1971 Assembly Bill 785

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CHAPTER 120, Laws of 1971

AN ACT to amend 221.08 (1) and 221.33 (1); and to create 220.30 of the statutes, relating to residence requirements for directors, borrowing resolutions and emergency closing of banks.

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

SECTION 1. 220.30 of the statutes is created to read:

220.30 CLOSING IN EMERGENCIES. Whenever any emergency, such as a riot or civil commotion, an act of God, a threat of bombing or other violence, an absence of police protection or a

governmental order to close actually or potentially exists which shall, in the opinion of the 2 senior bank officers or employes on the banking premises at the time, constitute an actual or potential threat to the health or safety of bank customers or employes, or the security of the bank's property, the 2 persons may temporarily close the bank to transaction of business pending termination of the emergency. Within 24 hours after a closing under this section, the bank shall notify the office of the commissioner of banking by telephone or telegraph stating the reasons for the closing. Within 3 days after the termination of the emergency, the bank shall file with the board of directors of the bank and transmit to the office of the commissioner of banking a written report of the closing setting forth in detail the exact times of closing and reopening, the nature of the emergency, the reasons for the closing and the names of the 2 persons who authorized the closing. No liability shall be incurred by a bank because of proper closing under this section. A bank may not declare in default for nonpayment any obligation which became due while the bank was closed under this section if timely payment thereon was tendered but not accepted because the bank was closed.

SECTION 2. 221.08 (1) of the statutes is amended to read:

221.08 (1) The affairs of the bank shall be managed by a board of not less than 5 directors, ~~all~~ at least two-thirds of whom shall ~~be residents of the~~ reside in this state ~~of Wisconsin~~, and a majority of whom shall ~~be residents of~~ reside in the county or adjoining counties in which ~~such~~ the bank ~~shall be~~ is located ; ~~except that where a bank is located within one mile of the state boundary line, one such director may be a resident of another state if he resides within 25 miles of the bank, providing that 75% of the capital stock of such bank is owned by residents of this state~~. No person who has been convicted of a crime against the banking laws of the United States, or of any state of the union, shall be elected director. They shall be elected by the stockholders and hold office for one year and until their successors have been elected and have qualified. If the bylaws provide for a minimum and maximum number of directors, the stockholders may at any annual meeting vote to elect less than the maximum number and to authorize the board to appoint directors to the unfilled offices at any time prior to the next annual meeting. In no event shall the stockholders elect less than 5 directors nor shall the board be permitted to appoint more than 2 persons to such unfilled offices.

SECTION 3. 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. A state bank may deposit with the treasurer of the United States, or in the custody of federal reserve banks or branches thereof designated by the judges of the several courts of bankruptcy, 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, other government deposits and as depository for bankrupt estates, debtors, corporations and railroads under reorganization under U.S. bankruptcy laws, and amendments thereto, and receivers, trustees and other officers thereof appointed by any U.S. district court or by any bankruptcy court of the United States and that in acting as such depository a state bank shall have all the rights and privileges granted to banking institutions under section 61 of the U.S. bankruptcy act, and amendments thereto; and 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. Any state bank so authorized by the commissioner of banking, who complies with s. 223.02, shall be exempt from furnishing the bond specified in s. 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 s. 223.03 (8), but it is unlawful for any bank to borrow money unless the board of directors has adopted a resolution ~~which shall be effective for a period of not to exceed 6 months, unless sooner rescinded~~ designating the bank from which the money may be borrowed, the maximum amount for which the bank may become indebted at any one time, and the names of the officers who may sign the promissory note evidencing the indebtness. 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 banking. Whenever it appears 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 has been authorized by a recorded resolution of the board of directors.