

No. 623, A.]

[Published April 27, 1897.]

CHAPTER 303.

AN ACT to revise the laws authorizing the business of banking.

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

CHAPTER I.

BANKING DEPARTMENT.

SECTION 1. There is hereby established in this state a banking department, which shall have charge of the execution of the laws relating to banks and the banking business in this state. Such department shall be designated as the state banking department, and shall be under the management and control of a chief officer, who shall be called the bank commissioner.

State banking department established with a bank commissioner.

SECTION 2. The bank commissioner shall be appointed by the governor, by and with the advice and consent of the senate, and shall hold his office for the term of five years, unless sooner removed by the governor, for good cause, and by and with the consent of two-thirds of the members of the senate. He may appoint a deputy, and revoke such appointment at pleasure. Such deputy shall possess all powers, and perform the duties attached to the office of the bank commissioner during a vacancy in such office, and during the absence or inability of his principal. The bank commissioner may also employ, from time to time, such clerks to assist him and his deputy, in the discharge of the several duties imposed upon him by this act, as he shall find necessary.

Bank commissioner to be appointed by the governor; appointment of deputy clerks.

Salaries, etc.

The salary of the bank commissioner shall be three thousand dollars per annum. The salary of the deputy and such clerks as may be employed, shall be at such a rate per annum as the bank commissioner shall decide, not, however, to exceed that of the deputies and clerks of the several state departments. The salaries of the bank commissioner, deputy and clerks shall be paid monthly by the state treasurer, upon a voucher countersigned by the secretary of state. Vouchers for the deputy and clerks' salaries must be first approved by the bank commissioner. All actual and necessary traveling expenses of said bank commissioner, deputy or clerks, incurred in the discharge of their duties, shall be fully itemized upon proper vouchers and certified in the order indicated for the salaries, and presented to the secretary of state. If allowed, the secretary of state shall countersign them. The state treasurer shall, upon the presentation of vouchers so allowed and countersigned, pay the amount of such expense. Within fifteen days from the notice of their appointment, respectively, the bank commissioner and his deputy shall take and subscribe the oath of office, prescribed by the constitution, and file the same in the office of the secretary of state. The said bank commissioner and his deputy shall each give to the people of this state a bond in the penal sum of twenty-five thousand dollars, with two or more sureties, or a surety company, to be approved by the state treasurer, conditioned for the faithful discharge of the duties of their respective offices. There shall be assigned to said bank commissioner suitable rooms in the state capitol for conducting the business of said department.

Shall devise a seal.

SECTION 3. The bank commissioner shall devise a seal for the use of his office, which shall continue to be the seal of said department. A description of the seal, with an impression thereof, shall be filed in the office of the secretary of state.

SECTION 4. It shall be the duty of the bank commissioner, and he shall have the power by himself, his deputy, or by any examiner he may appoint for that purpose, to examine, at least once in each year, the cash, bills, collaterals, securities, books of account, condition and affairs of each bank, savings association and private bank doing business in this state. For that purpose he may examine on oath any of the officers, owners, agents, clerks, customers or depositors thereof, touching the affairs and business of such institution. The bank commissioner shall examine, or cause to be examined, any bank when requested by the board of directors of such bank. The bank commissioner shall also ascertain whether such bank transacts its business at the place designated in the articles of incorporation, and whether its business is conducted in the manner prescribed by law.

Shall examine
all banks
annually.

SECTION 5. No bank commissioner, deputy or examiner shall examine a bank in which he is interested as stockholder, officer, employee or otherwise. No bank commissioner, deputy or examiner shall examine a bank located in the same village, city or county with any bank in which he is interested as stockholder, officer, employee or otherwise. The bank commissioner, his deputy, and every clerk in his department, and examiner, shall be bound by oath to keep secret all of the facts and information obtained in the course of such examinations, except so far as the public duty of such officer requires him to report upon, or take special action regarding the affairs of any bank. If any bank commissioner, deputy, examiner or clerk in such department, shall disclose the name of any debtor of any bank, or anything relative to the private accounts or transactions of such bank, or shall disclose any fact obtained in the course of his examination of any bank, except as herein provided, he shall be subject, upon conviction thereof, to forfeiture of his office, and to the payment of a fine of not less than

Not to examine
banks in
which he is
pecuniarily in-
terested.

one hundred dollars nor more than one thousand dollars, or imprisonment in the state prison not less than six months nor more than two years, or to both such fine and imprisonment.

Shall examine banks when he thinks its capital is impaired from any cause.

SECTION 6. Whenever it shall appear from the report of any bank, or the bank commissioner shall have reason to believe, that the capital of any bank is impaired or reduced below the amount required by law, it shall be the duty of the bank commissioner, and he shall have the power, to examine such bank to ascertain the facts, and in case he shall find such impairment or reduction of capital, to require such bank to make good the deficiency so appearing. If any bank shall refuse or fail for ninety days after written notice to make good the deficiency so appearing or found to exist, it shall be the duty of the bank commissioner, with the approval of the attorney general, to institute proceedings for the appointment of a receiver of said bank to wind up its business. In any case, where the capital of a bank shall have become impaired or reduced below the amount required by law, the board of directors of such bank shall have the power to make a pro rata assessment upon all of the stock of said bank to make good such deficiency, and may provide that the amount of such deficiency shall be due and payable at a time to be fixed by such board of directors, which time shall be not less than ten days after notice of said assessment; and if any stockholder shall fail or neglect to pay the amount of the assessment against his stock, for ten days after the same shall have become so due and payable, the directors of such bank may offer said stock for sale, and sell the same at public sale upon ten days' notice, to be given by posting copies of notice of sale in five public places in the village or city where such bank is located. Upon such sale the purchaser shall forthwith pay the amount of the assessment against said stock. The amount received from the sale of said stock,

less the cost and expense of such sale, shall be paid to the original owner of such stock.

