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New Jersey.

[Orange, N.J., Press of Orange journal publishing company] 1899.

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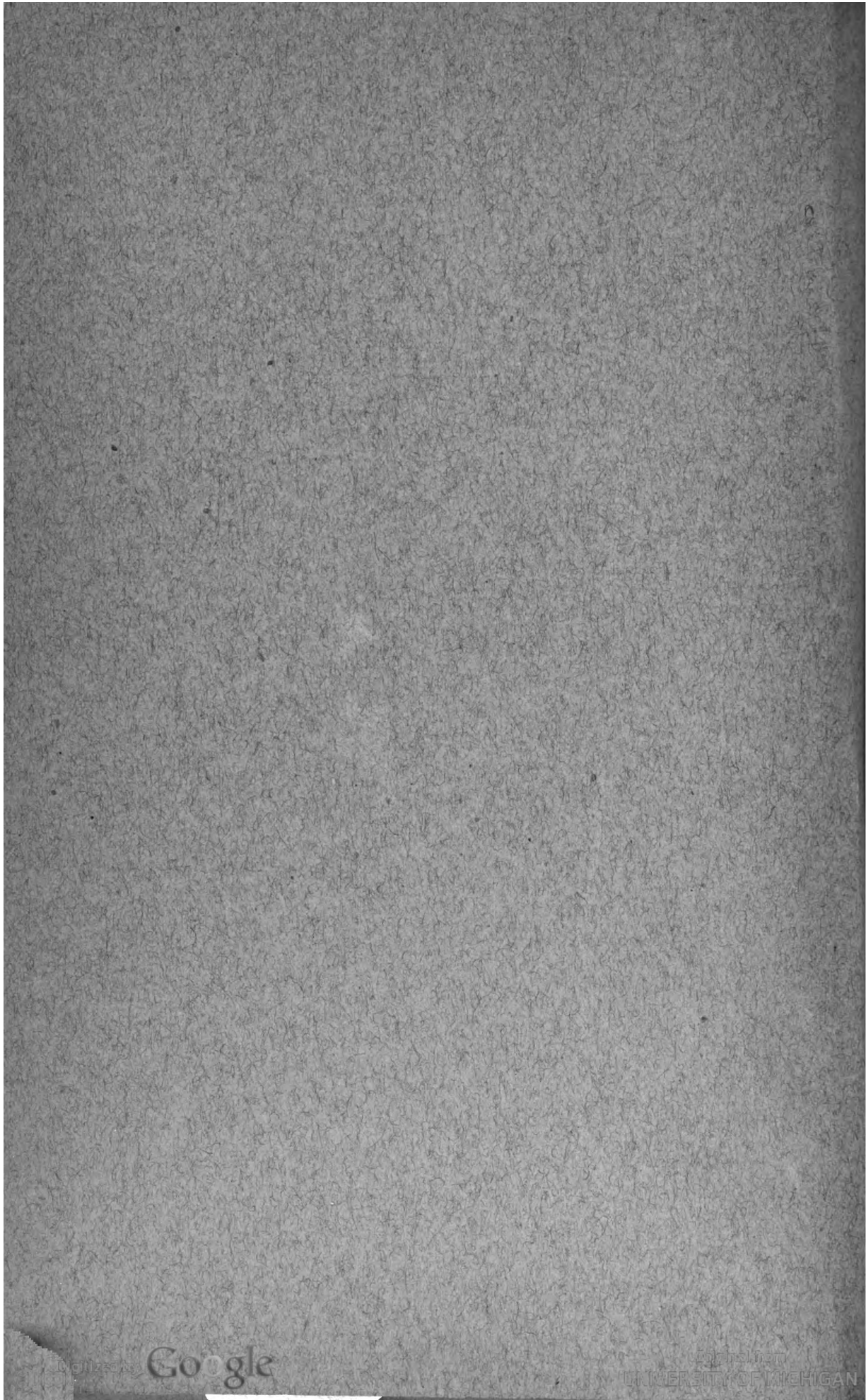
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THE LAWS
 OF
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 BANKS AND BANKING,
 TRUST COMPANIES
 AND
 SAFE DEPOSIT CORPORATIONS.

REVISION OF 1899.

COMPILED UNDER THE AUTHORITY OF THE DEPARTMENT OF
BANKING AND INSURANCE

Imu BY
 JAMES B. DILL,
 OF THE NEW JERSEY BAR.

STATE OF NEW JERSEY.



DEPARTMENT OF BANKING AND INSURANCE.

1899.

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THE LAWS
 OF
 NEW JERSEY, *Laws, statutes, etc.*
 RELATING TO
 BANKS AND BANKING,
 TRUST COMPANIES
 AND
 SAFE DEPOSIT CORPORATIONS,
 IN FORCE MARCH 24, 1899.

REVISION OF 1899.

COMPILED UNDER THE AUTHORITY OF THE DEPARTMENT OF
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**PRESS OF
ORANGE JOURNAL PUBLISHING COMPANY,
ORANGE, N. J.**

CONTENTS.

	PAGE
Introduction	I
Report of the Commissioners	VI
Tables showing the derivation of the Banking and Trust Company Laws	IX
Department of Banking and Insurance	1
The Banking Law	5
The Trust Company Law	29
The Safe Deposit Company Law	53
General Repealing Act	59
Index	61

I.

Department of Banking and Insurance.

1. Department of banking and insurance established.
2. Commissioner of banking and insurance. Bond. Oath.
3. Salary, clerks, etc.
4. Deputy commissioner.
5. Powers relative to banking and insurance, etc.
6. Seal of office. Certificate to be accepted in evidence.
7. Custody of documents, etc.
8. Office in the state house.
9. Repealer.

II.

The Banking Law.

1. Formation and general provisions.
2. Certificate of incorporation.

3. Authentication, record and filing of certificate. Copy evidence.
4. Corporate existence to begin on filing certificate.
5. The commissioner of banking and insurance to issue certificates of authority.
6. Powers.
7. Amendments and changes.
8. List of stockholders to be kept and filed.
9. Directors. Annual meeting of stockholders. Officers.
10. Directors to declare dividends and create surplus fund.
11. Directors shall appoint examining committee. Committee shall report.
12. Loans to officers. Overdrafts. Penalty.
13. Reports. Publication. Penalty.
14. Making false statements, reports, entries in books and exhibiting false papers punishable.
15. Bank may not loan on or purchase its shares.
16. Rate of interest. Discounts.
17. Deposits of minors, and trust deposits.
18. Limitations as to amount of loans.
19. Contracts.
20. Reserve in cash and in banks. Reserve depleted shall be restored.
21. Circulating notes.
22. Cashiers to give bonds.
23. When examination of bank to be made.
24. Proceedings against unsafe banks.
25. Proceedings against delinquent banks.
26. Examination by order of the court of chancery.
27. Commission to investigate and report.
28. Compensation of commissioners.
29. Insolvent banks; remedy in chancery by injunction and appointment of receiver.
30. Court may appoint receivers. Powers of receivers.
31. Fees.
32. Annual reports to legislature.
33. Surrender of franchise.
34. Bank stock. How taxed.
35. Application of this act.
36. Repealer. Existing banks. Vested rights not impaired.

III.

The Trust Company Law.

1. Formation and general provisions.
2. Certificate of incorporation.
3. Authentication, record and filing of certificate. Copy evidence.
4. Corporate existence to begin on filing certificate.
5. The commissioner of banking and insurance to issue certificate of authority.
6. Powers.
7. Restriction and limitations.
8. Trust company not to be required to give security except as provided by this act.
When company may act as trustee, &c., who may subscribe oaths (separate act).
9. Company must set apart fund and deposit securities before appointment as assignee, etc.
10. Amendments and changes.
11. List of stockholders to be kept and filed.
12. Directors. Annual meeting of stockholders. Officers.
13. Directors to declare dividends and create surplus fund.
14. Directors shall appoint examining committee. Committee shall report.
15. Loans to officers. Overdrafts. Penalty.
16. Reports. Publication. Penalty.
17. Making false statements, reports, entries in books and exhibiting false papers punishable.
18. Trust company may not loan on or purchase its shares.
19. Deposits of minors.
20. Reserve in cash and in banks. Reserve depleted shall be restored.
21. When examination of trust company to be made.
22. Proceedings against unsafe trust companies.
23. Proceedings against delinquent trust companies.
24. Insolvent trust companies; remedy in chancery by injunction and appointment of receiver.
25. Court may appoint receivers. Powers of receivers.
26. Fees.

27. Annual reports to the legislature.
28. Surrender of franchise. How made.
29. Taxation.
30. Application of this act. Repealer.

IV.

The Safe Deposit Company Law.

1. Formation and general provisions.
2. Certificate of incorporation.
3. Authentication and record of certificate. Copy evidence.
4. Powers.
5. Directors.
6. Restriction as to foreign corporations.
7. Remedy for non-payment of rent for safe.
8. Fees.

V.

General Repealing Act.

INTRODUCTION.

Prior to 1875 financial institutions of the State were, as a rule, created by special charters granted by the Legislature. The Constitution, as amended in 1875, prohibited the granting of special charters and prescribed that the Legislature should enact general laws for the organization of corporations.

From 1875 to 1898 the laws relating to state banks underwent no radical or violent changes.

With regard to trust companies the same statement could not be made with equal accuracy. Prior to 1885 there were no general acts providing for the incorporation of trust and safe deposit companies, and, therefore, from 1875 to 1885 many corporations sought trust company powers under the general corporation act.

In 1885 an act for the incorporation of safe deposit and trust companies was passed, and from 1885 to 1890 various supplemental laws were enacted conferring large and important financial powers on such institutions.

In 1889 (P. L. 1889, p. 368), and 1890 (P. L. 1890, p. 427) acts were passed placing these institutions under the supervision of the Board of Bank Commissioners, and placing certain restrictions upon them. And in 1891 the Department of Banking and Insurance was established (P. L. 1891, p. 3), upon which department was conferred all the powers theretofore vested in the Board of Bank Commissioners.

Meanwhile many of the trust companies had been exercising what were practically banking powers. Trust companies doing business in any city or village where there was no national or state bank were authorized to transact

a banking business (P. L. 1888, p. 19; P. L. 1894, p. 152), and by a later act trust companies doing business in cities of the first class, distant not less than two miles from any national or state bank, were given general banking powers (P. L. 1896, p. 348). Thus it happened that some trust companies were given special authority to do a banking business, while others had not the same plain legislative sanction for the discounting of notes and similar business. Moreover, some of the trust companies created by special act had been expressly given banking powers in their charters.

However, in 1898, when the Commission was appointed by the Governor, practically all of the trust companies either actually transacted a banking business in the way of discounting notes or assumed that they had this power.

It could therefore be said with accuracy that in 1898 the distinction between a state bank and a trust company, so far as their powers were concerned, was more academical than otherwise. Trust companies were carrying on the business of state banks, and some banks were carrying on the business of safe deposit companies, and, while the power of the majority of trust companies to discount paper was not conceded by the Department of Banking and Insurance, yet the law was not so clear that the department saw fit to use drastic measures to compel them to stop.

After conferences with the Department of Banking and Insurance and with the representatives of the various financial institutions of the State, it seemed to the Commissioners unwise to attempt to restrict the rights and powers legally exercised by the trust companies. Care was taken, therefore, to preserve all the rights, powers and privileges legally enjoyed by existing financial institutions at the time when the new laws should take effect. The existence of the powers theretofore granted by law to all trust companies, whether organized by special charter, or under the general corporation law of the State, or under the act for the organization of safe deposit and trust companies of 1885, was expressly recognized (Section 6, pp. 32-3), and the repealing act as well provided (p. 60, Section 8), that

III

nothing therein should "impair or annul any vested rights, privileges or powers heretofore obtained and used under authority" of the acts repealed, and that "all corporations which have heretofore availed themselves of the provisions of said acts may continue to enjoy the rights and advantages which they now enjoy and exercise by virtue thereof."

The Commission endeavored to incorporate in both the banking and the trust company acts all modern safeguards relative to banking.

The attention of officers of state banks is specifically called to the following sections of the Banking Act:

Section 9, which provides a uniform date for the annual election of officers of banks, viz., the second Tuesday of January.

Section 10, which provides for the creation and preservation of a permanent surplus.

Section 12, which places certain restrictions on loans to officers and directors.

Section 15, which settles the question in this State as to the power of a bank to loan on, or purchase its own shares, providing that banks shall not loan or discount on the security of their own stock, nor purchase such shares, unless necessary to prevent loss on a debt previously contracted.

Section 18, which limits the amount of direct loans to any one individual, expressly excepting double named commercial paper and loans on collateral security.

On the other hand directors and officers of trust companies will find of interest similar restrictive provisions in Sections 7, 12, 13, 15, 18 and 20 of the Trust Company Act.

The question of taxation involved more difficulty. As the stock of state banks was scattered quite generally throughout the State, the law with respect to this, as provided in Section 34, contains no substantial change from the previous law, which provided for a tax on the stock to be assessed upon the owner where he resided, except in the

case of non-residents, when the bank was required to pay the tax.

Beyond this the property, real and personal, of banks is exempt from taxation.

In the case of trust companies the situation seemed to be different. The majority of trust companies desired that their stock in the hands of the stockholders should be free from taxation and desired themselves to pay the tax. Therefore, in accordance with what seemed to be the prevailing sentiment among the officers of the trust companies, provision was made that trust companies should be taxed upon the amount of capital stock issued and outstanding, and that beyond this the capital stock, property and franchises of the trust companies should be exempt.

The original provision for the taxation of surplus of trust companies was stricken out of the bill as being too great a tax, and the exemption from franchise tax was to do away with the tax heretofore required to be paid by trust companies by the State Board of Assessors of one-tenth of one per cent. per annum on the capital stock issued and outstanding.

The changes in the method of organizing financial institutions, as provided in the revision, explain themselves. The approval of the Commissioner of Banking and Insurance is required to be endorsed upon the certificate of incorporation before it can be recorded and filed, and thereafter, upon the payment of the capital stock in full, the Commissioner is required to issue a final certificate of authority, which the bank in turn is required to publish.

While trust companies are forbidden to discount commercial paper (Section 7, p. 36), nevertheless, they have the express right to purchase, invest in and sell stocks, promissory notes and bills of exchange (Section 6, Subdiv. 10, p. 34). They have the express right to make loans upon notes issued by municipalities of this State (Section 7) and to make loans upon notes secured by marketable collateral.

