

banking board in the manner hereinafter provided, which charter shall issue only to corporations duly organized for the transaction of such business.

Sec. 12. A majority of the members of the board of directors of any banking corporation transacting business under the provisions of this act must be residents of the county wherein such bank is located, or of the counties immediately adjacent thereto, and every director of a bank having a capital of less than fifty thousand dollars (\$50,000) must be the owner and holder of at least one-twentieth of the paid-up capital stock in his own name and right, and in a bank with a capital of more than fifty thousand dollars (\$50,000) every director must own and hold in his own name and right not less than three thousand dollars (\$3,000) of the paid-up capital stock.

Sec. 13. The paid-up capital stock required, to entitle a corporation to a charter under the provisions of this act, shall be as follows:

In no case less than ten thousand dollars; where the bank is located in a village or town of more than one hundred, and less than five hundred inhabitants, not less than fifteen thousand dollars; in towns or villages of five hundred or more, and less than one thousand inhabitants, not less than twenty thousand dollars; in towns or villages of one thousand or more, and less than two thousand inhabitants, not less than twenty-five thousand dollars; in cities or villages of two thousand or more, and less than five thousand inhabitants, not less than thirty-five thousand dollars; in cities of five thousand or more, and less than twenty-five thousand inhabitants, not less than fifty thousand dollars; in cities of twenty-five thousand or more, and less than one hundred thousand inhabitants, not less than one hundred thousand dollars; in cities of one hundred thousand or more inhabitants, not less than two hundred thousand dollars.

The entire capital stock shall be subscribed, and at least fifty per cent thereof paid in, before such charter shall be issued to any corporation authorizing it to transact a banking business in this state; and such paid in capital, including the initial and subsequent payments, shall consist, at the time, of lawful money, credit with depository banks, to be approved by the state banking board, national, state, county or municipal bonds, bank furniture and the necessary bank building, and the lot or lots upon which such building is situated, which said lot or lots shall be free from incumbrance; but national, state, county and municipal bonds shall not constitute, in the aggregate, more than one-half, nor the bank building and the lot or lots upon which it is situated, together with the bank furniture and fixtures more than one-third of the paid in capital, nor shall such furniture and fixtures constitute more than one-tenth thereof. Provided, however, that the provisions of this section shall not apply to banking corporations organized and engaged in the business of banking at and prior to the taking effect of this act.

Sec. 14. Every corporation transacting a banking business under the laws of this state, shall, within sixty days after the taking effect of this act, file with the state banking board a copy of its articles of incorporation and a full, complete and detailed report of its condition.

Section 15. Every corporation, organized for and desiring to transact a banking business, shall before commencing such business, make under oath, and transmit to the state banking board, a full, complete, and detailed statement of: First, the name of the proposed bank; second, a certified copy of the articles of incorporation; third, the names of the stockholders; fourth, the county, city, town or village in which the said proposed bank is located; fifth, the nature of proposed banking business, whether commercial or savings; sixth, the amount of paid-up capital stock, and the items of money and property included in said amount.

Sec. 16. Whenever, after the examination and approval by the state banking board, of the statement provided for in section 15 of this act, the corporation shall file with the state banking board the oath of the president, or cashier, that the capital stock has been paid in as provided for, and in compliance with section 13 of this act, then the state banking board, if, upon investigation, it shall be satisfied that the parties requesting said charters are parties of integrity and responsibility, and that each stockholder has property subject to execution and forced sale of the value of at least double the amount of stock in said bank owned by him, shall, upon the payment of certain fees as hereinafter provided, issue to said corporation a charter for the same purpose and in the same manner as in section 14 hereof. The fees for such charters to engage in the business of banking shall be as follows: For banks having a capital of twenty-five thousand dollars (\$25,000) or less, the fee shall be twenty-five dollars (\$25); for banks having a capital of twenty-five thousand dollars (\$25,000) up to and including fifty thousand dollars (\$50,000) the fee shall be fifty cents (\$.50) for each additional thousand above twenty-five thousand dollars (\$25,000); for banks having a capital in excess of fifty thousand dollars (\$50,000) the fee shall be twenty-five cents (\$.25) for each additional thousand above fifty thousand dollars (\$50,000). The above fees shall be paid to the state banking board and by them paid to the state treasurer who shall place the same in the general fund of the state. On payment of the required fees and the receipt of the charter the proposed bank may begin to transact a banking business.

Sec. 17. Every corporation transacting a banking business hereunder shall make to the state banking board not less than four (4) reports during each year according to the form which may be prescribed by said board, which reports shall be verified by the oath or affirmation of the president, vice president or cashier, and in addition two of the board of directors. But the officer administering the oath or affirmation to the person verifying such report shall be in no way interested in such bank as an officer, director or stockholder.