SECTION 7. On becoming satisfied that any bank has refused to pay its depositors, in accordance with the terms on which such deposits were received, or that any bank has become insolvent, or that its capital has become impaired, or that any bank has violated any of the provisions of this law, the bank commissioner may forthwith take possession of the books, records and assets of every description of such bank, and hold the same, and such books, records and assets shall not be subject to any levies or attachments, until a court of competent jurisdiction can be applied to for the appointment of a receiver for such bank, who, under the direction of the court, shall take possession of the books, records and assets of every description, collect all debts, dues and claims, and sell or compound all doubtful debts, and sell all real and personal property on such terms as the court shall direct, and if necessary, enforce the individual liability of stockholders. Such receiver shall pay over all money by him received under the order of the court, and shall also make report to the bank commissioner, as often as required by him, of his acts and proceedings.

May take possession of books, records, etc., when.

SECTION 8. In the event that any two banks shall be doing business in the same building, upon the same floor, and in such close proximity as to interfere with the proper examination of either bank, the bank commissioner may require either of said banks to remove its banking office to some other location, within such reasonable time as may be fixed by the bank commissioner.

May order banking officer removed.

SECTION 9. All proceedings by any bank to enjoin the bank commissioner in the discharge of his duties, shall be had in the county where said bank is located, or in the supreme court of this state. All suits and proceedings arising out of the provisions of this act, in which the state, or any of its officers or agents, shall be

Proceedings where taken to enjoin the commissioner.

parties, shall be conducted under the direction and supervision of the attorney-general.

Certified copies of papers to be taken as evidence.

SECTION 10. Copies of all records and papers in the office of the bank commissioner, certified by him, and authenticated by his seal of office, shall be evidence in all cases equally and of like effect as the original.

Shall make an annual report in December.

SECTION 11. During the month of December of each year, the bank commissioner shall make an annual report to the governor of the state, which report shall be published and shall exhibit the condition of the various banks of this state, as of the day of the last report made to the bank commissioner by such banks; and such report shall contain a statement of the condition of every bank from which reports have been received, with an abstract of the whole amount of capital returned by them, the whole amount of their liabilities, the total amount of resources, and specifying the amount of lawful money held by banks at the time of their several returns, and shall give a tabulated statement of the resources and liabilities of each bank, and such other information as in his judgment may be required. Such report shall also contain a statement of the banks whose business has been closed during the year, the amount of their resources and liabilities, and the amount paid to the creditors thereof; also a statement of any banks organized during the year; and shall also give a list of the stockholders, their residence, and the amount of stock held by each, and the names of the directors and officers of each bank. He shall also report the names and compensation of the clerks employed by him, and the whole amount of the expense of the banking department during the year preceding.

What it shall contain.

CHAPTER II.

BANKS.

SECTION 1. Any number of adult residents of Wisconsin, not less than three, may associate to establish a bank under this act, upon the terms and conditions and subject to the liabilities prescribed in this act. The aggregate amount of the capital stock of any bank shall not be less than ten thousand dollars, in villages or cities having less than two thousand inhabitants; and shall not be less than twenty thousand dollars, in villages or cities having more than two thousand and less than six thousand inhabitants; and shall not be less than fifty thousand dollars in any village or city having more than six thousand inhabitants, according to the last official census.

Number of persons and amount of capital needed to start a bank.

SECTION 2. The persons so associating shall make, sign and acknowledge written articles of incorporation containing:

Written articles and what to contain.

First. A declaration that they associate for the purpose of forming a banking corporation under this act.

To form a banking corporation.

Second. The name of such bank. Such name shall be in no material respect similar to the name of any other bank in the same county, whether such other bank be organized under this act or under the laws of the United States.

To name the bank.

Third. The village or city and county where such bank is to be located.

Place of bank.

Fourth. The amount of capital stock, which shall be divided into shares of not less than fifty nor more than one hundred dollars each.

Amount of capital stock.

Fifth. The period for which such bank is organized, not exceeding fifty years.

Period for which organized.

SECTION 3. Such articles of incorporation shall be executed in triplicate, one of which shall be recorded in the office of the register of deeds in the county in which the bank is located, one shall be filed in the office of the bank

To be executed in triplicate.

commissioner, and one shall be filed in the office of the secretary of state.

To become a body corporate with powers.

SECTION 4. Upon making and filing of the articles of incorporation the bank shall become a body corporate, and as such shall have the following powers:

To make contracts.

First. To make all contracts necessary and proper to effect its purpose and conduct its business.

To sue and be sued.

Second. To sue and be sued, to appear and defend in all actions and proceedings under its corporate name, to the same extent as a natural person.

To have a common seal.

Third. To have a common seal and alter the same at pleasure.

To elect necessary officers.

Fourth. To elect or appoint all necessary officers, agents and servants, define their duties and obligations, fix their compensation, dismiss them, fill vacancies and require bonds.

To make by-laws, etc.

Fifth. To make, amend and repeal by-laws and regulations, not inconsistent with law or its articles of organization, for its own government, for the orderly conduct of its affairs and the management of its property, for determining the manner of calling and conducting its meetings, the tenure of office of its several officers; and such others as shall be necessary or convenient for the accomplishment of its purpose.

To exercise powers to carry on the business.

Sixth. To exercise, by its directors, duly authorized officers, or agents, all such powers as shall be necessary to carry on the business of banking; by buying, discounting and negotiating promissory notes, bonds, drafts, bills of exchange, foreign and domestic, and other evidences of debt; by receiving commercial and savings deposits under such regulations as it may establish; by buying and selling coin and bullion, and by buying and selling exchange, foreign and domestic; issuing letters of credit, and by loaning money on personal or real security, as provided hereinafter.

SECTION 5. No bank shall transact any business, except such as is incidental or necessarily

preliminary to its organization, until it has been regularly authorized by the bank commissioner to commence the business of banking.

Cannot begin business until authorized by the commissioner.