As to safe deposit corporations a separate act is added for the organization and regulation of such companies. The power, however, to carry on a safe deposit business is expressly given to both banks and trust companies, provided such institutions hereafter organized shall specify in the certificate of incorporation their intention to carry on that business.

For the purpose of making clear the changes made in and the addition to the provisions of the former acts the report of the Commissioners is included in this compilation, together with a schedule showing to a degree the derivation of each section of the Revision.

EAST ORANGE, April 7, 1899.

JAMES B. DILL.

REPORT OF THE COMMISSIONERS.

TO THE LEGISLATURE OF THE STATE OF NEW JERSEY:

Pursuant to Chapter 3 of the Laws of 1898, the Governor appointed the undersigned a commission to revise the laws relating to banks, banking, safe deposit, trust, guarantee and surety companies, and the taxation thereof, excepting therefrom, the laws relating to savings banks.

The Commissioners having met and organized, as required by law, entered upon the discharge of their duties.

They have had before them and examined with care the laws relating to kindred subjects in each of the other States.

They have also considered the recommendations which have from time to time been made by the Department of Banking and Insurance of this State, and as well the suggestions made by the Comptroller of Currency of the United States, with reference to banks and banking.

The laws relating to Bank, Safe Deposit and Trust Companies were not entirely clear, connected or systematic, some acts being under titles tending to confusion; the statute giving the banks the right to transact a safe deposit business being entitled "An Act Concerning Bailments" (P. L. 1893, p. 81).

The Commissioners have endeavored not to interfere with the corporations organized under special charters, or with the powers and rights of any of the companies embraced within this act established at the present time.

The confusion existing at the present time between banks, trust companies and safe deposit companies have, it is thought, been removed by providing three separate acts, viz.:

VII

1. An Act Relating to Banks and Banking, with the right on the part of the state banks to do also a safe deposit business under the provisions of the statute.
2. An Act Relating to Trust Companies, with the right on the part of the trust companies to do also a safe deposit business under the provisions of the statute.
3. An Act Relating to Safe Deposit Companies, without banking powers; such safe deposit companies acting as bailee only.

These acts contain the substance of the present law relating to these companies. The additions to the law consist almost wholly in the enactment of such safeguards and restrictions as the public require from corporations transacting the business of banking, and are strictly limited to such as are regarded as necessarily incident to modern banking legislation. Care has been taken, however, in all such cases to adopt the language of existing statutes, either from the National Banking Act or from the laws of other States which have been subjected to the interpretation of the Courts, the purpose of the Commissioners being to present in this revision little, if any, undeveloped law.

Both bank and trust companies are permitted under the provisions of the proposed acts to exercise the powers of safe deposit companies.

Certain statutes have been left unrepealed, viz.:

The Act to establish a Department of Banking and Insurance (P. L. 1891, p. 3).

The Act in relation to Individual or Private Bankers, &c. (P. L. 1895, p. 743).

The Act entitled "An Act Relating to Banking, Savings, Trust, Guarantee, Safe Deposit, Indemnity, Mortgage, Investment, Loan and Building Corporations" (P. L. 1890, p. 427).

VIII

It was also thought wise by the Commission to leave undisturbed the laws relating to surety companies as contained in the statute entitled "An Act Relative to the Formation of Surety Companies, and Regulating Surety Companies doing business in this State" (P. L. 1895, 350).

In drawing this revision the Commissioners have had the co-operation of the Department of Banking and Insurance of this State, and are under obligation to Thomas K. Johnston, Esq., the Deputy Commissioner, who has rendered the Commission constant and valuable assistance.

All other existing legislation respecting banks, trust companies and safe deposit companies is recommended for repeal, and a separate repealing act is presented.

Dated March 1st, 1899.

JAMES B. DILL,
JOHN B. VREELAND,
THOMAS N. McCARTER, Jr.,
Commissioners.

TABLES SHOWING THE DERIVATION OF THE BANKING LAW
AND THE TRUST COMPANY LAW.

I.—THE BANKING LAW.

Unless otherwise expressed, the references in the second column below are to the
General Statutes, Title "Banking," Vol. I, pp. 120 et seq.

NEW LAW.	OLD LAW.	REMARKS.
§ 1.	§§ 1 (p. 120), 8 (p. 122). P. L. 1890, p. 431. P. L. 1897, p. 274	Fixing par value of shares at \$100 and limiting bank to one class of stock; new.
§ 2.	§ 2, p. 120.	Subdivisions III, IV, VI and VII; new.
§ 3.	§§ 2 (p. 120), 3 (p. 121).	
§ 4.	Practically new. See § 3 (p. 121).	
§ 5.	P. L. 1890, pp. 430, 431.	Publication of certificate of authority; new.
§ 6.	§§ 4 (p. 121), 10 (p. 122). See also "An act concerning Bailments," P. L. 1893, p. 81.	Allowing bank to pay interest on deposits; new. Power to buy and sell promissory notes, etc.; new.
§ 7.	See §§ 27, 28 of General Corporation act, and P. L. 1897, p. 93.	
§ 8.	§ 39 (p. 128).	
§ 9.	See § 4 (p. 121), also §§ 12, 15, 17 of General Corporation Act.	Provision requiring majority of directors to make quorum, and requiring each director to hold five unpledged shares; new.
§ 10.	New.	
§ 11.	New.	
§ 12.	§ 47 (p. 130).	Provision as to loans to officers; new. Penalty for overdrafts by officers changed.
§ 13.	P. L. 1889, p. 368 (§ 1). See also P. L. 1896, p. 332.	Publication; new.
§ 14.	New.	
§ 15.	New.	
§ 16.	New.	
§ 17.	New.	
§ 18.	New.	
§ 19.	§ 9 (p. 122).	
§ 20.	New.	
§ 21.	New.	
§ 22.	P. L. 1884, p. 43.	
§ 23.	§ 51 (p. 130). P. L. 1889, p. 368 (§ 3).	
§ 24.	P. L. 1889, p. 368 (§ 4).	Power of Commissioner to take possession; new.
§ 25.	See § 51 (p. 130).	
§ 26.	§ 52 (p. 131).	
§ 27.	§ 53 (p. 131).	
§ 28.	§ 54 (p. 131).	
§ 29.	New.	
§ 30.	New.	See §§ 65, 66 of General Corporation Act.
§ 31.	New; see P. L. 1889, p. 368 (§ 5); P. L., 1890, p. 319 (§ 9).	
§ 32.	See P. L. 1890, p. 319 (§ 11).	
§ 33.	§ 18 (p. 123).	
§ 34.	See General Statutes, Vol. III., Title "Taxes and Assessments," § 101 (p. 3302), and § 260 (pp. 3338-9).	Last clause, new.
§ 35.	New.	
§ 36.		Repealer.

II.—THE TRUST COMPANY LAW.

Unless otherwise expressed, the references in the second column below are to the General Statutes, Title "Surety, Trust and Safe Deposit Companies," Vol. III., pp. 3250 et seq.

NEW LAW.	OLD LAW.	REMARKS.
§ 1.	§ 5 (p. 3250). P. L. 1890, p. 427 (§ 9).	Fixing par value of shares at \$100 and limiting trust company to one class of stock; new.
§ 2.	§ 6 (p. 3250).	Proviso; new. Publication of certificate of authority; new.
§ 3.	§ 6 (p. 3250).	
§ 4.	§ 6 (p. 3250).	
§ 5.	P. L. 1890, p. 427 (§ 9).	
§ 6.	See §§ 7 (p. 3251), 11 (p. 325), 17 (p. 3253), 48 (p. 3258), 49 (p. 3258).	
§ 7.	New.	Proviso; new. See §§ 27, 28 of General Corporation Act.
§ 8.	New. See §§ 13 (p. 3251), 14 (p. 3252).	
§ 9.	§ 15 (p. 3252).	Requiring majority of directors to make quorum, and requiring each director to hold five unpledged shares; new.
§ 10.	New.	
§ 11.	New.	Penalty changed.
§ 12.	§ 8 (p. 3251).	
§ 13.	New.	Power of commissioner to take possession; new. See §§ 65, 66 of General Corporation Act. See § 114 of General Corporation Act.
§ 14.	New.	
§ 15.	New.	
§ 16.	See § 24 (p. 3254).	
§ 17.	New.	
§ 18.	New.	
§ 19.	New.	
§ 20.	New.	
§ 21.	§ 26 (p. 3255).	
§ 22.	§ 27 (p. 3255).	
§ 23.	New.	Repealer.
§ 24.	New. }	
§ 25.	New. }	
§ 26.	New.	
§ 27.	§ 46, p. 3258. See also P. L. 1896, p. 332.	
§ 28.	New.	
§ 29.	New.	
§ 30.	New.	
§ 31.		

I.

Department of Banking and Insurance.

LAWS OF 1891, CHAPTER 6.

Being "AN ACT TO ESTABLISH A DEPARTMENT OF BANKING AND INSURANCE."

Department of banking and insurance established.

1. There is hereby established a department of banking and insurance, charged with the execution of all laws now in force or which may be enacted hereafter, relative to insurance, banking, savings, trust, guarantee, safe deposit, indemnity, mortgage, investment and loan corporations.

Commissioner of banking and insurance. Bond. Oath.

2. The chief officer of said department, to be nominated the commissioner of banking and insurance, shall be appointed by the governor, by and with the advice and consent of the senate, and shall hold office for the term of three years, beginning on the first day of April, one thousand eight hundred and ninety-one, and until his successor shall be appointed and confirmed, unless sooner removed by the governor for cause; no person shall be appointed as such commissioner who is in any way connected with the management or control of any corporation affected by this act, and his term of office shall immediately cease if at any time he shall become so interested; before entering upon the dis-

charge of his duties the said commissioner shall give bond, conditioned for the faithful discharge of his duties, in the sum of twenty-five thousand dollars, with two good and sufficient sureties, freeholders of this state, to be approved by the governor; he shall also take an oath of office before one of the justices of the supreme court in form similar to that now required of the secretary of state, which bond and oath of office shall be filed in the department of state.

Salary, clerks, etc.

3. The said commissioner shall receive an annual salary of four thousand dollars, to be paid monthly by the state treasurer, on the warrant of the comptroller; for all services performed by him he shall charge the same fees as are now fixed by law for like services in the department of state, and shall make quarterly returns to the comptroller of all fees and moneys collected by him, and pay the sum so collected into the state treasury; he shall employ from time to time such clerks, agents and employees as may be necessary for the proper discharge of his duties; their compensation shall be fixed by the governor and be paid in the same manner as that of the commissioner; *provided*, that the entire sum paid for salaries annually in this department shall not exceed the amount of fees collected by the commissioner and paid into the state treasury.

Deputy commissioner.

4. The said commissioner shall have authority to appoint, with the consent of the governor, a deputy, who shall have power to perform all the duties of the commissioner in case of his absence or inability to act from any cause; said deputy shall be commissioned by the governor, and before entering upon his duties shall execute a bond in the sum of ten

thousand dollars, with two sufficient sureties, freeholders of this state, to be conditioned and approved in the same manner as the bond of the commissioner; he shall also take an oath of office in the same manner as the commissioner, which bond and oath shall be filed in the department of state.

Powers relative to banking and insurance, etc.

5. This department shall be vested with all the powers and charged with all the duties and subject to all the obligations and penalties now vested in, conferred and imposed upon the secretary of state, acting as commissioner of insurance, or upon the board of bank commissioners or any other officer or board charged with the execution of the laws relative to subjects recited in the first section of this act, as also building and loan corporations or associations organized under the laws of other states transacting or to be admitted to transact business in this state.*

Seal of office. Certificate to be accepted in evidence.

6. The said commissioner, with the approval of the governor, shall devise a seal of office, a description and impression of which, with a certificate of approval by the governor, shall be filed in the department of state; every certificate, assignment, conveyance or other official paper executed by the said commissioner under authority of law and sealed with the said seal of his office, shall be received as evidence and may be recorded in proper recording offices in the same manner and with like effect as a deed regularly acknowledged or proved before an officer authorized by law to take proof or acknowledgment of deeds;

* By a supplement to this act, approved March 24, 1899 (Chapter 166, Laws of 1899), domestic building and loan associations were placed under the supervision of the department.

And all copies of papers in the office of said commissioner certified by him and authenticated by said seal, shall be accepted as evidence in all cases equally and in like manner as the original; an impression of said seal directly on paper shall be as valid as if made on wax or wafer.

Custody of documents, etc.

7. All books, blanks, papers and documents, securities, stocks, bonds and mortgages now in the custody of the secretary of state, acting as commissioner of insurance, or in the office of any other state official or board connected with the matters embraced in this act, shall, on demand, be delivered and transferred to the commissioner of banking and insurance, when appointed, and thereafter remain in his charge and custody.

Office in the state house.

8. There shall be assigned to said commissioner by the governor suitable offices in the state house for conducting the business of said department, and the superintendent of the state house and grounds shall from time to time furnish the necessary furniture, fuel, lights, and properly care for said offices, the expense thereof to be defrayed in the same manner as like expenses of other departments of the state government.

Repealer.

9. All acts and parts of acts inconsistent with the provisions of this act shall be and are hereby repealed, and this act shall take effect immediately.

II.**The Banking Law.**

LAWS OF 1899, CHAPTER 173.

Being "AN ACT CONCERNING BANKS AND BANKING
(Revision of 1899)."**1. Formation and general provisions.**

Seven or more persons, of full age, may become a banking corporation on the terms and conditions and subject to the liabilities prescribed by this act; the name of every corporation formed under this act shall contain the word "bank" or "banking," but shall not be that of any other existing corporation of this state; *provided, however,* that if such bank shall be incorporated for the purpose of succeeding any other bank, such new bank may assume the name of the bank which it is intended to succeed; the capital stock of any such bank shall not be less than fifty thousand dollars, and shall be divided into shares of one hundred dollars each, all of which shall be paid in in cash before any bank shall be authorized to transact any business other than such as relates to its formation and organization, and such payment shall be certified to the commissioner of banking and insurance under oath by the president and cashier of the bank; no corporation organized under this act shall create more than one class of stock; hereafter no corporation other than a national bank, a trust company or a savings bank, shall be organized for the purpose of carrying on a banking business in the state of New Jersey, except under this act, and no corporation, other than a savings bank, hereafter organized under any other act shall use the word "bank" or "banking" as a part of its name.