Sec. 18. The reports provided for in section 17 of this act shall state the amount loaned upon bonds and mortgages; the amount loaned upon notes, bills of exchange, overdrafts, and other personal securities, with the actual market value of such securities; the amount of discounts and of commercial paper past due; the amount invested in real estate, giving the cost of the same; the amount of cash on hand and on deposit in banks or trust companies with their names and

the amount deposited in each; the amount of all other assets not enumerated above, and such other information as the state banking board may require. Provided, that commercial paper not in process of collection, six months past due, with interest unpaid, shall not be included in the report of the assets of such corporation. Each report shall state such resources and liabilities at the close of business on any past day by the state banking board specified and shall be transmitted to said board within five days after the receipt of a request or requisition therefor. And a summary of such report in the form prescribed by the state banking board shall be published in the place where such banking business is transacted, or if there is no newspaper in the place, then in one published in the same county, at the expense of such bank; and proof of such publication shall be transmitted to the state banking board within twenty (20) days from the date fixed for such report.

Sec. 19. Any corporation transacting a banking business under this act, shall be required to furnish such special reports as may be required from the state banking board, or the chairman thereof, to enable such board or chairman to obtain full and complete knowledge of the condition of such corporation.

Sec. 20. Any corporation, that shall fail, neglect or refuse to make or furnish any report, or any published statement required by the provisions of this act, or that shall transact a banking business without having first obtained a charter therefor, in accordance with the provisions of this act, shall be subject to a fine or penalty of fifty dollars (\$50) per day for each day after the time named for said report or statement to be made, that it delays to make and transmit such report or statement to the state banking board; and for each day on which any such corporation, shall be engaged in transacting a banking business in violation of the provisions of this act. The fine or penalty herein provided for shall be recovered by the state, in a civil action in any court of competent jurisdiction, and it is hereby made the duty of the attorney general to enforce the fine or penalty herein provided.

Sec. 21. Any person who shall wilfully and knowingly subscribe to, or make, or cause to be made, any false statement or false entry in the books of any corporation transacting a banking business under this act, or shall knowingly subscribe to or exhibit false papers, with the intent to deceive any person or persons authorized to examine into the affairs of any such corporation, or shall make, state or publish any false statement of the amount of the assets or liabilities of any such corporation shall be deemed guilty of a felony and upon conviction thereof shall be imprisoned in the state penitentiary not less than one (1) year nor more than ten (10) years.

Sec. 22. Every bank shall at all times have on hand as a reserve in available funds an amount equal to at least twenty (20) per cent of the aggregate amount of its deposits. Three-tenths of said twenty (20) per cent shall be cash in the vaults of the bank; provided, that in cities having a population of more than twenty-five thousand (25,000) said reserves shall be twenty-five (25) per cent of the aggregate amount of the deposits; three-tenths of said twenty-five (25) per cent shall be cash in vaults of the bank; provided, further, that savings banks shall have on hand at all times as a reserve in available funds an amount equal to at least six per cent of their aggregate deposits. So much of said reserve fund as is not herein required to be kept in cash in the vaults of the bank shall be kept in such depositories as may be designated and approved by the state banking board.

Sec. 23. The available funds shall consist of cash on hand and balances due from other solvent banks. Cash shall include lawful money of the United States, and exchange for any clearing house association. Whenever the available funds of any bank shall fall below the reserve herein required, such bank shall not make any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight; nor shall such bank make any dividends of its profits until it has on hand the available funds required by this act. The state banking board may notify any bank, in case its reserve shall fall below the amount required, or its capital is impaired, to make good such reserve, or capital within such time as the state banking board may direct, and any failure of such bank to make good any deficiency in the amount of its reserve, or its capital, within the time directed, shall be cause for the appointment of a receiver as hereinafter provided.

Sec. 24. The aggregate amount of the rediscounts and bills payable of any corporation transacting a banking business in this state, shall at no time exceed two-thirds (2-3) of its paid-up capital, nor shall any bank at any time permit its loans and investments, exclusive of its reserve and banking house and fixtures, to exceed in the aggregate, eight times the amount of its capital. Provided that the loans and investments of any savings bank, exclusive of its reserve and banking house fixtures, shall not exceed at any time ten times the amount of its capital and surplus.

Sec. 25. No corporation transacting a banking business shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall within six (6) months from the time of its purchase be sold or disposed of at public or private sale; or in default thereof, a receiver may be appointed to close up the business of the bank. Provided, that in no case shall the amount of stock so held, exceed ten (10) per cent of the paid-up capital of such bank.

Sec. 26. No corporation transacting a banking business in this state shall be permitted to advertise the guaranty of deposit feature herein provided except as follows:

Any such corporation may display in its place of business a notice furnished by the state banking board which shall be uniform in all banks, and in addition thereto may print on its stationery the following words: "This bank has complied with the provisions of the Nebraska law for the guaranty of deposits."

Sec. 27. No banking corporation transacting a banking business under this act shall pay interest on time deposits directly or indirectly at a greater rate than four per cent per annum. Any officer, director or employe of a bank violating the pro-

visions of this section directly or indirectly, shall be deemed guilty of a felony and on conviction thereof shall be punished by a fine of not less than one hundred (\$100.00) dollars or more than five hundred dollars (\$500.00), or by imprisonment in the state penitentiary not exceeding three (3) years, or both in the discretion of the court.