SECTION 6. The subscriptions to the capital stock, and the direction of the affairs of the corporation prior to the election of directors, shall be in conformity with the statutes of this state, relating to corporations, regulating such matters, so far as applicable. At least fifty per cent. of the capital stock of every bank shall be paid in, in cash, before it shall be authorized to commence business, and the remainder of the capital of such bank shall be paid in, in cash, in monthly installments of at least ten per cent. on the whole of the capital, payable at the end of each succeeding month, from the time it shall be authorized by the bank commissioner to commence business, and the payment of each installment shall be certified to the bank commissioner, under oath, by some officer of the bank.

Subscriptions to be in accordance with the statutes.

SECTION 7. Whenever articles of incorporation are filed with the bank commissioner, as herein provided, and the bank transmitting the same notifies the bank commissioner that at least fifty per cent. of its capital has been duly paid in, and that such bank has complied with all of the provisions of this act, required before the bank shall be authorized to commence business, the bank commissioner shall examine into the condition of such bank, ascertain the amount of money paid in on account of its capital, the name and place of residence of each of its directors, and whether such bank has complied with all of the provisions of law required to entitle it to engage in the business of banking. If upon such examination it appears that such bank is lawfully entitled to commence business, the bank commissioner shall forthwith give to such bank a certificate, under his hand and official seal, that such bank is authorized to commence business. If the said bank commissioner has reason to believe that the stockholders have formed the same for

When the bank is deemed to be fully organized for business.

any other than the legitimate business contemplated by this act, he may, with the advice and consent of the attorney-general, withhold the certificate herein mentioned.

Certificate issued to be published in some newspaper.

SECTION 8. The bank shall cause the certificate issued hereunder, to be published in some newspaper printed in the village, city or county where such bank is located, within ten days after the receipt of such certificate. If no newspaper is published in such county, then such publication shall be made at the nearest county seat. Proof of publication shall be filed with the bank commissioner.

When subscriber's stock may be sold.

SECTION 9. Whenever any subscriber for stock, or his assignee, fails to pay any installment on the stock when the same is required to be paid hereunder, the directors of such bank may sell the stock of such delinquent stock subscriber at public sale, having first given the delinquent subscriber twenty days' notice, personally or by mail, at his last known address. If no bidder can be found who will pay for such stock the amount due thereon to the bank, with any cost incurred, the amount previously paid shall be forfeited to the bank, and such stock shall be sold as the directors may order, within sixty days from the time of such forfeiture, and if not sold, it shall be canceled and deducted from the capital stock of the bank. If sold, any surplus over the amount due on said stock to said bank, including the cost incurred thereon, with interest on the amount due, shall be returned to the subscriber, his heirs or assigns. If such cancellation shall reduce the capital of the bank below the minimum required by law, the said capital shall, within thirty days from the date of such cancellation, be increased to the required amount by additional subscriptions. In event of the failure of said bank to increase such capital as herein provided, the bank commissioner shall apply for a receiver to close up the business of the bank.

SECTION 10. The affairs of the bank shall be

managed by a board of not less than three directors, who shall be elected by the stockholders and hold office for one year, and until their successors have been elected and have qualified. A majority of the board of directors shall constitute a quorum for the transaction of business; provided, that when the number of directors shall exceed nine, they may, once in six months, designate by resolution, nine members, any five of whom shall constitute a quorum. In the first instance the directors shall be elected at a meeting held before the bank is authorized to commence business by the bank commissioner, and afterwards at the annual meeting of the stockholders, to be held during the month of July or January; and if for any reason an election is not had at that meeting, it may be had at a subsequent meeting called for that purpose, of which due notice shall be given as provided in the by-laws of such bank. Every director shall take and subscribe an oath that he will diligently and honestly perform his duty in such office, and will not knowingly violate or permit a violation of any provision of this act; that he is the owner in good faith of stock in the bank, standing in his name on the books of the bank. Such oath shall be transmitted to the bank commissioner and filed in his office. Any vacancy in the board of directors shall be filled by the board, and the director so appointed shall hold office until the next election. The officers of the bank shall be elected by the board of directors and hold their offices for one year, and until their successors are elected and qualified, unless sooner removed by the board of directors.

Number of directors required to manage a bank.

SECTION 11. Every bank shall keep a stock book, which shall at all times, during the usual hours for transacting business, be subject to the inspection of the officers, directors and stockholders of the bank. Such stock book shall show the name, residence and number of shares held by each stockholder. A refusal by

Bank shall keep a stock book.

the officers of such bank to exhibit such book to any person rightfully demanding inspection thereof, shall subject such officer to a forfeiture of fifty dollars. In all actions, suits and proceedings, such book shall be presumptive evidence of the facts therein stated.

Shares of stock to be personal property.

SECTION 12. The shares of stock of such bank shall be deemed personal property, and shall be transferred on the books of the bank in accordance with the method provided by law for transfer of stock in corporations.

Vote of stockholder.

SECTION 13. At all stockholders' meetings each share of stock shall entitle the owner of record to one vote. A stockholder may vote at any meeting of the stockholders by proxy. No president or cashier shall act as proxy for any stockholder.

May amend its articles.

SECTION 14. A bank may amend its articles of association in any manner, not inconsistent with the provisions of law, at any time, by a vote of its stockholders representing two-thirds of the capital stock, such vote to be taken at a meeting called for that purpose. A copy of such amendment, certified by the president and cashier, shall be filed as required for articles of incorporation. No increase of capital shall be valid until the amount thereof has been subscribed and actually paid in. No reduction of capital shall be made to a less amount than is required under the provisions of this act for capital, nor be valid or warrant the cancellation of stock certificates, or diminish the personal liability of stockholders, until such reduction has been approved by the bank commissioner. Such approval must be based upon a finding by him that the security of the existing creditors will not be impaired by the proposed reduction.

May purchase and hold real estate.

SECTION 15. A bank may purchase, hold and convey real estate for the following purposes and no others:

For transaction of its business.