2. Certificate of incorporation.

The incorporators and subscribers to the capital stock shall, under their hands and seals, subscribe a certificate of incorporation, which shall specifically state:

I.—The name of the bank;

II.—The place where the business is to be carried on;

III.—The purposes and objects for which the bank is incorporated;

IV.—The amount of capital stock, all of which shall be subscribed in the certificate of incorporation;

V.—The names and residences of the incorporators, and the number of shares subscribed by each of them;

VI.—The period, if any, limited for the duration of the bank;

VII.—The certificate of incorporation may also contain any provisions, not inconsistent with this act, which the incorporators may choose to insert for the regulation of the business, for the conduct of the affairs of the bank, or for defining, limiting, and regulating the powers of the directors; *provided, however*, that no director shall be elected for a longer period than one year.

3. Authentication, record and filing of certificate. Copy evidence.

The certificate of incorporation shall be proved or acknowledged as required for deeds of real estate, and recorded in a book to be kept for that purpose in the office of the clerk of the county where the

place of business of the bank is to be established, and after being so recorded, shall be filed in the department of banking and insurance; *provided, however,* that before the certificate of incorporation shall be recorded or filed as aforesaid it shall be submitted to the commissioner of banking and insurance, who, if he shall approve the form thereof, and if it shall appear to him that the establishment of such a bank will be of public service, shall endorse thereupon or annex thereto his approval and such certificate shall not be recorded or filed without his approval endorsed thereupon or annexed thereto; said certificate or a copy thereof, duly certified by the commissioner of banking and insurance, shall be evidence in all courts and places.

4. Corporate existence to begin on filing certificate.

Upon making the certificate of incorporation and causing the same to be recorded and filed as aforesaid, the subscribers to the said certificate, their successors and assigns shall, from the date of such filing, be and constitute a body corporate by the name set forth in the certificate, subject to the provisions of this act, and subject to dissolution as in this act or otherwise by law provided; *provided, however,* that if any bank shall fail to obtain the certificate of authority, as hereinafter provided, from the commissioner of banking and insurance, within one year from the date of the filing of the said certificate of incorporation, such bank shall ipso facto be dissolved, and its certificate of incorporation shall be null and void.

5. The commissioner of banking and insurance to issue certificates of authority.

Whenever the certificate of incorporation has been recorded and filed, and the payment of capital stock certified to the commissioner of banking and insur-

ance, as provided in this act, the commissioner shall, before the corporation shall be authorized to transact business in this state other than such as relates to its formation and organization, satisfy himself that the entire capital has been paid in, and that said bank has complied with all the provisions of this act required to entitle it to engage in the business of banking; if it shall appear to the said commissioner of banking and insurance that such bank is lawfully entitled to commence the business of banking, he shall, within thirty days after the receipt and filing of the certificate of payment of capital stock provided for in this act, give to such bank a certificate under his hand and seal, that such bank is duly and legally organized under this act as a banking corporation, and authorized to transact business as such in this state; the bank shall cause such certificate of authority of the commissioner of banking and insurance, issued pursuant to this act, to be published once a week for at least four successive weeks next after the issuing thereof in a newspaper published in the place where said corporation is established, or if there is no newspaper in said place then in one published nearest such place in the same county, and shall furnish such proof of publication as may be required by the commissioner.

6. Powers.

In addition to the general powers conferred by the "Act concerning corporations" (Revision of 1896) so far as the same are not inconsistent with this act, every bank shall have power to exercise by its board of directors or duly authorized officers or agents, subject to law, all such powers as shall be necessary to carry on the business of banking by discounting bills, notes and other evidences of debt, by receiving deposits, with or without interest thereon, by buying and selling gold and silver bullion, foreign

coin, promissory notes, mortgages and other evidences of debt, and foreign and inland bills of exchange, by loaning money on real and personal security, and by exercising all the usual and incidental powers and privileges belonging or pertaining to such business; any bank may exercise the powers conferred on and carry on the business of a safe deposit company; *provided*, such powers and purposes are enumerated in the certificate of incorporation; every bank may purchase, hold and convey real estate as follows:

FIRST.—Such as shall be necessary for the convenient transaction of its business, including with its banking office other apartments to rent as a source of income, which investment shall not exceed twenty-five per centum of its paid in capital stock and permanent surplus; *provided*, that this provision shall not apply to any investments made before the date when this act takes effect;

SECOND.—Such as is mortgaged to it in good faith, by way of security for loans made by or money due to such bank;

THIRD.—Such as is conveyed to it in satisfaction of debts previously contracted in the course of its dealings;

FOURTH.—Such as it acquires by sale on execution or judgment or decree of any court in its favor;

The bank shall not purchase, hold or convey real estate in any other case or for any other purpose whatever; real estate shall be conveyed only by authority of the board of directors of said bank under the seal of the bank and the hand of its president or vice-president and cashier; no real estate acquired in the cases contemplated in the second, third and fourth sub-sections above shall be held for

a longer time than five years, unless such period shall be extended by the commissioner of banking and insurance; *provided*, that this provision shall not apply to real estate acquired before the date when this act takes effect.

7. Amendments and changes.

Every bank heretofore organized by special charter or under any law of this state or hereafter organized under this act may, subject to the written approval of the commissioner of banking and insurance, extend its corporate existence, change its name, increase its capital stock, make such other and further amendment, change or alteration as may be desired, or amend its charter or certificate of incorporation, in manner following: The board of directors shall pass a resolution declaring that such change or alteration is advisable, and calling a meeting of the stockholders to take action thereon; the meeting shall be held upon such notice as the by-laws provide, and in the absence of such provision upon ten days' notice in writing, given personally or by mail; if two-thirds in interest of the stockholders shall vote in favor of such amendment, change or alteration, a certificate thereof shall be signed by the president and cashier or secretary under the corporate seal, acknowledged or proved as in the case of deeds of real estate, and such certificate, together with the written assent, in person or by proxy, of two-thirds in interest of such stockholders, shall be filed in the department of banking and insurance, and upon the filing of the same, the charter or certificate of incorporation shall be and be deemed to be amended accordingly; *provided*, that the certificate to be made and filed in pursuance of this section shall contain only such provision as it would be lawful and proper to insert in an original certificate of incorporation made at the time of making such amendment, change or alteration; no change shall be made in the charter



or certificate of incorporation of such bank whereby the rights, remedies or security of existing creditors shall be in any manner impaired; said certificate, or a copy thereof duly certified by the commissioner of banking and insurance, shall be evidence in all courts and places.

8. List of stockholders to be kept and filed.

The president and cashier of every bank shall at all times cause to be kept a true and accurate list of the names of the stockholders of record of such bank, with the amount of the stock held by each, which list shall at all times during business hours be open to the inspection of any stockholder.

9. Directors. Annual meetings of stockholders. Officers.

The affairs of every bank shall be managed by a board of not less than five directors, a majority of whom shall at all times be residents of the state of New Jersey, who shall be elected annually by the stockholders at their annual meeting as hereinafter provided, and hold office for one year, and until their successors are elected and have qualified; a majority of the board of directors shall constitute a quorum for the transaction of business; *provided*, that when the number of directors shall exceed nine they may once in six months designate by resolution nine members, any five of whom shall constitute a quorum; the annual meeting of the stockholders shall be held at the principal place of business of the bank on the second Tuesday of January of each year, at an hour to be fixed by the by-laws; notice of such annual meeting shall be published at least ten days before the date of the meeting in a newspaper published in the place where the principal place of business of the bank is located; or if there is no newspaper published at such place, then

in one published at the place nearest thereto in the same county; at a meeting of stockholders for the election of directors, each share shall entitle the owner to one vote for each director, and a stockholder may vote at any meeting of the corporation by a proxy in writing signed by him; every director must own and hold in his own name not less than five unpledged shares of the capital stock of such bank; any vacancy in the board of directors shall be filled by the remaining members of the board, and the directors so appointed shall hold office until the next election; in case of an increase in the board of directors between the annual elections by the stockholders, the newly created directorships shall not be construed as vacancies to be filled by the board; the directors shall annually choose a president, and one or more vice-presidents from their own number, and shall appoint a cashier and other officers, agents and employees who shall be chosen in such manner and hold office for such terms as the by-laws may prescribe.

10. Directors to declare dividends and create surplus fund.

After providing for all expenses, interest and taxes accrued or due from said bank, and deducting all losses and bad debts, the board of directors of a bank may declare a dividend of so much of the profits of the bank as they shall judge expedient; all debts past due to any bank, on which interest is past due and unpaid for a period of twelve months, unless the same are well secured, or in process of collection, shall be considered bad debts within the meaning of this section; before any such dividend is declared not less than one-tenth of the net profits of the bank for the preceding half year, or for such period as is covered by

the dividend, shall be carried to a fund to be designated the surplus fund, until such surplus fund shall amount to twenty per centum of its capital stock, and thereafter such surplus fund shall always be at least equal to twenty per centum of the capital stock of such bank, and whenever the same becomes impaired it shall be reimbursed in the manner provided for its accumulation.

11. Directors shall appoint examining committee. Committee shall report.

The board of directors of each bank shall from time to time appoint from its members an examining committee, who shall examine the condition of the bank at least once every six months, or oftener, if required by the board; and such committee shall after each examination forthwith report to the board, giving in detail all items included in the assets of the bank which they have reason to believe are not of the value at which they appear on the books and records of the bank, and giving the value, in their judgment, of each of such items; and the board shall cause said report to be recorded in the minute books of the bank.

12. Loans to officers. Overdrafts. Penalty.

No bank shall make any loan to its president, its vice-president, its cashier, or to any of its directors, or any of its clerks, tellers, bookkeepers, agents, servants or other persons in its employ, until the proposition to make such a loan, stating the amount, terms and security, if any, offered therefor, shall have been submitted in writing, by the person desiring the same, to a meeting of the board of directors of such bank, or of the executive committee of such board, if any, and accepted and approved by

the vote of a majority of those present constituting a quorum; no bank shall permit its president, its vice-president, its cashier, or any of its directors, clerks, tellers, bookkeepers, agents, servants, or other persons in its employ to become liable to it by reason of overdrawn account; any president, vice-president, director, cashier, teller, clerk or agent of any bank who knowingly violates this section, or who aids or abets any officer, clerk, or agent in any such violation, shall be deemed guilty of a misdemeanor and shall be punished by a fine of not more than one thousand dollars, or by imprisonment for not more than five years, or by both.

13. Reports. Publication. Penalty.

Every bank shall make to the commissioner of banking and insurance not less than four reports during each year, according to the form which may be prescribed by him, verified by the oaths or affirmations of the president or vice-president and cashier of such bank, and attested by the signatures of at least three directors; every such report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the bank at the close of business on any day past specified by the commissioner, and shall be transmitted to the commissioner within ten days after the receipt of a request or requisition therefor from him, and an abstract or summary of every such report in such form as shall be prescribed by the commissioner of banking and insurance, shall be published by the bank once in a newspaper published in the place where such bank is established, or, if there is no newspaper in the place then in one published nearest such place in the same county; and such proof of publication shall be furnished as may be required by the commissioner; such publication shall be made within two weeks after the filing of

such report, the expense thereof to be borne by the bank; the commissioner shall also have power to call for special reports from any bank whenever in his judgment the same are necessary to a full and complete knowledge of its condition; every bank which fails to make and transmit any report required under this section shall be subject to a penalty of one hundred dollars for each day after the period herein specified that it delays to make and transmit its report, to be sued for and collected by the commissioner of banking and insurance in the name and for the benefit of the state.

14. Making false statements, reports, entries in books and exhibiting false papers punishable.

Every director, officer, agent or clerk of any bank who wilfully and knowingly subscribes or makes any false statement of facts, or false entries in the books of such bank, or knowingly subscribes or exhibits any false paper, with intent to deceive any person authorized to examine as to the condition of such bank, or wilfully or knowingly subscribes to or makes any false report, shall be guilty of a high misdemeanor, and punished accordingly.

15. Bank may not loan on or purchase its shares.

No bank 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 the stock so purchased or acquired shall within one year from the time of its purchase be sold or disposed of at public or private sale; *provided*, that nothing in this section contained shall

apply to any loan or discount made before the passage of this act.

16. Rate of interest. Discounts.

Every bank may demand and receive for loans on real and personal security or for notes, bills or other evidences of debt discounted or purchased, such rate of interest as may be agreed upon by the parties, not exceeding the lawful rate of interest; and it shall be lawful to receive the interest in advance, according to the ordinary usage of banking institutions.

17. Deposits of minors, and trust deposits.

When any deposit shall be made by or in the name of any minor, the same shall be held for the exclusive right and benefit of such depositor, and free from the control or lien of all other persons, except creditors of such minor, and shall be paid, together with the dividends and interest thereon, to the person in whose name the deposit shall have been made, and the receipt or acquittance of such minor shall be a valid and sufficient release and discharge for such deposit, or any part thereof, to the bank.

18. Limitations as to amount of loans.

The total liabilities to any bank of any person or of any company, corporation or firm, for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed ten per centum of the aggregate amount of the capital stock of such bank actually paid in, and of the permanent surplus fund of

such bank; *provided*,* that the total liability of any officer or director to such bank shall at no time exceed ten per centum of the aggregate amount of the capital stock of such bank actually paid in, and of the permanent surplus fund of such bank; *provided further, however*, that the provisions of this section shall not be construed to apply to loans made by any bank to any county, city, town, township, borough, or municipality of this state; the following shall not be considered as money borrowed within the meaning of this section, namely:

(1.) The discount of business or commercial paper made by other parties and actually owned by the person negotiating the same;

(2.) The discount of bills of exchange drawn in good faith against actually existing values;

(3.) The discount of paper based on collateral security other than promissory notes, the actual market value of which shall at all times exceed by at least ten per centum the amount loaned upon the same.

19. Contracts.

Contracts made by any bank, pursuant to authority of the board of directors of such bank, shall be signed by the president or vice-president and cashier thereof, or such other officer as may be designated by the directors.

* This proviso is probably unnecessary and its presence in the act due to an oversight. As originally drafted by the Commissioners this section provided that the total liabilities of any person, &c., should at no time exceed *twenty per centum* of the total capital stock and permanent surplus fund, but limited the total liability of any officer or director to *ten per centum* of the capital and surplus. While the bill was in the legislative committee "*twenty*" was changed to "*ten*" in the first clause, but the proviso was not stricken out.

