

performance of its functions, including the power to make all reasonable rules and regulations necessary and proper to the complete performance thereof.

(34.06) (1) The state deposit fund established under subsection (4) of section 14.44 shall from the taking effect of this chapter include all public deposits. Such fund shall be used solely for the reimbursement of losses resulting from the failure of any public depository to repay to any public depositor on demand the full amount of its deposits, *and the repayment of any sums borrowed by the board of deposits for the purpose of paying losses required to be paid out of such fund.* Such fund shall be administered by the state treasurer under the direction of the board of deposits and shall be deposited or invested as are other funds of the state. The state treasurer, under the direction of the board of deposits, shall have power to contract for the distribution of any excess losses to the fund. All expenses under such contracts as well as all expenses of administration shall be paid out of the state deposit fund.

SECTION 2. A new subsection is added to section 34.06 of the statutes to read: (34.06) (7) The board of deposits is hereby empowered to borrow money upon such terms as it deems proper to carry out the purposes for which the state deposit fund was created, without any liability upon the state beyond the fund itself. To secure the repayment of any such loans, the board is empowered to pledge the assets of the fund, including the payments required to be made by subsection (2) of this section or any part thereof.

SECTION 3. This act shall take effect upon passage and publication.

Approved February 10, 1933.

No. 16, A.]

[Published February 11, 1933.

CHAPTER 6.

AN ACT to repeal section 3 of chapter 26, laws of special session 1931-1932 and subsection (11) of section 216.04; to renumber subsection (16) of section 220.07 (created by chapter 15, laws of special session 1931-1932) to be paragraph (a) of said subsection; to amend subsection (1) of section 220.04, section 221.12 and subsection (1) of section 221.25; and to create

a new subsection (11) of section 216.04, subsection (6) of section 220.035, subsection (4) of section 220.04, paragraph (b) of subsection (16) and subsections (17), (18) and (19) of section 220.07 and subsection (3a) of section 220.08 of the statutes, relating to the banking department, regulation of banks and stabilization and readjustment agreements.

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

SECTION 1. Section 3 of chapter 26, laws of special session 1931-1932 and subsection (11) of section 216.04 of the statutes are repealed.

SECTION 2. Subsection (16) of section 220.07 (created by chapter 15, laws of special session 1931-1932) is renumbered to be paragraph (a) of said subsection.

SECTION 3. Subsection (1) of section 220.04, section 221.12 and subsection (1) of section 221.25 of the statutes are amended to read: (220.04) (1) It shall be the duty of the commissioner of banking, 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, assets, books of account, condition and affairs of each bank, trust company bank, and mutual savings bank doing business in this state, except national banks. For that purpose he may examine on oath any of the officers, agents, directors, clerks, stockholders, customers or depositors thereof, touching the affairs and business of such institution. *In making such examinations of banks, the commissioner of banking shall determine the fair valuation of all assets in accordance with the schedules, rules and regulations prescribed by the banking review board.*

221.12 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. Such amendment, certified by the president and cashier, shall be filed as required for articles of incorporation. No increase of the capital shall be valid until the amount thereof has been subscribed and actually paid in; provided, that the entire surplus fund of a bank, or as much thereof as may be required, may be declared and paid out as a stock dividend, to apply on, and be converted into, such increase of capital. 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 commissioner of banking. Such approval * * * *shall be given only when the commissioner is satisfied that a reduction of the capital is in the best interests of the depositors. In case of reduction of capital, the double liability imposed by section 221.42 shall apply to all stock issued and outstanding at the time of the reduction and such liability shall continue for one year from the time the reduction takes effect.*

