal office;

(c) The date of its organization or incorporation;

(d) A designation of the act under which it was organized;

(e) A declaration that it accepts all of the terms and provisions of this act;

(f) A restatement of such provisions of its articles of incorporation, association, copartnership or agreement as may be deemed desirable, so long as the provisions restated would have been authorized by this act as provisions of original articles of incorporation for a corporation organized under this act; and

(g) Any other data or statement which may be deemed pertinent.

Sec. 164. Resolution of Board, Partners or Owners. The resolution of the board of directors approving the articles of reorganization shall direct that the articles be submitted to a vote of the shareholders of such corporation entitled to vote in respect thereof at a designated meeting thereof, which may be an annual or a special meeting of the shareholders entitled to vote in respect thereof. If the designated meeting is an annual meeting, notice of the submission of the articles of reorganization shall be included in the notice of such annual meeting. If the designated meeting is a special meeting of the shareholders entitled to vote in respect thereof, such special meeting shall be called by the resolution designating the meeting, and notice of such meeting shall be given to such shareholders at the time and in the manner provided in subsection (d) of section 95 of this act.

Sec. 165. Approval by Department. Before the articles of reorganization are submitted to a vote of the shareholders, they shall be submitted to the department. If the institution desiring to reorganize be a private bank, the articles of reorganization shall be signed by all of the owners or partners, and shall then be submitted to the department for its approval or disapproval. In no event shall any such corporation or institution be reorganized unless and until the proposed articles of reorganization shall have been approved by the department. The approval of the department, if given, shall be evidenced in the manner prescribed in section 78 of this act.

Sec. 166. Submission to Shareholders. The articles of reorganization, if approved by the department, shall then be submitted to a vote of the shareholders, if any such there be, entitled to vote in respect thereof, at the meeting directed by the resolution of the board of directors approving the articles, and shall be adopted upon receiving the affirmative votes of the holders of two-thirds of the outstanding shares entitled to vote in respect thereof. If the institution desiring to reorganize be a private bank, the articles of reorganization shall be deemed to be adopted as soon as they are approved by the department.

Sec. 167. Certificate of Reorganization. Upon the approval and adoption thereof, the articles of reorganization shall be signed in triplicate, in the form prescribed by the department, by the president or a vice-president and by the secretary or cashier of the corporation, or by the owners or partners, if the institution be a private bank, and shall be acknowledged and sworn to before a notary public by the officers, owners or partners signing such articles, and shall be presented in triplicate to the secretary of state. Upon the presentation of the articles of reorganization, the secretary of state, if he finds that they conform to law, shall endorse his approval upon each of the triplicate copies of the articles, and, when all fees shall have been paid, as required by law, he shall file one copy of the articles in his office, issue a certificate of reorganization, and return two copies of the articles of reorganization, bearing the endorsement of his approval, together with the certificate of reorganization, to the corporation.

Sec. 168. Effect of Certificate of Reorganization. Upon the issuance of the certificate of reorganization by the secretary of state and the filing for record of the articles as provided in section 169 of this act, the reorganization shall become effective; the corporation shall be entitled to all of the rights, privileges, immunities, powers and franchises, and shall be subject to all of the penalties, liabilities, and restrictions, by the provisions of this act granted to or imposed upon corporations organized under this act; and the articles of incorporation, association, copartnership or agreement shall be deemed to be amended to the extent, if any, that any provision or provisions of such articles shall be restated in the articles of reorganization as provided by subsection (f) of section 163 of this act.

Sec. 169. Requirement Before Exercising Authority. (a) A corporation or institution which has reorganized in accordance with the provisions of this Article shall not exercise any new power, right or authority conferred by, or take any action pursuant to, such reorganization until one of the triplicate copies of the articles of reorganization, bearing the endorsement of the approval of the secretary of state, as provided by section 167 of this act, has been filed for record with the county recorder of the county in which the principal office of the corporation is located.

(b) If a corporation or institution exercises any such new power, right or authority, or takes any such action, in violation of the provisions of this section, the officers and directors who participated therein shall be severally liable for any debts or liabilities of the corporation or institution incurred thereby or arising therefrom.

Part IV. Banks and Trust Companies

ARTICLE I

Powers of Banks and Trust Companies

Sec. 170. Scope of Powers. In addition to the general rights, privileges and powers conferred by Part III of this act, and subject to the limitations and restrictions contained in this act, and in the articles of incorporation, every bank or trust company shall possess and may exercise the rights, privileges and powers hereinafter enumerated in this Article. Unless the language used specifically indicates otherwise, the terms "bank or trust company" and "bank and trust company" as used in Part IV of this act means and includes any bank and/or trust company organized under the provisions of this act and any bank of discount and deposit, loan and trust and safe deposit company, trust company or private bank organized under the provisions of any law enacted prior to the passage of this act, except that Articles I and II and section 240 of Article IX of Part IV shall not apply to private banks.

Sec. 171. Agency. Any bank or trust company shall have power to act as fiscal or transfer agent of the United States or of any state, municipality, body politic or corporation; and in such capacity to receive and disburse money; to transfer, register and countersign certificates of stock, bonds or other evidence of indebtedness; to authenticate and certify any such bonds and certificates of indebtedness; to act as agent to buy and sell domestic and foreign transportation; to solicit and write insurance as agent or broker for any insurance company authorized to do business in this state, other than a life insurance company; and to act as attorney in fact or agent of any person or corporation, foreign or domestic, for any lawful purpose.

Sec. 172. Banking. Any bank or trust company shall have power to discount, negotiate, sell and guarantee promissory notes, bonds, drafts, acceptances, bills of exchange and other evidences of debt; to buy and sell exchange, coin and bullion; to loan money; to receive savings deposits and deposits of money subject to check, and deposits of securities or other personal property from any person or corporation, upon such terms as may be agreed upon by the parties; to contract for and receive on loans and discounts the highest rate of interest allowed by the laws of this state to be contracted for and received by individuals; to accept for payment at a future date, drafts drawn upon it by its customers and to issue letters of credit authorizing the holders thereof to draw drafts upon it or its correspondents

at sight or on time, not exceeding one year; and to exercise all the powers incidental and proper, or which may be necessary and usual in carrying on a general banking business, but it shall have no right to issue bills to circulate as money.

Sec. 173. Investment Securities. Except as hereinafter otherwise provided, the business of dealing in investment securities by any bank or trust company shall be limited to purchasing and selling such securities without recourse, solely upon the order, and for the account of, customers, and in no event, for its own account, and no bank or trust company shall underwrite or guarantee all or any part of any issue of securities. Any bank or trust company may purchase, for its own account, and sell, investment securities, under such limitations and restrictions as the department may, by regulation, prescribe, but in no event, shall the total amount of the investment securities of any one obligor or maker, purchased or held by any bank or trust company for its own account, exceed at any time ten per cent of the amount of the capital stock of such bank or trust company actually paid in and unimpaired and ten per cent of its unimpaired surplus fund. As used in this section, the term "investment securities" shall mean marketable obligations evidencing indebtedness of any person, firm or corporation in the form of bonds, notes, and/or debentures commonly known as "investment securities," and such further definition of the term "investment securities" as may by regulation be prescribed by the department, but the limitations imposed by this section shall not apply to the obligations of the United States or of any territory or insular possession thereof or of the State of Indiana or any municipal corporation or taxing district thereof, except as in this act otherwise provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by any bank or trust company of any share of stock of any corporation.

Sec. 174. Real Estate. (a) Any bank or trust company shall have power to purchase, hold, and convey real estate for the following purposes, and for no others:

(1) Such as shall be necessary for the convenient transaction of its business;

(2) Such as shall be mortgaged to it in good faith by way of security for debts previously contracted, or pursuant to the provisions of Section 201 of this act;

(3) Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings; or in exchange for real estate so conveyed to it; and

(4) Such as it shall purchase at sales under judgments, decrees, or mortgages held by the bank or trust company or shall purchase to secure debts due it.

(b) Except with the approval in writing of the department, the sum hereafter invested in real estate, buildings and banking fixtures used for the convenient transaction of its business, hall not exceed twenty-five per cent of the amount of the capital stock of such bank or trust company actually paid in and unimpaired and twenty-five per cent of its unimpaired surplus fund. Such investment may be made in the stock of a corporation organized to own and hold the real estate, building and banking fixtures occupied and used wholly or in part by such bank or trust company No bank or trust company which has a sum in excess of twenty-five per cent of the amount of its capital stock and surplus actually paid in and unimpaired, invested in real estate, buildings and banking fixtures at the time this act takes effect, shall increase its investment therein and carry such increase on its books as an asset without the approval in writing of the department; and the department may, after three years from the taking effect of this act require any such bank or trust company to reduce its investment in such real estate, buildings and banking fixtures, carried on its books as an asset, upon such terms and conditions as the department may prescribe.

(c) No bank or trust company shall hold the title or possession of any real estate purchased or otherwise acquired to secure any debts due to it. for a longer period than five years, after such real estate is or has been purchased or otherwise acquired, or, after the taking effect of this act, without the consent in writing of the department.

Sec. 175. Commissioner, Guardian, Trustee, Receiver. Any bank or trust company may be appointed and act under the order of appointment of any court of competent jurisdiction as commissioner for the sale of real estate, guardian of the person and estate of minors, lunatics, idiots, persons of unsound mind, spendthrifts and habitual drunkards. and others whereof a guardian may by law be appointed; or as trustee, receiver, conservator or committee of the property or estate of any person, corporation or company, in insolvency or bankruptcy proceedings, or as depositary of any moneys paid into court, whether for the benefit of any minor, or any person, corporation or party, and in any other fiduciary capacity.

Sec. 176. Executor. Administrator, Testamentary Trustee. Any bank or trust company shall have power to be appointed and to accept the appointment and act as executor or trustee under the last will and testament, or as administrator, with or without the will annexed, of the estate of any deceased person, and to be appointed and to act under the order of appointment of any court of competent jurisdiction as executor of or trustee under any last will and testament, whenever it shall be the successor to any corporation appointed in such last will and testament, whether such succession is the result of merger, consolidation or otherwise. Whenever

a natural person is appointed with such corporation in any appointment as receiver, guardian, commissioner, trustee, executor, administrator, with or without the will annexed, his appointment may be under such limitation of powers, and upon such terms and conditions as to the possession and control of the trust assets by such corporation, or otherwise, and as to the bond or security, if any, to be given by him, as the person appointed and such corporation may agree and the court or judge making the appointment shall approve. Whenever any natural person who is appointed in any fiduciary capacity is required to give a bond or security for the faithful performance of his duties, such corporation shall have the power and authority to guarantee or become surety for such natural person if such corporation shall take possession and control of the assets belonging to any such estate or other fiduciary relationship, and if approved by the court having jurisdiction of the fiduciary.

Sec. 177. Substitute Trustee. Any bank or trust company shall have power to be appointed and to act under the order of appointment of any court of competent jurisdiction as guardian, trustee, executor or administrator, with or without the will annexed, on the application or consent of any person acting as such or entitled to such appointment and in the place and stead of such person, but such appointment shall be made upon such notice as is required by law to the persons interested in the estate or fund and on the consent of such of the principal beneficiaries or other persons interested in the estate or fund as the court or judge thereof making the appointment shall deem proper.

Sec. 178. Property Management. Any bank or trust company shall have power to take, accept and execute any and all legal trusts, duties, and powers in regard to the holding, management, sale and disposition of any property or estate, real or personal, wherever located, and the rents and profits thereof, which may be granted or confided to it by any court of competent jurisdiction, or by any person, corporation, municipality or other authority; to take, accept and execute any and all trusts and powers of whatsoever nature or description which may be conferred upon or entrusted or submitted to it by any person, firm, company, or any body politic, corporation, foreign or domestic, or other authority, by grant, assignment, transfer, devise, bequest or otherwise, or which may be entrusted or committed or transferred to it or vested in it by order of any court of competent jurisdiction; and generally to execute trusts of every description not inconsistent with the laws of this state or of the United States.

Sec. 179. Bond, Oaths and Pledges. Except as hereinafter otherwise provided, any bank or trust company shall have power to act in each and every fiduciary capacity permitted by the terms of act, and as commissioner for the sale of real estate, without bond or

other security, and administer oaths attested by the signature of its secretary or cashier and its seal wherever it is acting in any such fiduciary capacity and whenever an individual acting in the same capacity is authorized by law to administer oaths. The court having jurisdiction of the fiduciary at any time, whether before or after acceptance of any fiduciary appointment, may require a bond or other security, and upon failure of such corporation to give a bond or security as required, may remove such corporation and revoke its appointment. No bank or trust company shall pledge or deposit any of its assets as a condition to the exercise of any of its powers as a fiduciary.

Sec. 180. Safe-keeping. Any bank or trust company shall have power to receive, upon terms and conditions to be prescribed by such corporation, not inconsistent with the provisions of this section, upon deposit for safe-keeping, or in escrow, moneys, bonds, mortgages, jewelry, plate, stock, securities and valuable papers of any kind, and other personal property for hire, and to rent or lease receptacles for safe deposits of personal property. No bank or trust company nor any of the assets thereof shall be liable, for the value of any property received by it pursuant to the power conferred by this section nor for damages for the loss, theft or misappropriation thereof. Any bank or trust company may procure and carry a policy or policies of insurance for the benefit of the owners of any property received by it pursuant to the power conferred by this section.

Sec. 181. Federal Banks. Every bank or trust company shall have power to purchase and hold for the purpose of becoming a member of the federal reserve system, so much of the capital stock of a federal reserve bank as shall qualify it for membership, pursuant to an act of Congress approved December 23, 1913, entitled the "Federal Reserve Act"; to become a member of the federal reserve system and to have and exercise all powers, not in conflict with the laws of this state, which are conferred upon any such member by the Federal Reserve Act. After the taking effect of this act no bank or trust company shall purchase the capital stock of any joint stock land bank organized pursuant to the act of congress approved July 17, 1916, entitled the "Federal Farm Loan Act" and all acts amendatory thereof and supplemental thereto and hold the stock so purchased in an amount in excess of ten per cent of the unimpaired capital and surplus of such bank or trust company.

Sec. 182. Compensation. Any bank or trust company shall have power to demand and receive for the faithful performance and discharge of services performed pursuant to the powers vested in it by this act, reasonable compensation, or such compensation as shall have been fixed by agreement of the parties, together with any and all advances necessarily paid out and expended in the discharge and

performance of its duties, and, unless otherwise agreed upon, interest at the legal rate on such advances. No compensation or commission paid or agreed to be paid for the negotiation of any loan or the execution of any trust by any such corporation shall be deemed to be interest within the meaning of any law of this state, nor shall any excess thereof over any rate of interest permitted by the laws of this state be decreed or held to be usury in any court of law or equity. The advances contemplated in this section may include the compensation paid for the employment of legal services when necessary for the protection of any trust or other fiduciary relation.

ARTICLE II

Regulation of Bank and Trust Company Fiduciaries

Sec. 183. Appointments. Any court or officer thereof having jurisdiction to grant letters of guardianship, to appoint a trustee, guardian, receiver or committee of the estate of any person, to appoint a committee or trustee or a receiver in insolvency or bankruptcy proceedings, or in any other proceeding, or action, under state or federal law, or to make any other fiduciary appointment contemplated and provided for in Article I of Part IV of this act, may appoint any bank or trust company as such fiduciary, but no such bank or trust company shall be required to accept any such appointment without its consent.

Sec. 184. Orders and Reports. Every bank or trust company appointed as a fiduciary, pursuant to the provisions of this act, shall be subject at all times to the orders, judgments and decrees of the court from which it shall have accepted any such trust, appointment or commission, as to such trust or other fiduciary relationship, and shall render to such court such itemized and verified accounts, statements and reports as may be required by law, or as such court shall determine, in relation to such particular trust or other fiduciary appointment.

Sec. 185. Separate Trust Department. Every bank or trust company exercising trust powers or any powers as a fiduciary shall establish and maintain in its office a trust department in which it shall keep, separate and apart from its other business, separate books and accounts, and shall keep all securities and property, other than money, which is held by its trust department, at all times segregated from and unmingled with its own or any other securities and property. All bonds, warrants, notes, mortgages, debts and other securities of every nature belonging to its trust department shall be kept in separate receptacles, labeled to indicate the trust or estate of which such securities are a part.

Sec. 186. Authorized Investments. Every bank or trust company shall invest any and all money now held or hereafter received by it in any fiduciary capacity in the following classes of property, but no other:

(a) Bonds, notes or certificates which are the obligations of the United States or of any territory or insular possession of the United States.

(b) Bonds, notes or certificates which are the obligations of any state of the United States or of any county, township, city, town or other taxing district or municipality of the State of Indiana which has not defaulted in the payment of either principal or interest on any of its obligations, for a period of more than one year, within the five years immediately preceding the purchase of such securities.

(c) Bonds, notes or mortgage certificates which shall mature in not more than five years from the date of purchase or provide for an annual principal reduction of not less than five per cent and which shall be secured by first mortgage on the fee simple title of improved real estate in the State of Indiana which has a value of not less than twice the total of the obligation or obligations secured thereby as shown by an appraisal made by not less than two competent disinterested appraisers within one year prior to the investment.

(d) Bonds, notes, or debentures regularly listed on the New York stock exchange or New York curb exchange or rated in one of the first three classifications established by one or more standard rating services to be specified by the department which are the obligations of a corporation whose average yearly net earnings, for the five years immediately preceding the purchase, have been at last two and one-half times the interest requirements of such obligations.

(e) Bonds issued under and by the authority of the Federal Farm Loan Act, or of the Federal Home Loan Bank Act.

(f) Any other property, real or personal, which the fiduciary is specifically authorized or directed to purchase by the terms of the instrument creating the trust.

(g) Any other property, real or personal, which the fiduciary is specifically authorized or directed to purchase by the written consent of each beneficiary of the trust, where all such beneficiaries are competent, and such authorization or direction is not contrary to the terms of the instrument creating the trust.

(h) Any other property, real or personal, which the fiduciary is specifically authorized or directed to purchase by the court having jurisdiction of the estate or fund after such notice if any, as may be ordered by the court, but such notice may be waived by the competent beneficiaries of such estate or fund.

Sec. 187. Limitation of Investment. Where the estate or trust fund exceeds ten thousand dollars, not more than one-tenth thereof shall be invested in the obligation of any one debtor if such obligation is described in subsections (b), (c), (d) and (e) of section 186 of this act.

Sec. 188. Reinvestment. Every bank or trust company which now holds or which shall hereafter receive any property, other than money, as executor, administrator, guardian or trustee, which is not authorized by sections 186 and 187 of this act shall sell such property for the best price and terms obtainable within two years after this act takes effect, or within one year after the receipt thereof, unless otherwise directed by each beneficiary of the trust, where all such beneficiaries are competent, or by the court having jurisdiction of the estate or fund.

Sec. 189. Profit on Sales or Purchases. No profit or commission, other than interest at the legal rate upon a loan or advancement, shall be taken or received by any bank or trust company, directly or indirectly, out of any sale or purchase to or from any estate, guardianship or trust of any kind of which it is the fiduciary, unless specifically authorized by agreement with the creator of the trust, or the court having jurisdiction thereof; and upon violation of this section such bank or trust company shall be surcharged any profit so taken or received, and an amount equal thereto, in addition, and may be summarily removed as such fiduciary by the court having jurisdiction.

Sec. 190. Liability for Investments. All money received by any bank or trust company in any fiduciary capacity, and invested by it, otherwise than as authorized by sections 186 and 187 of this act, and any property received by any such bank or trust company, and held by it, otherwise than as authorized by section 188 of this act, shall be at its sole risk, for the loss of which the bank or trust company shall be individually liable.

Sec. 191. Uninvested Trust Funds. Any money received by any bank or trust company in any fiduciary capacity and awaiting investment or distribution may be kept by it on deposit, provided appropriate bookkeeping entries showing the true ownership of the money so held and deposited shall at all times appear on the records of such bank or trust company, in both the bank and trust departments. Unless needed for current taxes and/or claims, no bank or trust company shall hold uninvested, for a longer period than six months, in excess of one thousand dollars of any money held by it in any particular fiduciary capacity, unless an order of court or the instrument evidencing the appointment of such bank or trust company as such fiduciary expressly authorizes or directs that suchh money may remain uninvested for a longer period of time. The limitation hereby

imposed as to the amount of uninvested moneys shall apply separately to each fiduciary relation and the money belonging thereto.

Sec. 192. Security for Uninvested Trust Funds. Upon the liquidation of any bank or trust company while it is acting as attorney in fact, agent, custodian, guardian, trustee, receiver, administrator, executor, commissioner, assignee or in any fiduciary capacity, the person or persons beneficially entitled to receive property or proceeds thereof held by it, or any successor fiduciary that may be appointed, shall have preference and priority in all assets of such bank or trust company over its general creditors, for all uninvested money held by such bank or trust company in its capacity as a fiduciary, to the extent that such money is commingled with its general assets or is not duly accounted for.

Sec. 193. Interest on Trust Funds. Any amount of money equal to or in excess of one hundred dollars which shall be received and held by any bank or trust company in any fiduciary capacity, or which shall be held by it on deposit pursuant to the order of a court of record, shall be allowed interest at the rate of not less than three per cent per annum for the period of time such money is held on deposit in excess of six months, unless the instrument or words creating or defining the fiduciary relationship or order of court under which such bank or trust company is acting provides a different rate or that no interest shall be paid.

Sec. 194. Penalties. Any bank or trust company which shall violate any of the provisions of this Article shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not less than one hundred dollars; and any officer of any bank or trust company who shall violate any of the provisions of this Article shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not less than one hundred dollars, to which may be added imprisonment for any period not exceeding thirty days.

ARTICLE III

Loans and Investments of Banks and Trust Companies

Sec. 195. General Limitation. Except as otherwise provided in sections 197, 198 and 199 of this act, the total obligations of any person, firm or corporation to any bank or trust company shall, at no time, exceed ten per cent of the amount of the capital stock of such bank or trust company actually paid in and unimpaired and ten per cent of its unimpaired surplus fund.

Sec. 196. Obligations Defined. The term "obligations" as used in section 195 of this act shall be construed to mean the direct liability of the maker or acceptor of paper discounted with or sold to such bank or trust company, and the liability of the indorser, drawer

or guarantor who obtains a loan from, or discounts paper with, or sells paper under his guaranty to such bank or trust company, and, in the case of obligations of a copartnership or association, shall include the obligations of the several members thereof, and shall include, in the case of obligations of a corporation, all obligations of all subsidiaries thereof in which such corporation owns or controls a majority interest.

Sec. 197. General Limitation Revoked. The following enumerated obligations shall not be subject to any limitation based upon the capital and surplus of any bank or trust company:

(a) Obligations in the form of drafts or bills of exchange drawn in good faith against actually existing values;

(b) Obligations arising out of the discount of commercial or business paper actually owned by the person, firm or corporation negotiating such paper;

(c) Obligations drawn in good faith against actually existing values and secured by goods or commodities in process of shipment; and

(d) Obligations of this state or of any municipal corporation or taxing district thereof in the form of notes or warrants based on anticipated revenues from taxation.

Sec. 198. Increase of General Limitation. The following enumerated obligations shall be subject to a limitation of fifteen per cent of the capital and surplus of any such bank or trust company, in addition to the general limitation prescribed in section 195 of this act:

(a) Obligations as indorser or guarantor of notes, other than commercial or business paper excepted under subsection (b) of section 197 of this act, having a maturity of not more than six months, and owned by the person, firm or corporation indorsing and negotiating such obligations;

(b) Obligations of any person, firm or corporation, in the form of notes or drafts secured by shipping documents, warehouse receipts or other such documents transferring or securing title covering readily marketable non-perishable staples, when such property is fully covered by insurance, if it is customary to insure such staples, when the market value of such staples securing such obligations is not at any time less than one hundred and fifteen per cent of the face amount of such obligation, but the provisions of this subsection shall not apply to the obligations of any one person, firm or corporation arising from the same transactions and/or secured upon the identical staples for more than ten months;

(c) Obligations of any person, firm or corporation in the form of notes or drafts secured by shipping documents or instruments transferring or securing title covering live stock or giving a lien on live stock when the market value of the live stock securing the obli-

gation is not at any time less than one hundred and fifteen per cent of the face amount of the notes covered by such documents; and

(d) Obligations of any person, firm or corporation in the form of notes secured by not less than a like amount of bonds or notes of the United States, issued since the twenty-fourth day of April, 1917, or certificates of indebtedness of the United States: Provided, however, That the department may, under such general rules and regulations as it may prescribe, which shall apply to all banks and trust companies alike, increase the amount of the obligations which may be taken when such obligations are secured by bonds of the type and kind described in this subsection.

Sec. 199. Bankers Acceptances. Obligations in the form of bankers' acceptances of other banks, having not more than six months sight to run, if the accepting bank is secured either by attached documents or by some other actual and adequate security, shall be subject to a limitation of forty per cent of such capital and surplus, in addition to the general limitation prescribed in section 195 of this act.

Sec. 200. Loans to Officers and Directors. Except as otherwise provided in this section no loan shall be made, directly or indirectly, by any bank or trust company, to any active executive officer, agent or employee thereof. The board of directors may, by resolution, duly entered in the records of the proceedings of the board, authorize loans to directors not holding any other office in such bank or trust company, and not being an agent or employee thereof, and it may likewise authorize loans to firms or corporations in which officers and directors may be partners, members or stockholders, but the total amount of the obligations of all such officers and directors, or of the firms or corporations in which such officers and directors are partners, members or stockholders, shall not at any time exceed fifteen per cent of the total resources of the bank or trust company. Loans permitted by this section shall be made only on authorization by a majority of all of the directors of such bank or trust company, and by the affirmative vote of all directors present at the meeting, to which such proposed loan is presented. The department, under such general rules and regulations as it may prescribe, which shall apply to all banks and trust companies alike, may require full collateral security for all loans of the types permitted by this section and for the purpose of providing that such security may be adequate, may specify the types and kinds thereof that may be pledged.