20. Reserve in cash and in banks. Reserve depleted shall be restored.

Every bank shall at all times have on hand in available funds an amount equal at least to fifteen per centum of all its immediate liabilities; three-fifths of this amount of available funds may consist of balances due to the bank from good, solvent banks or trust companies, and two-fifths of such sum shall be held in reserve in cash on hand; immediate liabilities shall include all deposits payable on demand made by individuals, firms or corporations, or by banks or trust companies, and all items in the nature of claims payable on demand; whenever the available funds of any bank shall be below fifteen per centum of its immediate liabilities such bank shall not make any new loans or discounts otherwise than by discounting or purchasing bills of exchange, payable at sight, nor make any dividends of its profits, until the required proportion between its immediate liabilities and its available funds has been restored.

21. Circulating notes.

It shall not be lawful for any bank, under the provisions of this act, to issue as money or put in circulation for use as money, any bills or notes, and any violation of the provisions of this section shall be deemed a misdemeanor, and, on conviction thereof, the person or persons offending shall be punished accordingly; but this provision shall not apply to any corporation of the state organized under special charter, nor shall it affect or restrict the rights or powers contained in the charter or certificate of incorporation of any existing corporation of this state.

22. Cashiers to give bonds.

The directors of every bank shall require the cashier appointed by them, before he performs or enters upon any duties as such cashier, to give a bond

or bonds, with good and sufficient security, to be approved by the board of directors thereof, in the penal sum of at least twenty thousand dollars, conditioned for the faithful performance of the duties of such cashier, and it shall be the duty of the directors of said bank, as often as once in every year, to pass upon the sufficiency of the said bond or bonds, and if insufficient to require without delay new and additional bonds and securities to be given; if the directors of said bank shall fail to perform any or all of the requirements of this section they shall be jointly and severally liable to the bank to the extent of any defalcation of or deficiency in the funds of said bank created or caused by said cashier, not in excess of the sum of twenty thousand dollars, the same to be recovered by said bank in any court of competent jurisdiction of this state.

23. When examination of bank to be made.

Every bank shall be subject to the inspection and supervision of the commissioner of banking and insurance, and it shall be the duty of said commissioner, either personally or by some person or persons to be appointed by him, whenever he shall deem it expedient, or at the request of any such bank, to examine any such bank, and it shall be the duty of the officers and employees of such bank to exhibit its books, securities, records and accounts to the person or persons authorized by said commissioner of banking and insurance to conduct the examination, and otherwise to facilitate the same so far as it may be in their power; the said commissioner of banking and insurance, or any examiner appointed by him shall have power to examine under oath or affirmation the directors, officers and employees of any such bank relative to its business and affairs, and for that purpose any such examiner shall have power to administer oaths and affirmations.

24. Proceedings against unsafe banks.

Whenever it shall appear to the commissioner of banking and insurance from any report submitted or examination made under the provisions of this act, that the affairs of any bank are in an unsound condition because of illegal or unsafe investments, or that its liabilities exceed its assets, or that it is transacting business without authority or in violation of law, or that it is unsafe or inexpedient for such bank to continue business, it shall be the duty of the attorney-general, on notice by the commissioner of banking and insurance, to institute such proceedings against the bank as are hereinafter authorized in the case of insolvent banks, or such other proceedings as the nature of the case may require; if from any such examination the commissioner of banking and insurance shall have reason to conclude that any such bank is in an unsound or unsafe condition to do banking business, he may forthwith take possession of such bank's property and business and retain such possession until the termination of the action or proceeding instituted by the attorney-general, or until the appointment of a receiver pursuant to the provisions of this act, and pending such possession by the commissioner or such proceedings by the attorney-general, all remedies at law or in equity of any creditor or stockholder against the said bank shall be suspended.

25. Proceedings against delinquent banks.

If any bank shall refuse to submit its books, papers and concerns to the inspection of the commissioner of banking and insurance or any examiner appointed by him, or if any director or officer thereof shall refuse to submit to be examined upon oath touching the concerns of such bank, the com-

missioner of banking and insurance may report the fact to the attorney-general, who may proceed against said bank in the manner hereafter directed with respect to insolvent banks; if it shall appear to the commissioner of banking and insurance that any bank has violated its charter or any law of this state binding upon it, or is conducting business in an unsafe or unauthorized manner, he shall by an order under his hand and official seal, addressed to such bank, direct a discontinuance of such illegal or unsafe practices, and conformity with the requirements of its charter and safety and security in its transactions; in case such bank shall refuse or neglect to comply with such order, the commissioner may report the facts to the attorney-general, who may proceed against the bank in the manner hereinafter directed with respect to insolvent banks.

26. Examination by order of the court of chancery.

Upon the application of creditors or shareholders of any bank whose claims or shares shall amount to one thousand dollars or more, stating facts verified by affidavit, the court of chancery may, in its discretion, order a strict examination to be made by one of the masters of the court, or by any other person or persons not exceeding three, appointed by it for that purpose, of all of the affairs of such bank for the purpose of ascertaining the safety of its investments and the prudence of its management, and may make such order in respect to the expense of such examination as it may deem proper; and may also make such other order or orders and direct such further and other proceedings as it may deem necessary and proper for the due protection of the interests of the creditors and stockholders of said bank.

27. Commission to investigate and report.

It shall be the duty of the court of chancery of this state upon application made to it by a petition by two or more directors, creditors or stockholders of any bank upon a proper case made by the oath or affirmation of the petitioners or others in its behalf to appoint one or more commissioners with full power to investigate the situation and affairs of the said bank and to report thereon without delay, under oath or affirmation, to the said court of chancery, and it shall be the duty of the officers of the said bank to give the said commissioner or commissioners free access to the offices, vaults, safes, notes, bills, moneys, books, papers and every other place or thing of the said bank under pain of being declared insolvent by the said court of chancery; in case of refusal and after the said commissioner or commissioners shall have made his or their report, as aforesaid, it shall be the duty of the court of chancery, if, in its opinion, the interest of the public or of the stockholders requires it, to direct the attorney-general to proceed against such bank in the manner herein directed with respect to insolvent banks.

28. Compensation of commissioners.

The said commissioner or commissioners shall receive such reasonable compensation as the court of chancery may deem just and proper to be paid by or recovered of the said petitioners in case no injunction issues after his or their report is made, but if an injunction shall be issued then such compensation shall be paid out of the funds or assets of the bank.

29. Insolvent banks. Remedy in chancery by injunction and appointment of receiver.

Whenever any bank shall become insolvent, or shall suspend its ordinary business for want of funds to carry on the same, the attorney-general or any creditor or stockholder may by petition or bill of complaint setting forth the facts and circumstances of the case apply to the court of chancery for a writ of injunction and the appointment of a receiver or receivers or trustees, and the court being satisfied by affidavit or otherwise of the sufficiency of said application, and of the truth of the allegations contained in the petition or bill, and upon such notice, if any, as the court by order may direct, may proceed in a summary way to hear the affidavits, proofs and allegations which may be offered on behalf of the parties, and if upon such inquiry it shall appear to the court that the bank has become insolvent and is not about to resume its business in a short time thereafter, with safety to the public and advantage to the stockholders, it may issue an injunction to restrain the bank and its officers and agents from exercising any of its privileges or franchises and from collecting or receiving any debts, or paying out, selling, assigning or transferring any of its estate, moneys, funds, lands, tenements or effects, except to a receiver appointed by the court, until the court shall otherwise order.

30. Court may appoint receivers. Powers of receivers.

The court of chancery, at the time of ordering said injunction, or at any time afterwards may appoint a receiver or receivers or trustees for the creditors and stockholders of the bank, with full power and authority to demand, sue for, collect, receive and take into their possession all the goods and

chattels, rights and credits, money and effects, lands and tenements, books, papers, choses in action, bills, notes and property of every description of the bank, and to institute suits at law or in equity for the recovery of any estate, property, damages or demands existing in favor of the bank; and in his or their discretion to compound and settle with any debtor or creditor of the bank, or with persons having possession of its property or in any way responsible at law or in equity to the bank at the time of its insolvency or suspension of business, or afterwards, upon such terms and in such manner as he or they shall deem just and beneficial to the bank, and in case of mutual dealings between the bank and any person to allow just set-offs in favor of such person in all cases in which the same ought to be allowed according to law and equity; a debtor who shall have in good faith paid his debt to the bank without notice of its insolvency or suspension of business, shall not be liable therefor, and the receiver or receivers or trustees shall have power to sell, convey and assign all the said estate, rights and interests, and shall hold and dispose of the proceeds thereof under the direction of the court of chancery; the word, "receiver," as used in this act shall be construed to include receivers and trustees appointed as provided in this act.

31. Fees.

On filing any certificate or other paper relative to banks in the department of banking and insurance, the following fees and taxes shall be paid to the commissioner of banking and insurance for the use of the state: for certificate of incorporation, twenty cents for each thousand dollars of the total amount of the capital stock authorized, but in no case less than twenty-five dollars; for certificate of increase

of capital stock, twenty cents for each thousand dollars of the total increase authorized, but in no case less than twenty dollars; for certificate of extension or renewal of corporate existence of any bank, the same as required by this act for the original certificate of incorporation; for certificate of dissolution of bank, change of name, or for amended certificates of incorporation (other than those authorizing increase of capital stock), twenty dollars, and for all certificates not hereby provided for five dollars; every bank shall also pay to the commissioner of banking and insurance, for the use of the state, for filing the reports required by this act an annual fee of twenty dollars, and in addition thereto each bank shall defray the expenses incurred by the commissioner in making any examination of its affairs as hereinbefore provided for, and the said commissioner may maintain an action in the name of the state against such bank, for the recovery of such expenses, in any court of competent jurisdiction.

32. Annual reports to legislature.

The commissioner of banking and insurance shall make annual report to the legislature, which shall embrace a statement of proceedings taken under this act, of new banks organized, and a summary of the reports of every bank.

33. Surrender of franchise.

Whenever any bank shall determine by its board of directors, with the consent of three-fourths of its stockholders in interest, to discontinue its business and settle its affairs, it shall be lawful for such board of directors to file with the commissioner of banking and insurance of this state a certificate in writing, signed and acknowl-

edged by such stockholders, expressing said consent, and likewise the certificate of said board of directors under the corporate seal, setting forth such intention, and that they thereby surrender to the state their corporate privileges and powers; and thereupon said corporation shall be deemed and taken to be dissolved, except for the purpose of distributing its assets, and otherwise settling its affairs; but such bank shall, nevertheless, be continued a body corporate for the term of three years after the time of such surrender, for the purpose of prosecuting and defending suits by or against it, and closing its concerns, but not for any other business or purpose whatever; and the said board of directors shall act as trustees for that purpose, subject to the orders of the court of chancery on application of any creditor or stockholder, and subject to removal or any action by said court.

34. Bank stock. How taxed.

Every person shall be assessed in the township or ward where he resides for all shares of the stock of any national bank in this state or of any bank organized under the laws of this state owned by him or in his possession or control as trustee, guardian, executor or administrator; and in case said owner, trustee, guardian, executor or administrator shall be a non-resident of this state, then and in that case such bank shall be assessed in the township or ward where said bank has its principal place of business, to the amount of such shares so owned or held by non-residents as aforesaid in the manner now provided by statute in the case of other corporations, and except as aforesaid the property, real and personal, of such banks shall not be subject to assessment or tax.

35. Application of this act.

The provisions of this act shall be applicable to, and the word "bank," when used in this act, shall be construed to include all corporations, other than trust companies and savings banks, heretofore organized under the laws of this state, whether by special charter or otherwise, and authorized to carry on the business of banking in the state of New Jersey, and as well, all corporations hereafter organized under this act.

36. Repealer. Existing banks. Vested rights not impaired.

The powers and privileges conferred and imposed upon any bank, banking company or domestic corporation authorized to do a banking business, other than a trust company or a savings bank, existing and doing business under the laws of this state, are hereby abridged, enlarged or modified, as each particular case may require, to conform to the provisions of this act and to such amendments as may be made hereto; but nothing in this act shall be construed to affect the legality of investments heretofore made, or of transactions heretofore had, pursuant to any provisions of law in force when such investments were made or such transactions had, and nothing herein contained shall be deemed to impair the rights, privileges and powers of any corporation heretofore organized contained in its charter or certificate of incorporation, and vested rights acquired under the acts hereinafter repealed and actually existing and enjoyed shall not be divested or disturbed, but no special provision relating to taxation or immunity or exemption therefrom contained in any special charter shall be revived or continued by anything

in this act; all acts and parts of acts, general and special, inconsistent with this act are hereby repealed, except so far as herein expressly re-enacted, but this repealer shall not revive any act heretofore repealed; this act shall not be construed to repeal the act entitled "An act in relation to individual or private bankers, and subjecting them to the supervision and control of the department of banking and insurance," approved March twenty-eighth, one thousand eight hundred and ninety-five, or any part thereof.

37. This act shall take effect immediately.

III.**The Trust Company Law.**

LAWS OF 1899, CHAPTER 174.

Being "AN ACT CONCERNING TRUST COMPANIES
(Revision of 1899)."**1. Formation and general provisions.**

Seven or more persons of full age may become a trust company on the terms and conditions and subject to the liabilities prescribed in this act; the name of every trust company formed under this act shall contain the word "trust," but shall not be that of any other existing corporation of this state; *provided, however,* that if such trust company shall be incorporated for the purpose of succeeding any other trust company, such new trust company may assume the name of the trust company which it is intended to succeed; the capital stock of such trust company hereafter organized shall not be less than one hundred thousand dollars, and shall be divided into shares of one hundred dollars each, all of which shall be paid in in cash before any trust company shall be authorized to transact any other business than such as relates to its formation and organization, and such payment shall be certified to the commissioner of banking and insurance under oath by the president and treasurer or secretary of the trust company; no corporation organized under this act shall create more than one class of stock; hereafter no corporation shall be organized for the purpose of carrying on a trust company business in the state of New Jersey except under this act, and no com-

pany hereafter organized under any other act shall use the word "trust" as a part of its name.