(221.25) (1) That any two or more banks located within the same county, city, town or village may, with the approval of the commissioner of banking, consolidated into one bank under the charter of either existing bank on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each bank proposing to consolidate and be ratified and confirmed by the affirmative vote of the stockholders of each such bank owning at least two-thirds of its capital stock outstanding, at a meeting to be held on call of the directors, after sending notice of the time, place and object of the meeting to each shareholder of record by registered mail at least thirty days prior to said meeting; *or, such consolidation may be effected upon the written authorization of the stockholders of each such bank owning at least two-thirds of its capital stock and upon being ratified and confirmed, as herein provided, by stockholders at a meeting so noticed and held;* provided that the capital stock of such consolidated bank shall not be less than that required under existing law for the organization of a state bank in the place in which it is located; and provided further that when such consolidation shall have been effected and approved by the commissioner of banking any shareholder of either of the banks so consolidated, who has not voted for such consolidation, may give notice to the directors of the bank in which he is interested, within twenty days from the date of the certificate of approval of the commissioner of banking, that he dissents from the plan of consolidation as adopted and approved and desires to withdraw from such bank, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholders, one by the direc-

tors, and the third by the two so chosen; the expense of such appraisal shall be borne by the bank; and in case the value so fixed shall not be satisfactory to the shareholder he may within five days after being notified of the appraisal appeal to the commissioner of banking who shall cause a reappraisal to be made by an appraiser or appraisers to be named by said commissioner, which appraisal shall be final and binding, and if said reappraisal shall exceed the value fixed by said committee the bank shall pay the expense of the reappraisal, otherwise the shareholder shall pay said expense, and the value so ascertained and determined shall be deemed to be a debt due and be forthwith paid to said shareholder from said bank, and the share or shares so paid shall be surrendered and after such notice as the board of directors may provide, be sold at public auction within thirty days after the final appraisement provided for by this section.

SECTION 4. A new subsection is added respectively to sections 216.04, 220.035 (created by chapter 10, laws of special session 1931-1932) and 220.04, a new paragraph is added to subsection (16) of section 220.07 and three new subsections are added to said section, and a new subsection is added to section 220.08 of the statutes to read: (216.04) (11) All provisions of law relating to the closing and liquidation of banks and to stabilization and readjustment agreements affecting banks shall apply to associations or companies organized under this section. The word, "deposits", as used in such provisions of law affecting banks shall refer to and include certificates, securities, contracts or other choses in action evidenced by writing, maturing within any one calendar month, and the word, "depositors", as therein used shall refer to and include the holders thereof.

(220.035) (6) Any bank whose assets, upon the basis of a fair valuation, are equal to or in excess of its liabilities exclusive of capital stock, shall be deemed to be safe and solvent. The banking review board may prescribe schedules, rules and regulations for arriving at a fair valuation of various classes of assets of banks.

(220.04) (4) Whenever the commissioner of banking is of the opinion that the loaning, investing or other banking policies or practices of any officer or director of any bank have been prejudicial to the best interests of such bank or its depositors, or that such policies or practices, if put into operation or continued, will endanger the safety or solvency of said bank or impair the inter-

ests of its depositors, the commissioner may, with the approval of the banking review board, request the removal of such officer or director. If such request is not complied with within a reasonable time fixed by the commissioner, he may by order remove such officer or director. Such removal shall take effect immediately upon service of a copy of such order upon the the bank and shall be effective in all respects the same as if made by the board of directors or stockholders of said bank. Any officer or director removed from office under the provisions of this subsection shall not be re-elected as an officer or director of any bank without the approval of the commissioner of banking and the banking review board.

(220.07) (16) (b) Whenever the banking review board shall determine that an emergency exists in the affairs of any bank which, if allowed to continue, will adversely affect the depositors and creditors of such bank, it may direct that such bank be closed, or if it is satisfied that the interests of the creditors and of the community at large will be better served by a stabilization and readjustment agreement between such bank and its creditors, it may enter an order served upon the bank providing that pending the submission to and acceptance by such creditors of such stabilization and readjustment agreement, the then existing assets of such bank shall be segregated for the benefit of its then depositors and creditors. The order may further provide that such bank shall have the right to accept new deposits, but all new deposits so received, after such order has been served and until a stabilization and readjustment agreement shall have been entered into and approved by the banking review board, as provided in this chapter, must be segregated and kept apart from any other funds or assets of such bank for the exclusive benefit of the new depositors. They shall be subject to withdrawal by the depositors making the same. Such new deposits shall be held either in cash or on deposit in correspondent banks. They shall in no event be invested. If a stabilization and readjustment agreement shall fail of acceptance by the creditors or the approval of the banking review board, all new segregated deposits as herein provided shall be promptly paid back to the depositors making the same.

(17) In the readjustment and rehabilitation of the affairs of any bank operating under a stabilization and readjustment agreement, the deposit account of any depositor shall apply as an offset on his loan account but the amount of such offset shall not ex-

ceed the proportion that the assets of said bank other than those covered by any trust agreement bear to the total assets.

(18) Until released by the commissioner of banking all deposits received by any bank after the going into effect of a stabilization and readjustment agreement entered into between such bank and its depositors and unsecured creditors shall be segregated and kept in an account separate from all other deposits of the bank. Out of the deposits so segregated no payments shall be made on certificates issued to depositors or unsecured creditors pursuant to the stabilization and readjustment agreement, except with the approval of the commissioner of banking. Such segregation of deposits shall not be affected by the later placing of any such bank in the hands of the commissioner of banking as provided by section 221.26.

(19) Any plan entered into by any bank for the purpose of stabilizing or rehabilitating such bank shall be subject to the approval of the commissioner of banking and the administration of its provisions shall be under his supervision.

(220.08) (3a) That in addition to the authority conferred by the preceding subsection, the commissioner of banking with the approval of the banking review board may, for purposes of collection or liquidation, sell, assign, convey and transfer or approve the sale, assignment, conveyance and transfer of the assets of a closed bank or bank operating under a stabilization and readjustment agreement to any other bank or trust company under such terms and conditions as he may deem for the best interests of the depositors and unsecured creditors of such bank.

SECTION 5. In all cases where a stabilization and readjustment agreement has been entered into pursuant to and in compliance with the provisions of subsection (16) of section 220.07, all acts and things of whatsoever nature done under or in connection with such agreement with the approval of the commissioner of banking or the banking review board, whether or not specifically included or provided for in such stabilization and readjustment agreement, are hereby legalized and validated to the same extent and with like effect as if specifically provided for and included in said agreement or authorized by law; and each such stabilization and readjustment agreement and all such acts and things done under or in connection therewith, including the segregation of assets, trust agreements or any other act or thing, approved as aforesaid, shall be binding upon the parties to said stabilization and read-

justment agreement and upon all depositors and unsecured creditors of said bank not joining in the execution of said agreement, to the same extent and with like effect as if said bank and each such depositor and unsecured creditor had specifically authorized or agreed to each and every such act or thing so approved and performed.

SECTION 6. This act shall take effect upon passage and publication.

Approved February 10, 1933.

No. 17, A.]

[Published February 11, 1933.

CHAPTER 7.

AN ACT to repeal subsection (2) of section 220.02 and subsections (1) and (2) of section 20.53; to amend subsections (1), (3) and (4) of section 220.02; and to create a new subsection (2) and subsection (5) of section 220.02 and new subsections (1) and (2) of section 20.53 of the statutes, relating to the commissioner of banking, and making an appropriation.

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

SECTION 1. Subsection (2) of section 220.02 and subsections (1) and (2) of section 20.53 of the statutes are repealed.

SECTION 2. Subsections (1) and (3) of section 220.02 (as amended by chapter 10, laws of special session of 1931-1932) and subsection (4) of said section 220.02 are amended to read: (220.02) (1) The commissioner of banking 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, and until his successor shall have been appointed and qualified. The commissioner of banking, *with the approval of the banking review board*, may appoint * * * *not more than two deputy commissioners*, and revoke *each* such appointment * * *. The term of office of the commissioner of banking assuming the duties of that office on the first day of February, 1911, shall be deemed to have expired on the fifteenth day of May, 1913, and the term of office of the commissioner of banking confirmed by the senate on the tenth day of June, 1913, shall expire on the fifteenth day of May, 1918; thereafter, the term of office of the commissioner of banking shall expire on the fifteenth day of May in the fifth year succeeding his appointment and confirmation.