Sec. 201. Loans on Security of Real Estate. Except as herein otherwise provided, no bank or trust company shall make any loan upon the security of real estate, unless such loan is secured by a first lien upon such real estate, prior to all other liens, except the liens for taxes and special assessments, and unless such real estate shall be located within the state or within a distance of fifty miles

of the bank or trust company making such loan. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument upon real estate, but shall not be for a longer term than five years. The amount of any such loan shall not exceed fifty per cent of the cash value of the real estate offered for security, and such cash value shall be determined by two competent persons who shall report such valuation in writing to the bank or trust company. The written report so made shall be verified and, in the event that the bank or trust company make such loan, shall be kept on file by it subject to inspection by the department. Any such bank or trust company may take and own such loans at any one time in an aggregate sum, including in such aggregate sum any such loans on which it is liable as indorser, or guarantor, or otherwise, equal to thirty-five per cent of its deposits of all kinds, but all such loans shall be subject to the general limitation prescribed in section 195 of this article. Nothing in this section shall be construed to prevent any bank or trust company from taking an indemnifying mortgage on real estate as additional security for the payment of any debt arising out of a commercial loan which is of a self-liquidating character for the payment of which debt other property is looked to primarily. The department shall, under its general rules and regulations, define the term "commercial loan." The limitations prescribed in this section shall not apply to mortgages taken in good faith to secure debts previously contracted.

Sec. 202. Loans on or Purchase by Bank or Trust Company of Own Stock. No bank or trust company 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 under a debt previously contracted in good faith; and stock so purchased or acquired shall, within six months from the time of its purchase, be sold or disposed of at public or private sale, unless otherwise ordered by the department.

Sec. 203. Financial Statements. The total unsecured obligations to any bank or trust company of any one person, firm or corporation, shall at no time exceed five hundred dollars, unless the bank or trust company shall require such person, firm or corporation to furnish it with a statement of his or its financial responsibility, and the statement shall be received by such bank or trust company prior to the extension of credit. During the period such obligations remain unpaid, and in excess of five hundred dollars, every bank or trust company shall, within one year from the date of the last statement by such obligor on file with such bank or trust company, or at such other times as the department shall prescribe, require another statement of financial respon-

sibility. The department shall prescribe the form of the statemen to be submitted by the borrower and such statements shall be filed b the bank or trust company and kept for examination by the depart ment, but no penalty shall be imposed by any of the provisions o this act upon any bank or trust company or its officials, directors o employees for the failure of such debtor person, firm or corporatio to furnish such statement.

Sec. 204. Commissions and Gifts for Procuring Loans. Excep as herein otherwise specifically provided, any officer, director, owner partner, employee, or attorney of any bank or trust company wh stipulates for, or receives, or consents or agrees to receive, an fee, commission, gift or thing of value, from any person, firm o corporation, for the purpose of procuring or endeavoring to procur for such person, firm or corporation, or for any other person, firn or corporation, any loan from or the purchase or discount of an paper, note, draft, check or bill of exchange by such bank or trus company, shall be deemed guilty of a misdemeanor and shall b imprisoned not more than one year or fined not more than fiv thousand dollars, or both.

Sec. 205. Reduction of Obligations. Except as herein otherwis provided, any bank or trust company which holds obligations o indebtedness, in violation of the limitations prescribed in this Article shall, within three years from the time this act takes effect, caus the amount of such obligations to conform to the limitations pre scribed by this act and by the provisions of this Article. The depart ment may, in its discretion, extend the time for effecting such con formity, in individual instances, if the interests of the depositor will be protected and served by such extension. Upon the failur of any bank or trust company to comply with such limitations, i accordance with the terms of this section, or in accordance with an order of the department with relation to such limitations, the depart ment may declare that such bank or trust company is conducting it business in an unauthorized or unsafe manner and proceed in accord ance with section 41 of this act.

ARTICLE IV

Reserve Balances

Sec. 206. Demand and Time Deposits Defined. As used in se tion 207 of this act, the term "demand deposits" shall comprise a deposits payable on demand without notice, and the term "time d posits" shall comprise all other deposits, including all savings a counts and certificates of deposit which are subject to notice befo payment, and all postal savings deposits.

Sec. 207. Establishment of Reserve Balances. Every bank or trust company shall establish and maintain reserve balances equal to not less than twelve and one-half per cent of the aggregate amount of its demand deposits and three per cent of its time deposits. The reserve balances so maintained may be kept in its own vaults or with other banks or trust companies. The department shall prescribe the basis for ascertaining the deposits against which required balances to be maintained hereunder shall be determined.

Sec. 208. Withdrawal of Reserve Balance. The reserve balance which every bank and trust company is required to carry, under the provisions of section 207 of this act, may, under such regulations as may be prescribed by the department, be checked against and withdrawn by such member bank or trust company for the purpose of meeting existing liabilities, but no bank or trust company shall at any time make any new loans or pay any dividends unless and until the total balance required by law is fully restored.

Sec. 209. Federal Reserve Member. Any bank or trust company which is or which may become a member of the federal reserve system and shall keep and maintain the reserves required by the Federal Reserve Act, shall be held to have complied fully with the provisions of section 207 of this act.

Sec. 210. Other Methods of Computing Reserves. The department, under such general rules and regulations as it may prescribe, and which shall apply to all banks and trust companies alike, may require or permit all banks and trust companies to establish and maintain reserve balances upon some other or different basis, or according to some other or different method or system than that established by sections 206 and 207 of this act, but the reserve balances required in such sections shall, upon any basis or under any method or system so devised and permitted or ordered, remain the minimum requirements.

ARTICLE V

Statements of Condition

Sec. 211. Contents of Statements. (a) The department may require every bank and trust company to prepare, submit and publish as many statements of condition as may be deemed necessary, in any year, but not less than as many as are called for from and required to be published by the national banks by the comptroller of currency of the United States. Such statements of condition shall be verified and shall be prepared and submitted according to the forms and pursuant to such notice and on such dates as the department may designate. In addition to such other information as the department, under its general rules and regulations, shall require banks and trust companies to submit in their statements of condition, the following items

shall be exhibited in detail and under appropriate heads, and as of a day certain, specified by the department in its notice:

(1) The resources and liabilities of such bank or trust company, and, except as provided in item (2) of this subsection, excluding therefrom all other property held in trust.

(2) The uninvested funds held in any fiduciary capacity. Such uninvested funds shall be denominated "first lien trust funds."

(3) All shares of affiliated companies which are carried as assets.

(4) All loans to affiliated companies which are carried as assets.

(b) The items enumerated in subsections (2), (3) and (4) of this section shall be segregated from the statement of resources and liabilities of such bank or trust company under such appropriate title as will clearly dsignate their character and amount to the public.

Sec. 212. Publication of Statements. Every bank and trust company shall, when required by the department, publish its statement of condition in the form in which it is required by the department, as prescribed in section 211 of this act. Such statement of condition shall be published in a newspaper printed and published in the city or town in which such bank or trust company has its principal office, if a newspaper be printed in such city or town, and, if no newspaper be printed in such city or town, then in the newspaper printed and published in the city or town nearest thereto in the same county or in an adjoining county. All such statements of condition shall be published at the expense of the bank or trust company making such statement, and such proof of publication shall be furnished the department as it may require.

Sec. 213. Federal Reserve Members. The department may furnish to the federal reserve board, or to the federal reserve bank of which any bank or trust company may be or may become a member, or to the examiners duly appointed by the federal reserve board or by such federal reserve bank, copies of all examinations of any bank or trust company which is or may become a member of the federal reserve bank system, and may disclose to such examiners any information in reference to the condition of the affairs of any such bank or trust company which is or may become a member of the federal reserve bank.

Sec. 214. Penalty. Any bank or trust company which shall fail to prepare and submit any statement of condition required by the department, and any bank or trust company which shall violate any order of the department with respect to such statement or statements, shall be subject to a penalty of one hundred dollars for each day that shall elapse after the date fixed by the department for compliance with the terms of its notice concerning statements of condition. The penalty herein prescribed may be recovered in any court of competent jurisdiction, in an action by the State of Indiana, on the relation of "The Department of Financial Institutions" and when so recovered, such penalty shall be paid into the general fund of the state treasury.

ARTICLE VI

Surplus, Dividends and Deposits

Sec. 215. Surplus and Dividends. No bank or trust company shall declare, nor pay dividends to its shareholders in any form, unless the amount of its capital shall be unimpaired, and, unless a surplus fund equal to twenty-five per cent of such capital shall have been set apart and the amount thereof retained unimpaired. Thereafter, such bank or trust company may, annually, semi-annually, or quarterly, but not more frequently, declare a dividend of so much of the undivided profits of the bank or trust company as shall be deemed expedient, but the rate of such dividend shall not exceed six per cent per annum upon the book value of the shares of stock, until after the unimpaired surplus fund of such bank or trust company is equal to the amount of its capital stock, and such capital shall have been maintained unimpaired. The book value shall be ascertained by dividing the number of issued and outstanding shares of stock of such bank or trust company into the aggregate amount of its unimpaired capital and surplus fund. The limitation on the payment of dividends contained in this section shall not apply to any bank or trust company when its unimpaired surplus is equal to twenty-five per cent of its capital and its unimpaired capital and surplus are in excess of twenty per cent of the average daily deposit liability computed on an annual basis.

Sec. 216. Capital Impairment. No bank or trust company shall, during the time such bank or trust company continues in business as such, withdraw, or authorize or permit to be withdrawn, any portion of its capital, either in the form of dividends or otherwise. No dividend shall ever be paid by any bank or trust company in any amount greater than its undivided profits then on hand, after deducting therefrom its losses, bad debts, all assets or depreciation which the department may have required to be charged off, and all other expenses. All debts due to any bank or trust company on which interest is past due for a period of six months are bad debts unless, in the opinion of the department, such debts are well secured.

Sec. 217. Ratio of Deposits to Capital. Every bank or trust company shall, on or before the first day of February of each year, and on such other dates and as of such designated periods as may be directed by the department, file a verified statement of the total average daily deposits of all kinds payable by such bank or trust company during the preceding calendar year or during the designated period. If at any time it shall appear that the average daily deposits of any bank or trust company for the preceding calendar year, or the designated period, are in excess of ten times the unimpaired capital and surplus thereof, the department may, if it deems it necessary for the

protection of the depositors, require such bank or trust company to increase its capital or surplus or to reduce the amount of its deposits. In the event that the department shall determine that an increase in the capital or surplus or decrease in the deposits is necessary, it shall enter an order fixing the amount of such increase or decrease which order shall be complied with within one year from the date such order is entered. No order shall be entered by the department pursuant to the terms of this section within three years from the taking effect of this act. A copy of such order shall be served on the bank at its principal office.

ARTICLE VII

Consolidation With and Conversion Into National Banks and Branch Banks

Sec. 218. Permission to Consolidate or Convert. Any bank or trust company may be consolidated with or may be converted into a national banking association, under the charter of such national banking association, or under a new charter issued to such converted bank or trust company or to such consolidated association, upon such terms and conditions as may be lawfully agreed upon, and in compliance with the provisions of the laws of the United States relating thereto.

Sec. 219. Cessation of State Control. Whenever any bank or trust company shall have consolidated with, or shall have been converted into a corporation for carrying on the business of banking under the laws of the United States, it shall notify the department of that fact, and shall file with the department a copy of its authorization as a national banking association, or a copy of the certificate of approval of the consolidation, certified by the comptroller of currency. Such bank or trust company shall thereupon cease to be a corporation under the laws of this state, except that for a term of three years thereafter its corporate existence shall be deemed to continue for the purpose of prosecuting or defending suits by or against it, and of enabling it to close its concerns, and to dispose of and convey its property.

Sec. 220. Release of Obligations. The consolidation of a bank or trust company with, or the conversion of a bank or trust company into a national banking association shall not release such bank or trust company from its obligation to pay and discharge all of the liabilities created by law or incurred by such bank or trust company before it was consolidated with, or was converted into a national banking association, or to pay any and all taxes imposed under and by virtue of the laws of this state up to the date on which it was consolidated with, or was converted into such national banking association, in proportion to the time which has elapsed since the last

preceding payment and assessment therefor, or to pay any and all assessments, penalties and forfeitures imposed or incurred under the laws of this state up to the date on which it is consolidated with, or is converted into a national banking association.

Sec. 221. Transfer of Property Rights and Fiduciary Relationships. At the time when the consolidation of a bank or trust company with or the conversion of a bank or trust company into a national banking association, or under such charter as may be issued thereafter, becomes effective, all of the property of such bank or trust company, including all of its right, title and interest in and to any and all property of whatsoever kind, whether real, personal or mixed, and to things in action, and to every right, privilege, interest and asset of any value or benefit whatsoever, then existing, belonging or pertaining to it, or which would inure to it, shall, immediately, by act of law, and without any conveyance or transfer, and without any further act or deed, be vested in and become the property of such national banking association, which shall have, hold and enjoy the same, in its own right, as fully and to the same extent as the same was possessed, held and enjoyed by such bank or trust company; and such national banking association shall be deemed to be a continuation of the entity and of the identity of such bank or trust company, and all of the rights, obligations and relations of such bank or trust company to or in respect to any person, estate, creditor, depositor, trustee or beneficiary of any trust, and in, or in respect to, any executorship or trusteeship, or in any other trust or fiduciary capacity, or appointment thereto, shall remain unimpaired, and such national banking association, as of the time of the taking effect of such consolidation or conversion, shall succeed to all of such rights, obligations, relations, appointments and trusts, and the duties and liabilities connected therewith, and shall execute and perform each and every such trust or relation in the same manner as though such national banking association had itself been appointed to and/or assumed such trust or relation, including the obligations and liabilities connected therewith.

Sec. 222. Continuation of Active Fiduciary Relationships. If any such bank or trust company is acting as the administrator, co-administrator, executor, co-executor, trustee or co-trustee of or in respect to any estate or trust or guardian of any person or estate which is being administered under the laws of this state, or has been named or designated as such in any will or other writing theretofore executed, such relation, as well as any and all other similar fiduciary relations, and all rights, privileges, duties and obligations connected therewith shall remain unimpaired, and shall continue into and in such national banking association, from and as of the time of the taking effect of such consolidation or conversion, irrespective of the date when any such relation shall have been created or established,

and irrespective of the date of any agreement relating thereto or of the date of the death of any testator or decedent whose estate is being so administered.

Sec. 223. Fiduciary Relations Not Affected. Nothing done in connection with the consolidation of any bank or trust company with or the conversion of any bank or trust company into a national banking association shall be deemed to be or to effect a renunciation or revocation of any letters of administration or letters testamentary, pertaining to such relation, or a removal or resignation from any such executorship or trusteeship or any other fiduciary relationship, nor to be of the same effect as if the executor or trustee or other fiduciary had died or had otherwise become incompetent to act.

Sec. 224. Branch Banks. Except as hereinafter otherwise provided, any bank or trust company may open or establish a branch bank in any city or town within the limits of the county in which the principal office of such bank or trust company is located, if there is no bank or trust company located in such city or town. Any bank or trust company which is located in a city the population of which exceeds fifty thousand inhabitants, according to the last preceding United States census, may open, within the corporate limits of such city, one branch bank for each two hundred and twenty-five thousand dollars of the capital and surplus of such bank or trust company actually paid in and unimpaired. No branch bank shall be opened or established without first having obtained the written approval of the department. Any bank or trust company desiring to establish one or more branches shall file a written application therefor, in such form, and containing such information as may be prescribed by the department. The department is hereby authorized, in its discretion, to approve or disapprove such application. Before the department shall approve or disapprove any application for the establishment of a branch bank, as herein authorized, it shall ascertain and determine to its satisfaction that the public convenience and advantage will be subserved and promoted by the opening or establishment of a branch bank in the community in which it is proposed to establish such branch bank; that there is no bank or trust company located in the city or town in which it is proposed to establish such branch bank, if the application is for a permit to open or establish a branch bank in a city or town other than that within which the applicant bank or trust company is located; that the applicant bank or trust company has satisfied the capital and surplus requirements, as hereinabove provided, if application is made by a bank or trust company located in a city the population of which exceeds fifty thousand inhabitants, according to the last preceding United States census, for a permit to open or establish a branch bank in such city; and that the welfare of any other bank already established in such city will not be jeopardized.

Sec. 225. Penalties. Any person who shall violate any of the provisions of section 224 of this act, either individually or as an interested party, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not less than three hundred dollars nor more than one thousand dollars, or by imprisonment for any period not less than thirty days nor more than one year, or by both such fine and imprisonment.

ARTICLE VIII

Holding Company Affiliates and Other Affiliates

Sec. 226. Holding Company Affiliates Defined. The term "holding company affiliate," as used in this Article, shall include any corporation, business trust, association, or other similar organization:

(a) Which owns or controls, directly or indirectly, either a majority of the shares of the capital stock of a bank or trust company, or more than fifty per cent of the number of shares voted for the election of directors of such bank or trust company at the preceding election, or controls, in any manner, the election of a majority of the directors of such bank or trust company; or

(b) For the benefit of whose shareholders or members all, or substantially all, the capital stock of a bank or trust company is held by trustees.

Sec. 227. Voting at Shareholders' Meetings Restricted. The shares controlled by any holding company affiliate of any bank or trust company shall not be voted at any election of directors or in deciding any question at any meeting of shareholders unless such holding company affiliate shall first have obtained a voting permit, as hereinafter provided, which permit shall be in force at the time such shares are voted. Shareholders may vote by proxies, as provided in section 96 of this act, but no officer, clerk, teller or bookkeeper of such bank or trust company shall act as proxy; and no shareholder whose liability, as a shareholder or borrower, is past due and unpaid shall be allowed to vote. Shares shall be deemed to be controlled by a holding company affiliate if they are owned or controlled directly or indirectly by such holding company affiliate, or held by any trustee for the benefit of the shareholders or members thereof.

Sec. 228. Voting Permit. Any such holding company affiliate may make application to the department for a voting permit entitling it to cast one vote at all elections of directors of such bank or trust company on each share of stock of such bank or trust company controlled by it. The department may, in its discretion, grant or withhold such permit, as the public interest may require. In acting upon such application, the department shall consider the financial

condition of the applicant, the general character of its management, and the probable effect of the granting of such permit upon the affairs of such bank or trust company, but no such permit shall be granted except upon the conditions hereinafter enumerated in sections 229, 230 and 231 of this act.

Sec. 229. Voting Permit, Examinations and Statements. Every holding company affiliate shall, in making any application for a voting permit, agree (1) to receive, on days identical with those fixed for the examination of the banks or trust companies with which it is affiliated, examiners duly authorized to examine such banks or trust companies, who shall make such examinations of such holding company affiliate as shall be necessary to disclose fully the relations between such banks or trust companies and such holding company affiliate, and the effect of such relations upon the affairs of such banks or trust companies, such examinations to be at the expense of the holding company affiliate so examined; (2) that the reports of such examiners shall contain such information as shall be necessary to disclose fully the relations between such affiliate and such banks or trust companies, and the effect of such relations upon the affairs of such banks or trust companies; (3) that such examiners may examine each bank or trust company then owned or controlled by the holding company affiliate, both individually and in conjunction with other banks or trust companies owned or controlled by such holding company affiliate; and (4) that publication of individual or consolidated statements of condition may be required.

Sec. 230. Voting Permit, Assets. After this act takes effect, every such holding company affiliate (1) shall possess, and shall continue to possess during the life of the voting permit, free and clear of lien, pledge or hypothecation of any nature, readily marketable assets, other than bank or trust company stock, in an amount not less than twelve per cent of the aggregate par value of all bank and trust company stocks controlled by such holding company affiliate, which amount shall be increased by not less than two per cent per annum of such aggregate par value until such assets shall amount to twenty-five per cent of the aggregate par value of such bank and trust company stock; and (2) shall reinvest, in readily marketable assets, other than bank or trust company stock, all net earnings over and above six per cent per annum on the book value of its own shares outstanding until such assets shall amount to twenty-five per cent of the aggregate par value of all bank and trust company stocks controlled by it.

Sec. 231. Voting Permit, Shareholders' Liability. Notwithstanding the provisions of section 230 of this act, after this act takes effect, (1) any such holding company affiliate, the shareholders or members of which shall be individually or severally liable, in proportion to the number of shares of such holding company affiliate held

by them, respectively, in addition to amounts invested therein, for all constitutional and statutory liability imposed on such holding company affiliate by reason of its control of shares of stock of banks and trust companies, shall be required only to establish and maintain, out of net earnings, over and above six per cent per annum on the book value of its own shares outstanding, a reserve of readily marketable assets in an amount not less than twelve per cent of the aggregate par value of bank or trust company stocks controlled by it; and (2) the assets required by this section to be possessed by such holding company affiliate may be used by it for the replacement of capital in banks or trust companies affiliated with it and for losses incurred in such banks or trust companies, but any deficiency in such assets resulting from such use shall be made up within such period as the department may by regulation prescribe.

Sec. 232. Affiliate Defined. The term "affiliate," as used in this Article, shall include holding company affiliates and any corporation, business trust, association, or other similar organization:

(a) Of which a bank or trust company, directly or indirectly, owns or controls either a majority of the voting shares or more than fifty per cent of the number of shares voted for the election of its directors, trustees, or other persons exercising similar functions, at the preceding election, or controls, in any manner, the election of a majority of its directors, trustees, or other persons exercising similar functions; or

(b) Of which control is held, directly or indirectly, through stock ownership, or in any other manner, by the shareholders of a bank or trust company who own or control either a majority of the shares of such bank or trust company, or more than fifty per cent of the number of shares voted for the election of directors of such bank or trust company at the preceding election, or by trustees for the benefit of the shareholders of any such bank or trust company; or

(c) Of which either a majority of the members of its executive committee or a majority of its directors, trustees, or other persons exercising similar functions are directors of a bank or trust company.

Sec. 233. Limitations on Loans to Affiliates. Except as hereinafter otherwise provided, no bank or trust company shall (1) make any loan or extension of credit to, or purchase securities under any repurchase agreement from, any of its affiliates; or (2) invest any of its funds in the capital stock, bonds, debentures, or other such obligations of any such affiliate; or (3) accept the capital stock, bonds, debentures, or other such obligations of any such affiliate as collateral security for advances made to any person, firm or corporation, if, in the case of any such affiliate, the aggregate amount of the loans, extensions of credit, repurchase agreements, investments, and advances against such collateral security, will exceed ten per cent of the capital stock and surplus of such bank or trust company, or if, in the case of

all such affiliates, the aggregate amount of the loans, extensions of credit, repurchase agreements, investments, and advances against such collateral security, will exceed twenty per cent of the capital stock and surplus of such bank or trust company. The provisions of this section and of section 234 of this act shall not apply to any affiliate (1) engaged in holding the bank or trust company premises of the member bank or trust company with which it is affiliated, or (2) engaged solely in the business of an agricultural credit corporation live stock loan company or joint stock land bank; but as to any such affiliate, all banks and trust companies shall continue to be subject to other provisions of this act applicable to loans and investments by such banks or trust companies.

Sec. 234. Collateral Security. Within the limitations prescribed in section 233 of this act, each loan or extension of credit of any kind or character to any affiliate shall be secured by collateral, as in this section provided. Such collateral may be (1) in the form of stocks, bonds, debentures, or other such obligations, and, if so, the market value thereof at the time of making the loan or extension shall be at least twenty per cent more than the amount of the loan or extension of credit; (2) the obligation or obligations of any state or of any political subdivision or agency thereof or of any municipality, and, if so, the market value of such obligations shall be at least ten per cent more than the amount of the loan or extension of credit secured thereby; (3) the obligations of the United States, the federal intermediate credit banks, the federal home loan banks, the federal land banks, or such collateral may be notes, drafts, bills of exchange or bankers' acceptances of the kind that are eligible for rediscount or for purchase by federal reserve banks, and, if so, the market value thereof shall be equal to the amount of the loan or extension of credit at the time such loan or extension of credit is made. A loan or extension of credit to a director, officer, clerk, or other employee or any representative of any such affiliate shall be deemed a loan to the affiliate to the extent that the proceeds of such loan are used for the benefit of, or transferred to, the affiliate.

Sec. 235. Statements from Affiliates. Every bank or trust company shall obtain from each of its affiliates, and shall furnish to the department not less than three verified statements of condition during each year, in such form as the department may prescribe, disclosing the information hereinafter provided for, as of dates identical with those on which the department shall, during such year, require statement of condition of an affiliate shall be transmitted to the department at the same time as the corresponding statement of condition of the bank or trust company, except that the department may, in its discretion, extend such time, for good cause shown. Each such statement of condition shall contain such information as, in the judgment of the department, is necessary to disclose fully the relations

between such affiliate and such bank or trust company, and to enable the department to inform itself as to the effect of such relations upon the affairs of such bank or trust company. The department is hereby authorized to require the affiliated bank or trust company to publish the statements of condition of such affiliates under the same conditions as govern the statements of condition of the bank or trust company. The department shall also have power to call for additional statements of condition with respect to any such affiliate whenever, in its judgment, such statements are necessary to obtain a full and complete knowledge of the conditions of the bank or trust company with which it is affiliated. Such additional statements of condition shall be transmitted to the department in such form as it may prescribe. If any bank or trust company fails to obtain and furnish any statements of condition of any affiliate which may be required under the provisions of this act, such bank or trust company shall be subject to a penalty of one hundred dollars for each day during which such failure continues, which may be recovered by the department, in any court of competent jurisdiction.

