

BANKS AND BANKING

CHAPTER 100

H. B. No. 288—(Bergesen, Shure)

AUTHORIZING CERTAIN INVESTMENTS BY FIDUCIARIES, TRUSTS, INSURANCE COMPANIES AND BANKS

An Act to Amend and Re-enact Subdivision "c" of Division 15 of Section 7 of Chapter 7 of Chapter 94, Session Laws of 1931; Section 14 of Chapter 94, Session Laws of 1931, as amended by Chapter 101, Session Laws of 1939; and Section 23 of Chapter 94, Session Laws of 1931, providing for Investments by Building and Loan Associations; Investment in Shares of Building and Loan Associations by Fiduciaries, Trusts, Insurance Companies, Banks, Eleemosynary, Educational, Public and Municipal Corporations and Public Officials; and Pertaining to Bonds of Directors, Officers, Agents and Employees.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] That Subdivision "c" of Division 15 of Section 7 of Chapter 94, Session Laws of 1931, be and the same is hereby amended and re-enacted to read as follows:

(c) In the mortgage bonds of any railroad corporation, incorporated under the laws of any state of the United States, provided that during each of the ten fiscal years of such railroad corporation's existence next preceding the date of such investment:

Such railroad corporation shall have paid the matured principal and interest of all its mortgage indebtedness.

§ 2. AMENDMENT.] That Section 14 of Chapter 94, Session Laws of 1931, as amended by Chapter 101, Session Laws of 1939, be and the same is hereby amended and re-enacted to read as follows:

§ 14. TRUSTS, FIDUCIARIES, INSURANCE COMPANIES AND BANKS.] (a) Whenever any shares shall be purchased in any building and loan association by any person in trust for another, and no other further notice of the existence and terms of a legal and valid trust shall have been given in writing to the association in the event of the death of the trustee, the same or any part thereof, together with the interest or dividends thereon, may be paid to the person for whom said shares were purchased.

(b) Administrators, Executors, Guardians, Trustees, and other fiduciaries of every kind and nature, insurance companies, banks and other financial institutions, charitable, educational, eleemosynary and public corporations and organizations, and municipalities and other public corporations and bodies, and public officials, are author-

ized to invest funds held by them, without any order of any Court, in shares, certificates of deposit and investment certificates of savings and building and loan associations which are under State supervision, and shares of Federal Savings and Loan Associations organized under the laws of the United States and under Federal supervision, and such investment shall be deemed and held to be legal investments for such funds. Whenever under the laws of this State or otherwise, a deposit of securities is required, for any purpose, the securities made legal investments by this section shall be acceptable for such deposits, and whenever, under the laws of this State or otherwise, a bond is required with security, such bond may be furnished and the securities made legal investments by this section in the amount of such bond, when deposited therewith, shall be acceptable as security without other security. The provisions of this section are supplemental to any and all other laws relating to and declaring what shall be legal investments for the persons, corporations, organizations and officials referred to in this section and the laws relating to the deposit of securities and the making and filing of bonds for any purposes.

Approved March 20, 1941.

CHAPTER 101

S. B. No. 67—(Morgan of Walsh)

PUBLIC DEPOSITS, SECURITIES

An Act to amend and re-enact Section 714a7 of the Supplement to the Compiled Laws of North Dakota for the year 1913, as amended by Chapter 102 of the Session Laws of North Dakota for the year 1939 relating to pledging securities for public deposits.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] Section 714a7 of the 1925 Supplement to the Compiled Laws of North Dakota for the year 1913, as amended by Chapter 102 of the Session Laws of North Dakota for the year 1939, is hereby amended and re-enacted to read as follows:

§ 714a7. SUPP. BOND OF DEPOSITORY; APPROVAL OR DISAPPROVAL.] Except as provided in Chapter 99 of the Session Laws of North Dakota for the year 1937, before any deposit shall be made in any depository, except the Bank of North Dakota, by or in behalf of any public corporation, such depository shall furnish a bond payable to the public corporation making such deposit in an amount that shall at least equal the largest deposit that may at any time be in such depository; said bond shall be approved as to form by the state's attorney and as to amount and sufficiency by the board. If

the board fails or refuses to approve any such bond the same may be presented to the judge of the district court, upon three days notice to the clerk of the board of the public corporation to which such bond was submitted, and in case of cities involving deposits of municipal funds, the city auditor, respectively, and the judge shall forthwith proceed to hear and determine the sufficiency of such bond and may approve or disapprove the same as the facts warrant. If he approves such bond the said bank shall be declared a depository of the funds of such public corporation. The sureties on all bonds required by public corporations according to the provisions of this law shall justify as required by law in arrest and bail proceedings; provided, however, that in lieu of such personal bond, the board of public corporation involved may require such bank designated as a depository to file a surety bond for a sum equal to the amount of funds such bank may receive according to the provisions of this act. Such bond, when approved, shall be deposited with the county auditor. Such bond shall be continuing bond and shall continue binding until the proper board of the public corporation shall require a new or different bond, but in no case involving the deposit of funds of public corporations shall such bond be continued without a renewal thereof for a longer period than four years.

Provided, however, that the board of any public corporation, may accept from any banking corporation, as security for repayment of such deposits, a pledge of securities in lieu of a personal or surety bond.

Provided, however, that when securities are so pledged to the board of any public corporation, such board shall require security in the amount of one hundred ten dollars for every one hundred dollars of such public deposits. Securities that shall be eligible for such pledge or pledges, shall be notes or bonds issued by the United States Government, its agencies, or instrumentalities, all bonds and notes guaranteed by the United States Government; Federal Land Bank bonds; bonds issued by any State of the United States, or bonds issued by the corporation making such deposit.

Provided, further, that such securities may be delivered to and held for safe keeping by any bank or trust company, other than the depository, which the depository and the public corporation may agree upon, and which bank or trust company prior thereto has been approved as a custodian for such purpose by the State Examiner. Whenever any such securities are so deposited for safe keeping with any custodian, such custodian shall issue a receipt therefor jointly to the depository and the public corporation.

Provided, further, that all interest that becomes due and is paid on such securities, shall be paid over to the depository bank until such time as it shall default in the repayment of the funds of the public corporation deposited as provided herein. After 30 days from such default, upon demand in writing made by the public corporation involved, the trustee shall sell said securities in the usual

manner, delivering to the said public corporation to the amount due to it under said pledge, if the net proceeds of the sale of the securities be sufficient, and to pay to the depository banking corporation the residue of the net proceeds of said securities.

It shall be the duty of the board of the public corporation, upon the acceptance of any of the within described securities as a pledge for repayment of deposits, to make a complete and detailed record of such acceptance and approval and preserve the same with their other records, and such securities shall be reapproved by the board at least semi-annually.

Whenever any depository banking corporation desires to terminate the liability for any deposits of any public corporation, for which such depository has given a bond and/or pledged assets for the repayment, it shall notify the board of the public corporation affected of such desire. Thereupon such public corporation shall immediately withdraw such funds from such depository and upon withdrawal, shall immediately release and surrender to such depository banking corporation, the bonds and/or securities which are pledged for the repayment of such deposit.

Approved March 13, 1941.

CHAPTER 102

S. B. No. 126—(Banks & Banking)

BANK RESERVE FUND REQUIREMENTS

An Act Amending and re-enacting Section 30, of Chapter 96 of the Session Laws for the State of North Dakota, as amended by Chapter 96 of the Session Laws of North Dakota for the year 1937, relating to Reserve Fund Requirements for State Banking Associations.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] Section 30 of Chapter 96 of the Session Laws of North Dakota for the year 1931, as amended and re-enacted by Chapter 96 of the Session Laws of North Dakota for the year 1937, is hereby amended and re-enacted to read as follows:

§ 30. RESERVE FUNDS.] Each banking association shall at all times have on hand in available funds an amount which shall equal ten per cent of its demand deposits and five per cent of its time deposits, which reserve funds may consist of cash on hand or of balances due to the association from the Bank of North Dakota, or good solvent state or national banks or trust companies approved by the state banking board for such purposes, and located in such commercial centers as will facilitate the purposes of banking ex-

changes; provided, however, that the state banking board may at any time it deems it necessary or expedient so to do require such banking associations on fifteen days notice in writing to increase such reserve requirements to not exceeding twenty per cent of its demand deposits and not to exceed ten per cent of its time deposits.