Sec. 28. Any corporation transacting a banking business under this act, may semi-annually declare a dividend of so much of the net profits as it may deem expedient, but such corporation shall, before the declaration of a dividend, carry one-tenth part of its net profits to its surplus fund, until the same shall amount to twenty (20) per centum of its paid up capital stock.

Sec. 29. Any corporation transacting a banking business under this act may purchase, hold and convey real estate for the following purposes only: Such as is necessary for convenient transaction of its business, not exceeding in value one-third of the paid up capital; such as shall be conveyed to it for debts due the bank, and such as it shall purchase at sale under judgments or decrees upon its securities, but the bank at such sale shall not bid a larger amount than to satisfy its debt. No real estate so acquired in satisfaction of debts or at a sale upon its judgments or decrees shall be held longer than five (5) years and within thirty days thereafter must be sold at private or public sale, and at no time shall the total amount of real estate held by any bank for any purpose exceed fifty (50) per cent of the paid up capital of such bank. Savings banks shall not be subject to the provisions of this section.

Sec. 30. No corporation, transacting a banking business under this act shall accept or receive on deposit for any purpose any money, bank bills, United States treasury notes or currency, or other notes, bills, checks, drafts, credits or currency, when such corporation is insolvent, and if any corporation transacting a banking business under this act shall receive or accept on deposit any such deposits when said corporation is insolvent, the officer, agent or employe knowingly receiving or accepting, or being accessory to, or permitting or conniving at the receiving or accepting on deposit therein or thereby any such deposit as aforesaid, shall be guilty of a felony, and upon conviction thereof shall be punished by imprisonment in the penitentiary not less than one year nor more than ten years.

Sec. 31. It shall be unlawful for two or more banks, transacting a banking business in the same city, town or village in this state to have or use the same name, or names so nearly alike as to cause confusion in transacting business, and in all cases where such similarity of names now exists, or may hereafter exist, complaint may be made to the state banking board, and if, in the judgment of said board, such a similarity does exist, and does create confusion in conducting the business of either or both of said banks, then said board may require the junior bank in time of organization to so change or modify its name as to prevent such confusion, and the change of name so made shall be approved by said banking board.

Sec. 32. No officer other than a director, who is not an officer and no employe of any corporation transacting a banking business under this act shall be permitted to borrow any of the funds of the bank upon his own note or obligation or upon any note or obligation made to him by any person, and no director of a bank shall be permitted to borrow any of the funds of the bank without first having secured the approval of the board of directors at a meeting thereof, the record of which shall be made and kept as part of the records of said bank. And any officer, director or employe of a corporation transacting a banking business under this act, who shall violate the provisions of this section or who shall aid, abet or assist in a violation thereof, shall be deemed guilty of a felony, and on conviction thereof shall be punished by a fine not exceeding one thousand dollars (\$1,000) or imprisonment in the penitentiary not to exceed five (5) years, or both in the discretion of the court.

Sec. 33. No corporation transacting a banking business in this state shall directly or indirectly, loan to any single corporation, firm or individual, including in such loan all loans made to the several members or shareholders of such firm or corporation, for the use and benefit of such firm, corporation or individual, more than twenty per cent (20 per cent) of the paid up capital and surplus of such bank, but the discounting of bills of exchange, drawn in good faith, against actually existing values, and the discount of commercial paper actually owned by the persons negotiating the same, shall not be considered as money borrowed, and in no case shall the total liabilities of the several stockholders of any bank, to such bank exceed fifty per cent of the paid in capital and surplus of such bank. Any officer, director, or employe of any corporation transacting a banking business under the laws of this state, who shall violate, or knowingly permit a violation of the provisions of this section, upon conviction thereof shall be punished by a fine not exceeding five hundred (\$500) dollars.

Sec. 34. No corporation transacting a banking business under this act shall withdraw, or permit to be withdrawn either in the form of dividends or otherwise, any part of its capital. If losses have at any time been sustained, equal to or exceeding undivided profits on hand, no dividend shall be made; and no dividend shall be made by any bank transacting a banking business under the laws of this state, to an amount greater than the net profits on hand less the losses and bad debts; Provided, however, that the capital stock may be increased or decreased, in the manner following: First, the stockholders at any regular meeting shall by a vote of those owning two-thirds of the capital stock, authorize the president or cashier, to notify the state banking board of the proposed reduction or increase of capital and a notice containing a statement of the amount of such proposed reduction or increase of capital shall be published for four (4) weeks in some newspaper published and of general circulation in the county where such bank is located. But no reduction shall be to any amount less than the capital required by this act, and there shall be no reduction of capital or cancellation of stock, until said reduction or cancellation shall first be approved by the state banking board. Provided, that no reduction of capital or cancellation of stock shall be made that will impair the security of the depositors, and no increase shall be authorized