

No. 177, S.]

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CHAPTER 41.

AN ACT to amend 221.33 (1) of the statutes, relating to state banks pledging assets to the federal reserve bank.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

221.33 (1) of the statutes is amended to read:

221.33 (1) No bank or bank officer shall give preference to any depositor or creditor by pledging the assets of the bank as collateral security; provided, that a state bank may deposit with the treasurer of the United States so much of its assets not exceeding its capital and surplus as may be necessary under the act of congress, approved June 25, 1910, and all amendments thereof, to qualify as a depository for postal-savings funds and other government deposits; and provided, that any bank may borrow money for temporary purposes, and may pledge assets of the bank not exceeding 50 per cent in excess of the amount borrowed as collateral security therefor; provided, that any state bank so authorized by the commissioner of banks, who shall comply with section 223.02, shall be exempt from furnishing the bond specified in section 221.04 (6), and shall be entitled to the same exemption as to making and filing any oath or giving any bond or security as is conferred on trust company banks by section 223.03 (8), but it shall be unlawful for any bank to borrow money unless a resolution stating the amount, naming the bank from which it shall be borrowed, and designating 2 officers to sign the promissory note evidencing such debt, shall have been duly adopted by the board of directors and spread of record in the minute book. Until July 1, * * * 1955, a bank may pledge assets in an amount not to exceed 4 times the amount of its capital and surplus to the Federal Reserve Bank (as fiscal agent of the United States) of the Federal Reserve district in which it is located, except that no such pledge shall be made in excess of the amount of its capital and surplus without the consent of the commissioner of banks. Provided, that whenever it shall appear that a bank is borrowing habitually for the purpose of reloaning, the commissioner may require such bank to repay money so borrowed. Nothing herein contained shall prevent any bank from rediscounting in good faith and indorsing any of its negotiable notes if the same shall have been authorized by a recorded resolution of the board of directors.

Approved March 22, 1951.