First. Such as shall be necessary for the convenient transaction of its business, including with its banking offices other apartments

to rent as a source of income. No bank shall invest in a banking office, including apartments connected therewith, a sum exceeding twenty-five per cent. of its paid in capital; provided, that this limitation shall not apply to the present holdings of banks now doing business.

Second. Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its business. For debts.

Third. Such as it shall purchase at sale on judgments, decrees, or mortgage foreclosures under securities held by it; but a bank shall not bid at such sale a larger amount than is necessary to satisfy its debts and costs. No real estate acquired in the cases contemplated in the second and third sub-divisions preceding, shall be held for a longer time than five years, except an extension is granted by the bank commissioner. If such extension be not granted, it must be sold at private or public sale within ninety days thereafter. Nothing in this section shall be construed to prevent a bank from loaning money upon real estate security as provided by law. Real estate shall be conveyed under the corporate seal of the bank, and the hand of the president or vice president and cashier or assistant cashier. For judgments, mortgages, etc.

SECTION 16. Every bank shall make to the bank commissioner not less than three reports during each calendar year, at such times as the said commissioner shall require the same, according to the forms which he shall prescribe and furnish. Such forms shall conform as nearly as practicable to that now required of national banks, including the schedules. Such reports shall be signed and verified by the oath or affirmation of one of the officers of such bank, and attested by at least two of the directors. Such report shall exhibit in detail and under proper heads, the resources and liabilities of the bank at the close of business of any past day, by the bank commissioner specified, and shall be transmitted to said bank commissioner within ten days after the receipt of request therefor. To make three reports to the commissioner annually.

from him. Such reports shall be published by the bank in a newspaper in the village or city or county, where such bank is located, in such condensed form as may be prescribed by the bank commissioner. Proof of publication shall be furnished to said bank commissioner. At least once each year every bank shall report to the bank commissioner, on call by him, a list of its stockholders, their residence, and the amount of stock held by each, which report shall be signed and verified by the oath or affirmation of one of the officers of said bank. The bank commissioner shall also have the power to call for special reports from any bank, whenever in his judgment the same is necessary to inform him fully of the condition of such bank.

Penalty for failure to transmit reports.

SECTION 17. Every bank failing to make and transmit to the bank commissioner any of the reports required by this act, shall be subject to a forfeiture of one hundred dollars for each day after the time required for making such reports. Whenever any bank fails or refuses to pay the forfeiture herein imposed for a failure to make and transmit such report, the bank commissioner is hereby authorized to institute proceedings for the recovery of such forfeiture.

When a receiver may be appointed.

SECTION 18. Whenever any officer of a bank shall refuse to submit the books, papers and concerns of such bank to the inspection of the bank commissioner, his deputy or examiner appointed hereunder, or refuse to be examined on oath touching the concerns of the bank, the bank commissioner may, with the approval of the attorney-general, institute proceedings for the appointment of a receiver of such bank to wind up its business.

Penalty for false statement.

SECTION 19. Every officer or employee of any bank, required by law to take any oath or affirmation, who shall willfully swear or affirm falsely upon any material matter, shall be deemed guilty of perjury, and upon conviction thereof, shall be punished as provided by the laws of this state for the punishment of perjury.

SECTION 20. Any bank organized under this act may reorganize under the laws of the United States as a national bank. As soon as such bank shall have obtained the certificate from the comptroller of the currency, authorizing it to commence business under the United States banking law, such reorganized bank shall take and hold all of the assets, real and personal, of such bank organized under this act, subject to all liabilities existing against said bank organized under this act, at the time of such reorganization.

National
banks.

SECTION 21. Any national bank authorized to dissolve, and which shall have taken the necessary steps to effect dissolution, may reorganize under this act, upon the consent in writing of the owners of two-thirds of the capital stock of such bank, and with the approval of the bank commissioner. Such stockholders shall make, execute and acknowledge articles of organization as required by this act, and shall set forth the said written consent of such stockholders. Upon the filing of said articles as provided by this act, and upon the approval of the bank commissioner, such bank shall be deemed to be reorganized under this act, and thereupon all assets, real and personal, of such dissolved national bank, shall be vested in, and be and become the property of such reorganized bank, subject to all liabilities of such national bank not liquidated before such reorganization.

Dissolution of
national
banks.

SECTION 22. A bank, which is in good faith winding up its business, for the purpose of consolidating with some other bank, may transfer its resources and liabilities to the bank with which it is in process of consolidation; but no consolidation shall be made without the consent of the bank commissioner, and not then to defeat or defraud any of the creditors in the collection of their debts against said banks, or either of them.

Winding up
business for
consolidation
with another
bank.

SECTION 23. Any bank organized or doing business under the provisions of this act, may go into liquidation by a vote of its stockholders

How it may go
into liquida-
tion.

owning two-thirds of the capital stock. Whenever a vote is taken to go into liquidation, it shall be the duty of the board of directors to cause notice of this fact to be certified, under the seal of the bank by its president and cashier, to the bank commissioner, and publication thereof, notifying the creditors to present their claims against the bank for payment, shall be made once in each week for eight successive weeks in the official state paper, and also in a newspaper published in the village, city or county in which the bank is located, and if no newspaper is there published, then in the newspaper published at the nearest county seat.

Per cent of money to be kept on hand at all times.

SECTION 24. Every bank shall keep on hand at all times, at least fifteen per cent. of its total deposits, at least six-fifteenths of which shall be in lawful money, and the balance of such percentage may be on deposit in banks approved by the bank commissioner as reserve banks; except in the case of banks which shall be approved by the bank commissioner as reserve banks, which banks shall at all times keep on hand at least twenty-five per cent. of their total deposits, at least two-fifths of which shall be in lawful money, and the balance may be on deposit in banks approved by the bank commissioner as reserve banks.

How the reserve shall be increased when impaired.

SECTION 25. Whenever the reserve of any bank shall fall below the amount required herein to be kept, such bank shall not increase its loans or discounts otherwise than by discounting or purchasing bills of exchange, payable at sight or on demand, and the bank commissioner shall notify any bank whose reserve may be below the amount herein required, to make good such reserve, and in case the bank fails for thirty days thereafter to make good such reserve, the bank commissioner may, with the approval of the attorney-general, institute proceedings for the appointment of a receiver, and to wind up the business of the bank.

SECTION 26. The total liabilities of any person, co-partnership or corporation, to any bank, for money borrowed, including in the liabilities of the co-partnership, the liabilities of the several members thereof, except special partners, shall at no time exceed fifteen per cent. of the amount of capital and surplus of such bank; but the discounting of bills of exchange, drawn in good faith against actually existing values, and the discounting of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed; provided, that by a two-thirds vote of the directors, the liabilities of any person, co-partnership or corporation, may be increased to a total sum not exceeding twenty-five per cent. of the capital and surplus of such bank.

Amount of liability of stockholders.

SECTION 27. No bank shall take for security for any loan or discount a lien upon any part of its capital stock. No bank shall be the holder of or purchaser of any portion of its capital stock, unless such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith. Stocks so purchased shall in no case be held by the bank for a longer time than six months, if the stock can be sold for the amount of the claim of the bank against the same, and it must be sold for the best price obtainable within one year, or it shall be canceled, and shall then amount to a reduction of the capital stock; provided, that if such reduction shall reduce the capital stock below the minimum required by law, such capital stock shall be again increased to the amount required by law, as provided herein.

Shall not take a lien on its capital stock.

SECTION 28. It shall not be lawful for any bank to loan to any of its officers, directors, clerks or employees, any of the funds of the bank, unless the same shall have been authorized, both as to amount and security, by a resolution of the board of directors, to be recorded.

Cannot loan to its employees.

SECTION 29. No bank shall lend an amount exceeding twenty per cent. of its capital stock upon mortgages, or any other form of real es-

Amount of loans lawful.

tate security, except on the adoption of a resolution by a two-thirds vote of the board of directors, specifying some larger amount which its officers may loan upon real estate security; provided, that in no event shall any bank so loan an amount to exceed twenty-five per cent. of the aggregate of its capital, surplus and deposits; and provided, that banks doing business in villages or cities having less than six thousand inhabitants, under the last official census, may loan a sum not to exceed thirty-three and one-third per cent. of the aggregate of its capital, surplus and deposits, upon real estate security. The limitation in this section shall not preclude any bank from taking real estate security, upon any indebtedness previously contracted in good faith upon personal security; and provided, further, that any bank having taken real estate security for such debts so previously contracted, which shall have carried its percentage of loans on real estate above the amount hereinbefore limited, such bank shall, within six months thereafter, either by sale or collection, reduce its real estate loans to the amount hereinbefore limited.

Loans and discounts; rate of interest, etc.

SECTION 30. No bank shall demand or receive for loans or discounts a rate of interest exceeding that allowed by law to be taken and received by individuals, excepting that it shall be lawful for any bank to receive interest in advance according to the ordinary usages of banking institutions, and to charge for collecting foreign or domestic bills, or other evidences of debt the usual current rate of exchange. In the computation of time, thirty days shall be considered a month and twelve months a year.

Bad debts.

SECTION 31. All debts due to any bank, on which interest is past due and unpaid for a period of twelve months, unless the same are well secured and in process of collection, shall be considered bad debts, and shall be charged off to the profit and loss account at the expiration of one year.

SECTION 32. The board of directors of a bank may declare a dividend from so much of its net profits, after providing for all expenses, losses, interest and taxes accrued or due from said bank, as they shall deem expedient; but before any such dividend is declared, not less than one-tenth of the net profits of the bank for the preceding half year, or for such period as is covered by the dividend, shall be carried to a surplus fund, until such surplus fund shall amount to twenty per cent. of the capital stock. No dividend shall be declared before the capital stock is fully paid.

Dividends when to be declared.

SECTION 33. Every president, director, cashier, officer, teller, clerk or agent of any bank or savings association who embezzles, abstracts or wilfully misapplies any of the moneys, funds, credits, or property of the bank or savings association, whether owned by it or held in trust, or who, without authority of the directors, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment or decree; or who makes any false entry in any book, report or statement of the bank, with intent in either case to injure or defraud the bank or savings association, or any person or corporation, or to deceive any officer of the bank or savings association, or any agent appointed to examine the affairs of such bank or savings association; or any person who, with like intent, aids, or abets any officer, clerk or agent in the violation of this section, upon conviction thereof, shall be imprisoned in the state prison not to exceed twenty years.

Penalty for embezzlement.

SECTION 34. If the board of directors, or a quorum thereof, of any bank shall knowingly violate, or knowingly permit any of the officers, agents or employees of the bank, to violate any of the provisions of this act; and after a warning from the bank commissioner shall fail to make good any loss or damage resulting from such acts, or continue such conduct, it shall

Penalty of violation to be loss of charter.

constitute a ground for the forfeiture of the charter of such bank. It shall be the duty of the bank commissioner, with the consent of the attorney-general, to institute proceedings to enforce such forfeiture, and to secure a dissolution and a winding up of the affairs of such bank.

Stockholders
to be personally
liable for
the amount of
their stock.

SECTION 35. The stockholders of every bank shall be individually liable, equally and ratably, not one for another, for the benefit of the depositors in said bank, to the amount of their stock at the par value thereof, in addition to the amount invested in said stock. But persons holding stock as executors, administrators, guardians or trustees, and persons holding stock as collateral security, shall not be personally liable as stockholders, but the assets or funds in their hands constituting the trust, shall be liable to the same extent as the testator, intestate, ward or person interested in such trust fund would be if living, or competent to act, and the person pledging such stock shall be deemed the stockholder and liable under this section. Such liability shall continue for sixty days after any transfer of stock.