Sec. 236. Duties of Department. In making the examination of any bank or trust company, the department shall include such an examination of the affairs of all its affiliates as shall be necessary to disclose fully the relations between such bank or trust company and such affiliates, and the effect of such relations upon the affairs of such bank or trust company. The department is hereby authorized to publish the report of its examination of any bank or trust company, or affiliate, which shall not, within one hundred and twenty days after notification of the recommendations or suggestions of the department, based on such examination, have complied with such recommendations or suggestions to its satisfaction. Ninety days' notice prior to such publication shall be given to the bank or affiliate.

Sec. 237. Powers of Department. In making the examination of any affiliate of a bank or trust company, the department shall have and is hereby given the same powers with respect to such examination as are conferred upon it in the examination of the affairs of a bank or trust company, by section 31 of this act. The expenses incurred in making examinations of such affiliates may be assessed by the department upon the affiliates examined, in proportion to the assets or resources held by such affiliates, upon the days of examination of the various affiliates, and in the manner and at the rate as fixed and prescribed by the department in compliance with the provisions of section 35 of this act. If any such affiliate shall refuse to pay such expense, or shall fail to do so within sixty days after the date of such assessment, then such expense may be assessed against the affiliated bank or trust company, and, when so assessed, shall be paid by such bank or trust company. If any affiliate of a bank or trust company shall refuse to permit the department to make an

examination, the bank or trust company with which it is affiliated shall be subject to a penalty of not more than one hundred dollars for each day that any such refusal shall continue. Such penalty may be assessed by the department and collected in the same manner as expenses of examination.

Sec. 238. Penalties. If, at any time, it shall appear to the department that any holding company affiliate has violated any of the provisions of this Article, or any agreement made pursuant hereto, the department may, in its discretion, revoke any voting permit theretofore issued, after giving the particular holding company affiliate sixty days' notice by registered mail of the intention of the department, and affording it an opportunity to be heard. Whenever the department shall have revoked any such voting permit, no bank or trust company whose stock is controlled by the holding company affiliate whose permit is so revoked shall receive any deposits of public moneys of the State of Indiana or any of its political subdivisions, nor shall such bank or trust company pay any further dividend to such holding company affiliate upon any shares of such bank or trust company controlled by such holding company affiliate.

ARTICLE IX

Shareholders' Liability

Sec. 239. List of Shareholders. Every bank and trust company shall, at all times, keep a full and correct list of the names and residences of all of the shareholders in such bank or trust company, and the number of shares held by each, which list shall be kept at the principal office of such bank or trust company. Such list shall be subject to the inspection of all of the shareholders and creditors of the bank or trust company, during the business hours of each day on which business may be legally transacted. On the first Monday of July in each year, a verified copy of such list shall be transmitted to the department.

Sec. 240. Shareholders' Liability on Liquidation. The shareholders in every bank and trust company shall be individually responsible, to an amount over and above their stock, equal to their respective shares of stock, for all debts or liabilities of such bank or trust company. The shareholders in any bank or trust company who shall have transferred their shares, or registered the transfer thereof, within sixty days next before the date of the failure of such bank or trust company to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to affect in any way any recourse which such shareholders might other-

wise have against those in whose names such shares are registered at the time of such failure. The liability hereby imposed upon shareholders in banks and trust companies shall be enforced by the department pursuant to the provisions of section 63 of this act.

Sec. 241. Shareholders' Liability for Impaired Capital Stock. In addition to such other duties as may be imposed upon banks and trust companies, and the shareholders thereof, by virtue of any other provisions of this act, every bank or trust company whose capital stock, surplus or reserves shall have become impaired by losses or otherwise, shall, within thirty days after the receipt of a written order of the department, directing the restoration of its capital or surplus or reserves, or any or all of them, pay the deficiency in the capital stock, surplus or reserves, by an assessment upon the shareholders, pro rata, for the amount of capital stock held by each such shareholder. The board of directors of each bank or trust company that shall have been notified to restore its capital, surplus or reserves, shall notify each shareholder, in writing, either personally or by registered letter, mailed to the last and usual residence of such shareholder, of the amount of the assessment against his capital stock in such bank or trust company, and of the date on which the payment of such assessment is due, which date shall not be less than thirty days from the day on which notice is given to such shareholder. It shall be the duty of each shareholder so notified to pay such assessment as shall have been levied against him, within the time fixed in said notice.

Sec. 242. Enforcement of Shareholders' Liability for Impaired Capital Stock. If any shareholder of any such bank or trust company shall neglect or refuse to pay the assessment provided for in section 241 hereof, pursuant to the terms of the notice given by the board of directors, it shall be the duty of such board to cause a sufficient amount of the capital stock of such shareholder to be sold at public auction as shall be necessary to make good the impairment of capital, surplus or reserves, including the costs and expenses of the sale. The board shall give thirty days' notice of such sale, by one publication in a newspaper of general circulation published in the city or town in which such bank or trust company is located, or if none be so published, then by publishing such notice in a newspaper published in the city or town nearest thereto. The notice shall specify the place, time, terms and conditions of such sale. The proceeds of the sale of the capital stock, or any amount derived from the assessment provided for in section 241 of this act, shall be applied, first, to the costs and expenses of such sale or levy of assessment; second, to the payment of any assessment levied under the provisions of section 241 hereof; and, third, any balance shall be returned to such delinquent shareholder.

ARTICLE X

General Provisions

Sec. 243. Joint Accounts. When a deposit is made in any bank or trust company, in the names of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or any interest thereon, may be paid to either of such persons, whether the other be living or not, and the receipt or acquittance of the person so paid shall be a valid and sufficient release and discharge to such bank or trust company for any payment so made. Nothing contained in this section shall be so construed as to affect or repeal any law now in force in this state relative to the property of any partnership or the administration thereof by the surviving partner.

Sec. 244. Time Deposits. Any bank or trust company which, in the conduct of its business, shall accept time deposits, shall, subject to the provisions of any rule or regulation of the department establishing and/or extending a longer period of time for payment repay the sum so deposited to each depositor, respectively, or to his legal or authorized representatives, in case of savings accounts, not more than ninety days, and, in case of certificates of deposit, not more than thirty days, after he or they shall demand such payment, but at such hours, with such interest, in such amounts and under such regulations, and such changes as may be made therein as the board of directors, with the approval of the department, may prescribe, not inconsistent with the provisions of this act. Such regulations adopted by the board, from time to time, may be printed in or endorsed upon the pass book or other evidence of indebtedness issued to the depositor. No such regulation of the board of directors or change therein, shall be enforced unless ten days' notice thereof shall have been given by posting notice of such regulation, or change, in some conspicuous place in the room where the savings deposit business of such bank or trust company is transacted so that the public may have notice of such regulations, or any changes.

Sec. 245. Fraudulent Transfers. All transfers of notes, bonds, bills of exchange and other evidences of debt owing to any bank or trust company; all transfers of deposits to its credit; all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor; all deposits of money, bullion or other valuable thing for its use, or for the use of any of its shareholders or creditors; and all payments of money to either shareholders or creditors, made after the commission of an act of insolvency, or in contemplation thereof, with a view to preventing the application of its assets to the proper payment of its just liabilities, or with a view to the preference of one creditor to another, shall be null and void.

Sec. 246. Use of the Word "Trust." It shall be unlawful for any person, firm or corporation, other than a bank or trust company organized or reorganized under the provisions of this act or under the laws of the United States, or other than a loan and trust and safe deposit company organized under the provisions of Chapter 161 of the Acts of 1893, approved March 4, 1893, as amended, to use the word "trust" as a part or portion of the name or title of such person, firm or corporation. Any person, firm or corporation who shall violate the provisions of this section shall be subject to a penalty of fifty dollars per day for each and every day during which such violation shall continue. The penalty hereby imposed shall be recovered in the name of the State of Indiana and when recovered shall be paid into the general fund of the state.

Sec. 247. Deposits of Minors. Minors may become depositors in any bank or trust company the same as adults, and such minor depositors shall be subject to the same duties and liabilities respecting their deposits as adults. When any deposit shall have been accepted by any bank or trust company in the name of any minor, it may be withdrawn by such minor by check or other instrument in writing, which check or other instrument in writing shall constitute a receipt or acquittance, if the same is signed by such minor, and shall be a valid release and discharge to the bank or trust company for all payments so made, to the same extent as if such minor were of full age.

Sec. 248. Borrower Misrepresenting Facts. When, in case of any loan made by any bank or trust company, the borrower, or any other person furnishing security on behalf of the borrower, shall, as an inducement to the bank or trust company to make the loan, represent to it, in writing, that he or she is over the age of twenty-one years, whereas in fact such person or persons are under the age of twenty-one years, or shall otherwise make any false statement or representation to the bank or trust company, and the bank or trust company is thereby deceived, and the loan is made in reliance upon such representation, neither the person so representing, nor any one in his or her behalf, nor any other person otherwise legally liable to pay such loan, shall afterwards be allowed, as against such bank or trust company, to take advantage of the fact that the person making the representation was not of full age, but each such person shall be estopped by such representation.

Sec. 249. Optional Federal Laws. With the consent and approval of the department, any bank or trust company may become associated with any organization or association of banks and trust companies, whether state or national, or both, if such organization or association is formed pursuant to federal legislation which confers on banks or trust companies in this state the privilege of participating in such organization or association, and the purposes thereof are not inconsistent with any law of this state.

Sec. 250. Cessation of Bank Operations. (a) When and if any bank and/or trust company organized or reorganized under the provisions of this act, or any bank of discount and deposit or loan and trust and safe deposit company organized under any law enacted prior to the passage of this act, shall be required to cease all banking operations, within twenty years from the time of its organization, and promptly thereafter to close its business, such bank or trust company shall deliver over into the custody of the department all of its business and property for liquidation and the payment of its liabilities. Such delivery may be made by an instrument in writing executed pursuant to a resolution of the board of directors. Before or after, or contemporaneously with, the delivery of all of its business and property to the department, such bank or trust company may, pursuant to a resolution of its board of directors, file a petition with the department for authority to reopen its business and resume its banking operations. Such petition shall fix the date of the organization of such bank or trust company; the day on which it desires to reopen its business and resume its banking operations, which may be the next succeeding business day after the delivery, or effective date of delivery fixed in any instrument in writing, of the business and property of such bank or trust company to the department; such other facts as the board of directors of such bank or trust company shall deem pertinent; and, the information required by section 211 of this act, and such other information as the department may prescribe or require. Thereupon, the department shall make, or cause to be made, a careful investigation and examination of such bank or trust company, the qualifications and experience of the officers thereof, and the public necessity for such bank or trust company in the community in which it is or has been doing business, and the department, after such investigation and examination, shall, upon the basis of its findings with respect to all of the matters hereinabove specified, approve or disapprove the right of such bank or trust company to reopen its business and resume its banking operations.

(b) Upon the filing of any such petition more than thirty days before the day upon which such bank or trust company shall desire to reopen its business and resume its banking operations, the department shall approve or disapprove such petition, in writing, and notify such bank or trust company of its action, not later than the last business day immediately preceding the day upon which such bank or trust company shall have requested the right to reopen its business and resume its banking operations. In the event that the department shall disapprove the right of such bank or trust company to reopen its business and resume its banking operations, such bank or trust company may appeal such order of the depart-

ment to the circuit court of the county in which it has its principal office and thereupon the matter shall be determined de novo.

(c) In the event that any bank or trust company shall deliver its business and property to the department and fail to file a request to reopen its business and resume its banking operations within ten days after such delivery, or in the event that the department or the circuit court, if the decision of the department be appealed, shall disapprove the petition of any bank or trust company to reopen its business and resume its banking operations, such bank or trust company shall be liquidated pursuant to the provisions for voluntary liquidation contained in Article VI of Part III of this act.

Part V. Building and Loan Associations

ARTICLE 1

Building and Loan Associations

Sec. 251. Definition of Terms. Unless the language used herein specifically indicates otherwise, the terms "building and loan association" and "association," as used in this Article, mean and include any building and loan association organized or reorganized under the provisions of this act and any building and loan association, rural loan and savings association and guaranty loan and savings association organized under the provisions of any law of this state enacted prior to the passage of this act. The voting, dividend and preemptive subscription rights of the guaranty shareholders of any such rural or guaranty loan and savings association shall not be impaired or affected by the provisions of this Article, except as herein otherwise provided.

Sec. 252. General Powers. In addition to the general rights, privileges and powers conferred by Part III hereof, and subject to the limitations and restrictions contained in this act, and in the articles of incorporation, every building and loan association shall possess and may exercise the following rights, privileges and powers:

(a) To issue shares of its capital stock to persons qualified for membership, and deliver to them certificates, pass books or other evidences of ownership representing such shares; to receive from its members sums of money or dues payable on such shares or upon loans made by the association; to lend to its members and/or invest the money so received in the manner hereinafter prescribed in this act; to borrow money as herein provided; and to declare, credit and pay dividends in the manner hereinafter prescribed.

(b) To charge and collect membership fees and transfer fees on shares of stock issued or transferred by such association, and loan fees and premiums on loans made by it; to impose and collect fines and additional interest from members who fail to pay punctually dues, interest or other sums of money required upon their contracts or other obligations with the association, all in such amounts and upon such terms and conditions as are hereinafter prescribed; and to impose a lien upon the shares of any member to the extent of any lawful fines or other obligations to the association.

(c) To mature its shares of stock and to pay to the holders thereof the matured value of such shares; to permit members to withdraw their shares of stock either in whole or in part and to pay such members the withdrawal value thereof; to call and retire its shares of stock and to pay to the holder or holders of the shares so retired, the full withdrawal value thereof; and to suspend, forfeit and cancel shares of stock held by delinquent borrowing members.

(d) To become a member and acquire, own, hold, pledge, sell, assign or otherwise dispose of shares of the capital stock of any federal home loan bank; to borrow money and procure advances from any such bank and to transfer, assign to and pledge with such bank any of the bonds, notes, contracts, mortgages, securities or other property of the association now held or hereafter acquired as security for the payment of such loans and advances; to possess and exercise all rights, powers and privileges and do and perform all acts and things conferred upon or required of members or shareholders of any federal loan home bank, or by the provisions of an act of Congress entitled the "Federal Home Loan Bank Act," approved July 22, 1932.

Sec. 253. Shares of Stock. Any association shall have the right to issue shares of stock of such kinds and classes and in such series and upon such terms, conditions, limitations, and restrictions and with such relative rights as to each kind, class or series of stock as may be stated in the by-laws of the association and as shall be approved by the department, but no kind, class or series of stock shall have preference or priority over the other as to voting rights, or to share in the assets of the association upon liquidation or dissolution, or as to the payment of dividends, except as to the amount of such dividends and the time for the payment thereof as is hereinafter provided.

Sec. 254. Payment for Shares of Stock. (a) Except as to shares of stock subscribed for at the time of the organization or reorganization of such association, as provided in section 83 of this act, all shares of stock may be fully or partially paid in advance, or may be paid in installments at such time or times and upon such terms and conditions as may be stated in the by-laws of the association, or as may from time to time be determined by the board of directors, but

to payments at a rate in excess of fifty cents per week on each one hundred dollars of par value shall be required upon such shares.

(b) Each share of stock pledged with the association shall be subject to a lien in favor of the association for the payment of the unpaid installments and other charges incurred thereon, which lien may be enforced in such manner as the by-laws shall provide. New shares may be issued in lieu of all shares withdrawn, redeemed, surrendered, cancelled or retired.

(c) The consideration for all shares of stock shall be paid to the association in money, and when the consideration therefor and all other just charges thereon have been paid in full, such shares of stock shall be taken to be fully paid and non-assessable and not subject to any further call or assessment.

Sec. 255. Certificate for Shares. Every such association shall issue and deliver to each of its shareholders a certificate, pass book or other evidence of stock ownership, which shall state the name of the registered holder thereof, the number, kind, class or series of stock represented thereby and the par value thereof and the terms, conditions, limitations and restrictions, or a summary thereof, not inconsistent with the provisions of this act, upon which such shares of stock are issued and held and upon which the withdrawal value thereof may be paid.

Sec. 256. Transfer of Shares and Conditions Attaching Thereto. No transfer of shares shall be binding upon the association until such transfer shall have been made upon its books, and the transferee shall take such shares charged with all liabilities to the association and all conditions attaching thereto at the time of the transfer.

Sec. 257. By-Laws. In addition to the provisions of section 94 of this act, the by-laws of any building and loan association may contain provisions, not inconsistent with the provisions of this act or the articles of incorporation, regarding:

(a) The kinds, classes and series of stock to be issued and the terms and conditions upon which such shares of stock may be issued, paid for, transferred, matured, cancelled, retired, forfeited, or withdrawn.

(b) The fees which may be charged for membership in the association and the transfer fees to be charged upon the transfer of its shares of stock, not in excess of the amounts hereinafter prescribed.

(c) The sums of money or dues which shall be paid upon the shares of stock and the time of their payment and the time and manner of apportioning, crediting and paying dividends.

(d) The manner of awarding and making loans to members and investing the funds of the association and the security to be taken for such loans and the rate or rates of interest, not exceeding the legal contract rate, to be charged thereon and the terms and conditions upon which such loans may be repaid.

(e) The fines and additional rates of interest which may be imposed and collected from the members who fail to pay punctually dues, interest, premiums or other charges, but the amount of such fines and additional rates of interest shall be clearly stated in the contracts with the members.

Sec. 258. Dividends. (a) The board of directors of any such association may annually, semi-annually or quarterly, but not more frequently, by resolution, declare and order dividends to be credited or paid upon shares of the capital stock of the association in proportion to the amounts paid in upon such shares of stock before and during the period for which such dividend is declared. Dividends shall be credited and paid only out of the net earnings actually collected during the period for which the dividend is declared, after deducting from such earnings all expenses of operation for such period, or out of the undivided profits account from earnings collected and added to such account during any previous period, but no dividend shall be credited or paid out of the fund for contingent losses, or until the amount required by this act shall have been set aside for each dividend period out of the gross profits and added to the fund for contingent losses. No dividends or earnings shall be credited or paid upon shares of stock withdrawn between dividend paying dates.

(b) No such association shall agree to pay dividends in any fixed amount upon any kind, class or series of stock, nor represent or advertise that any fixed amount of dividend will be paid thereon, but if the by-laws and stock certificates or other evidence of stock ownership so provide, the dividends paid or to be paid may be limited to a certain fixed amount, and definite dividend dates may be specified as to each particular kind, class or series of stock. If the by-laws so provide, the association may issue installment shares with no participation in the dividends, where the dues upon such shares of stock are payable in regular installments, at stated intervals, and are applied, at stated intervals, to the reduction of an indebtedness to the association from the holder thereof.

(c) The holder of any share of stock pledged to the association as security for the payment of any loan, may waive the right to receive any dividend or participate in the earnings and profits of the association until such loan has been fully paid and satisfied.

(d) Except as herein otherwise provided, there shall be no preference, priority or distinction of any one kind, class or series of stock over the other as to the payment of dividends thereon.

Sec. 259. Withdrawal of Shares. Any shareholder, or the legal representative of any deceased shareholder, whose stock is unpledged for a loan, desiring to withdraw his shares of stock from the association, either in whole or in part, may do so upon three months' notice in writing to the board of directors, whereupon such withdrawing shareholder, subject to the provisions of this act, and out of the funds

of the association applicable to the payment of withdrawals, as hereinafter provided, shall be entitled to receive the withdrawal value of his stock, which shall consist of the full amount of dues paid in upon the stock to be withdrawn, together with all dividends declared thereon, after deducting all fines and other charges provided by the by-laws and a pro rata share of the losses sustained during such shareholder's term of membership.

Sec. 260. Waiver of Notice-Reserve Balance. The board of directors of any association may, at any time, by resolution, waive notice of the withdrawal, either in whole or in part, of unpledged shares of stock, except that notice for the withdrawal of any amount in excess of one hundred dollars by any one shareholder during any one month shall not be waived by the board of directors unless the association, at the time of such withdrawal, has on hand and unpledged, a reserve balance equal to not less than three per cent of the total liability of the association on its outstanding investment stock. Such reserve balance shall consist of money on hand or on deposit with a solvent and going bank or trust company, or money invested in bonds, notes, certificates or other valid obligations of the United States.

Sec. 261. Funds Applicable to Withdrawals. One-half of the net funds received by any association in any one month, exclusive of funds borrowed by the association from any source, and after deducting the required amount for the contingent fund, dividends and operating expenses, including interest, taxes, assessments, insurance and repairs upon real estate owned by the association, shall be applicable to the payment of withdrawing shareholders, unless otherwise ordered by the board of directors. The remaining portion of the funds so received during any one month, and funds borrowed from any source, may be used by such association for any of its corporate purposes.

Sec. 262. Payment When Funds Not Sufficient. When the funds applicable to the payment of withdrawing shareholders are not sufficient to pay all such withdrawals in full, the board of directors, by resolution, may authorize the applicable funds to be paid in sums not exceeding one hundred dollars to any shareholder during any one month, or may authorize the applicable funds to be distributed among the shareholders who have given notice, as provided in section 259 of this act, in proportion to their stockholdings to be withdrawn.

Sec. 263. Rights of Withdrawing Shareholders. Except upon final liquidation or dissolution of the association, any shareholder who withdraws his stock from the association, either in whole or in part, or whose stock is called and redeemed by the association, shall not be entitled to participate in or receive any portion of the undivided profits or fund for contingent losses of the association upon the shares so withdrawn and shall forfeit all right, title and interest therein and thereto by the withdrawal of such stock. The unpaid demands of withdrawing shareholders shall not constitute an indebtedness against

the association and the withdrawing shareholders shall not be deemed creditors of the association for any withdrawals at any time remaining unpaid.

Sec. 264. Membership. The members of every such association shall be those persons only to whom its shares of stock shall have been issued or transferred in accordance with the provisions of its by-laws. Their membership shall continue until such shares shall have been matured and paid, or withdrawn, retired, called, cancelled or forfeited. The payments to any such association, upon shares issued by it, shall be paid in such sums and at such times as are provided in the by-laws, until such shares reach their matured value or are withdrawn, called, retired, cancelled or forfeited.

Sec. 265. Limitation on Stock Ownership. The board of directors may, from time to time, by resolution, limit the total aggregate amount of stock that any investing shareholder may own or hold, in his own name, and may, at any time, upon order, require any shareholder whose stock is not pledged to the association to withdraw and surrender to the association for cancellation, any part or all of the stock owned by him, together with his pass book, certificate of stock and other evidence of stock ownership issued to him. Any such shareholder who may be required by the board to surrender his stock to the association for cancellation, shall be entitled to receive for the stock, upon surrender, the full amount paid thereon, together with the proportionate part of any dividends accrued upon such stock since the last preceding dividend date, after deducting any losses and other just charges.

Sec. 266. Membership and Transfer Fees. Any association shall have the power, if its by-laws so provide, to charge and collect a membership fee of not to exceed twenty-five cents per share, or a total fee of not to exceed one dollar for each certificate issued to any one member, upon shares of stock issued by such association, and a transfer fee of not to exceed twenty-five cents per share, or a total fee of not to exceed one dollar for each certificate transferred upon all shares of stock transferred on its books.

Sec. 267. Premiums and Loan Fees. Any association, if its by-laws so provide, may, in addition to the legal contract rate of interest, charge and collect premiums or loan fees, in an amount not to exceed two per cent of the amount of any loan, upon all loans made by the association, which premiums and loan fees may be paid at one time, or in such installments as the by-laws may provide, and any contract or agreement with any borrowing member for the payment of such premium and loan fees, shall be valid and binding, and no premiums or loan fees hereafter contracted for under the terms of this act shall be deemed usurious.

Sec. 268. Fines. Any building and loan association may impose and collect fines or additional interest from its borrowing share-

holders, their legal representatives or successors in interest, if they fail, neglect or refuse to pay dues, interest, premiums or loan fees when due, but no such fines shall exceed ten per cent of the amount of the delinquent payments, and such fines shall not be charged more than once for each delinquency. No fines or penalties, other than those herein specified, shall be imposed or collected.

Sec. 269. Application of Membership Fees and Other Fees. All membership fees, transfer fees, loan fees, premiums and fines charged and collected, pursuant to the provisions of this act, shall be paid to the association and shall be added to its earnings, and no part thereof shall be paid, directly or indirectly, to any person, firm or corporation as a commission, compensation or otherwise for procuring any subscription to or transfer of such shares of stock, or for procuring any loan or other consideration from such association, or for the collection of such fees.

Sec. 270. Expense of Closing Loans. Every association, if its by-laws so provide, may require its borrowing members to pay all expenses incurred in connection with the making and closing of any loan, including appraisal, attorney's, abstract and recording fees, and the registration fees or taxes imposed upon or at the time of the recording of any mortgage.

Sec. 271. Repayment of Loans. Any borrowing shareholder or member may repay his loan, at any time, and may, at the same time, withdraw from the association, and, for that purpose, he shall pay to the association the full amount of the principal of his loan, with all interest, fines, premiums and other charges accrued thereon, under the by-laws, or by the terms of any note, mortgage or other evidence of indebtedness given for such loan, after deducting therefrom the withdrawal value of the stock pledged to secure such loan, and, upon such payments being made, the stock held by such borrowing member and pledged with the association, shall be surrendered to the association and cancelled, and, thereupon, the association shall deliver to such borrowing member his note, bond, mortgage or other evidence of such loan and shall enter of record a satisfaction in full of such mortgage.

Sec. 272. Fund for Contingent Losses and Undivided Profits. Every association shall set aside, from its gross profits, at least three per cent thereof each year, as a sinking fund, to provide for contingent losses, and shall accumulate such fund until the total amount thereof shall equal ten per cent of the total assets of the association. Any losses incurred by such association shall be paid out of and charged against such fund for contingent losses. Any association may also carry an undivided profits account, and accumulate such account until the total shall equal ten per cent of the total assets of the association. Any amount carried in the undivided profits account may, from time to time, upon order of the board of

directors, be transferred to the fund for contingent losses, or may be used for the payment of dividends. The fund for contingent losses shall not be available for the payment of dividends or operating expenses, but any association, may, by order of its board of directors, charge against its fund for contingent losses, any losses sustained from its investments, whether resulting from depreciation or otherwise, without encroaching upon its undivided profits or its net earnings, until such fund for contingent losses has been exhausted. The fund for contingent losses may be increased by contributions and transfers from the undivided profits account, or from net earnings, upon resolution adopted by the board of directors.

Sec. 273. Loans and Investments. Subject to the provisions of this act and its by-laws, any association may invest the funds received by it in the following, but in no other manner:

(a) In loans to its members:

(1) Upon their notes, bonds, contracts or other evidences of indebtedness secured by the transfer and pledge to the association of shares of stock of the association, payable in installments, and having a par or matured value at least equal to the amount of such loan, and further secured by mortgages of which the association is the sole owner and which are a first lien upon real estate located in the State of Indiana, or upon real estate located outside of the State of Indiana, if such real estate is located within fifty miles of the office of the association.

(2) Upon their notes, bonds, contracts or other evidences of indebtedness secured by a transfer and pledge to the association of stock of the association, having a withdrawal value of at least ten per cent in excess of the amount of such loan.

(b) In furniture, fixtures and equipment necessary and proper for the business of such association, the cost or value of which, as carried on the books of the association, shall not, at any time, exceed five per cent of the total amount of the fund for contingent losses and undivided profits, without the written consent and approval of the department, filed in the office of such association.

(c) In real estate as follows:

(1) Such as may be suitable and proper for the convenient transaction of its business, but the total cost or value of such real estate, as carried on the books of the association, shall not exceed five per cent of the total assets of the association and shall not exceed one hundred thousand dollars without the written consent and approval of the department, filed in the office of the association.

(2) Such real estate as may be conveyed to the association in satisfaction of debts previously contracted in its business or in exchange for real estate so conveyed to the association.

(3) Such real estate as may be purchased by the association upon judgments in its favor or decrees of foreclosure upon mortgages held by it.

(4) Such real estate as the association may purchase for the purpose of selling, or improving and selling to its members upon contracts for the sale thereof at the cost price of such real estate and improvements, where such contracts of sale and any improvements to be erected upon such real estate are executed concurrently with or prior to such purchase or improvement. The total cost, contract price or value of such real estate, as carried on the books of the association, shall not at any one time exceed five per cent of the total assets of the association.

(d) In shares of the capital stock of the Federal Home Loan Bank of the district wherein such association is located, or an adjoining district.

Sec. 274. Investment of Excess Funds. If at any time any association has funds in excess of the amounts required for loans to its members and the payment of matured shares, and the withdrawal demands of its shareholders, and its reserve balance, the association may invest such excess funds as follows:

(a) In bonds, notes, certificates and other valid obligations of the United States or of the State of Indiana, or any county, township, city, town or other political subdivision of the state, issued pursuant to authority of law.

(b) In bonds, notes, debentures or other securities or obligations issued by any Federal Home Loan Bank of the United States.

(c) In bonds, notes, certificates or other valid obligations of any state or territory of the United States which for five years prior to the date of such investment has promptly paid the principal and interest on its bonds and other legal obligations in lawful money of the United States.

Sec. 275. Restrictions Upon Real Estate Mortgages. No association shall take a mortgage upon real estate:

(a) Where such mortgage is not a first lien, except as to current taxes and improvement assessments not delinquent, upon the property described in such mortgage, unless such mortgage is taken as additional security for debts previously contracted with the association or is secured by other real estate upon which the association holds a first mortgage.

(b) For more than sixty per cent of the appraised value of the real estate securing such mortgage as shown by a written report signed by two or more appraisers appointed by the board of directors, unless such excess over sixty per cent is secured by a pledge to the association of bonds or other securities in which it is authorized to invest its excess funds under the provisions of section 274 of this act, or by a pledge of the paid up or installment stock of the association having a withdrawal value equal to such excess.

(c) Upon which there is no building suitable for housing, unless such real estate is included as additional security to other real estate

so improved, or unless the money borrowed thereon is to be used for erecting a building suitable for housing or a building suitable for housing in connection with business purposes, or in a building suitable for housing not more than four families, and the money is to be advanced as the work progresses, in which event the value shall be based upon the condition of the real estate when such building shall have been completed.

Sec. 276. Restrictions on Loans. (a) No association shall lend money to any of its officers, directors or employees unless such loan is secured by a first mortgage upon real estate used and occupied by such officer, director or employee as and for his home, or unless such loan is secured by a pledge to the association of paid up or installment shares of the capital stock of the association having a withdrawal value of at least twenty per cent in excess of the amount of such loan, but any officer, director or employee of the association may purchase real estate previously mortgaged to such association, if such mortgage has been executed two years or more prior to the date of such purchase.

(b) No association shall lend, to any one borrower, more than one per cent of the total assets of such association, but this restriction shall not apply to loans of five thousand dollars or less, nor to loans secured by pledge of paid up or installment stock of the association, having a matured or withdrawal value of at least ten per cent in excess of the amount of such loan.

Sec. 277. Restrictions on Taking, Holding and Conveying Real Estate. (a) No association shall acquire or hold any real estate, except as herein specifically provided, and any real estate so purchased, held or acquired by any such association may be sold, conveyed, exchanged or otherwise disposed of, and leased or mortgaged by such association, at any time, to any person or persons, at such price and upon such terms and conditions as may be approved by its board of directors.

(b) All real estate purchased or otherwise acquired by any such association shall be conveyed to it directly and held in its corporate name.

Sec. 278. Restrictions as to Book Entries and Amortization. (a) No association shall, by any system of accounting or by any device of bookkeeping, either directly or indirectly, enter any of its assets upon its books in the name of any other person, firm or corporation, or under any title or designation that is not truly descriptive thereof.

(b) No stocks, bonds or other securities owned by any such association shall be entered on its books at more than the actual cost thereof, and shall not be carried upon its books for any greater amount than the actual cost thereof to the association, or at a greater value than is approved by the department.

(c) No such association shall enter, or at any time carry, on its books, the real estate or building and buildings used by it as a place of business at a valuation exceeding the actual cost thereof to such association, or the fair cash market value thereof, whichever is lower.

(d) No real estate taken or acquired by any such association in satisfaction of debts previously contracted in the course of its business, or purchased at sales under judgments or decrees of foreclosure held by it, shall be entered or carried on the books of the association at a value in excess of the cost to the association, plus the actual cost of permanent improvements thereafter made by the association.

Sec. 279. Power to Borrow Money. Any association may, upon resolution adopted by the majority vote of its board of directors, borrow such sum or sums of money as may be necessary for its proper corporate purposes, and may also procure such loans and advancements as may be necessary for such purposes from the Federal Home Loan Bank of the district wherein such association is located, or any adjoining district, and every such loan or advancement shall be evidenced by the promissory notes or other evidences of indebtedness of the association, executed in its name, by its proper officers, but the aggregate amount of money borrowed by any association at any one time, except associations operating solely upon the terminating plan, including loans and advancements from the Federal Home Loan Bank, and also including prior or underlying liens, mortgages or other encumbrances upon real estate to which the association has taken title, shall not exceed twenty per cent of the total assets of the association.

Sec. 280. Transfer or Pledge of Securities. The bonds, notes, mortgages and other obligations executed to any association by its members, and secured by a pledge of the stock of the association, shall not be sold, assigned, pledged or otherwise disposed of except upon an order of the Circuit Court, or the judge thereof, in vacation, of the county in which the principal office of the association is located, except that such bonds, notes, mortgages and other obligations and any other stocks, bonds, securities or other property owned or held by the association may, without the consent of such Circuit Court, or the judge thereof in vacation, be assigned and pledged to the Federal Home Loan Bank of the district wherein such association is located, or an adjoining district, as security for the payment of any loans or advancements made by the Federal Home Loan Bank to such association.

Sec. 281. Restrictions on Business and Advertising. No association shall engage in the banking or trust business, or operate a savings bank, commercial bank or trust company, or advertise or hold itself out to the public that it is a commercial bank, savings bank or trust company, or that it is doing or permitted to do a bank-

ing or trust business, or any other business which is prohibited by law to such an association, nor shall such association misrepresent the nature of the shares of stock issued by such association or the rights of investing members with respect thereto. No association shall advertise or hold itself out to the public as accepting deposits of money payable on demand, or without notice, or agreeing to pay, or guaranteeing the payment of any interest or fixed amount in dividends, upon deposits of money or upon any shares of its stock. No association shall issue, sell, negotiate or advertise for sale any investment certificates or certificates of indebtedness.

Sec. 282. Annual Statement to Shareholders. On or before the first day of February of each year, every association shall mail or deliver to each of its shareholders, or shall cause to be published as an advertisement, by one insertion in a newspaper of general circulation printed and published in the city or town where the association is located, or if no newspaper is published therein, then in a newspaper printed in the city or town nearest thereto, a full and complete statement of the financial condition of such association at the close of business on the thirty-first day of the preceding December, which statement shall be prepared upon forms prescribed and furnished by the department, and shall contain such detailed information as the department may require, and shall be subscribed and sworn to by the president, secretary and at least three directors of the association. If such statement is published in a newspaper, as hereinbefore provided, a printed copy thereof shall be furnished to each of the shareholders of such association upon request.

Sec. 283. Annual Reports to Department. On or before the first day of February of each year, every association shall file in the office of the department a certified copy of the financial statement required by section 282 of this act, showing the delivery, mailing or publication thereof, as provided in section 282 of this act, together with a full and complete report of the receipts and disbursements and the earnings and expenses of the association for the preceding calendar year, which report shall be prepared upon forms prescribed and furnished by the department, and shall contain such detailed information as the department may require and shall be subscribed and sworn to by the president and secretary and not less than three directors of the association.

Sec. 284. Filing of Forms With Department. Every association, before issuing any shares of stock or making any loans, shall file, in the office of the department, certified copies of its by-laws and any rules and regulations adopted by the association, and certified copies of the forms of stock certificates, mortgages, notes, contracts and other agreements which the association proposes to use.

Sec. 285. Penalty. The president and secretary of any association who shall fail to make and file the statement and report

required by sections 282 and 283 of this act, within thirty days after such statement or report is due, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding one hundred dollars.

Sec. 286. Shares Issued to Trustees and Guardians. Any association shall have the right to issue shares of its stock to one or more persons or corporations as trustee or guardian for any other person or persons, and the association shall not be liable to the beneficiary or to any wards for any money paid to such trustee or guardian on account of such shares. Whenever any person holding shares of stock as trustee or guardian dies, and no notice of the terms, revocation or termination of the trust or guardianship shall have been given in writing to the association, the withdrawing value of such shares of stock, or any part thereof, may be paid by the association directly to such beneficiary or ward; and if no such beneficiary or ward has been designated in writing to the association, the withdrawal value, or any part thereof, may be paid by the association to the executor or administrator of such trustee or guardian. Any and all payments so made by any such association shall be a valid and sufficient release and discharge to such association for such payment.

Sec. 287. Shares Issued in Two or More Names. Wherever any shares of stock of any association are issued in the names of two or more persons, as joint tenants, or in form to be paid to them, or to the survivor or survivors of them, such shares of stock and all dues and dividends accrued thereon, shall become the property of such persons as joint tenants, and such stock, dues and dividends shall be held for the exclusive use of such persons, and may be paid to either of them during their joint lifetime, or to the survivor or survivors of them after the death of any one or more of them, and such payment and the receipt of acquittance of the person or persons to whom such payment is made shall be a valid and sufficient release and discharge to the association for all payments so made on account of such shares prior to the receipt of notice by the association not to make such payments. The purchase or acceptance of shares in such form shall, in the absence of fraud or undue influence, be conclusive evidence in any action or proceeding to which either the association or the several shareholders, or either of them, may be a party, of the intention of such shareholders to vest the title to such shares of stock and the dues and dividends accrued thereon in such survivor or survivors.

Sec. 288. Payments upon Affidavit Following Death. If any shareholder of any association shall die, leaving unpledged shares in such association, and no executor of his will or administrator of his estate has been appointed, such association, upon receiving a waiver from the inheritance tax administrator, may, in its discretion, pay the withdrawal value of such shares to the widow, widower or next of kin,

or may apply the withdrawal value of such shares to the payment of funeral expenses or the expense of the last sickness or other just debts of the decedent. As a condition of such payment, such association shall require proof by affidavit as to the parties in interest and shall also require the filing of proper waivers and the execution of a bond of indemnity with proper sureties from the parties interested and a proper acquittance and receipt for such payment by the person to whom such payment is made shall fully release the association, and such association shall not thereafter be held liable to the decedent's executor or administrator thereafter appointed, or to any other person.

Sec. 289. Shares Issued in the Names of Minors. Minors may become shareholders in any association the same as adults, and such minor shareholders shall be subject to the same duties and liabilities respecting their stock as adult members. When any shares of stock of any association have been issued in the name of any minor, such shares shall be held for the exclusive right, use and benefit of such minor and free from the control or lien of all other persons, except creditors, and the withdrawal value thereof shall be paid to such minor and a receipt or acquittance signed by such minor shall be a valid release and discharge to the association for all payments so made, and when any shares of stock have been issued to any parent, guardian or voluntary trustee for any minor, the association may permit the transfer of such shares to the minor by such parent, guardian or trustee, thereafter to be held for the exclusive right and benefit of such minor, or in the event of the death of such parent, guardian or trustee, and the presentation of satisfactory evidence thereof, and the surrender of the certificate or other evidence of the ownership of such shares, the association may transfer and hold such shares thereafter for the exclusive right, use and benefit of such minor.

Sec. 290. Borrower Misrepresenting Facts. When, in case of any loan made by any association, the borrower, or any other person furnishing security on behalf of the borrower, as an inducement to the association to make the loan, shall represent to it in writing that he or she is over the age of twenty-one years, whereas in fact such person or persons are under lawful age, or shall otherwise make any false statement or representation to the association regarding such loan, and the association is thereby deceived, and the loan is made in reliance upon such representation, neither the person making such statement or representation nor any one on his or her behalf, or claiming under or through such person, shall afterwards be allowed as against such association, to take advantage of any fact so stated or represented, but such person shall be estopped by such representation.

Sec. 291. Foreclosure. In case any borrower shall fail or neglect to pay dues on stock, interest, premiums or fines, as provided by the

by-laws or the terms of his note, bond, mortgage, or other evidence of indebtedness, for the period of three months, or shall be in default in the performance of any of the obligations imposed upon him thereby, or shall abandon the mortgaged property, then the whole of such indebtedness shall become and be immediately due and payable at the option of such association, without notice or demand and the payment thereof may be enforced by proceedings on his securities according to law.

Sec. 292. Effect of Liquidation. Upon the voluntary or involuntary liquidation or the dissolution of any building and loan association, the notes, bonds, mortgages and other contracts of the borrowing members with the association shall not be abrogated or annulled but shall continue and remain in full force and effect.

Sec. 293. Rural and Guaranty Association. By complying with the provisions of this act, any rural loan and savings association and any guaranty loan and savings association organized and existing under the provisions of any law of this state enacted prior to the passage of this act, may reorganize under the provisions of this act, or may merge with or consolidate into, or sell all or substantially all of its assets to a building and loan association organized or reorganized under the provisions of this act or under any law of this state enacted prior to the passage of this. In all questions affecting the reorganization, merger, consolidation or sale of the entire assets of a rural or guaranty loan and savings association, as defined in this act, both the guaranty and common shareholders of such association shall be given notice of the adoption of the agreement of reorganization, merger, consolidation, or sale of the entire assets, as provided in section 119 of this act, and the common shareholders shall have the rights and privileges of dissenting shareholders conferred upon such shareholders by the provisions of section 134 of this act. The voting rights of the shareholders of such rural or guaranty loan and savings association upon all questions of reorganization, merger, consolidation, or sale of the entire assets shall be the same as provided by section 3 of Chapter 153 of the Acts of the General Assembly of 1931. Upon complying with the provisions of this act relating to reorganization, merger, consolidation, or sale of the entire assets of any rural or guaranty savings association and payment in full of the just claims and demands of all common shareholders, who have dissented as provided in section 134 of this act, the guaranty shareholders of any such association shall be released and discharged from all liability upon their guaranty stock.

Sec. 294. Borrower's Sale or Conveyance of Real Estate. The sale or conveyance of any real estate mortgaged to any such association as security for a loan and further secured by a pledge of stock of the association, shall constitute and carry with it a transfer and assignment to the purchaser of all of the seller's right, title and interest in and to the stock so pledged as security.

Sec. 295. Stock Purchased by Borrower From Others. No association shall be required, without its written consent, to accept stock issued to any person other than the original borrower or his assigns, in payment or part payment of any mortgage loan.

Part VI. Credit Unions

ARTICLE I

Credit Unions

Sec. 296. Permission to Organize. Any seven persons, who are residents of the State of Indiana, may apply to the department and to the secretary of state for permission to organize a credit union, by signing and acknowledging, in duplicate, articles of incorporation, in which they shall bind themselves to comply with the requirements of such articles, and with all of the laws, rules and regulations applicable to credit unions.

Sec. 297. Articles of Incorporation. The articles of incorporation shall state:

(a) The name of the proposed corporation;

(b) The purpose or purposes for which it is formed;

(c) The period during which it is to continue as a corporation, if the period is to be limited;

(d) The post-office address of its principal office;

(e) The amount of its capital stock and the number of the shares into which such capital stock is to be divided, the par value of which shares shall not exceed ten dollars.

(f) The maximum number of directors;

(g) The name, post-office address and term of office of each member of the first board of directors;

(h) The name and post-office address of each of the incorporators, and the number of shares subscribed for by each; and

(i) Any other provisions, consistent with the laws of this state, for the regulation of the business and conduct of the affairs of the corporation, and creating, defining, limiting or regulating the powers of the corporation, of the directors or of the shareholders.

Sec. 298. By-Laws. At the time of filing the articles of incorporation with the department, the incorporators shall submit, in duplicate, sets of by-laws, with acknowledgment of their adoption by the incorporators, which shall provide:

(a) The date of the annual meeting, which shall be in January of each year, the manner of notifying the members of meetings and the manner of conducting the meetings, the number of members constituting a quorum and the regulations as to voting;

(b) The number of directors of the corporation, which shall not be less than five, all of whom shall be members, their powers and duties, together with the duties of the officers who are elected by the board of directors;

(c) The qualifications for membership, as hereinafter provided;

(d) The number of members of the credit committee and of the supervisory committee, which shall not be less than three each, together with their respective powers and duties;

(e) The conditions under which shares may be issued, transferred and withdrawn, loans made and repaid and the funds otherwise invested; and

(f) The charges, if any, which shall be made for failure to meet obligations punctually; whether or not the corporation shall have the power to borrow; the method of receipting for money; the manner of accumulating a reserve fund and determining a dividend; and such other matters, consistent with the provisions of this act, as may be required to perfect the organization and to make possible the operation of such credit union.

Sec. 299. Approval by Department. The department, after a hearing, as provided in section 27 of this act, is hereby authorized, in its discretion, to approve or disapprove the organization and incorporation of any such proposed credit union. If the department shall approve the application for the organization and incorporation of any such proposed credit union, its approval shall be evidenced in the manner prescribed in section 78 of this act.

Sec. 300. Certificate of Incorporation. When the articles of incorporation shall have been approved by the department, as hereinbefore provided, the incorporators shall present such articles of incorporation to the secretary of state. If the secretary of state finds that the articles of incorporation conform to the provisions of this act and the by-laws, he shall approve the articles of incorporation and shall issue to the incorporators a certificate of approval, which shall be annexed to the duplicate of the articles of incorporation. The articles of incorporation so approved shall be filed in the office of the recorder of the county in which the credit union is located. Thereupon the incorporators shall become and be a corporation.

Sec. 301. Amendments. No amendment to the by-laws of any credit union shall become operative until such amendment shall have been approved by the department.

Sec. 302. Use of Term "Credit Union." The use by any person, corporation, association or copartnership, except corporations formed under the provisions of this act, or under the provisions of Chapter 114 of the Acts of the General Assembly of 1923, of any name or

title which contains the words "credit union" shall be unlawful. Any person who shall violate the provisions of this section shall be fined in a sum not exceeding one hundred dollars.

Sec. 303. Powers. A credit union shall have the following powers:

(a) To issue shares of its capital stock to its members and to receive their savings in payment therefor, but no commission or compensation shall be paid to any person for securing members or for the sale of its shares.

(b) To make loans to members, through the credit committee.

(c) To invest, through its board of directors, in any of the securities prescribed in subsections (a), (b), (c), (d) and (e) of section 186 of this act, and in the capital stock of not more than one bank organized and conducted under the provisions of this act particularly for the use and benefit of credit unions and/or other non-profit organizations or the members thereof; but not more than a sum equal to five per cent of the investor's capital and reserve funds shall be so invested without the approval of the department.

(d) To deposit its funds to the credit of the corporation, in savings banks, banks and/or trust companies, private banks, banks of discount and deposit, loan and trust and safe deposit companies and national banks. The funds of the credit union shall in all cases be used first for loans to its members, and preference shall be given to the smaller loans in the event that the available funds do not permit all loans, which have passed the credit committee, to be made.

(e) To purchase, hold, own and/or convey such real estate as may be conveyed to the credit union in satisfaction of debts previously contracted in its business or in exchange for real estate so conveyed to the credit union.

(f) To own, hold and/or convey such real estate as may be purchased by the credit union upon judgments in its favor or decrees of foreclosure upon mortgages held by it.

(g) To issue shares of stock of such kinds and classes and upon such terms, conditons, limitations, and restrictions and with such relative rights as to each kind or class of stock as may be stated in the by-laws of the credit union and as shall be approved by the department, but no kind or class of stock shall have preference or priority over the other to share in the assets of the credit union upon liquidation or dissolution or to the payment of dividends except as to the amount of such dividends and the time for the payment thereof as may be provided by the by-laws.

Sec. 304. Membership. The membership of a credit union shall be limited to persons having a common employer and the employer of such persons, or to persons who are members of the same trade, profession, club, union, society or association, or to persons who are residents of any political subdivisions of this state and who in the

judgment of the department have such a community of interest as will insure proper administration, and such as shall have subscribed to one or more shares, and shall have paid for such shares, in whole or in part, together with the entrance fee, as required by the by-laws, not exceeding twenty-five cents, and shall have complied with such other requirements as the articles of incorporation may contain. After any credit union shall have been organized, any organizations, associations and/or societies consisting of persons within the group or class which are eligible to membership in any such credit union, may become members of such credit union upon the same terms as individual natural persons.

Sec. 305. Reports. Credit unions shall be subject to the supervision of the department and every credit union shall make a call report of its condition to the department, at least semi-annually, on blank forms which shall be prescribed and supplied by the department, and notice of such call reports shall be sent by the department to each credit union. Every report so made shall be verified by the president and treasurer of the corporation. Reports in addition to the regular reports may be required by the department whenever, in its judgment, an additional report may be necessary. Any credit union which neglects to make any of the reports herein prescribed and required shall forfeit to the state the sum of five dollars for each day of such neglect, unless excused, and all money so forfeited shall be paid into the financial institutions fund.

Sec. 306. Examinations. Every credit union shall be subject to examination by the department and shall be examined by the department as often as the department shall deem necessary, and the department shall at all times be given free access to all of the books, papers, securities and other sources of information in respect to any such credit union, and for that purpose the director, any member of the commission and the supervisor in charge of the division shall have the power to subpoena and examine witnesses on oath and documents pertaining to the business of the credit union.

Sec. 307. Failure to Make Reports. If any credit union neglects to make the required reports or to pay the charges herein prescribed, including the charges for delay in filing reports, for a period of fifteen days, the department shall notify the credit union of its intention to take possession of the business and affairs of such credit union. If such neglect or failure continues for another fifteen days, the department may take possession of the business of such credit union and retain possession thereof until such time as the department may permit it to resume business or until its affairs are finally liquidated.

Sec. 308. Meetings of Members. A credit union fiscal year shall end at the close of business on the thirty-first day of December. Special meetings of the members of any credit union may be held

by order of the board of directors, or by order of the supervisory committee and shall be held on request of at least ten per cent of the members. At all meetings, a member shall have but one vote, irrespective of the number of shares held. At any meeting, the members may decide on any matter of interest to the corporation, may overrule the directors, and, by a three-fourths vote of those present, may amend the by-laws, provided the notice of the meeting shall have stated the question to be considered.

Sec. 309. Directors, Committees, Oaths. At the annual meeting, the members shall elect a board of directors, a credit committee and a supervisory committee. Unless the number of members of the credit union is less than eleven, no member of the board shall be a member of either of such committees. Each member of the board and of the committees and each officer shall take and subscribe an oath, and they shall hold their several offices for such terms as may be provided in the by-laws. The oath shall be subscribed by the individual taking it and shall be certified by the officer before whom it is taken and shall be immediately transmitted to the department and shall be filed and preserved in its office.

Sec. 310. Officers and Directors. At the first meeting held after its organization and at the first meeting held in each fiscal year, the board of directors shall elect from its own number a president, vice-president, secretary and treasurer. If the by-laws so provide, the offices of secretary and treasurer may be held by the same person. The board of directors shall have the general management of the affairs, funds and records of the corporation and shall meet as often as may be necessary. Unless the by-laws shall specifically reserve any and all of the duties to the members, it shall be the special duty of the directors:

(a) To act upon all applications for membership.

(b) To determine, from time to time, rates of interest which shall be charged on loans.

(c) To fix the amount of the surety bond which shall be required of each officer having the custody of the funds, which bond shall be in all respects satisfactory to the department.

(d) To fix the maximum number of shares which may be held by and the maximum amount which may be loaned to any one member; to declare dividends and recommend amendments to the by-laws.

(e) To fill vacancies in the board of directors and the credit committee until the election and qualifications of successors.

(f) To have charge of the investment of the funds of the corporation, other than loans to members, and to perform such other duties as the members may, from time to time, authorize.

No member of the board of directors or of the credit or supervisory committee shall receive any compensation for his services as a member of such board or committee.

Sec. 311. Loans. The credit committee shall approve every loan or advance which is made by the corporation to a member. Every application for a loan shall be in writing, on a form prepared by the board of directors, and approved by the department, and shall state the purpose for which the loan is desired and the security, if any, offered. Security shall be taken for every loan in excess of fifty dollars. The endorsement of a note or the assignment of shares in any credit union shall be deemed security in the meaning of this section. No loan shall be made unless it has received the unanimous approval of the members of the committee present when the loan was considered, which number shall constitute at least a majority of the committee, nor if any member of the committee shall disapprove thereof. An applicant for a loan may appeal to the directors from the decision of the credit committee, if it is so provided in the by-laws, and in the way and manner therein provided. The credit committee shall meet as often as may be required after due notice has been give to each member. The total obligations of any person, firm or corporation to any credit union, shall, at no time, exceed ten per cent of the amount of the capital of such credit union actually paid in and unimpaired and ten per cent of its unimpaired reserve fund except that the total obligations of any person, firm or corporation to any credit union in amounts up to and including one hundred dollars shall not be subject to any limitation based on the capital and reserve fund of such credit union.

Sec. 312. Duty of Supervisory Committee. The supervisory committee shall, at frequent intervals, inspect the securities, cash and accounts of the credit union and supervise the acts of the board of directors, credit committee and officers. By a majority vote the committee may call a meeting of the shareholders to consider any violation of this act, or of the by-laws, or any practice of the credit union which, in the opinion of the committee, is unsafe and unauthorized. The committee shall fill vacancies in its own number until the next annual meeting of the members. At the close of the fiscal year, the supervisory committee shall make or cause to be made a thorough audit of the receipts, disbursements, income, assets and liabilities of the credit union for such fiscal year, and shall make a full report thereon to the directors. The report so made shall be read at the annual meeting and shall be filed and preserved with the records of the credit union.

Sec. 313. Capital of Credit Union. The capital of a credit union shall consist of the payments on shares which have been made to it by the several members thereof. A credit union shall have a lien on the shares of any member, and on the dividends payable thereon, for and to the extent of any loan made to him, and of any dues and fines payable by him. A credit union may, upon the resignation of a member, cancel the shares of such member, and apply the withdrawal

value of such shares towards the liquidation of such member's indebtedness. Fully paid up shares of a credit union may be transferred to any person, upon election to membership, and upon such terms as the by-laws may provide, and upon the payment of a transfer fee which shall not exceed twenty-five cents.

Sec. 314. Shares and Borrowers. Shares may be issued in the name of a minor, and in trust, in such way and manner as the by-laws may provide. The provisions of section 243 of this act shall, insofar as applicable, apply to and govern the rights of the owners of shares in credit unions when the same are held in the names of two persons, payable to either, or payable to either or the survivor. The provisions of section 248 of this act shall apply to loans made by any credit union to any borrower and shall inure to the benefit of the credit union.

Sec. 315. Interest Rate. A credit union may lend to its members at reasonable rates of interest, which shall not exceed one per cent per month.

Sec. 316. Authority to Borrow Money. A credit union shall have the power to borrow from any source, but the total of such borrowing shall at no time exceed fifty per cent of the capital, surplus and reserve fund of the borrowing credit union.

Sec. 317. Loan to Members. A credit union may loan to its members, as herein provided, for such purposes and upon such security as the by-laws may provide, and as the credit committee shall approve. A member who is in need of funds with which to purchase necessary supplies for growing crops may receive a loan in fixed monthly installments instead of one sum. A borrower may repay the whole or any part of his loan on any day on which the office of the corporation is open for the transaction of business. No member of the board of directors or of the credit or supervisory committee shall be allowed to borrow from the corporation or to become endorser for a borrower.

Sec. 318. Reserve Fund. All entrance fees and charges shall, after the payment of the organization expenses, be known as reserve income, and shall be added to the reserve fund of the credit union. At the close of the fiscal year, there shall be set apart to the reserve fund twenty per cent of the net income of the corporation which has accumulated during the year. The members, at any annual meeting, may increase the proportion of the profits which is required by this section to be set apart to the reserve fund or to decrease it when it equals the paid in capital of the credit union. The reserve fund shall belong to the corporation and shall be held to meet contingencies and shall not be distributed to the members except upon dissolution of the corporation.

Sec. 319. Dividends. At the close of any fiscal year, or at the end of any quarter thereof or any month, a credit union may declare

a dividend from the net earnings. Dividends shall be paid on all fully paid shares outstanding at the close of the fiscal year, but in lieu thereof dividends may be paid, at the option of the credit union, at the end of any quarter of any fiscal year or at the end of any month thereof, but shares which become fully paid during the year shall be entitled to a proportionate part of such dividends calculated from the first day of the month following such payment in full.

Sec. 320. Payments to Withdrawing Member. All amounts paid in on the shares of a withdrawing member, with any dividends credited to his shares to the date of withdrawal, shall be paid to such member, after sixty days' notice in writing by such withdrawing member to such credit union, unless such notice is waived by its credit committee, but only as funds therefor become available, and after deducting any amounts due to the corporation by such member. Such member, when withdrawing shares, shall have no further right in such credit union or to any of its benefits, but such withdrawal shall not operate to relieve any such member from any remaining liability to the corporation. Nothing contained in this act shall be construed to require any credit union organized under any law of this state enacted prior to the passage of this act to transfer any deposit accounts now owned by it to investments in the shares of such credit union or to liquidate the same, but such deposit accounts may be paid in the ordinary course of business as may be required by its customers. After this act takes effect no credit union shall be authorized to accept any money on deposit or in any other manner accept money from persons eligible to membership therein except in payment for shares and as otherwise authorized in this act.

Sec. 321. Method of Dissolution. At any meeting of the members, called for that purpose, and when notice of the purpose is contained in the call, four-fifths of the entire membership of any credit union may vote to dissolve the corporation, and shall, thereupon, signify their consent to such dissolution in writing, and shall submit such consent to the department, attested by a majority of its officers, with a statement of the names and addresses of the directors and officers, duly verified. The department, upon receipt of satisfactory proof of the solvency of the corporation, shall give its approval to the dissolution of such corporation. The consent shall thereupon be filed with the secretary of state, and if the secretary of state finds that such consent is in compliance with the provisions of this act, he shall execute in duplicate, a certificate to the effect that such consent and statement have been filed and that it appears therefrom that the corporation has complied with the provisions of this section. Such duplicate certificate shall be filed by such corporation in the office of the clerk of the circuit court of the county in which such corporation has its place of business, and thereupon such credit union shall be dissolved and shall cease to carry on business except for the purpose

of adjusting and winding up its affairs. It shall, by its board of directors, then proceed to adjust and wind up its business, and for that purpose it is hereby empowered to carry out its contracts, collect its accounts receivable, and liquidate its assets and apply the same in discharge of the obligation of the corporation, and, after paying such obligations, each share, according to the amount paid in thereon, shall be entitled to its proportion of the balance of the assets. Such corporation shall continue in existence for a period of three years for the purpose of discharging its debts and obligations, collecting and distributing its assets, and doing all other acts required in order to terminate its business, and may sue and be sued for the purpose of enforcing such debts and obligations until its affairs are fully adjusted and terminated.

Sec. 322. Change of Domicile. A credit union may change its place of business on written notice to the department.

Sec. 323. Taxation. A credit union shall be taxed in the same manner as savings banks.

Part VII. Foreign Corporations

ARTICLE 1

Foreign Corporations

Sec. 324. Admission to State. (a) Any bank, trust company or building and loan association organized under the laws of any other state, hereinafter referred to as a corporation or foreign corporation, shall, before transacting business in this state, procure a certificate of admission to this state, from the department and the secretary of state, in the manner hereinafter provided, and shall otherwise comply with the provisions and be subject to the regulations prescribed in Part VII of this act.

(b) In addition to any and all other requirements prescribed in this act, every foreign building and loan association admitted to transact business in this state shall, before a certificate of admission is granted, deposit with the department the sum of one hundred thousand dollars, either in money or in the bonds of the United States, or of any state of the United States, or of any county or municipal corporation of the State of Indiana, to the satisfaction of the department; or, in lieu of such deposit such foreign association shall file, with the department, a written contract or bond, executed by a responsible surety company, to the approval of the department, by the terms and conditions of which bond or contract, such surety company shall agree, that, upon notice by registered mail from the department, if any such association is indebted to any citizen of the

State of Indiana, in any sum or sums, which indebtedness it refuses to pay promptly, that it will pay such sum or sums at once to the department, and that it will continue to do so, from time to time, until such payments shall equal one hundred thousand dollars. Upon the failure of the association to make such payment or payments, the department shall at once revoke the certificate of admission of such association, as hereinafter provided in this act, and suit against such surety company shall be brought by the attorney-general, on relation of the department, and any judgment recovered against such surety company shall include one hundred dollars as damages, and the costs of the suit, exclusive of such sum or sums of indebtedness, in favor of such citizen or citizens. Every such surety company shall agree, in writing, filed with the department, before acceptance by the department of its contract or bond, to accept service of process by service thereof on the resident agent of such association or the director of the department, as hereinafter provided. Whenever in its judgment any such contract or bond so filed is insufficient, the department may require such foreign association to file a new bond or contract, to the satisfaction of the department, and upon failure of the association to comply with such requirement, the department shall revoke the certificate of admission, as hereinafter provided, and no such association shall thereafter be entitled to enforce, by legal proceedings, any evidence of indebtedness against any citizen or citizens of this state, or any mortgage against any property in this state until such requirements shall have been complied with. Every such foreign association shall also file with the department a written instrument, properly executed, agreeing that a summons may issue against it from any county in this state, and when served on the director of the department shall be service upon such association. The director shall mail a copy of the papers served on him, postage prepaid, to the home office of such association.

Sec. 325. Powers. (a) No foreign corporation shall be admitted for the purpose of transacting any kind of business in this state the transaction of which by domestic corporations is not permitted by the laws of this state. No foreign corporation admitted to do business in this state shall hold any real estate in this state except such as may be necessary for the proper carrying on of its legitimate business.

(b) Except as hereinabove provided, a foreign corporation admitted to do business in this state shall have the same, but no greater, rights and privileges, and be subject to the same liabilities, restrictions, duties and penalties, now in force or hereafter imposed upon domestic corporations of like character, and to the same extent as if it had been organized under this act to transact the business for which its certificate of admission is issued.

Sec. 326. Corporate Name. No foreign corporation shall be admitted to do business in this state having a name which, at the date of such admission, could not be taken by a domestic corporation under the provisions of section 82 of this act, and no such foreign corporation, after it has been admitted, shall, by amendment to its charter, assume any name which, at the date of the filing of such amendment, as hereinafter provided, could not be taken by a domestic corporation under the provisions of section 82 of this act.

Sec. 327. Application for Admission. Whenever a foreign corporation desires to be admitted to do business in this state, it shall present to the department and to the secretary of state, at their offices, accompanied by the fees prescribed by law:

(a) A copy of its articles of incorporation or association, with all amendments thereto, duly authenticated by the proper officer of the state or country wherein it is incorporated; and

(b) An application for admission, executed in the manner hereinafter provided, setting forth:

(1) The name of such corporation;

(2) The location of its principal office or place of business without this state, and the location of the proposed principal office or place of business within this state;

(3) The names of the states in which it has been admitted or qualified to do business;

(4) The character of business under its articles of incorporation or association which it intends to carry on in this state;

(5) The total authorized capital stock of the corporation and the amount thereof issued and outstanding;

(6) A statement of the total amount of tangible property employed by it during its next preceding fiscal year; an estimate of the total amount of tangible property to be employed by it during its then current fiscal year, and an estimate of the total amount of tangible property to be employed by it during its fiscal year next succeeding the date of such filing;

(7) An estimate of the amount of tangible property to be employed by it in this state during its fiscal year next succeeding the date of such filing;

(8) The names and post-office addresses of its officers and directors;

(9) The name and post-office address of some person, permanently residing in this state, upon whom, as a resident agent of the corporation, until his successor shall have been appointed, service of legal process may be had; and

(10) Such other information touching the property and business of the corporation as the department or the secretary of state may require.

Sec. 328. Submission of Application. The application for admission shall be signed, in duplicate, in the form prescribed by the department, by the president or a vice-president and by the secretary or cashier of the corporation, and shall be verified under oath by the officers signing such application.

Sec. 329. Approval by Department. Before the application for admission is presented to the secretary of state, it shall be submitted to the department, and in no event shall any such corporation be admitted to do business in this state unless and until the application for admission shall have been approved by the department. The approval of the department, if given, shall be evidenced in the manner prescribed in section 78 of this act.

Sec. 330. Certificate of Admission. If the application for admission is approved by the department, it shall then be presented to the secretary of state. Upon the presentation of the application for admission, the secretary of state, if he finds that it conforms to law, shall endorse his approval upon each of the duplicate copies, and, when all fees required by law shall have been paid, he shall file one copy of the application, together with the authenticated copy of the articles of incorporation or association of the corporation, in his office, and shall issue to the corporation an original and a duplicate certificate of admission, accompanied by one copy of the application bearing the endorsement of his approval, which certificate shall set forth:

(a) The name of the corporation, the state or country where it was incorporated and the location of its principal office in such state or country;

(b) The character of the business it is authorized to transact in this state;

(c) The amount of its authorized capital stock and the amount thereof issued and outstanding;

(d) The amount of the fee paid for its admission;

(e) The address of the corporation in this state; and

(f) The name and address of its resident agent in this state for the service of legal process.

Sec. 331. Authority Conferred. Upon the issuance of a certificate of admission by the secretary of state, the corporation therein named shall be admitted and shall have authority to transact in this state the business set forth in such certificate, subject to the terms and conditions prescribed by this act.

Sec. 332. Recording of Certificate. Within ten days after the issuance of such certificate, the corporation named therein shall file for record with the county recorder of the county in which its principal office in this state is located the duplicate certificate of admission, and shall notify the secretary of state of the place and date of such recording.

Sec. 333. Liability of Officers. If a foreign corporation transacts any business in this state after it has received, but before it has recorded, its certificate of admission and notified the secretary of state thereof, as herein provided, the officers and dirctoers of such corporation participating therein shall be severally liable for the debts or liabilities of the corporation arising therefrom, and the certificate of admission of such corporation shall be revocable as hereinafter provided.

Sec. 334. Interrogation of Corporation. The director of the department, any member of the commission and the secretary of state shall have power and authority to interrogate all foreign corporations, and the officers and agents thereof, applying for admission in this state, with respect to the character of business in which such corporations propose to engage in Indiana, and with respect to any other matters required to be stated in applications for admission; and such interrogatories shall be answered under oath. Such interrogatories and answers shall be filed with the respective applications to which they pertain, and shall operate as a limitation upon the authority of such corporations to transact business in this state.

Sec. 335. Resident Agent. Each foreign corporation admitted to do business in this state, shall keep constantly on file in the office of the secretary of state an affidavit of its president or a vice-president and its secretary or cashier, setting forth the location of its principal business office in this state, and the name of some person who may be found at such office as its agent or representative on whom service of legal process may be had in all suits and actions that may be commenced against it. For the purposes of this section the application for admission filed by a foreign corporation shall be deemed to be such an affidavit. As often as such corporation shall change the location of its principal business office in this state or change its agent for service of legal process or such agent shall be removed by death, resignation or incapacity, a new affidavit shall be immediately filed by such officers with the secretary of state.

Sec. 336. Reports. Every foreign corporation admitted to do business in this state shall make the same kind and number of reports each year to the department as are required to be made by domestic corporations organized under or subject to the provisions of this act. The reports of each such foreign corporation shall be made on such forms as shall be prescribed and furnished by the department, shall be signed by the president or a vice-president and by the secretary or the cashier of the corporation, shall be verified by the oaths of the officers signing such report, and shall be filed in the office of the department.

Sec. 337. Amendments to Charter. Each foreign corporation admitted to do business in this state shall keep on file in the office of the secretary of state a duly authenticated copy of each instrument

amending its articles of incorporation or association; but the filing of any such instrument shall not of itself enlarge or alter the character of business which the foreign corporation is authorized to transact in this state, as set forth in the certificate of admission, unless such foreign corporation shall apply for and receive an amended certificate of admission as hereinafter provided in this act.

Sec. 338. Amended Certificate. Any foreign corporation admitted to do business in this state may alter or enlarge the character of the business which it is authorized to transact in this state, under its articles of incorporation or association, and any amendments thereof filed with the secretary of state, as hereinabove provided, by procuring an amended certificate of admission from the department and the secretary of state, in the manner hereinafter provided.

Sec. 339. Application for Amendment. Whenever a foreign corporation desires to procure such amended certificate, it shall present to the department, at its office, an application for an amended certificate of admission, setting forth the change desired in the character of the business under its articles of incorporation or association which it intends thereafter to carry on in this state. The application shall be signed in duplicate, in the form prescribed by the department, by the president or a vice-president and by the secretary or cashier of the corporation, shall be verified by the oaths of the officers signing the application, and shall be presented to the department, for the approval of the department.

Sec. 340. Approval of Amendment of Certificate of Admission. If the department shall approve the application for an amended certificate of admission, its approval thereof shall be evidenced in the manner prescribed in section 78 of this act.

Sec. 341. Issuance of Certificate. If the application for an amended certificate of admission be approved by the department, it shall then be presented to the secretary of state. Upon the presentation of such application, the secretary of state, if he finds that it conforms to law, shall endorse his approval upon each of the duplicate copies, and when all fees required by law shall have been paid, he shall file one copy of the application in his office and shall issue to the corporation an original and a duplicate amended certificate of admission, accompanied by one copy of the application, bearing the endorsement of his approval, which certificate shall set forth the character of business that the corporation is authorized thereafter to transact in this state.

Sec. 342. Authority to Transact Business. Upon the issuance of an amended certificate of admission by the secretary of state, the corporation therein named shall have authority thereafter to transact in this state the business set forth in such certificate, subject to the terms and conditions prescribed by this act.

Sec. 343. Recording of Certificates. Within ten days after the issuance of any such amended certificate of admission, the corporation named therein shall file for record with the county recorder of the county in which the certificate of admission was, or should have been, filed for record as provided in section 86 of this act, the duplicate amended certificate of admission, and shall notify the secretary of state of the place and date of such recording. If a foreign corporation transacts any business in this state authorized by such amended certificate, and not authorized by the certificate of admission of such corporation, before it has recorded its amended certificate of admission and notified the secretary of state thereof, the officers and directors of such corporation participating therein shall be severally liable for the debts or liabilities of the corporation arising therefrom, and the certificate of admission of such corporation shall be revocable as hereinafter provided.

Sec. 344. Withdrawal from State. Any foreign corporation admitted to do business in this state may withdraw from this state by surrendering its certificate of admission, and any amended certificates of admission that may have been issued to it, and by filing with the secretary of state, accompanied by the fees prescribed by law, a statement of withdrawal setting forth:

(a) The name of the corporation and the state or country in which it was incorporated;

(b) The date of the issuance of its certificate of admission, and of each amended certificate of admission, if any;

(c) That no proportion of its authorized capital stock is represented by business transacted and tangible property located in this state;

(d) That it surrenders its authority to transact business in this state and returns for cancellation its certificate of admission and any amended certificate of admission issued to it;

(e) That it revokes the authority of its then named resident agent to accept service of legal process; and that it consents that process against it thereafter may be had upon the corporation, in any action or proceeding upon any liability or obligation incurred within this state before the filing of the statement of withdrawal, by serving the secretary of state; and

(f) A post office address to which the secretary of state may mail a copy of any process against it that may be served upon him.

Sec. 345. Approval by Department. The statement of withdrawal shall be signed, in the form prescribed by the department, by the president or a vice-president and by the secretary or the cashier of the corporation, shall be verified by the oaths of the officers signing such statement and shall then be presented to the department for its approval. If the statement of withdrawal be approved by the department, it shall evidence its approval in the manner prescribed in section 78 of this act.

Sec. 346. Cessation of Authority. After such statement of withdrawal shall have been approved by the department, such statement shall thereupon be filed with the secretary of state, as hereinbefore provided. Upon the filing of such statement, accompanied by the certificate of admission, and any amended certificates of admission issued to the corporation, the authority of the corporation to transact business in this state shall cease; but the filing of such statement shall not affect any action by or against such corporation pending at the time thereof or any right of action existing at or before the filing of such statement in favor of or against such corporation.

Sec. 347. Revocation of Certificate. The certificate of admission of any foreign corporation admitted to do business in this state may be revoked at any time by the department or by the secretary of state, with the approval of the department:

(a) Upon the failure of an officer or director to whom interrogatories are propounded by the secretary of state or by the department to answer the interrogatories fully and to file such answer in the office of the department or the secretary of state within thirty days after the mailing of such interrogatories by the department or the secretary of state;

(b) Upon the failure of the corporation for thirty days to file any report as required by this act;

(c) Upon the failure of the corporation for thirty days to appoint and maintain an agent in this state upon whom service of legal process may be had;

(d) Upon the failure of the corporation for thirty days to keep on file in the office of the secretary of state duly authenticated copies of each instrument amending its charter;

(e) Upon the failure of the corporation for thirty days to file for record in the office of a county recorder the certificate of admission or any amended certificate of admission as provided by this act;

(f) If the corporation for a period of one year has transacted no business and has had no tangible property in this state as revealed by its reports;

(g) Upon the failure, neglect or refusal of the corporation for thirty days to pay any fee required by the laws of this state; or

(h) For willful misrepresentation of any material matter in any application, statement, affidavit, or other paper, filed by such corporation pursuant to this act.

Sec. 348. Cessation of Authority. (a) When any such certificate of admission is revoked, the secretary of state shall:

(1) Issue triplicate copies of a certificate of revocation,

(2) File one copy in his office,

(3) File one copy with the county recorder of the county in which the principal office of the corporation in this state is located, and

(4) Mail to such corporation at its principal office in this state a notice of such revocation, accompanied by one of the copies of the certificate of revocation.

(b) Upon the issuance of a certificate of revocation by the secretary of state, the authority of the corporation named therein to transact business in this state shall cease, and such corporation shall not thereafter transact any business in this state unless it applies for and receives a new certificate of admission.

Sec. 349. Application to Corporations Now Qualified. Foreign corporations entitled to transact business in this state at the time this act becomes effective shall be entitled to all of the rights and privileges, and shall be subject to all the limitations, restrictions, liabilities and duties, prescribed herein for foreign corporations admitted to transact business in this state under this act.

Sec. 350. Service of Process. Whenever any foreign corporation admitted to transact business in this state shall fail to appoint and maintain in this state an agent upon whom service of legal process may be had, or whenever the certificate of admission of any foreign corporation shall be withdrawn or revoked, then and in every such case the director of the department shall be irrevocably authorized as the agent or representative of such foreign corporation to accept service of legal process in any suit or proceeding that may be commenced against it for or on account of any obligation or liability growing out of any business done by it in this state. In every such case where service of process is had upon the director of the department pursuant to this section, he shall forward a copy of the process by registered mail to the corporation at its principal office as shown by the records of his office. Any service so had on the director of the department shall be returnable in not less than thirty days and shall be of the same legal force and validity as if served on the corporation itself.

Sec. 351. Penalties. (a) No foreign corporation transacting business in this state without procuring a certificate of admission, or, if such a certificate has been procured, after its certificate or admission has been withdrawn or revoked, shall maintain any suit, action or proceeding in any of the courts of this state upon any demand, whether arising out of contract or tort; and every such corporation so transacting business shall be liable by reason thereof to a penalty of not exceeding ten thousand dollars, to be recovered in any court of competent jurisdiction in an action to be begun and prosecuted by the attorney-general in any county in which such business was transacted.

(b) If any foreign corporation shall transact business in this state without procuring a certificate of admission, or, if a certificate has been procured, after its certificate has been withdrawn or revoked, or shall transact any business not authorized by such cer-

tificate, such corporation shall not be entitled to maintain any suit or action at law or in equity upon any claim, legal or equitable, whether arising out of contract or tort, in any court in this state; and it shall be the duty of the attorney-general, upon being advised that any foreign corporation is so transacting business in this state, to bring action in the circuit or superior court of Marion county for an injunction to restrain it from transacting such unauthorized business and for the annulment of its certificate of admission, if one has been procured.

(c) Any agent of any foreign corporation who shall transact for such corporation any business in this state before it shall have procured a certificate of admission or after its certificate shall have been withdrawn or revoked, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any amount not exceeding one hundred dollars for each and every such offense.

Part VIII—Miscellaneous

ARTICLE I

Miscellaneous

Sec. 352. Fees. The fees payable to the secretary of state by financial institutions which are organized or reorganized under the laws of this state and under the laws of any other state shall be the same as the fees prescribed in Chapter 219 of the Acts of the General Assembly of 1929, except that the fee imposed on the basis of the capital stock of any credit union shall not exceed the sum of one dollar for each original application and one dollar for each additional application for shares irrespective of the number of shares to be authorized by such application and issued thereunder.

Sec. 353. Completion of Organization. If any financial institution, whether organized under the provisions of this act, or of any law enacted prior to the taking effect of this act, does not complete its organization and proceed with the transaction of business, pursuant to the provisions of the act under which it is organized, within a period of six months after its articles of incorporation shall have been approved and filed, the approval so given shall be deemed to be revoked and such articles of incorporation shall be null and void.

Sec. 354. National Banks, Securities and Information. (a) Any national bank located within this state is hereby authorized to accept and execute trusts of any and every kind which may be committed or transferred to it, subject to the same restrictions as are imposed on state banks and/or trust companies as prescribed in Part IV of this act. (b) Any financial institution acting as trustee, mortgagee,

or in any capacity under any mortgage or stock agreement, wherein and by virtue of which notes, bonds, preferred stock and/or other obligations, secured by real estate, have been sold or rediscounted by such financial institution shall, upon demand of the owner of such real estate or upon demand of any holder of any such note, bond, preferred stock or other obligation for information concerning such mortgage, note, bond, preferred stock or other obligation, immediately furnish all such information to the owner or holder of such bond, note, preferred stock or other obligation or to the owner of such mortgaged real estate. Any such financial institution or any officer or employee thereof failing to comply with the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine of not to exceed five hundred dollars.

Sec. 355. Verified Accounts, Reports or Other Papers. Wherever in this act any provision thereof requires that there shall be filed any verified account, report or other paper by any person, firm or corporation, such account, report or other paper shall be executed by the person or persons filing such account, report or other paper or by the president or such other officer as may be designated by the board of directors of any corporation filing such account, report or other paper, and the truth of the matters therein stated shall be sworn to under oath by such person or by such president or other officer, before a notary public or other officer duly qualified to administer oaths.

Sec. 356. Discontinuance of Organization. From and after the taking effect of this act, no private bank, rural loan and savings association, guaranty loan and savings association, or mortgage guarantee company shall be incorporated or organized under any law of this state.

Sec. 357. Penalty. Any person who shall violate any of the provisions of this act, for the violation of which a specific penalty is not herein otherwise provided, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any amount not less than one hundred dollars and not more than five hundred dollars, to which may be added imprisonment for any determinate period of time not exceeding six months.

Sec. 358. Fees for 1933. The schedule of fees prescribed and fixed by the commission in the year 1933, as provided in section 35 of this act, shall be fixed within thirty days after the taking effect of this act, and shall become effective as of the day on which this act takes effect, and all examinations thereafter commenced shall be

charged for at the rate so prescribed. If an examination shall have been commenced prior to the taking effect of this act and concluded subsequent thereto, the charge for such examination shall be at the rate prescribed by law when such examination was commenced.

Sec. 359. Appropriations for the department. All appropriations made for the department of banking for personal service, other operating expenses and equipment for the fiscal year beginning October 1, 1932, are hereby re-appropriated for the use of the department of financial institutions, and shall be expended by the department of financial institutions for the respective purposes for which such appropriations were made.

Sec. 360. Transfer of Equipment. Upon the taking effect of this act, all of the books, documents, records, reports, files, filing cases, equipment and supplies now located in the office of the department of banking shall be and hereby are transferred to the department of financial institutions hereby created.

Sec. 361. Proceedings Under Prior Law. All work or proceedings begun by the department of banking under the provisions of any law which the department of financial institutions is by this act empowered to execute and administer, or under the provisions of any law which the department of banking was authorized to execute and administer at the time of the taking effect of this act, shall be concluded and determined by the department of financial institutions, in accordance with the provisions of this act, or of the law under which such work or proceeding was commenced, and nothing contained in this act shall be so construed as to affect pending litigation growing out of, connected with or based on proceedings had or commenced under such laws.

Sec. 362. Legalizing Corporations. Where any bank, trust company or building and loan association shall have been organized under the provisions of any law enacted prior to the taking effect of this act, and where, in the organization of such association, the incorporators shall have failed or neglected to file the articles of incorporation in the office of the secretary of state, or to record a copy thereof in the office of the recorder of the county in which the principal office of such corporation is located, or where the incorporators, officers or shareholders thereof shall have otherwise failed to comply with the provisions of any law relating to the incorporation, amendment of the articles of incorporation, merger or consolidation of any such corporation or any other matter relating thereto, then and in that event such corporation and the incorporation, merger and/or consolidation thereof and the acts of its officers and any and all of its transactions, when performed in good faith, are hereby legalized and declared to be as valid and binding as such corporation and the incorporation, merger and/or consolidation thereof, and the acts done and transactions carried on would have been if such

articles of incorporation had been filed in the office of the secretary of state and recorded in the office of the recorder of the county in which the principal office of such corporation is located, and as if any and all other provisions of such laws had been complied with, as is required by the provisions of the act under which such corporation is incorporated. All contracts heretofore made between any building and loan association and its borrowing members for the payment of any premiums or loan fees are hereby legalized, and no premiums or loan fees heretofore contracted for under the terms of this act shall be deemed usurious.

Sec. 363. Unconstitutionality or Invalidity. If any clause, sentence, paragraph or part of this act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph or part thereof which is directly involved in the controversy in which such judgment shall have been rendered.

Sec. 364. Captions. No captions of any section or set of sections of this act shall in any way affect the interpretation of this act or any part thereof.

Sec. 365. Repeal. All laws and parts of laws in conflict herewith are hereby repealed, and the following laws and parts of laws, the titles of which are hereinafter recited, are hereby specifically repealed.

"An Act to authorize and regulate the incorporation of Banks of Discount and Deposit in the State of Indiana," approved February 7, 1873, and all acts amendatory thereof and supplemental thereto.

"An Act to amend Section 15 of an act entitled 'An act to authorize and regulate the incorporation of Banks and Discount and Deposit in the State of Indiana,'" approved March 14, 1919.

"An Act to amend section 3 of an act entitled 'An act to authorize and regulate the incorporation of banks of discount and deposit in the State of Indiana,' approved February 7, 1873," approved February 3, 1911.

"An Act to amend section eight of an act entitled 'An act to authorize and regulate the incorporation of banks of discount and deposit in the State of Indiana,' approved February 7, 1873," approved April 6, 1881.

"An Act to amend section 1 of an act entitled 'An Act to amend sections thirteen and eighteen of an act entitled "An act to authorize and regulate the incorporation of banks of discount and deposit in the State of Indiana; approved February 7, 1873," and fixing the compensation thereof,' approved March 9, 1895." Law without signature of Governor (1919).

"An Act relative to payment of bank and trust company deposits in two names," approved March 1, 1923.

"An Act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights, and duties and other matters connected therewith," approved March 4, 1893, and all acts amendatory thereof and supplemental thereto.

"An Act to amend sections 2 and 7 of an act entitled 'An act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties and other matters connected therewith,' approved March 4, 1893," approved March 4, 1927.

"An Act to amend section 1 of an act entitled, 'An act to amend sections 3, 5 and 9 of an act entitled, "An act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties, and other matters connected therewith," and declaring an emergency, approved March 4, 1893,' approved March 6, 1899," approved March 2, 1931.

"An Act authorizing the reduction of the capital stock of loan and trust and safe deposit companies, legalizing reductions in the capital stock of such companies heretofore made and repealing all laws in conflict therewith and declaring an emergency," approved March 4, 1905.

"An Act to amend Sections 3, 5 and 9 of an act entitled 'An act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties, and other matters connected therewith,' and declaring an emergency, approved March 4, 1893," approved March 6, 1899.

"An Act to amend section 2 of an act entitled 'An act to amend section 4 of an act entitled "An act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties and other matters connected therewith," approved March 4, 1893, and to amend section 1 of an act entitled "An act to amend section one (1) of an act entitled 'An act to amend section one (1) of "An act entitled an act entitled an act to amend section six (6) of an act entitled 'An act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties and other matters connected therewith,' approved March 4, 1893," approved February 28, 1907,' approved February 12, 1917, and to amend sections eight (8), ten (10) and thirteen (13) of an act entitled 'An act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties and other matters connected therewith,' approved March 4, 1893," approved February 24, 1921,' approved March 7, 1923," approved March 9, 1927.

"An Act to amend section one (1) of an act entitled 'An act to amend section one (1) of an act entitled "An act entitled an act to

amend Section six (6) of an act entitled 'An act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties and other matters connected therewith,' approved March 4, 1893," approved February 28, 1907,' approved February 12, 1917, and to amend sections eight (8), ten (10) and thirteen (13) of an act entitled 'An act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties and other matters connected therewith,' approved March 4, 1893," approved February 24, 1921.

"An Act requiring loan and trust and safe deposit companies doing business under the act of March 4, 1893, to report their guarantee and surety obligations, specifying how these obligations shall be treated in estimating the condition of such companies and providing regulations for the acceptance and repayment of savings deposits," approved March 7, 1901.

"An Act supplemental to an act entitled 'An act authorizing the organization and incorporation of loan, trust and safe deposit companies, and defining their powers, rights and duties and other matters connected therewith,' approved March 4, 1893, requiring companies organized under such act receiving commercial deposits to maintain certain cash reserves, and amending section 14 of such act by providing for five reports per annum to the auditor of state, and other matters connected therewith, and declaring an emergency," approved March 13, 1913.

"An Act to amend section 4 of an act entitled 'An act to amend sections one (1) of an act entitled "An act to amend section one (1) of an act entitled 'An act entitled an act to amend section six (6) of an act entitled "An act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties and other matters connected therewith," approved March 4, 1893,' approved February 28, 1907," approved February 12, 1917, and to amend sections eight (8), ten (10) and thirteen (13) of an act entitled "An act to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties and other matters connected therewith," approved March 4, 1893,' approved February 24, 1921," approved March 12, 1929.

"An Act amendatory and supplemental to an act entitled, 'An Act authorizing the organization and incorporation of Loan, Trust and Safe Deposit Companies, and defining their powers, rights and duties and other matters connected therewith,' approved March 4, 1893, and repealing all laws and parts of laws in conflict therewith," approved February 24, 1899.

"An Act authorizing the voluntary liquidation of loan and trust and safe deposit companies and declaring an emergency," approved March 15, 1913.

"An Act relative to the supervision of banks, banking institutions, loan and trust companies, building and loan associations, mortgage guarantee companies, rural loan and savings associations, and the business of making loans of three hundred dollars or less, and matters properly connected with such subject," approved March 7, 1919.

"An Act to amend section 1 of an act entitled 'An act relative to the supervision of banks, banking institutions, loan and trust companies, building and loan associations, mortgage guarantee companies, rural loan and savings associations, and the business of making loans of three hundred dollars or less, and matters properly connected with such subject.' Approved March 7, 1919. Being known as the 'Southworth-Symonds Act,'" approved March 9, 1921.

"An Act concerning the liability of shareholders in banks of discount and deposit and loan and trust and safe deposit companies and the liability of shareholders in other corporations, domestic and foreign, which other corporations hold or own bank stock," approved March 2, 1931.

"An Act prohibiting the opening or establishing of branch banks or branch offices by any bank or loan, trust or safe deposit company," approved March 9, 1921.

"An Act to amend section 1 of an act entitled, 'An act prohibiting the opening or establishing of branch banks or branch offices by any bank or loan, trust or safe deposit company,' and approved March 9, 1921, except with the approval of the state charter board and declaring an emergency," approved March 11, 1931.

"An Act concerning funds held by a bank or trust company in a trust or fiduciary capacity," approved March 11, 1931.

"An Act to create a state charter board for the purpose of making a careful examination into the financial standing, and character of the organizers and incorporators or partners; also for the public necessity of the business in the community in which it is sought to establish a bank of discount and deposit, saving bank, or loan, trust or safe deposit company, and if the board shall determine either of the questions unfavorably to said applicants, organizers, or partners, it shall refuse said charter, and declaring an emergency," approved March 9, 1915.

"An Act to amend section two (2) of an act entitled 'An Act to create a state charter board for the purpose of making a careful examination into the financial standing, and character of the organizers and incorporators or partners; also for the public necessity of the business in the community in which it is sought to establish a bank of discount and deposit, savings bank, or loan, trust or safe deposit company, and if the board shall determine either of the questions unfavorably to said applicants, organizers, or partners, it shall refuse said charter, and declaring an emergency,' approved March 9, 1915." Law without signature of Governor (1917).

"An Act granting the auditor of state the power to petition for a receiver for a bank of discount and deposit, private bank, savings bank, loan, trust and savings company, when the same is in voluntary liquidation," approved March 9, 1915.

"An Act entitled 'An act providing for the appointment and fixing the powers of examiners for, and regulating the examination of all banks of discount and deposit, savings banks, loan and trust and safe deposit companies formed and organized pursuant to the laws of the State of Indiana, fixing the fees therefor and repealing an act entitled "An act providing for the appointment and fixing the powers of examiners for, and regulating the examination of all banks of discount and deposit, savings banks, loan and trust and safe deposit companies, formed and organized pursuant to the laws of the State of Indiana and repealing all laws and parts of laws in conflict therewith,' approved March 9th, 1907, and declaring an emergency," approved February 17, 1911.

"An Act to amend sections 1, 2 and 3 of an act entitled 'An act entitled An act providing for the appointment and fixing the powers of examiners for, and regulating the examination of all banks of discount and deposit, savings banks, loan and trust and safe deposit companies formed and organized pursuant to the laws of the State of Indiana, fixing the fees therefor and repealing an act entitled "An act providing for the appointment and fixing the powers of examiners for, and regulating the examination of all banks of discount and deposits, savings banks, loan and trust and safe deposit companies, formed and organized pursuant to the laws of the State of Indiana and repealing all laws and parts of laws in conflict therewith," approved March 9, 1907, and declaring an emergency,' approved February 17, 1911," approved March 11, 1921.

"An Act to amend section 2 of an act entitled 'An act to amend sections 1, 2 and 3 of an act entitled "An act entitled an act providing for the appointment and fixing the powers of examiners for, and regulating the examination of all banks of discount and deposit, savings banks, loan and trust and safe deposit companies formed and organized pursuant to the laws of the State of Indiana, fixing the fees therefor and repealing an act entitled 'An act providing for the appointment and fixing the powers of examiners for, and regulating the examination of all banks of discount and deposit, savings banks, loan and trust and safe deposit companies formed and organized pursuant to the laws of the State of Indiana, and repealing all laws and parts of laws in conflict therewith,' approved March 9, 1907, and declaring an emergency," approved February 17, 1911,' approved March 11, 1921," approved March 13, 1929.

"An Act concerning obligations to banks of discount and deposit, loan and trust and safe deposit companies, and private banks," approved March 6, 1931.

"An Act concerning reports of banks of discount and deposit and loan and trust and safe deposit companies to the state bank commissioner, prescribing the content, time of making and number of such reports and requiring the publication thereof in newspapers," approved March 6, 1925.

"An Act to repeal 'An act concerning banking reserves,' approved March 5, 1917, and defining demand and time deposits and establishing cash reserves which must be maintained against each type of deposit, and determining what set-offs can be allowed in establishing the amounts against which the reserves must be maintained," approved March 14, 1929.

"An Act concerning the reserves of banks, trust companies and savings banks which are members of federal reserve banks, and authorizing the bank commissioner to supply certain information to, and to accept examinations made by the federal bank authorities," approved March 9, 1927.

"An Act granting fiduciary powers to duly organized banks," approved March 8, 1915.

"An Act providing for the organization of credit unions and prescribing their powers and duties," approved March 7, 1923, and all acts amendatory thereof and supplemented thereto.

"An Act to amend section 14 of an act entitled 'An act providing for the organization of credit unions and prescribing their powers and duties,' approved March 7, 1923," approved March 5, 1931.

An Act entitled "An act concerning building and loan associations," approved March 4, 1911, and all acts amendatory thereof and supplemental thereto.

An Act entitled "An Act to amend section thirty (30) of an act entitled 'An act entitled an act concerning building and loan associations,' approved March 4, 1911," approved March 7, 1917.

An Act entitled "An Act to amend sections 2, 5, 8, 11, 15, 16, 23 and 31 of an act entitled 'An act entitled an act concerning building and loan associations,' approved March 4, 1911," approved March 3, 1927.

An Act entitled "An Act to amend section 21 of an act entitled 'An act entitled an act concerning building and loan associations,' approved March 4, 1911, and declaring an emergency," approved March 11, 1931.

An Act entitled "An Act concerning banks of discount and deposit, loan and trust and safe deposit companies, private banks and savings banks," approved February 21, 1931.

An Act entitled "An Act to amend sections 11 and 19 of an act entitled 'An act entitled an act concerning building and loan associations,' approved March 4, 1911," approved August 15, 1932.

An Act entitled "An Act authorizing state banks or any person who is lawfully in charge of the property and assets of any bank

which is in voluntary or involuntary liquidation to borrow money and to secure the repayment of the loans so made by pledging the assets of such bank; defining the word bank as used in this act and declaring an emergency," approved August 2, 1932.

Sec. 366. Saving Clauses. No right, power, privilege or immunity conferred, vested or secured by or under any law or laws hereby repealed shall be impaired or abrogated by reason of such repeal, nor shall such repeal affect any suits pending, rights of action conferred, or duties, restrictions, liabilities or penalties imposed or required by or under any such law or laws upon or of any bank or trust company or loan and trust and safe deposit company, or building and loan association, or credit union created under or subject to such law or laws, but every such institution shall, as to all actions hereafter performed, be subject to the provisions of this act.

Sec. 367. Powers vested. The powers conferred upon the department of financial institutions by the provisions of sections 10, 47, 63, 147 and 244 of this act shall be possessed and may be exercised by the department of banking and/or the bank commissioner from and after the passage of such sections, and until the department of financial institutions shall be created by this act. Whereas an emergency exists for the immediate taking effect of sections 10, 47, 63, 147, 244 and this section, such sections shall be in full force and effect from and after their passage.

Sec. 368. Time of Taking Effect. This act, except sections 10, 47, 63, 147, 244 and 367, which, because an emergency exists, shall be in full force and effect from and after their passage, shall otherwise take effect on the first day of July, 1933.

1933

INDIANA FINANCIAL INSTITUTIONS ACT

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Article I. Miscellaneous.

470.311
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470.311
Iowa

IOWA

TEMPORARY BANK HOLIDAY PROCLAIMED BY LIEUT.-GOVERNOR KRASCHEL.

Lieut.-Governor Nelson Kraschel, following New York and Illinois, proclaimed on March 4 a temporary bank holiday affecting all Iowa banks, we learn from Associated Press advices from Des Moines (March 4). Additional advices under date of March 8 said in part:

Acting Governor Kraschel announced this afternoon that all Iowa State and National banks were closed to conform with the State proclamation.

Several banks which opened this morning to accept new deposits discontinued the practice after conversations with State officials, Mr. Kraschel indicated.

EXTRACT FROM "COMMERCIAL AND FINANCIAL CHRONICLE" 136
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470.311
Iowa

FEDERAL RESERVE BANK OF CHICAGO

February 28, 1933

Federal Reserve Board, Washington, D. C.

Gentlemen:

I am enclosing, herewith, 3 copy of the Indiana Financial Institutions Act, approved February 24, 1933, which has just been received. This for your information.

Very truly yours,

Eugene M. Stevens,
Chairman

March 2, 1933

Mr. Eugene M. Stevens, Chairman,
Federal Reserve Bank of Chicago,
Chicago, Illinois

Dear Mr. Stevens:

I acknowledge receipt of and thank you for your letter of February 28, 1933, See above inclosing a copy of the Indiana Financial Institutions Act, approved February 24, 1933.

The Board would appreciate receiving six additional copies of this Act, if it is possible for you to secure them.

Very truly yours,

E. M. McClelland,
Assistant Secretary

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

430 811 Iowa

Date February 17, 1933

To Mr. Smead

Subject:

From Mr. McClelland

Filed 2/11/55

There is attached hereto a copy of the Emergency Debtors Relief Act recently adopted by the Iowa Legislature. This act was commented upon in the photostat copy of a newspaper clipping, which was sent you this morning attached to a letter received from the Assistant Federal Reserve Agent at Chicago, under date of February 15, 1933.

attached 8/15/55

STATE OF IOWA

EMERGENCY DEBTORS RELIEF ACT

HOUSE FILE NO. 193, 45TH GENERAL ASSEMBLY

Section 1. The governor of the state of Iowa having declared that an emergency now exists, and the general assembly having determined that such emergency does exist, which is general throughout the state, and that the safety and future welfare of the state as a whole is endangered thereby, the general assembly acting under the power reserved by the people of Iowa, does hereby enact the following:

Sec. 2. In all actions for the foreclosure of real estate mortgages or deeds of trust now pending in which decree has not been entered, and in all actions hereafter commenced for the foreclosure of real estate mortgages or deeds of trust, or on notes secured thereby, in any court of record in the state of Iowa, while this act is in effect, the court, upon the application of the owner or owners of such real estate or persons liable on said mortgages or deed of trust, or notes secured thereby, who are defendants in said cause and not in default for want of pleading or appearance shall, unless upon hearing on said application good cause is shown to the contrary, order such cause continued until March 1st, 1935, or so long as this act is in effect, providing however, that in all causes now pending in which default has been entered but no decree signed, said owner or owners of such real estate or persons liable on said mortgages or deeds of trust, or notes secured thereby, shall have ten days from the taking effect of this act in which to file said application for continuance, and upon such order of continuance the court shall make order or orders for possession of said real estate, giving preference to the owner or owners in possession, determine fair rental terms to be paid by the party or parties to be in possession and the application and distribution of the rents, income and profits from said real estate, and make such provision for the preservation of said property as will be just and equitable during the continuance of said cause, which order or orders shall provide that such rents, income or profits shall be paid to and distributed by the Clerk of the District Court of the county in which said suit is pending, and further provide that in such distribution taxes, insurance, cost of maintenance and upkeep of said real estate shall be paid in the priority named, and any balance distributed as the court may further direct; provided, however, that the court shall, upon a substantial violation of its said order or orders, or for other good and sufficient cause, set aside said order or continuance and the cause shall proceed to trial as by law now provided, the provisions of this act to the contrary notwithstanding.

Sec. 3. For the purpose of the administration of this act, the court may in all cases suggest and recommend conciliation.

Sec. 4. All acts and parts of acts in conflict with this act are suspended while this act is in effect.

Sec. 5. From and after the first day of March, 1935, this act shall cease to be in force.

Sec. 6. This act being brought forth to meet an emergency through the police power of the state and being deemed of immediate importance shall be in full force and effect after its passage and publication in the Fort Dodge Messenger, a newspaper published at Fort Dodge, Iowa, and the Sibley Gazette-Tribune, a newspaper published at Sibley, Iowa.

(COPY)

FEDERAL RESERVE BANK OF CHICAGO

470 311

February 15, 1933

Federal Reserve Board

Washington, D. C.

Gentlemen: Attention, Mr. E. M. McClelland,
Assistant Secretary.

Reference is made to your telegram of this date requesting six copies of emergency legislation on foreclosures of real estate mortgages recently adopted in Iowa.

The only copies of this legislation that we have in our files are the newspaper clippings, which we are enclosing. We have requested printed copies of the bill and will forward them upon receipt.

Yours very truly,

(Signed) C. S. Young,
Assistant Federal Reserve Agent

STREET JOURNAL, TU

FORECLOSURE BILL VIRTUAL MORATORIUM

Iowa Measure in Effect Gives District Court Powers of Receiver

DES MOINES, Iowa, Feb. 8.—Emergency legislation on foreclosure of real estate mortgages and deeds of trust on real estate, as enacted by the Iowa legislature, is in effect a moratorium exercised by the district court, with powers of receiver.

The bill, a conference committee report, was enacted by almost unanimous vote of each house, and now is in the hands of Gov. Clyde Herring for signature, already forecast.

Extension May Be Granted

Relief granted under this measure follows:

1. After foreclosure proceedings have been started by the mortgagee or his assigns, the district court may on an adequate showing, continue the cause until March 1, 1935, when the act shall cease to be in force.

2. After order for continuance of cause is made, the court may make orders for possession of the real estate, giving preference for owners in possession; determining fair rental terms; for distribution of rents, income and profit, and for preservation of the real estate during pendency of the continuance.

3. The clerk of the district court is commissioned to carry out the orders of the court.

4. Upon a substantial violation of any of the orders or for good and sufficient cause, the court may set aside the continuance previously granted and the cause shall proceed to trial as by law now provided.

Court May Urge Conciliation

5. For purposes of the act, the court may in all cases suggest and recommend conciliation.

Thus, the district court, on the filing of a suit to foreclose a real estate mortgage, must, on application by the owner, and if no good cause is shown to the contrary, continue the action until March 1, 1935 The defendants in the action, however, must not be in default for want of pleadings.

The conference committee bill drafted by seven lawyers, and one farmer, members of the legislature, is a compromise between a house bill for creation of state and county committees of conciliation and a senate measure seeking moratorium supervision by the district court along lines similar to the act as finally enacted. Spokesmen for the compromise measure would not guarantee its constitutionality, but stated it was as "near to constitutional as they could make it."

They point out that it does not prevent foreclosures, but leaves it up to the judge to decide the time when the action can be completed, during which period the debtor may, if he can, remedy his position, either in conciliation or in payment. The principal hardship is on the creditor in the length of time he must wait to complete his action at law to recover the property.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

470.311
Iowa

Date February 7, 1933

To Mr. Smead

Subject:

From Mr. McClelland

0 F O 2—8495

There is attached hereto, for your information, a copy of the State of Iowa Emergency Bank Bill, No. S. F. 111, which became a law on January 23, 1933, as well as a copy of a letter, dated February 6, from the Federal Reserve Agent at Chicago, which refers to the law and quotes a ruling by the State Commissioner of Banking in connection therewith.

1

470.311
Iowa
1/23/33

STATE OF IOWA

EMERGENCY BANKING ACT

S. F. 111, 45th G. A.

Section 1. The superintendent of banking shall, upon application of the officers or directors of any state bank, savings bank or trust company or private bank doing a banking business, have the power, with the consent of the executive council or of the governor or of the lieutenant governor to take over the management of any such bank and may, at his discretion, manage the same either by its officers or a part thereof or by any suitable person or persons he may select for such purpose. Such management, however, not to exceed beyond one year from the taking possession except with the consent of the executive council. During the period of such management and possession by the superintendent of banking, all the remedies at law or in equity of any creditor or stockholder against any such bank or trust company shall be suspended, and the statute of limitations against such claims shall be tolled during such period.

Sec. 2. The superintendent of banking, whenever he shall have taken over the management of any such banking institution as provided in section 1, shall have the right and power, with the approval of the executive council, to proceed to wind up its affairs as provided by law; or may continue the operation of the same, holding all deposits in the same, taking in deposits and carrying on the same under such rules and regulations as he may make for the conduct of its business and deem for the best interest of the debtors and creditors of such institution, including the right to compromise any rights, claims and liabilities of such institution. If such institution is kept open for business under the management of the banking department, and new deposits are received, such deposits shall be segregated, and any new assets acquired on account of such deposits shall be segregated and held in trust especially for such new deposits.

Sec. 3. However, if in the opinion of the superintendent of banking it is deemed advisable to reorganize any banking institution as set out in section 1 hereof, he shall, with the approval of the executive council, have power so to do on such terms and conditions as he may prescribe, including the right to issue stock upon such conditions as he, with the approval of the executive council, may prescribe for such stock, and which shall be non-assessable.

Sec. 4. Nothing in this act shall prevent the voluntary adoption of any form of depositors agreement not now or heretofore in contravention of the statutes thereto provided and under any such agreement the percentages as provided in section ninety-two hundred thirty-nine-a one (9239-a1), Code, 1931, shall be fully applicable.

Sec. 5. If, in the opinion of the superintendent of banking, with the approval of the executive council, it is advisable to sell, hypothecate or pledge or exchange any or all of the assets of such banking institutions

(over)

Enc Memo 2/7/33

(COPY)

FEDERAL RESERVE BANK OF CHICAGO

February 6, 1933

SUBJECT: Iowa Banking Law, S. F. 111.

Federal Reserve Board

Washington, D. C.

Gentlemen:

For your information, I am appending a quotation from a letter gotten out by the Secretary of the Iowa Bankers' Association and sent to various of its committees. The L. A. Andrew referred to is the State Commissioner of Banking in Iowa:

"For National and State Banks not invoking new law when other local banks may. It has been a matter of no little concern to the officers and Committeemen of your State Association, all of whom include National bankers, to know what to do to maintain absolute fairness toward our National Banks. This new law went into effect on Monday morning, January 23, 1933. It was soon discovered that those State Banks that invoked the new law gained in deposits, some as high as $62,000.00 a day after invoking the law. Of course, it was true that every state bank could protect itself by invoking the law but that was not going far enough. It was wrong to let such a condition continue. We are pleased to say that Mr. L. A. Andrew approved of a suggestion made yesterday afternoon by your Association that he issue a ruling to all State banks coming under this new law that they shall decline to take any account of any person where that account was a transfer from a National bank or any other bank that had not invoked this "Bank Stabilization" Act. The several National banks to whom this ruling has been referred since yesterday afternoon have expressed their approval and appreciation. Mr. Andrew submitted the ruling to the Executive Council of Iowa and it has approved it and consequently last night Mr. Andrew's Department sent a letter to those banks to which it applied. The authority by which to make this ruling is well within the provisions of Section 2 of this new 'Bank Stabilization' Act because in it it says among other things 'the superintendent of

Federal Reserve Board February 6, 1933

Banking - - - - may continue the operation' of the Bank - - -' taking in deposits and carrying on the same under such rules and regulations as he may make for the conduct of its business.' We hope this ruling may meet with the general approval of you men.

"While the U. S. Senate on Wednesday evening, January 25, 1933 before passing the 'Glass Bill' at that time adopted an amendment to permit the Comptroller of the Currency to reopen National Banks under an agreement plan providing 85% had signed up. That bill still has to go through the U. S. House of Representatives. Therefore, we could not compel our National Banks to wait for the Congressional bill even if the Glass Bill provision were desired by any national banks in Iowa. It will be interesting to know that a New York Banker wired to us to Mr. W. H. Brenton, Vice Chairman of your 'Committee on Banking and Agricultural Credit Facilities' for a copy by air mail of the new Iowa 'Bank Stabilization' Act together with the statement, saying that he desired to have the same to get its principle before Congress. Mr. L. A. Andrew, Superintendent of Banks at Mr. Brenton's request prepared a statement to go along with the bill and so it is pleasing to know that action was so promptly taken to get some relief through Congress for National Banks. As was stated in Bulletin No. 3261 dated January 21, 1933, Mr. L. A. Andrew on Wednesday morning, January 19, 1933 called up the Comptroller of the Currency and explained the provisions of this new 'Bank Stabilization' law and said that it was the full intention to make this new law equally applicable to National Banks. The Comptroller's office stated that National Banks were wholly subject to the Federal Banking laws."

Very truly yours,

(Signed) Eugene M. Stevens,
Federal Reserve Agent

EMS HH

(G.B. #3263 - 1000) 1-21-33

TEXT OF S. F. 111

A "Bank Stabilization" Bill intended (1) To make banks "runproof" and (2) to avoid Bank Receiverships. Published Saturday, January 21, 1933, becoming operative on and from Monday, January 23, 1933.

An act amendatory to Chapter 412, Title 21 of the Code, 1931, extending the right of the Superintendent of Banking to take possession of banking institutions without insolvency proceedings and to protect the debtors and creditors of such institutions and to reorganize or operate the same as shall be set forth herein.

"BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. The superintendent of banking shall, upon application of the officers or directors of any state bank, savings bank or trust company or private bank doing a banking business, have the power, with the consent of the executive council or of the governor or of the lieutenant governor to take over the management of any such bank and may, at his discretion, manage the same either by its officers or a part thereof or by any suitable person or persons he may select for such purpose. Such management, however, not to exceed beyond one year from the taking possession except with the consent of the executive council. During the period of such management and possession by the superintendent of banking, all the remedies at law or in equity of any creditor or stockholder against any such bank or trust company shall be suspended, and the statute of limitations against such claims shall be tolled during such period.

Sec. 2. The superintendent of banking, whenever he shall have taken over the management of any such banking institution as provided in section 1, shall have the right and power, with the approval of the executive council, to proceed to wind up its affairs as provided by law; or may continue the operation of the same, holding all deposits in the same, taking in deposits and carrying on the same under such rules and regulations as he may make for the conduct of its business and deem for the best interest of the debtors and creditors of such institution, including the right to compromise any rights, claims and liabilities of such institution. If such institution is kept open for business under the management of the banking department, and new deposits are received, such deposits shall be segregated, and any new assets acquired on account of such deposits shall be segregated and held in trust especially for such new deposits.

Sec. 3. However, if in the opinion of the superintendent of banking it is deemed advisable to reorganize any banking institution as set out in section 1 hereof, he shall, with the approval of the executive council, have power so to do on such terms and conditions as he may prescribe, including the right to issue stock upon such conditions as he, with the approval of the executive council, may prescribe for such stock, and which shall be non-assessable.

Sec. 4. Nothing in this act shall prevent the voluntary adoption of any form of depositors agreement not now or heretofore in contravention of the statutes thereto provided and under any such agreement the percentages as provided in section ninety-two hundred thirty-nine a1 (9239-a1), Code, 1931, shall be fully applicable.

Sec. 5. If, in the opinion of the superintendent of banking, with the approval of the executive council, it is advisable to sell, hypothecate or pledge or exchange any or all of the assets of such banking institutions by said superintendent, the said superintendent is given the power so to do with the reconstruction finance corporation or with any other party he may select.

Sec. 6. Insofar as the provisions of this act may conflict with other acts or parts thereof, the provisions of this act shall control.

Sec. 7. This act being deemed of immediate importance shall be in full force and effect after its passage and publication, as provided by law, in the Daily Courier, a newspaper published at Ottumwa, Iowa, in the Des Moines Tribune, a newspaper published at Des Moines, Iowa.

W. G. Kraschel
President of the Senate

Geo. E. Miller
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File Number 111.

Byron G. Allen.
Secretary of the Senate

Approved Jany 20. 1933
Clyde L. Herring.
Governor"

IOWA BANKERS ASSOCIATION

FRED J. FIGGE, PRESIDENT
OSSIAN

ROBERT W. TURNER, VICE PRESIDENT
COUNCIL BLUFFS

B. D. HELSCHER, TREASURER
SIGOURNEY

FRANK WARNER, SECRETARY
DES MOINES

FOUNDED 1887
MEMBERSHIP APPROXIMATELY 1000 IOWA BANKS

DES MOINES

OFFICE OF THE SECRETARY
430 LIBERTY BUILDING
PHONE 3-0179

(G.B. #3262 - 1000)

January 21, 1933

A "BANK STABILIZATION" BILL"

Giving Analysis of S.F. 111, a "Bank Stabilization" Bill intended (1) to make Banks "runproof" and (2) to avoid Bank Receiverships. Published Saturday, January 21st, 1933, becoming operative on and from Monday, January 23, 1933.

I. Text of S. F. 111 by Committee on Banks and Banking.

The text of the new "Bank Stabilizing" Bill is contained in the attached Bulletin No. 3263 of this date, as signed by Governor Herring on or about 6:00 P.M. Friday, January 20, 1933, published in the "Daily Courier" at Ottumwa and the "Des Moines Tribune" on Saturday, January 21, 1933, and becoming operative on and after January 23, 1933.

II. Bill Divided into Two Main Parts.

This "Bank Stabilizing" Bill is intended (a) to prevent bank "runs" and (b) without the necessity of receivership proceedings to permit banks among other things under two different methods, depending upon the desires of its officers and directors, to orderly liquidate any slow or distressed assets of said bank. If for any reason a "run" from false rumors or any other reason should be precipitated against any bank, or if because of the economic conditions its Officers and Directors believe that it has reached the point where more time should be taken for the orderly liquidation of its assets to meet withdrawals, it may invoke either one of the two methods provided in the bill and outlined as follows:-

METHOD NO. 1

SECTION 1 - ITS PROVISIONS.

(1) Application must come from the Bank.

It will be seen that the application for any assistance must originate with and come from the "Officers or Directors" themselves. This gives discretionary power to the officers and directors of a bank to tell for themselves if and when they may need the assistance of the State Banking Department to handle an emergency situation or emergency conditions applying to their particular bank. That discretionary power does not originate or lie in the Banking Department. Therefore, the bank officers and directors must look to themselves if they are to obtain the helpful advantages of this new statute as the Banking Department does not have the authority to apply its privileges except upon application from the bank officers and directors.

(2) Authority Given the Superintendent to Aid Distressed Banking Situations.

It will be seen that when such application has been received from the officers and directors, the Superintendent of Banking shall "* * * * * have the power with the consent of the Executive Council, or of the Governor or of the Lieutenant Governor" to do the things enumerated.

(3) Superintendent Must Obtain Consent.

It will be seen from Section 1 that after an application for assistance has been received from the officers and directors of a bank that the Superintendent before invoking the authority granted in this new law must obtain the consent of the State Government officials above specified, namely, either the consent of the Executive Council (which takes in the Governor, Secretary of State, State Treasurer, Secretary of Agriculture and State Auditor) or the consent of the Governor, or the consent of the Lieutenant Governor. Wide lee-way was left in order to have the fullest certainty that the Superintendent might find some official of the State Government accessible no matter when the "application" for assistance might be received from the officers and directors of a bank.

(4) Superintendent May Make Bank Officers his Agents in Management.

After the officers and directors have applied to the Superintendent for assistance to meet an emergency and he shall have obtained consent as foregoingly explained, he may then take over the actual management of the bank, and in so doing he may as he may deem to be for the best interests of all parties concerned, permit the local management of said bank to be carried on as follows: either:-

(a) By the present managing officers, or
(b) By a part of them, or
(c) By any suitable person or persons he may select to conduct such management.

(5) Duration of Management by Superintendent.

It will be seen that the Superintendent may, upon application of the officers and directors of a bank as foregoingly described, conduct the management for a period "not to exceed beyond one year from the taking possession except with the consent of the Executive Council". It of course will depend upon the conditions that surround the bank itself as to how long the Superintendent may conduct the remote management of said bank. He may find that the emergency is only temporary or that the conditions that may have caused the embarrassment or distress to the bank may end in a few weeks or in a few months, and that the institution can under its own officers and directors and stockholders again go forward on its own power. However, he may find that the conditions of distress may be of more permanent nature and that it might be necessary for him to conduct the management of the bank for a period longer than one year. But, if such were found to be the case, he must obtain consent so to do from the Executive Council of the State of Iowa. The thought under this provision is that if there is any possibility of the bank surviving and succeeding as a going institution it is to be turned back to its officers and directors and stockholders at the earliest practical moment. The bill seeks to avoid any possibility of any autocratic or bureaucratic control over any banking institution applying for assistance from the Banking Department under this new law. Of course, it is well understood that such autocratic or bureaucratic administration would under no consideration come from the present administration. Its sympathetic assistance and constructive help is too well known to bankers throughout Iowa. But the Legislature sought to provide against any future time.

(6) Receiverships Stayed - Statute of Limitations.

It will be noted that at the end of Section 1 there appears the following:-

"all the remedies at law or in equity of any creditor or stockholder against any such bank or trust company shall be suspended, and the statute of limitations against such claims shall be tolled during such period."

This is believed self-explanatory; it is to prevent any person who might seek to throw a banking institution into receivership while it was exercising the prerogatives of this new Statute.

(7) Private Banking Institutions.

It will be seen that the same helpful provisions are extended to private banking institutions if they desire to avail themselves of this new law.

SECTION 2 - ITS PROVISIONS.

(1) Powers of Superintendent.

As to any bank making application to the Superintendent of Banking under this new law, he may, first having obtained "the approval of the Executive Council", proceed to do any one or more of the following:-

(a) "Proceed to wind up its affairs as provided by law"

It may be deemed by all parties, officers and directors of the bank, as well as by the Superintendent of Banking, that the institution should be put into receivership; OR

(b) "Continue the operation of the same, holding all deposits in the same, taking in deposits and carrying on the same under such rules and regulations as he may make for the conduct of its business and deem for the best interest of the debtors and creditors of such institution, including the right to compromise any rights, claims and liabilities of such institution. If such institution is kept open for business under the management of the banking department, and new deposits are received, such deposits shall be segregated, and any new assets acquired on account of such deposits shall be segregated and held in trust especially for such new deposits."

This clearly provides the authority for the Superintendent of Banking to continue any bank that might be in temporary or longer distress as a going institution but under the police powers of the State exercised through the State Banking Department instead of compelling that bank to go into receivership as our old unreliable and unbending banking laws have required. This new law now provides a way for the local management of the bank under the direction of the Banking Department to orderly liquidate its assets in order to meet its withdrawals and clean up its losses and doubtful and slow paper. Thus it will be seen that the measure provides for preserving the continuity of the banking structure itself and for rehabilitating the bank and giving it a fresh and new start in its existence. That is in line with the whole program of reconstruction which is going on in nearly every business. That, it is intended and expected, will prevent bank receiverships

and prevent the paralyzing effects that bank closings have on local communities. The plan as authorized under this Section 2 in the meantime gives the local community uninterrupted banking facilities. The community will know that now there positively can be no "run" made upon their local bank. The Officers and Directors and Stockholders likewise know that no "run" can be committed against their bank; by this Act they are given the fullest protection against the devastating effects that bank "runs" produce whether those runs consist of precipitated withdrawals extending over a few hours' time or of the slower insidious withdrawals extending over weeks and months that have in so many cases slowly but surely sapped the very life blood from so many of our banking institutions. It should work for the unbuilding of the general morale of depositors and borrowers and stockholders and for bringing more general peace of mind to all which is so greatly needed in all of our local communities.

(2) New Deposits and New Assets Segregated.

It will be seen from Section 2 that following the time when the Banking Department comes to the assistance of the bank officers and directors that a "cut-off" is made in the business of the bank and all new deposits taken in after that date and all new loans made after that date from those deposits are to "be segregated". Neither said new deposits nor said new assets can be mingled with those in the bank prior to the "cut-off" date. Thus the banking business of the institution can be continued on uninterruptedly while the liquidation of the former old assets may at the same time be going on, both being done under the supervision of the State Banking Department.

SECTION 3 - ITS PROVISIONS.

(1) Reorganization of said Bank - Non-assessable Bank Stock.

This provision introduces in Iowa an innovation in the way of non-assessable bank stock, getting away to a partial extent from one of the most iniquitous, unfair and impractical of all bank requirements on bank stockholders. Section 3, it will be seen, provides that if the Superintendent, of course consulting with the officers and directors and stockholders, may find that it is advisable to reorganize the bank applying for his assistance under this act, he may, when he has obtained "approval of the Executive Council", have power so to do "including the right to issue stock * * * which shall be non-assessable". In carrying out the provisions of the old reorganization statute (Sec. 9239-a1) initiated by your State Association and passed by the Legislature in 1925 and providing that after a bank went into receivership, and if 51% of those depositors holding unsecured obligations of $10.00 or more each and aggregating 75% of the unsecured deposits wished to reorganize the bank, they could do so and even pay for said stock out of their deposits in said bank. Considerable reorganization and reopening of banks was done under that 1925 statute, but the depositors soon found that they were actually assuming a liability that they didn't want and thus that reorganization statute soon fell into disuse. The depositors have said again and again that they would be perfectly willing to buy stock in a new bank providing they would not be subject to assessment liability. There are cities and towns in Iowa today without banking facilities and where it would be comparatively easy to raise Capital to organize new banks if the new stockholders and directors did not have to assume the double assessment liability upon their stock. It is reported that in one of our cities a well-to-do man recently offerred to contribute $5,000 to the establishment of a new bank but he would not accept the stock and make himself immediately liable for assessments. Consequently his offer could not be accepted. As a rule the time has long gone by (because so many of them have exhausted their own personal fortunes through the bank assessments) when present officers, directors and stockholders will purchase any stock in the reorganizing of a bank for no other reason than because they cannot and will not subject themselves to the potentially endless bank assessments. Thus this new "Bank Stabilization" Bill provides one more means to help in the reorganization of banking upon a solid, sound foundation. It makes it possible to get additional officers and directors who up to the time of the enactment of this Bill have absolutely declined to purchase any stock in banks or to serve on Boards of Directors of reorganized banks because of the endless assessment liability that they as bank stockholders were assuming

SECTION 4.

Section 4 provides the other "Bank Stabilization" Method hereinafter referred to.

SECTION 5.

Borrowing from the Reconstruction Finance Corporation or from other sources.

To aid the Superintendent of Banking and the local officers and directors managing a bank under this "Bank Stabilization" bill, to raise funds, if for any reason they should be found needed, he is, with the approval of the Executive Council authorized so to do either from the Reconstruction Finance Corporation or from any other sources as he may select. This is also an innovation as far as such permission has been granted to the State Banking Department in dealing with banks under his jurisdiction.

SECTION 6 - This Act Shall Control.

From this section it will be seen that the provisions of this new "Bank Stabilization" Act shall control if and when any of the provisions of this bill may be found to conflict with other Iowa laws or parts of Iowa laws. This section widens still further the power that is given for the stabilization of banking in this and for the unbuilding still more of general public morale and confidence toward banking in this state.

SECTION 7 - Publication Clause.

It will be seen that this section provides that this "Bank Stabilization" Bill is to be brought into active operation at the earliest possible date and thus the publication clause was adopted by the Legislature. As foregoingly said, the bill has been published in two papers on Saturday, January 21, 1933 and will become operative on and after Monday, January 23, 1933.

METHOD NO. 2

SECTION 4 - ITS PROVISIONS.

(1) "Depositor's Agreement" plans.

As has been previously said prior to the enactment of this "Bank Stabilization" bill there seemingly was actually no way by which the State of Iowa could assist its banks during these trying economic times when the collections of notes were most difficult to make with which to pay their increasing withdrawals except to put such institutions into bank receivership with its paralyzing effects upon the local community. It became necessary in order to avoid such situations to develop a voluntary method under which with the assistance of depositors through agreements by them with the bank's stockholders and officers the distressed assets in said bank might be removed and orderly liquidated by the depositors or their trustees as set forth in the "Depositor's Agreement" with the bank. As previously said herein the Iowa Bankers Association having taken the leadership in that work throughout the months pending the time when the State General Assembly might convene had developed the "Depositor's Agreement" plan to a very high state. This new "Bank Stabilization" bill now recognizes the "Depositor's Agreement" plan and gives the bank and its depositors the opportunity to rehabilitate and to reconstruct the business of their local banking institution under proper "Depositor's Agreement" plans. In other words, a bank faced with some emergency situation where a certain restoration and rehabilitation must be carried out in order for the local bank to survive, is now permitted by this "Bank Stabilization" Statute to do so under proper "Depositor's Agreement" Plans. Thus, any bank faced with serious economic problems it must meet may apply to the Superintendent of Banks as set forth in Section 1 hereof, who after obtaining permission may (1) permit the local management of the bank under his supervision to orderly liquidate the distressed assets and turn over the accumulated funds to the then depositors. He may at the same time as hereinbefore explained let said bank continue as a going institution receiving new deposits and making new loans. (2) On the other hand, the Superintendent of Banks if it is deemed best by all parties concerned may permit the restoration and rehabilitation of the bank to be carried out voluntarily by the depositors with the bank officials and stockholders through a proper "Depositor's Agreement" plan. Under such a proper "Depositor's Agreement" plan this new bill then provides that the same percentages as used in the 1925 statute intended for the reorganization and reopening of banks that might be in receivership shall now equally apply to banks to be restored through a "Depositor's Agreement" plan. The percentages in that old reorganization statute are set forth in the following Section 9239-a1 of the 1931 code:- "If a majority of the creditors holding direct, unsecured obligations of such bank in excess of $10.00 each and totaling in the aggregate amount 75% of all direct unsecured obligations shall agree in writing to a plan of disposition and distribution of assets * * *" all the other depositors not signing such an agreement shall be equally bound anyway. From the foregoing Section 9239-a1 it will be seen that if 51% of the depositors holding direct, unsecured obligations of such bank in excess of $10.00 each and totaling in the aggregate amount 75% of all direct unsecured obligations shall agree in writing through a proper "Depositor's Agreement" plan, then all other depositors of said bank not so signing shall be equally bound. This section is intended to bind any small minority that have sometimes refused to sign under the voluntary "Depositor's Agreement" plan and have made the work of those interested in the saving and restoration of their local bank sometimes difficult in trying to get 100% signed up.

(2) Public Funds

It would seem that from Section 4 and Section 6, public funds in the bank applying to the Superintendent for assistance under this "Bank Stabilization" law will be and should be handled on the same basis as the deposits of individuals in that bank and it is believed it is to be the full intention of the State Banking Department to so construe the Act. It is well known that under the 1925 reorganization act above referred to and from which the quotation in the preceding paragraph is made applies equally to all public funds of

the State, county, city, school and township. It is fully intended and believed that if written agreements of depositors accepting reorganization conditions as authorized by said 1925 Statute, applies to the public funds in banks to be reorganized under the 1925 Reorganization Statute, that the new "Bank Stabilization" law must and should equally apply to public funds in banks now to be restored and rehabilitated under this new stabilization act and that Section 6 positively makes that definite.

IN CONCLUSION

(1) Details of Administration - Write Direct to State Banking Department

All that this bulletin has endeavored to do is to give the text of the "Bank Stabilization" statute and to analyze its provisions and endeavoring to set forth the purposes of that statute. As to the ministerial and administrative details that must be followed by banks and the State Banking Department in carrying out the provisions of this new "Bank Stabilization" act it may be said that Mr. L. A. Andrew and his staff together with the Attorney General's office have already developed the beginning of a system and a number of forms for the handling of the bank restoration work that is expected will develop as the banks learn of this new "Bank Stabilization" act. It is suggested that the banks write direct to the State Banking Department on any questions that may occur to them on how to proceed under this new "Bank Stabilization" Act. It is only from the State Banking Department that this information can be officially obtained. It is a pleasure to be able to say that the undersigned committees and officers of your Association are to be consulted and counselled with in defining policies and methods for carrying out the intents and purposes of Iowa's new "Bank Stabilization" law. This again evidences the fine and splendid attitude of Iowa's Superintendent of Banking, Mr. L. A. Andrew, and Iowa's State Banking Board members and staff.

(2) National Banks and S. F. Ills.

Following the meeting of the officers and committees and Banking Board hereinbefore referred to as held here in Des Moines on Wednesday, January 18, 1933 and in conformity with the request made at that meeting Superintendent L. A. Andrew called the Comptroller's office at Washington, D. C. by long distance 'phone on Thursday, A. M., January 19, 1933 and set forth in general the provisions and intentions of this new bill and asked if there was any way by which National Banks might come under its provisions. The Comptroller's office is understood to have said over the 'phone that it greatly regretted that National Banks being fully directly subject to the Federal Banking laws could not of course take advantage of the provisions of this new statute. Nevertheless, the adoption by national banks of the voluntary "Depositor's Agreement" plan is not to be condemned when done in the proper way according to the Iowa plan even if official sanction and approval were impossible under Federal laws to extend. National banks however can get the indirect benefit of this new "Bank Stabilization" act for the reason that in any "Depositor's Agreement" plan that they may desire to invoke they can point out that a sound "Depositor's Agreement" plan is now recognized by Iowa law. The IOWA BANKERS ASSOCIATION through its voluntary "Depositor's Agreement" plan stands ready to assist any national banks that may desire aid. Your State Association has men available at the call of the national and other banks to assist in setting up the sound "Depositor's Agreement" plan as developed and formulated after months of study by the Iowa Bankers Association.

