

Sixty-fifth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2212

Introduced by

Senators Casper, Campbell, Kreun

Representatives Kasper, Sanford, P. Anderson

1 A BILL for an Act to amend and reenact ~~section 6-02-02~~, subsection 4 of section 6-03-02, and
2 section ~~6-05-04~~6-05-06 of the North Dakota Century Code, relating to residency requirements
3 of bank directors.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 ~~— **SECTION 1. AMENDMENT.** Section 6-02-02 of the North Dakota Century Code is amended
6 and reenacted as follows:~~

7 ~~— **6-02-02. Banking corporations – Who may form.**~~

8 ~~— An association for carrying on the business of banking under this title may be formed by any
9 number of natural persons, not less than three, at least two-thirds of whom must be residents of
10 this state or reside within one hundred miles of the main office of the association's banking
11 facility. They shall enter into articles of association which must specify in general terms the
12 object for which the association is formed and which may contain any other provisions, not
13 inconsistent with law, which the association may see fit to adopt for the regulation of its
14 business and the conduct of its affairs. These articles must be signed and acknowledged by the
15 persons uniting to form the association and must be filed in the office of the secretary of state.~~

16 **SECTION 1. AMENDMENT.** Subsection 4 of section 6-03-02 of the North Dakota Century
17 Code is amended and reenacted as follows:

18 4. Elect or appoint directors, such board to consist of any number of members, not less
19 than three nor more than twenty-five, ~~a majority~~at least two-thirds of whom must be
20 ~~residents~~citizens of the ~~state of North Dakota or reside within one hundred miles of the~~
21 ~~main office of the association's banking facility~~United States, and, by such board of
22 directors, to appoint a president, who must be a member of said board, and such other
23 employees as may be required, to define their duties, to require bonds of them and fix

1 the penalty thereof, and to dismiss such officers and employees, or any of them, and
2 appoint others to fill their places.

3 ~~— **SECTION 2. AMENDMENT.** Section 6-05-01 of the North Dakota Century Code is amended~~
4 ~~and reenacted as follows:~~

5 ~~— **6-05-01. Who may form -- Corporation has perpetual existence.**~~

6 ~~— Any number of persons, not less than nine, at least three of whom must be residents of this~~
7 ~~state or reside within one hundred miles of the main office of the corporation, may associate~~
8 ~~themselves and form a corporation for the purpose of transacting business as an annuity, safe~~
9 ~~deposit, and trust company. Its existence shall be perpetual.~~

10 ~~— At the time and place stated, and through any sources of information at its command, the~~
11 ~~board shall examine and consider all relevant factors, including whether the place where such~~
12 ~~company is proposed to be located is in need of a further annuity, safe deposit, and trust~~
13 ~~company, whether the proposed institution is adapted to the filling of such need, and whether~~
14 ~~the proposed incorporators are possessed of such character, integrity, reputation, and financial~~
15 ~~standing as shown by a detailed financial statement to be furnished by them, that their~~
16 ~~connection with the company will be beneficial to the public welfare of the community in which~~
17 ~~such company is proposed to be established. The board shall hear any reasons advanced by~~
18 ~~the applicants why they should be permitted to organize the proposed institution and any~~
19 ~~reasons advanced by any person why such institution should not be permitted to be organized.~~
20 ~~At the termination of such hearing, the board shall make a brief statement in writing of its~~
21 ~~conclusions, and if it finds that the proposed institution should not be permitted to organize, it~~
22 ~~shall state briefly the reasons why. A copy of such conclusions either shall be endorsed upon or~~
23 ~~attached to the organization certificate, together with the refusal or grant of permission to the~~
24 ~~proposed incorporators to present the said organization certificate to the secretary of state. A~~
25 ~~determination in favor of such organization must be joined in by a majority of the members of~~
26 ~~the board.~~

27 ~~— Any banking association organized under chapter 6-02 may apply to the board for an order~~
28 ~~authorizing the applicant to exercise fiduciary powers. If the determination of the board is in~~
29 ~~favor of the applicant, the board shall make its order authorizing the applicant to engage in the~~
30 ~~business of a trust company upon its showing full compliance with sections 6-05-03, 6-05-04,~~
31 ~~and 6-05-05 except the capital stock of the banking association shall not be required to be~~

1 ~~divided in shares of one hundred dollars each as provided by section 6-05-03. Sections 6-05-06-~~
2 ~~and 6-05-07 are not applicable to banking associations granted authority to engage in the~~
3 ~~business of a trust company by the board. Thereafter, such banking association must be subject~~
4 ~~to the jurisdiction of the board as to its trust company operations the same as trust companies~~
5 ~~organized under chapter 6-05.~~

6 ~~— Any corporation organized and authorized to transact the business of fidelity insurance and~~
7 ~~corporate suretyship prior to July 1, 1983, pursuant to the former sections 6-05-08 and 6-05-19-~~
8 ~~through 6-05-24 and sections 6-05-30 through 6-05-33 may continue to operate under the~~
9 ~~provisions of those sections as they existed on June 30, 1983.~~

10 **SECTION 2. AMENDMENT.** Section 6-05-06 of the North Dakota Century Code is amended
11 and reenacted as follows:

12 **6-05-06. Directors - Qualifications - Terms - Vacancies.**

13 All the corporate powers of such a corporation must be exercised by a board of directors of
14 not less than three nor more than twenty-five in number, and such officers and agents as it
15 elects or appoints. ~~A majority~~ At least two-thirds of the directors must be citizens of ~~this state~~ the
16 United States. Any director who becomes in any manner disqualified shall vacate that director's
17 office thereupon. Every director, when elected or appointed, shall take the oath specified in
18 section 6-03-04. Such oath, subscribed by the director making it and certified by the officer
19 before whom it was taken, must be transmitted at once to the commissioner to be filed in the
20 commissioner's office. The articles of incorporation must state the names and residences of the
21 first board of directors, of whom the first named one-third shall serve for a period of three years,
22 the second one-third named for a period of two years, and the balance thereof shall serve for a
23 period of one year from the date fixed for the commencement of such corporation. In case any
24 of the persons so named shall fail or refuse to qualify from any cause, the directors who qualify
25 must elect qualified persons to fill such vacancies, and thereafter, at each annual meeting of the
26 stockholders, directors must be elected to serve three years in place of those whose terms then
27 expire.