SECTION 36. Whenever any deposit shall be made in any bank by and in the name of any minor or female, being or thereafter becoming a married woman, the same shall be held for the exclusive right and benefit of such minor or female, and free from the control or lien of all persons whatsoever, except creditors, and shall be paid, with any interest due thereon, to the person in whose name the deposit shall have been made, and the receipt of such minor or female shall be a sufficient release or discharge for such deposit to the bank. Whenever any deposit shall be made by any person in trust for another, and no other or further notice of the existence and terms of a legal and valid trust shall have been given in writing to such bank, in the event of the death of the trustee, the same or any part thereof, and any interest due

thereon, may be paid to the person for whom the said deposit was made.

SECTION 37. All real estate owned by any bank shall be taxed the same as other real estate in the town, village or city where such real estate is situated. The capital, surplus and undivided profits of a bank shall not be taxed, but the shares of capital stock shall be taxed to the shareholders of such stock where the bank is located. The value of the shares to be determined the same proportionally as that of other property, after deducting therefrom the real estate owned by the bank. The tax of any shareholder not residing in the taxing district of the bank, if unpaid at the time for returning the unpaid tax list to the county, may be paid by the bank, and such payment shall constitute a first lien upon the shares so taxed. Any bank may pay the taxes upon all of the shares of its shareholders, and deduct such tax from its earnings.

Real estate to be taxed, stock, etc.

SECTION 38. Legal process against any bank may be served upon any officer of said bank in the county where its business office is located.

Service of legal process.

SECTION 39. In the event that the congress of the United States shall hereafter provide for the establishment of circulation by banks organized under state laws, any bank organized or doing business under this act, shall have the power to issue circulating notes or currency, in accordance with any such act of congress, and shall have the power to avail itself of the provisions of any such act of congress. The provisions of this section shall not be construed to permit any savings association, or private bank or banker, or any loan or trust company, or any other corporation, to issue circulating notes.

Power to issue circulating notes—when.

SECTION 40. The provisions of this act shall apply to, and govern, all banks organized and now existing within this state, and the powers, privileges, duties and restrictions conferred and imposed upon any bank, existing and doing business under the laws of this state, are hereby

Where this act shall apply.

abridged, enlarged, or modified as each particular case may require, to conform to the provisions of this act. Nothing in this act shall be construed to affect the legality of investments heretofore made, or to transactions heretofore had, pursuant to any provisions of law in force when such investments were made or transaction had. All banks now existing and doing business within this state shall, on or before the first day of July next following the time when this act becomes operative, alter or amend its articles of organization, if necessary, to comply with the provisions of this act, and shall by said time make its business conform in all respects to the requirements of this act, except where such requirement is expressly waived herein.

CHAPTER III.

PRIVATE BANKS.

Organization
of private
banks, how
effected.

SECTION 1. Every person, co-partnership or corporation doing business in this state, or that may hereafter be doing business in this state, which shall advertise as a bank or as doing a banking business, either by signs, circulars, letter heads, or printed matter of any description; or any such person, co-partnership or corporation, who shall receive money or funds for deposit or safe keeping as a regular business, or who shall buy or sell exchange as a regular business, shall be deemed to be doing a banking business, and shall be known as a private bank, and as such shall be subject to the provisions of this act so far as the same shall be applicable. And every such person, co-partnership or corporation shall make reports and be subject to examination, the same as banks under this act. And every such person, co-partnership or corporation shall maintain the reserve required of any bank under similar

condition, and shall keep a separate set of books of account relating to such banking business, and no entries shall be made upon said books relating to any other class of business. Such set of books shall be subject at all times to examination by the bank commissioner, his deputy, or person appointed by him. Upon the refusal of any such person, co-partnership or corporation to keep the reserve required under this act, or upon the refusal to keep the separate books of account as required hereunder, or upon the refusal to make the reports required by this act, or upon the refusal to submit the books of account, papers, securities and cash to the examination herein required, shall forfeit not less than twenty-five dollars, and not more than one hundred dollars for each day of any such refusal. The banking business of any person, co-partnership or corporation shall be subject to the limitations, powers and regulations of this act, in so far as the same may be applicable.

CHAPTER IV.

SAVINGS ASSOCIATIONS.

SECTION 1. Any number of persons, not less than twenty, nor more than fifty, may unite for the purpose of organizing an association to receive on deposit the savings of laborers, mechanics, farmers, servants, minors and others; and to loan the same for the benefit of such depositors; three-fourths of such number of persons or corporators shall reside in the county where the proposed association is to be located.

Savings associations—how effected.

SECTION 2. Every such association may, at any annual meeting, by a majority of at least two-thirds of those present, elect by ballot any citizen of the county wherein the association is located, or of any adjoining county, to be a member thereof. Any member failing to at-

Election member .

tend the annual meeting for two successive years, such non-attendance may be deemed equivalent to a resignation, and his place may be filled in the usual manner. The association may fill vacancies and add to their number, from time to time, as they may desire.

Triplicate certificates to be made.

SECTION 3. They shall make, sign and acknowledge in triplicate, a certificate in writing, in which shall be stated the name of such association, the names of the incorporators, with the residence of each, the name of the city, village, town and county in which the operation of such association is to be conducted. One certificate shall be filed in the office of the register of deeds of the county in which the business of the association is to be carried on, one shall be deposited in the office of the secretary of state, and one shall be deposited in the office of the bank commissioner.

Powers of corporations defined.

SECTION 4. Such corporation shall have the power to enact by-laws, not inconsistent with the laws of this state or of the United States, for the government of its affairs, and such by-laws may prescribe the conditions on which deposits shall be made, and the terms on which payments of such deposits shall be made to the depositors by such institution, and the depositors shall be bound by the regulations enacted in such by-laws, which regulations shall be printed and conspicuously posted in the office of such corporation, so as to be visible and accessible to all persons visiting the business office of the association.

Election of a board of trustees.

SECTION 5. The incorporators shall, at their first annual meeting, elect by ballot from their own number, a board of trustees or directors, which shall consist of not less than nine, who shall be divided into three classes, as follows: One-third shall be elected for one year, one-third for two years, and one-third for three years. After the election of the first board of trustees or directors, all subsequent trustees or directors shall be elected at the annual meeting for the full term of three years, unless elected to

fill a vacancy, when they shall be elected to serve the unexpired portion of the term they fill.

SECTION 6. The trustees or directors, within ten days after their election, shall elect from the members of their own board, a president, one or more vice-presidents, a treasurer and a secretary; the same person may act as secretary and treasurer; they may also elect from their own members a committee on finance; all said officers to hold their offices till others are elected and qualified to fill their places.

Officers of association—how elected.

SECTION 7. No more than one officer of any savings association shall at the same time be an officer of any bank or trust company; and no stockholder of a bank shall be treasurer of any savings association.

Savings association officers not to be bank officers.

SECTION 8. The treasurer shall give a bond for the faithful discharge of his duties, with surety to the acceptance of the directors or trustees, in not less than ten thousand dollars, payable to said association, and shall give a new bond, with surety to the acceptance of the directors or trustees, as often as once in every period of three years from the date of giving the last bond. The said bond shall forthwith be recorded at length in the books of said savings association, which record shall at all times be subject to the inspection of the bank commissioner of the state. It shall be the duty of the president of said savings association to safely keep the original bond so given. Whenever, in the judgment of the board of directors or trustees, or the bank commissioner, it is necessary for the security of the depositors, the treasurer shall give a new bond in such amount as said board or the bank commissioner shall require, and with such sureties as may be approved. No president, director or trustee shall be surety on the bond of such treasurer.

Treasurer shall give a bond of \$10,000

SECTION 9. No corporator, trustee, director, manager, nor any other officer, except the treasurer, shall receive any compensation for his services in the management of such association,

Salaries, or compensation.

nor derive any emolument therefrom; provided, however, that the president may receive for his services a sum not exceeding five hundred dollars, when the deposits shall exceed five hundred thousand dollars.

Penalty for being unlawful borrower of its funds.

SECTION 10. No trustee, director or manager of such corporation, shall be a borrower, or surety for a borrower, of any of its funds, nor receive any money or valuable thing for negotiating, procuring or recommending any loan from such association, nor for selling or aiding in the sale of any stocks, bonds or securities to or by such association, and any such officer who shall violate any provision of this section shall forfeit to the state one thousand dollars.

Cannot issue or circulate currency.

SECTION 11. Such corporation shall not make and issue any bill or promissory note to circulate as currency.

Limit of deposit from one person, \$1,000.

SECTION 12. Such association may receive on deposit from any one person, in his or her own name, or in the name of another, in any one year, a sum not exceeding one thousand dollars.

Use of the deposits for making loans and purchase of public stock. Limit allowed.

SECTION 13. Any association organized hereunder, may employ not exceeding one-half of its deposits in making loans on personal security, and in the purchase of the public stock or bonds of the United States, or of the northwestern states, to-wit: Ohio, Indiana, Michigan, Illinois, Iowa, Wisconsin and Minnesota, or of the authorized bonds of any incorporated city, village, town or county, or school district in the aforesaid northwestern states. All other loans shall be secured by mortgage on unincumbered real estate, lying and being in the aforesaid northwestern states. No association shall invest any part of its deposits in the stock of any railroad company, nor loan on, nor invest in any mortgage on real estate, except such real estate as lies in the aforesaid northwestern states. No loan shall be made upon real estate to an amount exceeding sixty per cent. of the value thereof, as determined upon by not less than a majority of the members of the finance commit-

tee, who shall duly certify to the value of the premises to be mortgaged, according to the best of their judgment, and such report shall be filed and preserved with the records of the corporation.

SECTION 14. No such corporation shall buy or loan any money upon any obligation on which only one person or firm shall be holden, without additional security for the same, equivalent to the guaranty or indorsement of some other responsible party.

Ample security for loan required.

SECTION 15. All applications for loans shall be made in writing, through the treasurer of the corporation, who shall keep a record thereof, showing the date, name of applicant, amount asked for, and security offered, and he shall cause the same to be presented to the finance committee.

Applications for loans to be made in writing.

SECTION 16. The income or profits of every such association, after a deduction of all reasonable expenses incurred in the management thereof, and the amounts reserved for a guaranty fund, shall be divided among the depositors or their legal representatives semi-annually, at the times fixed by its by-laws. Every such association shall, before making any semi-annual dividend, reserve as a guaranty fund from the net profits which have accumulated during the six months then next preceding, a sum equal to not less than one-fourth of one per cent., nor more than one per cent. of the whole amount of deposits, until such fund amounts to ten per cent. of the whole amount of deposits, which fund shall be thereafter maintained and held in that ratio, to meet losses in its business from depreciation of the securities or otherwise.

How a guaranty fund shall be formed and divided.

SECTION 17. Ordinary dividends shall be made every six months if the profits are sufficient to warrant it. On all sums which have been on deposit for less than six months immediately preceding the date of dividend, dividends shall be paid pro rata at the same rate as for the semi-annual period, except that no divi-

Ordinary dividends may be made every six months.

dend shall be paid for the fractional part of a month or of a dollar.

Net profits to be divided every three years.

SECTION 18. Once in every term of three years, if the net profits accumulated over and above said guaranty fund and ordinary dividends amounts to one per cent. of the deposits which have remained in such corporation for one year then next preceding, such net profits may be divided among the depositors whose deposits remained therein for one year at least then next preceding, as an extra dividend.

May purchase real estate and invest in a building; limit allowed.

SECTION 19. It shall be lawful for such corporation to purchase, hold and convey such real estate as banks are authorized by the law of this state to purchase, hold and convey, except that such savings associations may purchase or build a building in which to carry on its own business, but shall not invest in the land and building a sum exceeding ten thousand dollars, except upon the consent and approval of the bank commissioner.

To be subject to all the provisions of laws relating to corporations.

SECTION 20. Every association formed hereunder shall possess the powers and be subject to the provisions of the general laws, relating to corporations, so far as the same may be applicable, and shall be subject to all of the provisions of this act relating to reports, examinations, liquidations, powers, liabilities and forfeitures, so far as the same may be applicable. Any corporation now organized and doing business as such savings association, shall continue business under this act, and shall be subject to all of its provisions.

Two auditors to be appointed annually to examine books, etc.

SECTION 21. The directors, managers, or trustees shall annually appoint not less than two auditors, who shall not be directors, managers or trustees of the corporation, who shall examine the books, accounts and securities belonging to such association, and make a sworn statement showing the true condition thereof, the total amount of deposits, the whole number of depositors, the largest amount due to any one depositor, the amount invested in loans on real estate securities, the amount in-

vested in stocks and bonds, the amount of funds on hand, the names of the corporators, trustees, and of the other officers of such institution, on the first day of January of each year, which statement shall be kept on file in the office of such association, and an attested copy of the same shall be forwarded to the bank commissioner, on or before the first day of February of each year.

CHAPTER V.

UNLAWFUL USE OF TERM BANK, ETC.

SECTION 1. It shall be unlawful for any person, co-partnership or corporation to use the word "bank," "banking" or "banker," or the plural of any such words, in any other business, or in connection with any other business than that of the business of banks, private banks, and savings associations. Any person, co-partnership or corporation so unlawfully using said words, or either of them, shall forfeit the sum of twenty five dollars for each and every day said person, co-partnership or corporation shall so unlawfully use said words, or either of them.

Penalty for unlawful use of term "bank" or "banker."

CHAPTER VI.

MISCELLANEOUS.

SECTION 1. The term bank, as used in this act, shall be construed to mean any incorporated banking institution which shall have been incorporated under the laws of this state, as they existed prior to the passage of this act, and to such banking institutions as shall hereafter become incorporated under the provisions of this act. The terms "private bank," "private banker," or the plural of such terms, shall be

Meaning of the term "bank" defined.

construed to mean any person, firm, association or corporation who shall use the words "bank," "banking," or "banking house," "banker," or the plural of any such words, upon any sign, advertisement, or designation of any place of business in this state, or upon any poster, bill head, draft, check, note or bill of exchange, or on any form of commercial paper, as a title, sign, notice or designation, or who shall receive money or funds for deposit or safe keeping as a regular business, or who shall buy or sell exchange as a regular business, and shall not be organized as provided in chapter II. of this act, or shall not be organized as a savings association, as provided in chapter IV. of this act. The term savings association shall be construed to mean any corporation, organized pursuant to the provisions of the act for the organization of savings banks and savings societies, as such act existed prior to the passage of this act, or to such corporations as shall hereafter incorporate as savings associations under this act. The term, "lawful money," as used in this act, shall be construed to mean all coin, United States notes, treasury notes, gold certificates, silver certificates, national bank notes, and all other forms of money issued by, or which may hereafter be issued by or under the authority of the United States as a circulating medium, and shall also be construed to mean any form of certificate which is now, or may hereafter be declared to be lawful money by any law of the United States.

CHAPTER VII.

REPEALING CLAUSE.

Repealing
section.

SECTION 1. All acts and parts of acts of which this act is amendatory, and all acts or laws inconsistent with the provisions of this act, are hereby repealed,

CHAPTER VIII.

SUBMISSION TO ELECTORS.

SECTION 1. This act shall be submitted to the electors of this state for their approval or disapproval, at the general election to be held on the Tuesday next succeeding the first Monday in November, in the year A. D. 1898. At said election a ballot box shall be provided and kept by the several boards of inspectors therefor, for receiving the votes cast for or against this act. The proper officers shall provide a separate ballot for the electors to vote upon this act. Said separate ballot shall contain, besides the usual forms for the indorsement thereof, and upon the face thereof, the following words: "Banking law ballot," then under said words the following words: "For the revised banking law as passed by the legislature of 1897." Following which words shall be a square space for the making of a cross; and then under said last words shall follow the words: "Against the revised banking law as passed by the legislature of 1897." Following which words shall be a square space for the making of a cross; and under which shall be this instruction to the voter: "If you desire to vote in favor of the revised banking law, as passed by the legislature of 1897, make a cross in the top square; if you desire to vote against such revised banking law, make a cross in the bottom square." A cross made in the top square shall be a vote for this act; a cross in the bottom square shall be a vote against this act.

This act to be submitted to the people in Nov., 1898.

SECTION 2. The canvass of the vote for and against this act, and the return thereof, shall be made by the proper canvassing officers, within the same time and in the same manner as now provided by law for the canvass and return of the votes cast at the said general election, and the result shall be declared by the board of can-

Canvass and return of the vote.

vassers at the same time and in the same manner as the result of the canvass for state officers, and if it shall appear that a majority of the votes, cast at such election, are in favor of this act or for this act, then this act shall become a law and take effect on the twentieth day of December, 1898, and the fact that said majority of votes were cast for this act shall be promulgated by the secretary of state.

Approved April 22, 1897.

**Defeated in the election
of November 7, 1898.**

No. 373, A.]

[Published April 28, 1897.

CHAPTER 304.

AN ACT to amend section 4222, and section 4231, of chapter 177, of the revised statutes, entitled, "of limitation of time for commencement of actions and proceedings."

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

Notice of action for damages for injury to person to be given within one year after the event.

SECTION 1. Section 4222, of the revised statutes, as amended by chapter 149, of the laws of 1895, is hereby amended by adding to subdivision 5 of said section, the following: No action to recover damages for an injury to the person shall be maintained unless within one year after the happening of the event causing such damages, notice in writing signed by the party damaged, his agent or attorney, shall be served upon the person or corporation by whom it is claimed such damage was caused, stating the time and place where such damage occurred, a brief description of the injuries, the manner in which they were received and the grounds upon which claim is made, and that satisfac-