2. Certificate of incorporation.

The incorporators and subscribers to the capital stock shall, under their hands and seals, subscribe a certificate of incorporation which shall specifically state:

I.—The name of the trust company;

II.—The place where the business is to be carried on;

III.—The purposes and objects of the corporation;

IV.—The amount of capital stock, all of which shall be subscribed in the certificate of incorporation;

V.—The names and residences of the incorporators, and the number of shares subscribed by each of them;

VI.—The period, if any, limited for the duration of the company;

VII.—The certificate of incorporation may also contain any provisions, not inconsistent with this act, which the incorporators may choose to insert for the regulation of the business, for the conduct of the affairs of the company, or for defining, limiting and regulating the powers of the directors; *provided, however*, that no director shall be elected for a longer period than one year.

3. Authentication, record and filing of certificate. Copy evidence.

The certificate of incorporation shall be proved or acknowledged as required for deeds of real estate,



and recorded in a book to be kept for that purpose in the office of the clerk of the county where the place of business of such trust company in this state is to be established, and after being so recorded, shall be filed in the department of banking and insurance; *provided, however*, that before the certificate of incorporation shall be recorded or filed as aforesaid it shall be submitted to the commissioner of banking and insurance, who, if he shall approve the form thereof, and if it shall appear to him that the establishment of such trust company will be of public service, shall endorse thereupon or annex thereto his approval, and such certificate shall not be recorded or filed without his approval endorsed thereupon or annexed thereto; said certificate or a copy thereof, duly certified by the commissioner of banking and insurance, shall be evidence in all courts and places.

4. Corporate existence to begin on filing certificate.

Upon making the certificate of incorporation and causing the same to be recorded and filed as aforesaid, the subscribers to the said certificate, their successors and assigns shall, from the date of such filing, be and constitute a body corporate by the name set forth in the certificate, subject to the provisions of this act, and subject to dissolution as in this act or otherwise by law provided; *provided, however*, that if any such corporation shall fail to obtain the certificate of authority as hereinafter provided from the commissioner of banking and insurance, within one year from the date of the filing of the said certificate of incorporation, such trust company shall ipso facto be dissolved, and its certificate of incorporation shall be null and void.

5. The commissioner of banking and insurance to issue certificate of authority.

Whenever the certificate of incorporation has been recorded and filed, and the payment of capital stock certified to the commissioner of banking and insurance, as provided in this act, the commissioner shall, before the corporation shall be authorized to transact business in this state other than such as relates to its formation and organization, satisfy himself that the entire capital has been paid in, and that said trust company has complied with all the provisions of this act required to entitle it to engage in business; if it shall appear to the said commissioner of banking and insurance that the entire capital has been paid in, and that such trust company is lawfully entitled to commence business, he shall, within thirty days after the receipt and filing of the certificate of payment of capital stock provided for in this act, give to such company a certificate under his hand and seal, that such company is duly and legally organized under this act as a trust company, and authorized to transact business as such in this state; the trust company shall cause such certificate of authority of the commissioner of banking and insurance, issued pursuant to this act, to be published once a week for at least four successive weeks next after the issuing thereof in a newspaper published in the place where said trust company is established, or, if there is no newspaper in the place, then in one published nearest thereto in the same county, and shall furnish such proof of publication as may be required by the commissioner of banking and insurance.

6. Powers.

In addition to the general powers conferred by the "Act concerning corporations" (Revision of 1896) so far as the same are not inconsistent with this act,

every trust company hereafter organized, to the extent set forth in its certificate of incorporation, original or amended, and every trust company heretofore created by special charter or organized under any law of this state, whether such powers are set forth in its charter or certificate of incorporation or not, shall have power:

(1.) To act as the fiscal or transfer agent of any state, municipality, body politic or corporation and in such capacity to receive and disburse money;

(2.) To transfer, register and countersign certificates of stock, bonds or other evidences of indebtedness, and to act as agent of any corporation, foreign or domestic, for any purpose now or hereafter required by statute or otherwise;

(3.) To receive deposits of trust moneys, securities and other personal property from any person or corporation, and to loan money on real or personal securities;

(4.) To lease, hold, purchase and convey any and all real property necessary for or convenient in the transaction of its business, or which the purposes of the corporation may require, or which it shall acquire in satisfaction or partial satisfaction of debts due the corporation under sales, judgments or mortgages, or in settlement or partial settlement of debts due the corporation by any of its debtors;

(5.) To act as trustee under any mortgage or bond issued by any municipality, body politic or corporation, and to accept and execute any other municipal or corporate trust not inconsistent with the laws of this state;

(6.) To accept trusts from and execute trusts for married women, in respect to their separate property, and to be their agent in the management of

such property, or to transact any business in relation thereto;

(7.) To act, under the order or appointment of any court of record, as guardian, receiver or trustee of the estate of any minor, and as depository of any moneys paid into court, whether for the benefit of any such minor or other person, corporation or party;

(8.) To take, accept and execute any and all such legal trusts, duties and powers in regard to the holding, management and disposition of any estate, real or personal, and the rents and profits thereof, or the sale thereof, as may be granted or confided to it by any court of record, or by any person, corporation, municipal or other authority, and it shall be accountable to all parties in interest for the faithful discharge of every such trust, duty or power which it may so accept;

(9.) To take, accept and execute any and all such trusts and powers of whatever nature or description as may be conferred upon or intrusted or committed to it by any person or persons, or any body politic, corporation or other authority, by grant, assignment, transfer, devise, bequest or otherwise, or which may be intrusted or committed or transferred to it or vested in it by order of any court of record, or any surrogate, and to receive and take and hold any property or estate, real or personal, which may be the subject of any such trust;

(10.) To purchase, invest in, and sell stocks, promissory notes, bills of exchange, bonds and mortgages and other securities; and when moneys or securities for moneys are borrowed or received on deposit, or for investment, the bonds or obligations of the company may be given therefor, but it shall have no right to issue bills to circulate as money;

(11.) To be appointed and to accept the appointment of assignee or trustee, under any assignment for the benefit of creditors of any debtor, made pursuant to any statute or otherwise;

(12.) To act under the order or appointment of the court of chancery or otherwise as receiver or trustee of the estate or property of any person, firm, association or corporation;

(13.) To be appointed and to accept the appointment of executor of or trustee under the last will and testament, or administrator with or without the will annexed, of the estate of any deceased person, and to be appointed and to act as the committee of the estates of lunatics, idiots, persons of unsound mind and habitual drunkards;

(14.) To exercise the powers conferred on and to carry on the business of a safe deposit company; to examine and guarantee title to land; to insure the fidelity of persons holding offices or places of trust or responsibility; and to become sole surety in any case where by law two or more sureties are required; *provided*, such powers and purposes are enumerated in the certificate of incorporation;

(15.) To collect coupons on, or interest upon all manner of securities when authorized so to do by the parties depositing the same;

(16.) To receive and manage any sinking fund of any corporation, upon such terms as may be agreed upon between said corporation and those dealing with it;

(17.) Generally to execute trusts of every description not inconsistent with the laws of this state or of the United States;

(18.) To receive money on deposit to be subject to check or to be repaid in such manner and on such terms, and with or without interest, as may be

agreed upon by the depositor and the said trust company.

7. Restriction and limitations.

No corporation created under this act shall have power to discount commercial paper; no trust company shall have power to make loans upon bills, notes or other evidences of debt except to a county, city, town, township, borough or municipality of this state, unless the same shall be secured by mortgage upon lands or by other securities, the actual market value of which other securities shall at all times exceed by at least ten per centum the amount loaned upon the same; except under and subject to the provisions of this act, no corporation hereafter organized shall exercise within this state, or be hereafter incorporated for the purpose of exercising therein any of the powers set forth in subdivisions (1), (2), (5), (6), (7), (8), (9), (11), (12), (13), (16) and (17) of the preceding section of this act; no money, property or securities received or held by any trust company in its capacity of assignee, receiver, executor, administrator, guardian or trustee shall be mingled with the investments of the capital stock or other moneys or property belonging to or deposited with such corporation, or shall be liable for the debts or obligations of such corporation; all other moneys and funds belonging to or deposited with such trust company may be used and invested in accordance with the provisions of this act.

8. Trust company not to be required to give security except as provided by this act.

No trust company of this state authorized to act as assignee, receiver, administrator, guardian or trustee, shall be required by any officer or court of this state to give security upon appointment to or acceptance of any office of trust which it is by

law authorized to execute, except as hereinafter provided.

[When corporation may act as trustee, etc., who may subscribe oaths.

In all cases where any corporation in this state authorized by its charter to act as trustees, executors, administrators or guardians shall be appointed executor, administrator or trustee of any estate or guardian of any infant, it shall and may be lawful for the president, cashier or treasurer of such corporation to take and subscribe for such corporation any and all oaths or affirmations required to be taken or subscribed by such executor, administrator, trustee or guardian.

Laws of 1876, Chapter 162.]

9. Company must set apart fund and deposit securities before appointment as assignee, etc.

No such corporation shall be appointed to act as assignee, receiver, administrator, guardian or trustee, by any surrogate or court of this state, until it shall have created and set apart a fund or funds specially devoted to securing its liabilities in such capacities of trust and confidence, and shall have deposited with the register of the prerogative court securities which shall represent the said funds, and shall before its appointment to any office present to the court or officer making such appointment, a statement under oath of its president, secretary, or trust officer, that the fund aforesaid has been set apart according to law, and that the above mentioned deposit has been duly made, and that the liabilities of such corporation for which the fund aforesaid is specially responsible, as hereinafter provided (including all funds and securities of such trust about to come to it under the appointment then in contemplation), do not exceed five times the value of such specially created and deposited fund, unless said fund shall amount to or

exceed one hundred thousand dollars, in which case the affidavit shall be that the liabilities aforesaid do not exceed ten times the value of such specifically created and deposited fund, and, except as provided in the next succeeding section of this act, such fund then so created, set apart and deposited, shall not be subject or applicable to any other debts or liabilities of the corporation or association until those to the discharge whereof it is devoted shall have been satisfied, or cease to exist; *provided*, that nothing herein contained shall require the deposit of any such fund when the trust company appointed gives security in the manner prescribed by law in such behalf for natural persons, or in cases where the trust company shall have been appointed as executor or trustee by any will or deed.

10. Amendments and changes.

Every trust company heretofore organized by special charter or under any law of this state or hereafter organized under this act may, subject to the written approval of the commissioner of banking and insurance, extend its corporate existence, change its name, increase its capital stock, make such other and further amendment, change or alteration as may be desired, or amend its charter or certificate of incorporation, in manner following: The board of directors shall pass a resolution declaring that such amendment, change or alteration is advisable, and calling a meeting of the stockholders to take action thereon; the meeting shall be held upon such notice as the by-laws provide, and, in the absence of such provision, upon ten days' notice in writing, given personally or by mail; if two-thirds in interest of the stockholders shall vote in favor of such amendment, change or alteration, a certificate thereof shall be signed by the president and secretary under the corporate seal,

acknowledged or proved as in the case of deeds of real estate, and such certificate, together with the written assent, in person or by proxy, of two-thirds in interest of such stockholders, shall be filed in the department of banking and insurance, and upon the filing of the same, the charter or certificate of incorporation shall be and be deemed to be amended accordingly; *provided*, that the certificate to be made and filed in pursuance of this section shall contain only such provision as it would be lawful and proper to insert in an original certificate of incorporation made at the time of making such amendment, change or alteration; no change shall be made in the charter or certificate of incorporation of such trust company whereby the rights, remedies or security of existing creditors shall be in any manner impaired; said certificate, or a copy thereof, duly certified by the commissioner of banking and insurance, shall be evidence in all courts and places.

11. List of stockholders to be kept and filed.

The president and secretary of every trust company shall at all times cause to be kept a true and accurate list of the names of the stockholders of record of such corporation with the amount of the stock held by each, which list shall at all times during business hours be open to the inspection of any stockholders.

12. Directors. Annual meeting of stockholders. Officers.

The affairs of every trust company shall be managed by a board of not less than five directors, who shall be elected annually by the stockholders at their annual meeting as hereinafter provided; a majority of the board of directors shall constitute a quorum for the transaction of business; *provided*, that when the number of directors shall exceed nine they may once in six months designate by resolution nine

members, any five of whom shall constitute a quorum; the annual meeting of the stockholders shall be held at the principal place of business of the trust company on the second Tuesday of January of each year, at an hour to be fixed by the by-laws; notice of such annual meeting shall be published at least ten days before the date of the meeting in a newspaper published in the place where the principal place of business of the trust company is located; or if there is no newspaper published at such place, then in one published at the place nearest thereto in the same county; at all meetings of stockholders for the election of directors, each share shall entitle the owner to one vote for each director, and a stockholder may vote at any meeting of the corporation by a proxy in writing signed by him; every director must own and hold in his own name not less than five unpledged shares of the capital stock of such trust company; the directors shall annually choose a president, and one or more vice-presidents from their own number, and shall appoint a secretary, a treasurer and other officers, agents and employees, who shall be chosen in such manner and hold office for such terms as the by-laws may prescribe.

13. Directors to declare dividends and create surplus fund.

After providing for all expenses, interest and taxes accrued or due from said trust company, and deducting all losses and bad debts, the board of directors of a trust company may declare a dividend of so much of the profits of the company as they shall judge expedient; all debts past due to any trust company on which interest is past due and unpaid for a period of twelve months, unless the same are well secured or in process of collection, shall be considered bad debts within the meaning of this section; before any such dividend is declared not less than

one-tenth of the net profits of the trust company for the preceding half year, or for such period as is covered by the dividend, shall be carried to a fund to be designated the surplus fund, until such surplus fund shall amount to twenty per centum of its capital stock, and thereafter such surplus fund shall always be equal to at least twenty per centum of the capital stock of such trust company, and whenever the same becomes impaired it shall be reimbursed in the manner provided for its accumulation.

14. Directors shall appoint examining committee. Committee shall report.

The board of directors of each trust company shall from time to time appoint from its members, an examining committee, whose duties shall be to examine the condition of the company at least once every six months or oftener if required by the board; and such committee shall after each examination forthwith report to the board, giving in detail all items included in the assets of the trust company which they have reason to believe are not of the value at which they appear on the books and records of the company, and giving the value, in their judgment, of each of such items; and the board shall cause said report to be recorded in the minute books of the company.

15. Loans to officers. Overdrafts. Penalty.

No trust company shall make any loan to its president, vice-president, treasurer, secretary, cashier, or to any of its directors, or any of its clerks, tellers, bookkeepers, agents, servants or other persons in its employ until the proposition to make such loan, stating the amount, terms and security, if any, offered therefor, shall have been submitted in writing by the person desiring the same, to a meeting of the board of directors of such company, or of the executive

committee of such board, if any, and accepted and approved by the vote of a majority of those present constituting a quorum; no such corporation shall permit its president, its vice-president, its secretary, treasurer or cashier, or any of its directors, clerks, tellers, bookkeepers, agents, servants, or other persons in its employ to become liable to it by reason of overdrawn account; any president, vice-president, director, secretary, treasurer, cashier, teller, clerk or agent of any such corporation who knowingly violates this section, or who aids or abets any officer, clerk, or agent in any such violation, shall be guilty of a misdemeanor and punished accordingly.

16. Reports. Publication. Penalty.

Every such company shall make to the commissioner of banking and insurance not less than two reports during each year, according to the form which may be prescribed by him, verified by the oaths or affirmations of the president or vice-president and treasurer or secretary of such corporation, and attested by the signatures of at least three directors; every such report shall exhibit in detail and under appropriate heads the resources and liabilities of the corporation at the close of business on any day past specified by the commissioner, and shall be transmitted to him within twenty days after the receipt of a request or requisition therefor by him, and an abstract or summary of every such report in such form as shall be prescribed by the commissioner of banking and insurance shall be published by the trust company once in a newspaper published in the place where such trust company is established; or if there is no newspaper in the place then in one published nearest such place in the same county; and such proof of publication shall be furnished as may be required by the commissioner; such publication shall be made within two weeks after the filing of such report, the

expense thereof to be borne by such trust company; the commissioner shall also have power to call for special reports from any trust company whenever in his judgment the same are necessary to a full and complete knowledge of its condition; every trust company which fails to make and transmit any report required under this section shall be subject to a penalty of one hundred dollars for each day after the period herein specified that it delays to make and transmit its report, to be sued for and collected by the commissioner of banking and insurance in the name and for the benefit of the state.

17. Making false statements, reports, entries in books and exhibiting false papers punishable.

Every director, officer, agent or clerk of any trust company who wilfully and knowingly subscribes or makes any false statement of facts, or false entries in the books of such trust company, or knowingly subscribes or exhibits any false paper, with intent to deceive any person authorized to examine as to the condition of such trust company, or wilfully or knowingly subscribes to or makes any false report, shall be guilty of a high misdemeanor, and punished accordingly.

18. Trust company may not loan on or purchase its shares.

No trust company shall make any loan 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 one year from the time of its purchase be sold or disposed of at public or private

sale; *provided*, that nothing in this section contained shall apply to any loan made before the passage of this act.

19. Deposits of minors.

When any deposit shall be made by or in the name of any minor, the same shall be held for the exclusive right and benefit of such depositor, and free from the control or lien of all other persons, except creditors of such minor, and shall be paid, together with the dividends and interest thereon, to the person in whose name the deposit shall have been made, and the receipt or acquittance of such minor shall be a valid and sufficient release and discharge for such deposit, or any part thereof, to the trust company.

20. Reserve in cash and in banks. Reserve depleted shall be restored.

Every trust company receiving deposits of money subject to check or payable on demand shall at all times have on hand in available funds an amount equal to at least fifteen per centum of all its immediate demand liabilities; four-fifths of this amount of available funds may consist of balances due to the company from good, solvent banks or trust companies, and one-fifth of such sum shall be held in reserve in cash on hand; immediate liabilities shall include all deposits payable on demand made by individuals, firms or corporations, or by banks, or trust companies, and all items in the nature of claims payable on demand; whenever the available funds of any trust company shall be below fifteen per centum of its immediate liabilities, such trust company shall not make any new loans otherwise than by purchasing bills of exchange payable at sight, nor make any dividends of its profits

until the required proportion between its immediate liabilities and its available funds has been restored.

21. When examination of trust company to be made.

Every trust company shall be subject to the inspection and supervision of the commissioner of banking and insurance, and it shall be the duty of said commissioner, either personally or by some person or persons to be appointed by him, whenever he shall deem it expedient, or at the request of any such trust company, to examine any such trust company, and it shall be the duty of the officers and employees of such trust company to exhibit its books, securities, records and accounts to the person or persons authorized by said commissioner of banking and insurance to conduct the examination, and otherwise to facilitate the same so far as it may be in their power; the said commissioner of banking and insurance, or any examiner appointed by him shall have power to examine under oath or affirmation the directors, officers and employees of any such trust company relative to its business and affairs, and for that purpose any such examiner shall have power to administer oaths and affirmations.

22. Proceedings against unsafe trust companies.

Whenever it shall appear to the commissioner of banking and insurance from any report submitted for examination made under the provisions of this act that the affairs of any trust company are in an unsound condition because of illegal or unsafe investments, or that its liabilities exceed its assets, or that it is transacting business without authority or in violation of law, or that it is unsafe or inexpedient for such trust company to continue business, it shall

be the duty of the attorney-general, on notice by the commissioner of banking and insurance, to institute such proceedings against the trust company as are hereinafter authorized in the case of insolvent trust companies, or such other proceedings as the nature of the case may require; if from any such examination the commissioner of banking and insurance shall have reason to conclude that any such trust company is in an unsound or unsafe condition, he may forthwith take possession of such trust company's property and business and retain such possession until the termination of the action or proceeding instituted by the attorney-general, or until the appointment of a receiver pursuant to the provisions of this act, and pending such possession by the commissioner or such proceedings by the attorney-general, all the remedies at law or in equity of any creditor or stockholder against the said trust company shall be suspended.

23. Proceedings against delinquent trust companies.

If any trust company shall refuse to submit its books, papers and concerns to the inspection of the commissioner of banking and insurance, or any examiner appointed by him, or if any director or officer thereof shall refuse to submit to be examined upon oath touching the concerns of such trust company, the commissioner of banking and insurance may report the fact to the attorney-general, who may proceed against said trust company in the manner hereafter directed with respect to insolvent trust companies; if it shall appear to the commissioner of banking and insurance that any trust company has violated its charter or any law of this state binding upon it, or is conducting business in an unsafe or unauthorized manner, he shall by an order under his hand and official seal, addressed to such trust company,

direct a discontinuance of such illegal or unsafe practices, and conformity with the requirements of its charter and safety and security in its transactions; in case such trust company shall refuse or neglect to comply with such order, the commissioner may report the facts to the attorney-general, who may proceed against the trust company in the manner hereinafter directed with respect to insolvent trust companies.

24. Insolvent trust companies; remedy in chancery by injunction and appointment of receiver.

Whenever any trust company shall become insolvent, or shall suspend its ordinary business for want of funds to carry on the same, the attorney-general or any creditor or stockholder may by petition or bill of complaint setting forth the facts and circumstances of the case, apply to the court of chancery for a writ of injunction and the appointment of a receiver or receivers or trustees, and the court being satisfied by affidavit or otherwise of the sufficiency of said application, and of the truth of the allegations contained in the petition or bill, and upon such notice, if any, as the court by order may direct, may proceed in a summary way to hear the affidavits, proofs and allegations which may be offered on behalf of the parties, and if upon such inquiry it shall appear to the court that the trust company has become insolvent and is not about to resume its business in a short time thereafter with safety to the public and advantage to the stockholders, it may issue an injunction to restrain such trust company and its officers and agents from exercising any of its privileges or franchises and from collecting or receiving any debts, or paying out, selling, assigning or transferring any of its estate, moneys, funds, lands, tenements or effects, except to a receiver

appointed by the court, until the court shall otherwise order.

25. Court may appoint receivers. Powers of receivers.

The court of chancery, at the time of ordering said injunction, or at any time afterwards, may appoint a receiver or receivers or trustees for the creditors and stockholders of the trust company, with full power and authority to demand, sue for, collect, receive and take into their possession, all the goods and chattels, rights and credits, moneys and effects, lands and tenements, books, papers, choses in action, bills, notes and property of every description of the corporation, and to institute suits at law or in equity for the recovery of any estate, property, damages or demands existing in favor of the corporation, and in his or their discretion to compound and settle with any debtor or creditor of the corporation, or with persons having possession of its property or in any way responsible at law or in equity to the corporation at the time of its insolvency or suspension of business, or afterwards, upon such terms and in such manner as he or they shall deem just and beneficial to the corporation, and in case of mutual dealings between the corporation and any person to allow just set-offs in favor of such person in all cases in which the same ought to be allowed according to law and equity; a debtor who shall have in good faith paid his debt to the corporation without notice of its insolvency or suspension of business, shall not be liable therefor, and the receiver or receivers or trustees shall have power to sell, convey and assign all the said estate, rights and interests, and shall hold and dispose of the proceeds thereof under the direction of the court of chancery; the word "receiver" as used in this act shall be construed to include receivers and trustees appointed as provided in this act.

26. Fees.

On filing any certificate or other paper relative to trust companies in the department of banking and insurance, the following fees and taxes shall be paid to the commissioner of banking and insurance for the use of the state: for certificate of incorporation, twenty cents for each thousand dollars of the total amount of the capital stock authorized, but in no case less than twenty-five dollars; for certificate of increase of capital stock, twenty cents for each thousand dollars of the total increase authorized, but in no case less than twenty dollars; for certificate of extension or renewal of corporate existence of any trust company, the same as required by this act for the original certificate of incorporation; for certificate of dissolution of company, change of name, or for amended certificates of incorporation (other than those authorizing increase of capital stock), twenty dollars, and for all certificates not hereby provided for, five dollars; every trust company shall also pay to the commissioner of banking and insurance, for the use of the state, an annual fee of twenty dollars for filing the reports required by this act, and in addition thereto each trust company shall defray the expenses incurred by the commissioner of banking and insurance in making any examination into its affairs as hereinbefore provided for; and the said commissioner may maintain an action in the name of the state against such trust company for the recovery of such expenses in any court of competent jurisdiction.

27. Annual reports to the legislature.

The commissioner of banking and insurance shall make annual report to the legislature, which shall embrace a statement of proceedings taken under

this act, of new companies organized and a summary of the reports of every trust company.

28. Surrender of franchise. How made.

Whenever any trust company shall determine by its board of directors, with the consent of three-fourths of its stockholders in interest, to discontinue its business and settle its affairs, it shall be lawful for such board of directors to file with the commissioner of banking and insurance of this state a certificate in writing, signed and acknowledged by such stockholders, expressing said consent, and likewise the certificate of said board of directors under the corporate seal, setting forth such intention, and that they thereby surrender to the state their corporate privileges and powers; and thereupon said corporation shall be deemed and taken to be dissolved, except for the purpose of distributing its assets, and otherwise settling its affairs, but such trust company shall, nevertheless, be continued a body corporate for the term of three years after the time of such surrender for the purpose of prosecuting and defending suits by, or against it, and closing its concerns, but not for any other business or purpose whatever; and the said board of directors shall act as trustees for that purpose, subject to the orders of the court of chancery, on application of any creditor or stockholder, and to removal or any action by said court.

29. Taxation.

Every trust company incorporated under any law of this state shall be taxed in the taxing district where its office is situated, upon the amount of its capital stock issued and outstanding, except that any real estate belonging to any such corporation

shall be taxed in the taxing district where such real estate is situated, and the amount of assessment upon said real estate may be deducted from the amount of any assessment made upon the capital stock of the company as herein provided for; the capital stock, property and franchises of any such corporation shall be exempt from taxation in this state, except as hereinabove provided for.

30. Application of this act. Repealer.

The provisions of this act shall be applicable to, and the words "trust company," when used in this act, shall be construed to include all trust companies and all safe deposit and trust companies heretofore organized under the laws of this state, whether by special charter or under general act or otherwise, and as well all corporations hereafter organized under this act; but nothing in this act shall repeal, impair or destroy the rights, powers and privileges heretofore conferred upon any trust company or upon any safe deposit and trust company heretofore incorporated and now doing business under any special charter or general law of this state; and nothing in this act shall be construed to affect the legality of investments heretofore made, or of transactions heretofore had, pursuant to any provisions of law in force when such investments were made or transactions had, or to impair the rights, privileges, objects or powers of any corporation as contained in its charter or certificate of incorporation, and vested rights acquired under the acts hereinafter repealed and actually existing and enjoyed shall not be divested or disturbed, but no special provision relating to taxation or immunity or exemption therefrom contained in any special charter shall be revived or continued by anything in this act.

31. All acts and parts of acts, general and special, inconsistent with this act are hereby repealed, except so far as herein expressly re-enacted, but this repealer shall not revive any act heretofore repealed.

32. This act shall take effect immediately.

IV.**The Safe Deposit Company Law.**

LAWS OF 1899, CHAPTER 175.

Being "AN ACT CONCERNING SAFE DEPOSIT COMPANIES (Revision of 1899)."

1. Formation and general provisions.

Five or more citizens of this state of full age may become a safe deposit company on the terms and conditions and subject to the liabilities prescribed in this act; the name of every such corporation formed under this act shall contain the words "safe deposit" but shall not be that of any other existing corporation of this state; the stock of any such safe deposit company shall be not less than twenty-five thousand dollars, divided into shares of one hundred dollars each, and the full amount of capital shall be paid in in cash before any safe deposit company shall be authorized to transact business other than such as relates to its formation and organization, and such payment shall be certified to the commissioner of banking and insurance under oath by the president and secretary or other officer of the safe deposit company; no corporation organized under the act shall create more than one class of stock; hereafter no corporation shall be organized for the purpose of carrying on a safe deposit business in the state of New Jersey except under this act, and no corporation hereafter organized under any other act shall use the words "safe deposit" as a part of its name; excepting always from these provisions corporations organized under "An act

concerning banks and banking” (Revision of 1899), or under “An act concerning trust companies” (Revision of 1899); nothing herein contained shall be deemed to impair the rights, privileges and powers of any corporation as contained in its charter or certificate of incorporation and vested rights shall not be divested or disturbed.

2. Certificate of incorporation.

The incorporators and subscribers to the capital stock shall, under their hands and seals, execute a certificate of incorporation, which shall specifically state:

- I.—The name of the safe deposit company;
- II.—The place where the business is to be carried on;
- III.—The purposes and objects of the corporation;
- IV.—The amount of the capital stock, all of which shall be subscribed in the certificate of incorporation;
- V.—The names and residences of the incorporators, and the number of shares subscribed by each of them;
- VI.—The period, if any, limited for the duration of the company;
- VII.—The certificate of incorporation may also contain any provisions, not inconsistent with this act, which the incorporators may choose to insert for the regulation of the business, for the conduct of the affairs of the company, or for defining, limiting

and regulating the powers of the directors; *provided, however*, that no director shall be elected for a period longer than one year.

