

1985 Senate Bill 616

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1985 Wisconsin Act 257

AN ACT to amend 221.33 (1) and 224.05 of the statutes, relating to security from banks for public deposits.

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

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

221.33 (1) ~~No~~ Except as provided in s. 34.07, 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% 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 exemp-

tion 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 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 indebtedness. 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~~ the bank to repay money so borrowed. Nothing herein contained shall prevent any bank from rediscounting in good faith and ~~indorsing~~ endorsing any of its negotiable notes if the same has been authorized by a recorded resolution of the board of directors.

SECTION 2. 224.05 of the statutes is amended to read:

224.05 Municipality not preferred creditor. If any bank, banking institution or trust company, being indebted to the state of Wisconsin, or indebted to any county, city, town or other municipality therein, for deposits made or indebtedness incurred after April 23, 1899, becomes insolvent or bankrupt, except as provided in s. 34.07, the state, county, city, town or other

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municipality shall not be a preferred creditor and shall have no preference or priority of claim whatever over any other creditor or creditors thereof; but a just and fair distribution of the property of such bank, banking institution or trust company, and of the proceeds thereof, shall be made among the creditors thereof proportionally, according to the amount of their

respective claims. Nothing herein contained shall in any manner affect the provisions of law as they existed on said date providing for the payment of unpaid taxes and assessments, laborer's claims, expenses of assignment and execution of the trust.