It becomes apparent from inspection of this new "Bank Stabilization" bill that bank receiverships will be vastly reduced in the future and will and should become but the exception. Restoration and rehabilitation in a banking institution on a sound, fair and constructive basis is the order of a new day that this new "Bank Stabilization" Act now brings into being. Many favorable comments have already been received upon this enactment and this 45th General Assembly and its leaders including the Governor and Lieutenant Governor have made enviable progress in a reconstruction program for Iowa. This will be found it is said by many, and that is believed to be true by all of the officers and Committees of your State Association, that it will be a powerful agency in rebuilding confidence among the public in the banking institutions generally throughout Iowa; for sooner or later as the public may become acquainted with the provisions of this new "Bank Stabilization" Act they will know that the day of "bank runs" has now gone by and that a statutory method has been provided for the restoration and reconstruction of a bank which can be carried on through orderly processes and still at the same time preserve the continuity of the bank and the continuance of its banking facilities that it extends to the people of the local community and which they have a right to expect. No longer are communities in a wholesale fashion to be bereft of their banks and left without banking facilities, stunned by the paralysis that bank closings create and under the effects of such economic shocks and economic inconveniences left alone to build from the ashes of such community destruction a new banking and business life. The State Government by means of this new "Bank Stabilization" statute has come to their aid.

(C O P Y)

420.311
Iowa

January 21, 1933

Mr. Eugene M. Stevens,
Federal Reserve Agent,
Federal Reserve Bank of Chicago,
Chicago, Illinois.

Dear Mr. Stevens:

Receipt is acknowledged of your letter of January 19, 1933, referring to your telegram of that date and commenting upon recent developments in the Iowa banking situation.

Your letter is being brought to the attention of the members of the Board, who were previously furnished with the information contained in your telegram.

Very truly yours,

(Signed) Chester Morrill,
Secretary.

(C O P Y)

FEDERAL RESERVE BANK OF CHICAGO

470.311
Iowa

January 19, 1933

SUBJECT: Iowa Banking Situation.

Federal Reserve Board,

Washington, D. C.

Gentlemen:

Referring to my wire of even date, while our information is not entirely definite in all these particulars, we are advised that at a meeting held yesterday and last night of Group eight of the Iowa Bankers Association, it was determined that all of the banks in the group would go on a holiday, effective today. This group includes Cedar, Clinton, Jackson, Jones, Muscatine, and Scott counties in Iowa. According to our records, there are fifty-one banks in these counties, of which forty-three are non-members. The Davenport Bank & Trust Company advised us a day or two ago that they would not join in such a moratorium.

A conference was held in Des Moines yesterday between various committees of the Iowa Bankers Association, which was to be attended by the Governor and Lieutenant-Governor of the State. We understand that this conference was called by reason of the menace to the whole banking structure in the state, and that much time was devoted to the consideration of measures to meet an emergency which it was expected might arise.

We are advised that this morning a bill is being introduced in the Iowa Legislature to give the Superintendent of Banks complete authority to declare holidays, make adjustments and reorganizations. Without having as yet a copy of this bill, we are given to understand in a general way that his authority would include segregation of certain assets of banks into trust funds, thereby reducing the net deposit liability drastically, and, unless we are misinformed, he would have the authority to do this without the consent of the depositors.

It appears that the Iowa bankers are concerned that the long pending bank troubles may be coming to a head, consequent upon the Davenport and Rock Island situations and the spread of moratoriums, and are endeavoring to be prepared to meet an emergency situation, in a view that otherwise there may be a wholesale closing of banks throughout the state.

For your information I am enclosing herewith a copy of the proclamation

To:
Federal Reserve Board,
Washington, D. C.

January 19, 1933.

issued by the Mayor of Rock Island, declaring a holiday there for fourteen days, which was issued on January sixteenth last.

I will keep you advised of any further developments of importance in this Iowa situation.

Very truly yours,

(Signed) Eugene M. Stevens
Federal Reserve Agent

EMS FC
Encl.

P.S. We are later advised that the Monticello State Bank, Monticello, Iowa, in Jones County, are not joining in the moratorium.

(C O P Y)

CITY OF ROCK ISLAND ILLINOIS

A P R O C L A M A T I O N

Whereas, It has come to my attention that there is the possibility of serious unrest among the people of this community, brought about, generally, by a series of situations affecting the financial institutions in other of the cities of our group, and

Whereas, It has further come to my attention, that the Mayors of both Moline and East Moline have issued similar proclamations, and

Whereas, We, of Rock Island, must preserve the stability of our city's financial and business institutions, and

Whereas, I feel it my duty as Mayor of the City of Rock Island, to take extraordinary action to protedt the banks of our city, as well as the individual citizenry by abatement of the spirit of unrest and apprehension, that might possibly injure the existing financial houses of the city, and thus bring complete economic chaos to us all, and now,

Therefore, I, Chester Thompson, under the authority vested in me as Mayor of the City of Rock Island, Illinois, do hereby declare a legal holiday throughout the said city of Rock Island, to begin on this date, and continue for a period of fourteen (14) days, during which time the business conducted in the city shall be suspended, except as is generally conducted on other legal holidays, and that these days shall be used by our business interests and citizens in bringing about a better understanding of each other, and each other's problems, so that at the end of this period we may all have a greater confidence in our institutions and in our community.

Given under my hand and the seal of the City of Rock Island, Illinois, this 16th day of January, A. D. 1933.

CHESTER THOMPSON,
Mayor

Attest:
M. T. RUDGREN,
(SEAL) City Clerk.

1

470.311
Louisiana

Incoming Telegram

Dallas Mar 3 11:46 AM

3/3/33

Meyer - Washington

Yesterday afternoon the Governor of Texas issued proclamation declaring a financial moratorium during the period from March third to March seventh inclusive and requesting all banks in the State to remain closed during that period. This action was taken following an extended series of conferences and consultations beginning Wednesday afternoon and participated in by officers and members of Clearing House Association of Dallas Ft Worth, Houston, San Antonio, Waco and Galveston. The decision to request Governor to declare moratorium followed similar action taken Wednesday by Louisiana, Oklahoma, Arizona and California and was considered necessary on account of heavy withdrawals experienced by Texas Banks during past week due principally to spread of state moratorium movement and anticipation of similar action by Texas. Texas legislature now in session and I understand effort will be made to enact a law placing temporary restrictions upon deposits in time to enable Governor of Texas to lift moratorium Sunday March fifth and permit banks to open for business Monday March sixth upon a restricted withdrawal basis. We do not know however whether such legislation will be consummated before next Monday or not. Our bank is operating as usual. So far as we have been able to learn all commercial banks in Texas both state and national will probably observe holidays declared by Governor Ferguson and remain closed until moratorium is lifted except the Austin banks and a few country banks that have indicated their intention to remain open. We have received no detailed information concerning the moratoria in effect in Louisiana, Oklahoma and Arizona except announcements carried in press reports and

advices from the Federal Reserve Banks in whose territories the capitals of these three states are located. However we are endeavoring to obtain official copies of the proclamations issued in these states and if you so desire will wire you details of same when received.

Walsh

2:23 PM

470 3/1
Louisiana
3/2/33

Louisiana

3-day bankers holiday proclaimed by Governor effective March 2, 1933.

Source: Ahead, News ticker, Washington Daily News for March 2.

470.311
Louisiana

THE UNDERSIGNED BANKERS ASSOCIATION OF THE 21st JUDICIAL DISTRICT OF LOUISIANA availing themselves of the provision of Section 16 paragraph 1 of Act 179 of the General Assembly of Louisiana for 1902 that a state of public unrest and concern as to financial conditions has arisen in this section, and has grown to such an extent as to result in the unwarranted withdrawal and hoarding of funds by depositors. To prevent further injury to the financial and business institutions and the people of the district, to reassure the public, to protect the interests of all depositors in the banks of the district, to make sure that no banks shall be closed by such unwarranted withdrawal of funds and to the end that all legitimate financial demands may be met, and the business affairs of this section continue to be transacted in a safe and orderly manner, the undersigned banks of the district after conference with the State Banking Department have adopted the following rules to be effective at once, and until further notice.

1. No withdrawal of deposits from savings accounts will be allowed except upon the notice and expiration of time after such notice, as provided by the contract as printed in the pass book of the depositor and when so matured same shall be payable in the same manner and subject to the same rules as ordinary demand deposits.

2. No certificates of deposit or other time deposits will be paid before the maturity thereof; and when matured same shall be payable in the same manner and subject to the same rules as ordinary demand deposits.

3. No check will be paid and no withdrawal of funds allowed for the purpose of secreting or hoarding or withdrawing same from circulation or transferring such funds to any other bank or depositary for deposit or safekeeping. The officers of the bank shall determine whether such is the purpose of the attempted withdrawal.

4. No depositor will be permitted to withdraw in cash an aggregate of more than Fifty Dollars in any one calendar week. This shall apply to "Counter checks" presented directly to the bank for payment, and also to checks cashed elsewhere for the purpose of obtaining the cash thereon. The officers of the bank shall determine whether such is the purpose of the check, and take all proper precautions to avoid evasions of this rule.

5. No depositor will be permitted to withdraw in cash and by check or draft, or otherwise during any one calendar week an aggregate of more than five per cent of the amount to his credit on the books of the bank at the close of business on May 9, 1932, except to meet payrolls or such business demands as the officers of the bank may allow.

6. Where the bank is depository for any public funds, payment thereof will be made in accordance with its contract as such depository.

7. Unlimited withdrawal will be allowed of all demand deposits made on and after May 9, 1932. The restrictions herein imposed on the withdrawals of demand deposits as appearing on the books of the bank at the close of business on May 9, 1932, shall not apply to any deposits thereafter made.

470.311
Maine
3/7/33

(COPY)

Chapter 95, P. L. 1933

AMENDED FORM

EIGHTY-SIXTH LEGISLATURE

LEGISLATIVE DOCUMENT NO. 919 AS AMENDED

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED THIRTY-THREE

AN ACT for the Protection of Trust Companies and Depositors Therein.

Emergency preamble. Whereas, as a result of the existing world-wide depression, there has arisen in the United States a business and financial emergency hitherto unforeseen, with which existing laws are inadequate to deal; and

Whereas, in recognition of such emergency, by proclamation of the President of the United States issued on March 6, 1933 and March 9, 1933, a banking holiday was directed to be maintained and observed indefinitely by all banking institutions in the United States, and all branches thereof, said proclamation having further directed that during said period all banking transactions should be suspended; and

Whereas, in like recognition of such emergency the Governor of the State of Maine, on March 4, 1933, directed that a similar holiday be observed by all banking institutions in the State of Maine on March 4, 1933 and March 6, 1933, both dates inclusive; and

Whereas, the Governor of the State of Maine on March 7, 1933 by

proclamation made under the authority of an Act "Authorizing the Governor to Proclaim a Banking Emergency and Providing for the Further Protection of Depositors in Banks and Banking Institutions and Maintenance of the Banking Structure of the State" did proclaim that a banking emergency exists; and

Whereas, in the judgment of this Legislature the facts hereinbefore set forth create an emergency within the meaning of Article XXXI, Section 16, of the Constitution of Maine, and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. Examination and revaluation provided for. Whenever, in the opinion of a majority of the directors or the executive committee of any trust company organized under the laws of the State of Maine and the bank commissioner, it will be for the benefit of the depositors and the public for the assets of the trust company to be revalued, the bank reorganized and put in sound condition, any Justice of the Supreme Judicial court shall, on petition in equity by the bank commissioner setting forth the facts, appoint a time for the examination of the affairs of such trust company and cause notice thereof to be given to all parties interested in such manner as may be prescribed and, upon examination of its assets and liabilities he may, if he deems it for the benefit of the public and the depositors, issue decrees necessary to carry out the provisions of this act. In such examination of assets there shall be included the liability of stockholders to assessment.

Sec. 2. Allocation of assets. If the liabilities of the trust company, not including the outstanding capital stock exceed its assets, including the

amount realized from an assessment of stockholder's liability, the deficit, after making due allowance for priorities, shall be divided pro rata among the depositors and each account shall be charged with its proportionate share thereof, proper allocation being made of segregated assets and the distinction between savings accounts and demand accounts being observed. The depositor will be entitled to draw the amount of his account as thus fixed and determined in such amounts and at such times as the court directs.

Sec. 3. Negotiable certificates. The trust company shall issue to each depositor a certificate showing the amount of the deficit charged to his account, which said certificate shall be negotiable and shall bear no interest. No dividend or profit shall thereafter be made in liquidation of common stock until said certificate shall have been paid in full with interest compounded at the rate of 3% per annum; otherwise, said certificate shall not be deemed to be a liability of the corporation; provided that the holder of said certificate, the commissioner or the corporation shall be entitled to petition the court, after one year from the date thereof, for an order of distribution whenever the condition of the corporation, taking into account the rights of creditors and preferred stockholders, warrants such payment.

Sec. 4. Appointment of conservators; rights, powers and privileges. The court may on petition by the bank commissioner appoint one or more conservators for such trust company and require such bond as the court deems proper. Such conservator shall have all the rights, powers and privileges now possessed by or hereafter given receivers of banks and trust companies in this State including the right and power to enforce stockholders' liability and is specifically authorized to borrow money and pledge assets when so ordered by the court. Such conservatorships may be

terminated at any time by order of the court. While such trust company is in the hands of the conservator, he may set aside and make available for withdrawal by depositors and payments to other creditors on a ratable basis such amounts as in the opinion of the court may safely be used for this purpose; and he may be permitted to receive deposits, but deposits so received shall not be subject to any limitation as to payment or withdrawal, and shall be segregated and shall not be used to liquidate any indebtedness of such trust company existing at the time that a conservator was appointed for it or any subsequent indebtedness incurred for the purpose of liquidating any indebtedness of such bank existing at the time the conservator was appointed. Such deposits received while the bank is in the hands of the conservator shall be kept on hand in cash or invested in the direct obligations of the United States or deposited with a Federal Reserve Bank or member of the Federal Reserve System.

Sec. 6. Issuance of preferred stock. The court may authorize the trust company to issue preferred stock without double liability and prescribe the amount, terms, conditions, restrictions and privileges thereof.

Sec. 8. Merger or consolidation authorized. The court may order the merger or consolidation of said trust company with any other banking institution, State or Federal, with the consent of said latter banking institution, and prescribe the mode of procedure for said merger or consolidation and the terms and conditions thereof.

Sec. 7. Injunctions restraining procedure against trust companies. Whenever proceedings are instituted under any provisions of this Act injunctions may be issued, restraining all persons from proceeding against said trust company until final decree, including trustee processes.

Sec. 8. Dissolution of attachments. The court may dissolve all attachments on the property of the trust company made within four months before the filing of the petition; cancel leases, contracts and all other claims as in receivership proceedings, discontinue all suits pending against said trust company and fix the rights of said claimants, and adjudicate and fix the time and mode of payment of all claims, accounts and deposits having priority.

Sec. 9. Authority of court in safeguarding rights of depositors. The petition filed by the bank commissioner addressed to any justice of the Supreme Judicial Court shall not be granted without hearing. It shall not be granted if objected to in writing by a majority in amount of the time and demand depositors of said trust company. The justice shall appoint immediately upon the filing of said petition a conservator with authority to act pending hearing. Any depositor may be permitted to intervene as party plaintiff in any bill in equity filed hereunder and may be heard thereon. Any depositor or party in interest may present in writing a plan of reorganization. The bank commissioner may file his plan of reorganization. A majority in amount of the depositors may present in writing to said justice a plan of reorganization and if said plan is the most feasible, it shall be adopted. Final decree of reorganization shall be made by said justice after submission of plans and hearing thereon. The right of appeal is hereby granted.

Sec. 10. Further authority of court. The court may do all other and further things necessary to carry out the terms and provisions of this Act.

Sec. 11. Appointment of receivers or trustees. The court may appoint one or more receivers or trustees to liquidate the affairs of said trust com-

pany in accordance with the provisions of chapter 57 of the revised statutes.

Sec. 12. Powers of bank commissioner additional. All powers conferred under this Act on the bank commissioner are in addition to the powers now conferred upon him by law.

Sec. 13. Preferred stock. Any trust company may be authorized to issue preferred stock as provided in section 5 hereof on a petition filed for that purpose only.

Sec. 14. Payment of expenses. All expenses of the commissioner or his assistants shall be paid out of the assets of the trust company in connection with which such expenses were incurred.

Sec. 15. Inconsistent acts repealed. Any act or statutory provision inconsistent with the provisions of this act are repealed during the period this act is in force.

Sec. 16. Validity. If any provisions of this act are held invalid by any court of final jurisdiction, no other provisions shall be affected by such decision, but the same shall remain in full force and effect.

Sec. 17. Emergency clause. In view of the emergency set forth in the preamble, this act shall take effect when approved.

This file contained a transcript of a copyright-protected article that has been removed.

The citation for the original is:

“Banks Reopen Under Restrictions – Holiday is Extended Further.” Commercial and Financial Chronicle, January-March 1933.

470.31/
Maryland
3/5/33

Incoming Telegram

Governor of Virginia has declared March 6 and 7 legal holidays. Governor of Maryland declared March 6 legal holiday and no doubt will extend holiday to March 7. Expect Governor North Carolina will take action today declaring both days holidays and anticipate that this office and its Baltimore and Charlotte branches will be closed both days. In any event Richmond head office and Baltimore branch will be closed for business tomorrow Will wire definitely later.

Walden

Richmond Mar 5 1933

11:28 AM

470.311
Maryland
2/28/33

Incoming Telegram

Richmond 11:28 AM February 28

Board - Washington

It now appears bank holidays in Maryland will be extended. We are therefore changing plan announced in our telegram February 25, 1933 and will return all checks payable in Baltimore and Maryland as they cannot be presented or collected during holiday.

SEAY

11:32 AM

470.311
Maryland
2/25/55

Incoming Telegram

Richmond 11:57 AM February 25

Morrill - Washington

Following telegram received from our Counsel who is at present at the Baltimore Branch:

"The Governor of Maryland has designated February 25th as a legal holiday in that State and stated that he expects to declare other successive holidays until the passage of proposed legislation which the Governor anticipates will be passed prior to Wednesday, March 1st. Until the end of the holidays we will hold at our Baltimore Branch all checks or other items payable in Baltimore. Checks on other Maryland Banks will be forwarded as usual, but credit for Maryland items will be deferred until the end of holidays."

FRY

12:10 PM

1 copy

420 311
Maryland

DISTRICT NO. 5

2/25/33

BANKS CLOSED UNDER A SPECIAL HOLIDAY DECLARED BY CIVIL AUTHORITIES

Name and location of bank	Date bank closed	Date bank resumed operations	Duration of holiday		
			No. of days	From	To
All banks in State of Maryland	2-25-33	*			

* "On February 24, the Governor Maryland issued a proclamation declaring Saturday, February 25, a legal holiday, and issued a similar proclamation for each succeeding business day during the remainder of the month."

470.311
Mass
3/4/33

T E L E G R A M

F E D E R A L R E S E R V E B Y S T E M

47bs

Boston 1120AM Mar 4

Board

Washington

In accordance with the proclamation of the Governor of Massachusetts this bank will observe March 4 and sixth as a holiday.

FRB

1140A

470.311
March

2/23/33

Incoming telegram

Chicago February 23 10:32 AM

Board Washington

Bank moratorium in Michigan extended effective today under the modified terms proclaimed by Governor William A Comstock, which provide among other limitations that payments to depositors in either commercial or savings departments, shall be limited in amount in the proportion the total individual deposit bears to the cash on hand, reserve in banks and United States bonds in each such department. Banking institutions may take new deposits, but such will be treated as trust deposits and there shall be opened in each such institution a trust deposit department. Such deposits shall be payable on demand without interest and held solely for repayment of such depositors. We understand it is discretionary with individual banks whether they reopen under provisions or continue holiday

STEVENS

11:55 AM

470.311
Mich
2/21/33

Incoming Telegram

Detroit 4:57 PM February 21

Meyer Washington

I quote text of proclamation issued by Governor of Michigan this afternoon, whereas, the legislature of the State of Michigan, by Senate concurrent resolution No 23, has declared an emergency to exist involving the Banking and credit structure of the State of Michigan and has requested that the Governor of the State proclaim such extension of the Bank holiday heretofore proclaimed as may, in his opinion, be necessary, [redacted] and has further requested that if in his opinion it is advisable, the Governor may restrict and prescribe the conditions under which deposits, either savings, commercial, or reserves of other banks, may be released from banks and trust companies, and if advisable may vary the restrictions as to such classes of deposits, now, therefore, I, William A. Comstock, Governor of the State of Michigan, hereby proclaim that all banks, trust companies, and other financial institutions conducting a banking or trust business within the State of Michigan prior to said holiday, shall be opened for the transaction of business at the regular opening hour, on the morning of Thursday, February 23, 1933, provided, however, that such business shall be limited to the following functions: 1. Reserve deposits shall be available to depositing banks and may be drawn without creating a preference. 2. Payments to depositors in either commercial or savings departments, shall be limited in amount to the proportion the total individual deposit bears to the cash on hand, available reserve in banks and United States government bonds in each such department. Such payment shall only be allowed for necessary purposes such as payroll, bank

transit items credited on and after February 23, 1933 necessary living expenses, tax payments or other obligations to the State of Michigan and subdivisions thereof or to the Federal Government, drafts with bill of lading attached, reconstruction moneys on deposit for welfare purposes, and such other purposes necessary for the ordinary conduct of business, providing always that no depositor shall be preferred against any other depositor. 3. Banking institutions may take new deposits but such deposits shall be treated as trust deposits, and there shall be opened in each such institution a trust deposit department such deposit shall be payable on demand without interest and held solely for the repayment of such depositors. 4. Banks and trust companies, acting in a fiduciary capacity, may perform their duties and discharge their obligations in such capacity, provided that in the exercise of such fiduciary functions, debtor and creditor relationship shall not be involved. 5. Such modification in the foregoing limitation as may be necessary in extraordinary cases, may be allowed with consent of the State Banking Commissioner, provided, however, that no depositor shall be preferred as against any other depositor.
The bank holiday heretofore proclaimed by me shall continue in effect, subject to the foregoing limitations until otherwise ordered by me William A. Comstock, Governor of Michigan. Dated February 21 1933. This differs from what attorney general told us this morning was expected and presents serious problem to Detroit banks especially Detroit national banks. Various banks here in session now attempting to find way out and may hold clearing house meeting later this afternoon. Will advise further developments.

STEVENS 6:16 PM

These articles are protected by copyright and have been removed.

The citations for the original are:

“Decision Still Awaited on End of Michigan Crisis.” American Banker, February 21, 1933.

“Less Than Third of Available Detroit Money Withdrawn.” American Banker, February 21, 1933.

“Bulletin: 10-Day Moratorium for Michigan Banks.” [American Banker, February 14, 1933].

[Cartoon] “Detroit Baby Cashes a Check.” American Banker, February 21, 1933.

These articles are protected by copyright and have been removed.

The citations for the original are:

“Michigan Senate Votes Dictatorial Powers on Bank’s To State Governor.” American Banker, February 18, 1933.

“Hoover Expected to Take Action on Michigan at Once.” American Banker, February 18, 1933.

“Michigan Governor Sees New Legislation as a Result of Holiday.” American Banker, February 18, 1933.

“Michigan Bill Would Give Commissioner Power to Restrict Deposits.” American Banker, February 17, 1933.

470.311
Minn
3/4/33

Minneapolis Mar 4 9:52 AM

This bank is closed today observing holiday in accordance with the proclamation issued by the Governor of the State

Minneapolis

11:00 A.M.

Governor of Minnesota has issued a proclamation effective immediately declaring a holiday mandatory of all banks in the state until further proclamation. The Governors of Montana, South Dakota and North Dakota we are advised are doing the same. In accordance with this proclamation this bank and its branches at Helena will be closed

Geery

11:45 A. M.

470.31
Treas.
3/2/33

INCOMING TELEGRAM

Atlanta 9:07 A. March 2

Board - Washington

Managing Director New Orleans Branch advises three day holiday has been declared in Louisiana and that a holiday has been declared in Mississippi; we are not informed as to nature of Mississippi holiday. Will advise later

Newton

10:18 A.

470.311
Miss
3/2/33

Mississippi

3-day holiday 3/1/33

Amend
News Ticker
Wash News 3/2

This file contained a transcript of a copyright-protected article that has been removed.

The citation for the original is:

“Governor Park Declares Two-Day State Bank Holiday – Some Banks Do Not Observe Order.’” Commercial and Financial Chronicle, January-March 1933.

470.311
Missouri

Incoming Telegrams

Chicago, Ill 1933 Mar 4 6:12 AM

Federal Reserve Board - WashDC

In accordance with the proclamation of the Governor of Illinois this bank will observe March 4, March 6 and March 7 as public holidays.

Federal Reserve Bank of Chicago.

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St. Louis Mar 4 12.32 PM

Meyer - Washn

In accordance with proclamations of the Governor of Missouri and bank commissioner of Arkansas declaring today and Monday state wide bank holidays the St Louis office and Little Rock branch will observe March 4 and March 6 as holiday Thought it wise not to close Louisville and Memphis today as proclamations of Governors of Kentucky and Tennessee were not sufficiently definite as to holiday feature. When we learn todays experience at Louisville and Memphis will try to find sufficient color of law to do what that experience indicates is wise.

MARTIN 1:54 PM.

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New York Mar 4 12:17 PM

Board - Washn

Governor Lehman today issued proclamation setting apart Saturday March 4 and Monday March 6 as holidays on which all banking institutions will be closed. The Governor of New Jersey and the Governor of Connecticut has each taken similar action.

CASE 12:32 PM

Minneapolis Mar 4 9:52 AM

This bank is closed today observing holiday in accordance with the proclamation issued by the Governor of the State

Minneapolis

11:00 A.M.

Governor of Minnesota has issued a proclamation effective immediately declaring a holiday mandatory of all banks in the state until further proclamation. The Governors of Montana, South Dakota and North Dakota we are advised are doing the same. In accordance with this proclamation this bank and its branches at Helena will be closed

Geery

11:45 A.M.