3. Authentication and record of certificate. Copy evidence.

The certificate of incorporation shall be proved or acknowledged as required for deeds of real estate, and recorded in a book to be kept for that purpose in the office of the clerk of the county where the principal office of the safe deposit company in this state shall be established, and after being so recorded, shall be filed in the department of banking and insurance; said certificate or a copy thereof, duly certified by the commissioner of banking and insurance, shall be evidence in all courts and places.

4. Powers.

In addition to the general powers conferred by the "Act concerning corporations" (Revision of 1896), so far as the same are not inconsistent with this act, every safe deposit company shall have power to take and receive upon deposit, as bailee, for safe keeping and storage, jewelry, plate, money, specie, bullion, stocks, bonds, securities, valuable papers of any kind, and any other personal property; to guarantee their safety, upon such terms and for such compensation as may be agreed upon by the company and the bailors; and to let out vaults, safes and other receptacles for the uses and purposes aforesaid; no such safe deposit company shall make any loans or advances upon any property left with it for storage or safe keeping; no safe deposit company shall have the power to transact the business of a bank or trust company.

5. Directors.

The affairs of every safe deposit company shall be managed by a board of not less than five directors, a majority of whom shall at all times be residents of the state of New Jersey, who shall be elected by the stockholders and hold office for one year and until their successors are elected and have qualified; a majority of the board of directors shall constitute a quorum for the transaction of business; *provided*, that when the number of directors shall exceed nine they may once in six months designate by resolution, nine members, any five of whom shall constitute a quorum; at a meeting of stockholders for the election of directors, each share shall entitle the owner to one vote for each director, and a stockholder may vote at any meeting of the corporation by a proxy in writing signed by him.

6. Restriction as to foreign corporations.

No foreign corporation shall transact a safe deposit business in this state.

7. Remedy for non-payment of rent for safe.

If the amount due for the use of any safe or box in the vaults of any such corporation shall not have been paid for three years, it may, at the expiration thereof, cause to be sent to the person in whose name such safe or box stands on its books, a notice in writing in a securely-closed postpaid registered letter, directed to such person at his post office address as recorded upon the books of the corporation, notifying such person that if the amount then due for the use of such safe or box is not paid within sixty days from the date of such notice, the corporation will then cause such safe or box to be opened in the presence of its president or secretary or treas-

urer, and of a notary public not an officer or in the employ of the corporation, and the contents thereof, if any, to be sealed up by such notary public in a package, upon which such notary public shall distinctly mark the name and address of the person in whose name such safe or box stands upon the books of the corporation, and the estimated value thereof; and the package so sealed and addressed, when marked for identification by such notary public, will be placed by such notary public in one of the general safes or boxes of the corporation; upon the expiration of sixty days from the date of mailing such notice as aforesaid, and the failure of the person in whose name such safe or box stands on the books of the corporation, to pay the amount due for the use thereof in full up to the date of such notice, the corporation may, in the presence of a notary public and of its president or secretary or treasurer, cause such safe or box to be opened, and the contents thereof, if any, to be removed and sealed up by such notary public in a package upon which such notary public shall distinctly mark the name of the person in whose name such safe or box and its estimated value stood, on the books of the corporation, and when such package has been marked for identification by such notary public, it shall, in the presence of the president or secretary or treasurer of the corporation, be placed by such notary public in one of the general safes or boxes of the corporation, and the proceedings of such notary public shall be fully set out by him in his own proper handwriting and under his official seal, in a book to be kept by the corporation for that purpose.

8. Fees.

On filing any certificate or other paper relative to safe deposit companies in the department of bank-

ing and insurance, the following fees and taxes shall be paid to the commissioner of banking and insurance for the use of the state: for certificate of incorporation, twenty cents for each thousand dollars of the total amount of the capital stock authorized, but in no case less than twenty-five dollars; for certificate of increase of capital stock, twenty cents for each thousand dollars of the total increase authorized, but in no case less than twenty dollars; for certificate of extension or renewal of corporate existence of any safe deposit company, the same as required by this act for the original certificate of incorporation; for certificate of dissolution of company, change of name, or for amended certificates of incorporation (other than those authorizing increase of capital stock), twenty dollars, and for all certificates not hereby provided for, five dollars.

9. This act shall take effect immediately.

V.

General Repealing Act.

LAWS OF 1899, CHAPTER 177.

Being "AN ACT TO REPEAL SUNDRY ACTS RELATING TO BANKS, BANKING, SAFE DEPOSIT AND TRUST COMPANIES."

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey* :

1. The act entitled " An act to authorize and regulate the business of banking," approved April ninth, one thousand eight hundred and seventy-five, and all acts amendatory thereof and supplemental thereto, are hereby repealed.

2. The act entitled " An act giving stockholders of any bank or banking institution in this state one vote for each share of stock held," approved March twenty-fourth, one thousand eight hundred and ninety-two, is hereby repealed.

3. The act entitled " An act to facilitate the giving of security on official and other bonds," approved April fourth, one thousand eight hundred and eighty-four, is hereby repealed.

4. The act entitled " An act for the incorporation of safe deposit and trust companies," approved April twentieth, one thousand eight hundred and eighty-five, and all acts amendatory thereof and supplemental thereto, are hereby repealed.

5. The act entitled " An act relative to banking, guarantee, safe deposit and indemnity corporations," approved May seventh, one thousand eight hundred and eighty-nine, is hereby repealed.

6. The act entitled "An act concerning bailments," approved March first, one thousand eight hundred and ninety-three, is hereby repealed.

7. The act entitled "An act relative to safe deposit and trust companies," approved June tenth, one thousand eight hundred and ninety, is hereby repealed.

8. Nothing herein shall impair or annul any vested rights, privileges or powers heretofore obtained and used under authority of said acts or any of them, and all corporations which have heretofore availed themselves of the provisions of said acts may continue to enjoy the rights and advantages which they now enjoy and exercise by virtue thereof; this act shall not revive any act heretofore repealed.

9. This act shall take effect immediately.

INDEX.

The references are to pages. Pages 5-28 relate to the banking law, pp. 29-52 to the trust company law, and pp. 53-58 to the safe deposit law.

A.

- Acknowledgment, of certificate of incorporation, 6, 30, 55.
- Acts repealed, 59.
- Administrator, trust company may act as, 35.
- Agent, trust company may act as, 33.
- Amendments of certificate of incorporation, 10, 38.
- Annual meeting of stockholders, 11, 39.
- Annual reports to Legislature, 25, 49.
- Apartments, bank may rent, 9.
- Application of banking act, 27.
- Application of trust company act, 51.
- Assignee, trust company may act as, 35.
- Attorney-General may proceed against unsafe banks and trust companies, 20, 46.
 - may proceed against delinquent banks and trust companies, 20, 47.
 - may apply for receiver on insolvency, 23, 47.
- Authority, certificate of, 7, 32.
 - publication of, 8, 32.

B.

- "Bank" defined, 27.
- "Bank" or "banking" to be part of name of every bank organized under act, 5.
 - not to be used as part of name of corporations hereafter organized under other acts, 5.
- Banking business defined, 8.
- Bank notes, issue of, prohibited, 18.
- Banking and insurance, department of, 1.
 - See Commissioner of banking and insurance.
- Banks, formation of, 5, 6, 7.
 - amount of capital stock of, 5.
 - amendment of charter, etc., of, 10.
 - annual meeting of, to be held on second Tuesday of January, 11.

The references are to pages. Pages 5-28 relate to the banking law, pp. 29-52 to the trust company law, and pp. 53-58 to the safe deposit law.

-
- certificate of incorporation of, 6.
 - certificate of authority to, 7, 8.
 - certificate of payment of capital stock of, 5.
 - contracts of, how signed, 17.
 - corporate existence begins on filing certificate of incorporation, 7.
 - directors of; see **Directors**.
 - examination of by commissioner of banking and insurance, 19.
 - order of court of chancery, 21.
 - fees to be paid by, 24.
 - increase of capital stock of, 10.
 - insolvency of, 23; see also **Receivers**.
 - list of stockholders of to be kept, open to examination, 11.
 - loans to officers of, regulations concerning, 13.
 - may buy and sell bills of exchange, 9.
 - foreign coins, 9.
 - gold and silver bullion, 8.
 - promissory notes, mortgages, etc., 9.
 - discount bills and notes, 8.
 - exercise business of safe deposit company, when, 9.
 - purchase, hold and convey real estate, 9.
 - receive deposits of money, 8.
 - change name, 10.
 - charge lawful rate of interest, 16.
 - extend corporate existence, 10.
 - invest 25% of capital and surplus in building, etc., 9.
 - surrender corporate franchise and dissolve, 25.
 - take interest in advance, 16.
 - must create surplus fund, 12.
 - elect directors annually, 11.
 - have at least five directors, 11.
 - have reserve, 18.
 - make not less than four reports annually, 14.
 - publish abstracts of reports, 14.
 - notice of annual meeting, 11.
 - name of, to contain word "bank" or "banking," 5.
 - not to issue circulating notes, 18.
 - proceedings against, for refusal to submit to examination, 20.
 - taxation of, 26.
 - unsafe, proceedings against, 20.
 - vested rights of, preserved, 27.
 - Bonds**, cashiers to give, 18.
 - trust companies may issue, 34.
 - register and countersign, 33.
 - By-laws**, to fix hour for annual meeting, 11, 40.
 - terms of office of officers, etc., 12, 40.

The references are to pages. Pages 5-28 relate to the banking law, pp. 29-52 to the trust company law, and pp. 53-58 to the safe deposit law.

C.

- Capital stock** of bank to be not less than \$50,000, 5.
 safe deposit company to be not less than \$25,000, 53.
 trust company to be not less than \$100,000, 29.
 certificate of payment of, 5, 7, 29, 31.
 may be increased, 10, 38.
 only one class allowed, 5, 29, 53.
 par value of shares of, to be \$100, 5, 29, 53.
 total amount authorized to be subscribed, 5, 6, 29, 53.
 must be paid in cash, 5, 29, 53.
- Cashier** to give bond, 18.
 appointment of, 12.
 to sign certificate of payment of capital stock, 5.
 to sign contracts, 17.
 loans to, regulated, 13.
 overdraft by, prohibited, 14.
 penalty for, 14.
 to verify reports, 14.
- Certificate** of authority to be issued by commissioner of banking and insurance, 7, 32.
 to be published, 8, 32.
 incorporation, 6, 30, 54.
 payment of capital stock to be filed before commencing business, 5, 29.
- Circulating notes**, issue of, prohibited, 21.
- Commissioner** of banking and insurance, appointment of, 1.
 fees, to be paid to, 24, 49, 57.
 may direct discontinuance of unsafe practices, 21, 47.
 may examine officers, etc., under oath, 19, 45.
 may maintain action to collect fees, 25, 49.
 may proceed against unsafe banks and trust companies, 20, 45.
 may take possession, when, 20, 46.
 powers, duties, etc., of, 1-4.
 to approve amendment, change, etc., of certificate of incorporation, 10, 38.
 to approve certificate of incorporation, 7, 31.
 to inspect banks and trust companies, 19, 45.
 to issue certificate of authority, 7, 32.
 to make annual report to legislature, 25, 49.

The references are to pages. Pages 5-28 relate to the banking law, pp. 29-52 to the trust company law, and pp. 53-58 to the safe deposit law.

- Commissioners** appointed by court of chancery to examine corporations, 22.
Contracts, how signed, 17.
Creditors, rights of, not to be impaired by change of charter, 10, 11, 39.
 may make application to court of chancery for examination of bank, 21, 22.
 may apply for appointment of receiver, 23, 47.
Committee, examining, to be appointed by directors, 13, 41.
 executive, to pass on applications for loans by officers, 13, 41.

D.

- Debts**, bad, to be deducted before declaring dividends, 12, 40.
Deposit of securities to be made by trust company before appointment as assignee, receiver, etc., 37.
 not required when security is given, as required of natural persons, 38.
Deposits of minors, 16, 44.
Deputy Commissioner of banking and insurance, 2.
Directors, affairs of corporation to be conducted by, 11, 39, 56.
 election of, 11, 39, 56.
 examining committee of, 13, 41.
 executive committee of, 11, 39.
 increase of board of, 12.
 liability of, on defalcation of cashier not under bond, 19.
 loans to, regulations as to, 13, 41.
 majority of, to be residents of state, 11, 56.
 making false statements, etc., guilty of high misdemeanor, 15, 43.
 may designate officers to sign contracts, 17.
 must each hold not less than five unpledged shares, 12, 40.
 not to be elected for longer period than one year, 6, 30, 56.
 to attest reports, 14, 42.
 to be not less than five in number, 11, 39, 56.
 to require cashiers to give bonds, 18.
 vacancies in board of, 12.
Dividends, directors may declare, 12, 40.
 to be declared only out of surplus profits, 12, 40.
Definitions:
 "Bank," 27.
 "Bad debts," 12, 40.
 "Trust company," 51.
 "Surplus fund," 13, 41.
Discounts, 16.
 by trust companies forbidden, 36.
 certain, not considered money loaned, 17.
Dissolution for failure to obtain certificate of authority, 7, 31.
 voluntary, 25, 50.

The references are to pages. Pages 5-28 relate to the banking law, pp. 29-52 to the trust company law, and pp. 53-58 to the safe deposit law.

E.

- Elections** of directors and officers to be held annually, 11, 40.
 notice of, to be published, 11, 40.
 one vote for each share at, 11, 40, 56.
- Examination** by commissioner of banking and insurance, 19, 45.
 order of court of chancery, 21.
 refusal to submit to, proceedings upon, 20, 46.
- Evidence**, certified copy of certificate of incorporation, 7, 31, 55.
 amended certificate of incorporation, 11, 39.
- Existence** of corporation begins on filing certificate, 7, 31.
 extension of, 10, 38.

F.

- Fees** to be paid by banks, 24.
 safe deposit companies, 57.
 trust companies, 49.
- Fidelity**, trust company may insure, of officers, etc., 35.
- Franchise**, surrender of, 25, 50.