Cash items shall not be included in computing reserve, and no association shall carry as cash, or cash items, any paper or other matter except legitimate bank exchange which will be cleared on the same or next succeeding day. Provided, however, that any state banking association, with the permission of the state banking board, may carry not to exceed one-fourth of its legal reserve in United States Certificates of Indebtedness, United States bonds, North Dakota land series bonds, Bank of North Dakota bonds, and North Dakota Mill and Elevator bonds. Whenever the available funds, within the meaning of this section, shall be below the requirements hereinbefore stated, such association shall not increase its liabilities by making any new loans or discounts other than by discounting or purchasing bills of exchange, payable at sight, or make any dividend of its profits until the required proportion between the aggregate amount of its deposits and its lawful money reserve has been restored, and the state banking board must notify any association whose lawful money reserve shall be below the amount required to be kept on hand to make good such reserve and if such association shall fail to do so for a period of thirty days after such notice the state banking board may impose a penalty of not less than one hundred dollars (\$100.00) nor more than five hundred dollars (\$500.00), which shall be collected in the same manner as other penalties prescribed in this Act.

Approved March 14, 1941.

CHAPTER 103

S. B. No. 127—(Banks and Banking)

BANK SHAREHOLDERS LIABILITY

An Act to amend and re-enact Section 22 of Chapter 96 of the Session Laws of the State of North Dakota for the year 1931, as amended by Chapter 95 of the Sessions Laws of North Dakota for the year 1937, relating to the responsibility of shareholders of state bank stock.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] Section 22 of Chapter 96 of the Session Laws of the State of North Dakota for the year 1931, as amended by Chapter 95 of the Session Laws of North Dakota for the year 1937, is hereby amended and re-enacted to read as follows:

§ 22. SHAREHOLDERS LIABILITY: LIMITATION: PUBLICATION OF NOTICE.] The additional liability imposed upon shareholders in state banking associations organized under Section 22 of Chapter 96 of the Session Laws of 1931, shall not apply with respect to shares in any such association issued after July 1, 1939. Any association which was engaged in the business of banking on July 1, 1939 may terminate such additional liability as to shares in such association theretofore issued by publishing notice of intention to terminate liability once each week for four successive weeks in a newspaper published in the county in which the association is located, and such additional liability shall be terminated as of the date six months subsequent to the final publication of the notice herein described.

Approved March 13, 1941.

BEVERAGES

CHAPTER 104

S. B. No. 70—(Brant)

BEER LAW AMENDMENT

An Act to amend and re-enact Sections 5 and 11 of that certain Initiated Law adopted by the voters of the State of North Dakota at a special election held September 22, 1933 and as amended and re-enacted by Chapter 97 of the Session Laws for the year 1935, relating to the manufacture, sale, and distribution of beer.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] Section 5 of the Initiated Measure for the manufacture, sale, and distribution of beer, enacted and approved September 22, 1933, as amended, is hereby amended and re-enacted to read as follows:

§ 5. FEES FOR LICENSE.] In order to effect the changing of the licensing period to a calendar year basis all state retail licenses expiring October 22, 1941, which are renewed and all new licenses issued for the period from October 23, 1941, to January 1, 1943, shall be in the sum of \$59.50 for each place in rural districts or in towns, villages, or cities of less than 500 population and in the sum of \$119.00 for each place in towns, villages or cities over 500 population. Effective January 1, 1943, and thereafter on the first day of each succeeding year the license fees for the retailing of beer in the State of North Dakota shall be as follows: