

ing 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 rediscounts 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, and demand paper carried one year 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 first obtaining a charter therefor, and the certificate provided for in section 14 of this act 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 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 fifteen (15) per cent of the aggregate amount of its deposits. Two-fifths of said fifteen (15) 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 (20) per cent of the aggregate amount of the deposits; two-fifths of said twenty (20) 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 five (5) 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 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 discount 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, except for payment of its depositors, nor shall any bank other than savings banks 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 and surplus.

Section 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, or the shares of any corporation, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and such 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 ap-

pointed 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. The affairs and business of any banking corporation transacting business under the laws of this state, shall be managed or controlled by a board of directors of not less than three and not more than fifteen members, who shall be selected from the stockholders, at such time and in such manner as may be provided by the by-laws of the corporation and in conformity with the provisions of this act. The board shall select from among its number, the president and secretary, and shall select a cashier. Such officers shall hold their office for a term of one year and until their successors are elected and qualified. The board of directors shall have power to require the cashier and any or all its officers having care of the funds of the bank, to give good and sufficient bond, which bond shall run to the banking corporation, to be approved by the board of directors and held by the state banking board. The board of directors shall hold at least two regular meetings each year, and that such meetings, a thorough examination of the books, records, funds and securities held by the bank shall be made and recorded in detail upon its record book, and a certified copy thereof shall be forwarded to the secretary of the state banking board within ten days.

Sec. 27. No banking corporation transacting a banking business under this act shall pay interest on deposits directly or indirectly at a greater rate than four per cent per annum. Any officer, director or employee of a bank violating the provisions 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-fifth 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 employee 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 employee of any corporation transacting a banking business under this act shall be permitted to borrow any of the funds of the bank directly or indirectly, 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. Any officer, director or employee 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 shareholders of any bank, to such bank exceed fifty per cent of the paid in capital

and surplus of such bank. Any officer, director, or employee 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. Provided, however, that the provisions of this section shall not apply to the securities of the savings banks enumerated in section 26 of this act.

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, or at any special meeting duly called for such purpose 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 by the state banking board until a statement shall have been filed with said board, that the proposed increase of capital has been paid in, and said statement shall be sworn to by the president or cashier. Second, whenever any corporation transacting a banking business in this state shall desire to go into voluntary liquidation, they shall first obtain the written consent of the state banking board, who may, if they deem it advisable, before granting such request, order a special examination made of the affairs of such bank, for which the same fees may be collected as in regular examination.

Sec. 35. Every stockholder in the banking corporation or institution shall be individually responsible and liable to its creditors, over and above the amount of stock by him held, to an amount equal to his respective stock or shares so held, for all its liabilities accruing while he remains such stockholder, and in case any person holding any stock in any banking corporation shall sell, transfer or dispose of such stock, knowing that such bank is insolvent, he shall be deemed the owner of such stock, and liable thereon the same as if such stock had not been sold, transferred or disposed of; and such liability may be enforced whenever such banking corporation shall be adjudged insolvent without regard to the probability of the assets of such insolvent bank being sufficient to pay all of its liabilities.

Sec. 36. Any corporation, designating its business as that of a savings bank shall have power to carry on a savings bank business, as prescribed and limited in this act. Any savings bank may receive deposits from the general public, and all deposits in any bank shall be paid to depositors, or their lawful representatives when required and at such time and with such interest and under such regulations as shall be prescribed by said bank and approved by the state banking board, which regulations shall be printed and conspicuously posted in some place accessible and visible to all persons in the business office of said bank.

The loanable funds of any savings bank, except the reserve provided for in this act, shall be invested in bonds of the United States, or of any state of the United States or in the public debt or bonds of any city, county, township village or school district of any state of the United States, which shall have been authorized by the legislature of the state, or when approved by the state banking board in other bonds of known marketable value, or shall be loaned on negotiable paper, secured by any of the above mentioned classes of security, or upon notes or bonds secured by mortgage lien upon unincumbered real estate; Provided, That second mortgage loans may be made on improved farm lands, but no loans shall be made on such improved farm lands, or other real estate which including the aggregate amount of incumbrance thereon, shall exceed 50 per cent of the cash value thereof, or upon notes secured by collateral security of known marketable value, or held as cash, or shall be deposited in good solvent banks; Provided, That chattel mortgages shall not be deemed collateral security and savings banks are hereby prohibited from investing their funds in them.

Sec. 37. A pass-book shall be issued to each depositor in a savings bank for all money deposited on an open account. Such pass books shall contain the rules and regulations adopted by such savings bank governing such deposits. In such pass books shall be entered each deposit made by, and each payment made to such depositor, and no deposit shall be received nor payment made unless in the pass book at the time such transaction is had. Provided, that nothing in this section shall prohibit a savings bank from issuing certificates for legitimate deposits. Provided further, when any deposit is made in any savings bank by a person being a minor, the said bank may pay to such depositor such sums as may be due to him or her, and the receipt of such minor to such savings bank shall be in all respects valid in law.

Sec. 38. The president and cashier, or the business manager, of every corporation transacting a banking business under this act shall cause to be kept at all times a full and correct list of the names and residences of all the stockholders in the corporation, the number of shares held by each, and the amount of paid up capital represented by the shares held by each member. Such list shall be subject to the inspection of all stockholders and creditors of the bank, during business hours of each day on which business may be legally transacted. Such list shall be kept in the office of the banking corporation where its business is transacted, and where all stockholders and credi-