G.

- Guarantee**, trust company may, titles to land, 35.

I.

- Incorporation**, certificate of, authentication and record of, 6, 30, 55.
 amendments of, 10, 38.
 filing of, 6, 30, 54.
 what to contain, 6, 30, 55.
- Insolvency**, proceedings upon, 23, 47.
- Interest**, bank may deduct, in advance, 16.
 charge lawful rate of interest, 16.
- Investments** made not to be affected by revision, 27, 51.
 in real estate by bank, limitation of, 9.

L.

- Loans**, limitations as to amount of, 16.
 new, not to be made, when reserve impaired, 18, 44.
 penalty for illegal, 14, 42.
 to officers, etc., 13, 41.

The references are to pages. Pages 5-28 relate to the banking law, pp. 29-52 to the trust company law, and pp. 53-58 to the safe deposit law.

M.

Meetings of stockholders to be held annually, 11, 39.
 notice of to be published, 11, 40.
Minors, trust company may act as guardian of, 34.
 deposits by, 16, 44.

N.

Name of corporation to contain certain words, 5, 29, 53.
 not to be that of existing corporation, 5, 29, 53.
 may be changed, 10, 38.
Notice of annual meetings to be published, 11, 40.

O.

Oath, when trust company appointed trustee, president, cashier or treasurer,
 may take, 37.
 president, secretary or trust officer, to make statement under, as to
 setting apart fund on appointment as assignee, etc., 37.
Overdrafts, by officers, etc., prohibited, 14, 42.

P.

Penalty for overdrafts by officers, 14, 42.
 unauthorized loans, 14, 42.
 failure to make reports, 15, 43.
 false statements, etc., 15, 43.
 failure to require sufficient bond of cashier, 19.
Powers; see **Banks**; **Trust company**; **Safe deposit company**.
Publication of certificate of authority, 8, 32.
 notice of annual meetings, 11, 40.
 reports, 14, 42.
Proxy, absent stockholders may vote by, 11, 40, 56.
President, appointment of, 12, 40.
 loans to, 13, 41.
 making illegal loans to officers guilty of misdemeanor, 14, 42.
 may take oath for trust company, 37.
 must be director, 12, 40.
 term of office, 12, 40.
 to cause list of stockholders to be kept, 39.
 to sign contracts, 17.

The references are to pages. Pages 5-28 relate to the banking law, pp. 29-52 to the trust company law, and pp. 53-58 to the safe deposit law.

R.

- Real estate**, powers to hold, 9, 33.
- Receivers**, application for appointment of, 23, 47.
powers of, 23, 48.
- Rent of safe deposit box or vault**, remedy for non-payment, 56.
- Reports** by commissioner of banking and insurance to legislature, 25, 49.
to commissioner of banking and insurance, 14, 42.
penalty for failure to make, 15, 43.
making false, 15, 43.
commissioner may call for special, 14, 42.
- Reserve** must be kept, 17, 44.
depleted, must be restored, 18, 44.

S.

- Safe Deposit Company**, formation of, 53.
certificate of incorporation of, 54.
directors of, to be elected annually, 54.
fees to be paid by, 57.
five or more citizens of state may form, 53.
majority of directors of, to be residents of state, 56.
name of, to contain words "safe deposit," 53.
not to loan money, 55.
create more than one class of stock, 53.
powers of, 55.
proceedings by, on non-payment of rent of safe, 56.
stock to be not less than \$25,000, 53.
paid in in cash, 53.
- Security**, when to be given by trust company acting as assignee, etc., 37.
- Shares of stock** to be \$100 each, 5, 29, 53.
corporation not to loan on or purchase its, 15, 43.
- Stock**; see **Capital Stock**.
- Stockholders**, list of to be filed, 11, 39.
- Surplus fund** must be created and maintained, 12, 41.
impaired must be reimbursed, 13, 41.

T.

- Taxation of bank stock**, 26.
trust companies, 50.
- Titles**, trust company may guarantee, 35.
- "**Trust Company**," definition of, 51.
- Trust Company**, formation of, 29.
capital stock of, to be not less than \$100,000, 29.

The references are to pages. Pages 5-28 relate to the banking law, pp. 29-52 to the trust company law, and pp. 53-58 to the safe deposit law.

- certificate of authority to, 32.
- certificate of incorporation of, 30.
- amendment of, 38.
- commissioner of banking and insurance to examine, 45.
- corporate existence begins on filing certificate, 31.
- directors of, to be elected annually, 39.
- dissolution of, 50.
- examination of, 45.
- examining committee of directors of, 41.
- fees to be paid by, 49.
- insolvency of, proceedings upon, 47.
- limitation on power of, to purchase its shares, 43.
- list of stockholders to be filed, 39.
- loans to officers of, 41.
- may act as administrator, executor, etc., 35.
 - agent of corporations, 33.
 - assignee or trustee for creditors, 35.
 - fiscal or transfer agent, 33.
 - guardian, etc., of minor, 34.
 - receiver, 35.
 - surety, 35.
 - trustee under mortgage, etc., 33.
- accept and execute trusts for married women, 33.
- collect coupons or interest upon bonds, 35.
- execute any legal trust, 34.
- exercise powers of safe deposit company, 35.
- guarantee titles to land, 35.
- hold real estate, 33.
- insure fidelity of officers, etc., 35.
- loan money on real or personal security, 33.
- manage sinking fund, 35.
- purchase, invest and deal in stocks, etc., 34.
- receive deposits of trust moneys, 33.
 - money on deposit, 35.
- transfer, register and countersign stock, etc., 33.
- must create surplus fund, 40.
 - have reserve, 44.
 - not mingle trust funds, etc., 36.
 - set apart fund and deposit securities before appointment as assignee, etc., 37.
- name of, to contain word "trust," 29.
- not authorized to discount commercial paper, 36.
 - make loans on bills, etc., unless secured, 36.
 - to create more than one class of stock, 29.
 - required to give security except as provided in act, 36.
- penalty for false reports by, 43.

The references are to pages. Pages 5-28 relate to the banking law, pp. 29-52 to the trust company law, and pp. 53-58 to the safe deposit law.

failure to make reports of, 43.
 powers of, 32 *et seq.*
 proceedings against delinquent, 45.
 unsafe, 46.
 president, cashier, etc., may take oath for, 37.
 receiver of, 47.
 reports by, 42.
 seven persons may form, 29.
 surplus fund of, 40.
 taxation of, 50.
 to be formed under this act. 29, 36.
Trust funds not to be mingled, 36.

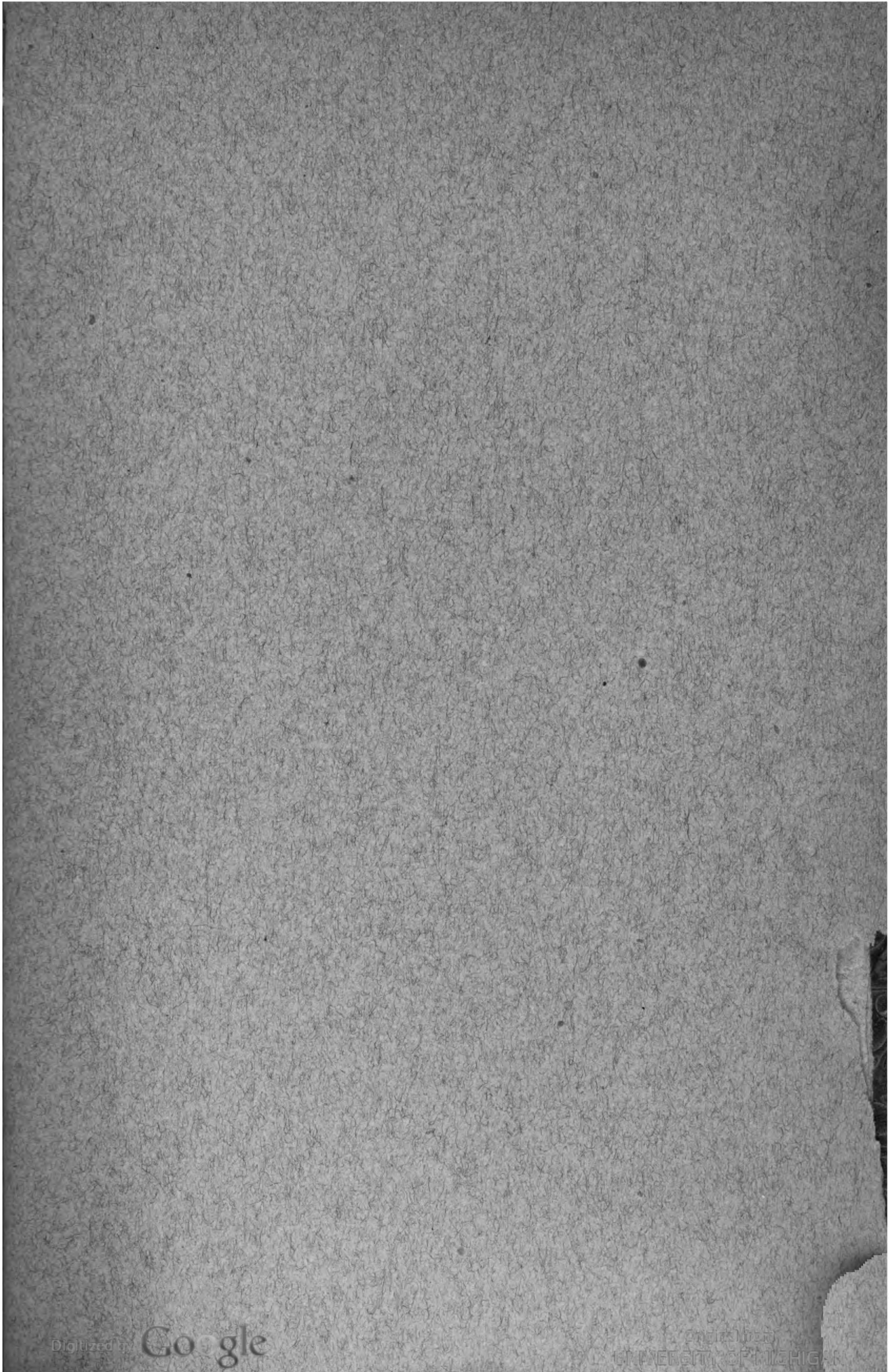
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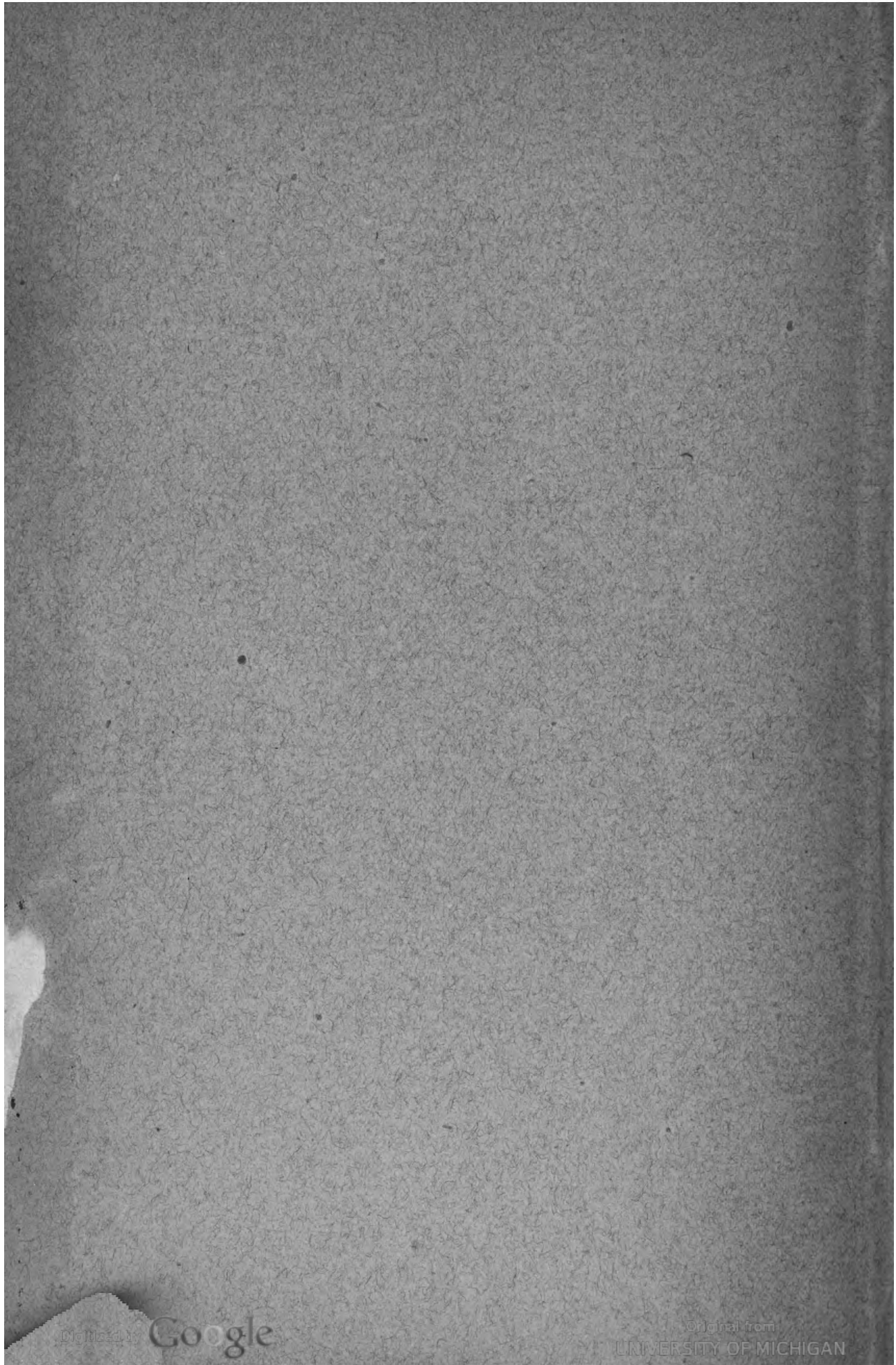
Unsafe banks and trust companies, proceedings against, 20, 45.

V.

**Vacancies in board of directors to be filled by remaining directors, 12.
 newly created directorships not to be construed as, 12.**
Voting ; see Elections ; Proxy.

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