

Senate Bill 366

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CHAPTER 275

AN ACT to renumber and amend 221.01 (12); to amend 220.035 (5), 220.04 (1) (b), 220.29 (1), 221.01 (3), (6) and (11), 221.06, 221.07, 221.08 (1) and (10), 221.14 (1), 221.27, 221.28, 221.29 (1) (cm) and 221.31 (1) (intro. par.); and to create 221.01 (12) (b), (c) and (d) of the statutes, relating to the banking department and to state banks, and providing a penalty.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 220.035 (5) of the statutes is amended to read:

220.035 (5) The members of ~~said~~ *the* board shall receive reimbursement from the state for their actual expenses as in case of other state officers. They shall also each receive ~~\$15~~ *\$25* per day for each day expended in the work of the board, but such compensation for service shall not exceed in the case of any one member ~~\$900~~ *\$1,500* per year, exclusive of expenses. The expenses of the banking review board including salaries and expenses of members of board and employes thereof shall be paid by the state upon the presentation of properly verified vouchers approved by at least one member of the board and the secretary of the board and shall be charged to the appropriation to the banking department. The board may

employ assistance necessary in the performance of its work and fix the reasonable compensation therefor, subject to provisions of any statutes applicable thereto.

SECTION 2. 220.04 (1) (b) of the statutes is amended to read:

220.04 (1) (b) In lieu of any examination other than the one required to be made by the commissioner under par. (a), the commissioner may accept any examination that may have been made of any bank, trust company bank or mutual savings bank within a reasonable period by the federal deposit insurance corporation or a federal reserve bank, provided a copy of ~~said~~ the examination is furnished to ~~said~~ the commissioner. ~~Said~~ The commissioner may also accept any report relative to the condition of any such bank which may have been obtained by said corporation or federal reserve bank within a reasonable period, in lieu of a report which may be required under the laws of this state, provided a copy of such report is furnished to ~~said~~ the commissioner.

SECTION 3. 220.29 (1) of the statutes is amended to read:

220.29 (1) No state bank, trust company bank or mutual savings bank shall transact business or be open for the purpose of transacting business on Sunday or ~~any legal holiday under s. 256.17 designated by the commissioner of banks except that they may on January 1, May 30, July 4, the first Monday in September (Labor Day), the 4th Thursday of November or the day appointed by the governor as a day of public Thanksgiving in each year, December 25, or in each case on the succeeding Monday whenever any such day falls on a Sunday, or from 12:00 noon to 3 p. m. on Good Friday. They shall transact business~~ ~~or~~ and be open for the purpose of transacting business on any election day, city, county, state or national, ~~or~~ and on February 12, February 22, October 12 and November 11 in each year ~~or on the succeeding Monday whenever any such day shall fall on a Sunday unless such day falls on a Sunday or on a Saturday and such bank normally is not open on Saturdays.~~

SECTION 4. 221.01 (3), (6) and (11) of the statutes are amended to read:

221.01 (3) Upon receipt by the commissioner of such application properly executed, he shall, within 5 days, forward to the applicants a copy of an official notice of application for authority to organize a bank, containing such information as shall make known to the public the facts specifically required by statute to be given in the application, and assigning a date and place for hearing on the application. Such notice shall be published once each week for 4 ~~3~~ successive weeks by the applicants, at their own expense, in a newspaper published in the city, town, village, or place where such bank is to be located; or, if no newspaper is published therein, in a newspaper published in the county in which such place is located; or, if none is published in such county, then the newspaper published at the nearest county seat in an adjoining county. Following the last publication, proof of publication shall be filed with the commissioner in such form as he ~~may require~~ requires. The commissioner may waive the requirement of publication herein contained where the bank to be organized is to replace, absorb or consolidate one or more existing banks.

(6) After completing such investigation the commissioner shall make a written report to the banking review board stating the results of his investigation and his recommendation. The board shall consider the matter, conducting any necessary hearing, and promptly make its decision approving or disapproving the organization of the proposed bank. Such decision shall be final except for review in court pursuant to s. 220.035

(2) and (3). If approval is given, the commissioner shall indorse on each of the original applications the word "Approved" over his official signature. If disapproved, he shall indorse the word "Disapproved" over his official signature. One of the duplicate originals shall be filed in his office and one returned by mail to the applicants.

(11) The chairman of the incorporators shall preside at all meetings and shall exercise such other duties as ordinarily pertain to the position. The secretary shall attend to the correspondence of the incorporators, shall record fully all proceedings of meetings of the incorporators, shall file and preserve all documents and papers of the organization, and shall attend to the filing of the necessary papers with the commissioner. The treasurer shall receive all moneys paid in on subscriptions to stock or for other purposes, keep a true account thereof, shall deposit such funds in the designated depository, and shall pay such valid orders as may be drawn on him. The incorporators shall require a bond in a suitable amount from the treasurer, and other officers and agents who may handle the funds of the proposed bank. Claims against the organization shall be audited by the incorporators, and record of action thereon noted in the minutes. If ordered paid, an order shall be drawn upon the treasurer and signed by the ~~president~~ chairman and secretary. The incorporators shall until the completion of the organization exercise such other powers as are conferred upon the incorporators by the statutes relating to other corporations, so far as such powers shall are not be in conflict with the limitations of this chapter, and shall be are applicable.

SECTION 5. 221.01 (12) of the statutes is renumbered 221.01 (12) (a) and amended to read:

221.01 (12) (a) The aggregate amount of the capital stock of any bank hereafter organized shall not be less than ~~\$35,000~~ \$50,000 in towns, cities and villages of less than ~~2,500~~ 10,000 population; not less than ~~\$50,000~~ \$100,000 in towns, cities and villages having ~~2,500~~ 10,000 or more and less than 10,000 25,000 population; ~~not less than \$75,000 in cities and villages having 10,000 or more and less than 15,000 population; not less than \$100,000 in cities and villages having 15,000 or more and less than 50,000 population;~~ and not less than \$250,000 in cities having ~~50,000~~ 25,000 or more population. In addition to the required capital stock a contingent fund and paid-in surplus, each in an amount equal to at least 25 per cent of the aggregate amount of the capital stock is, are to be subscribed at the time the subscription list of common stockholders is made up.

SECTION 6. 221.01 (12) (b), (c) and (d) are created to read:

221.01 (12) (b) After February 1, 1967, any state bank which does not have fully paid-in capital stock in the amount prescribed in par. (a) shall be ordered by the commissioner to increase its capital stock to such amount. The commissioner may, in addition to his other powers to act against delinquent banks, require any bank failing to comply with such order to pay a forfeiture to the commissioner of \$10 for each day of non-compliance. If any bank fails or refuses to pay such forfeiture, the commissioner may maintain an action for the recovery thereof. This paragraph shall not apply to any state bank in which the capital surplus and undivided profits equal or exceed 10 per cent of its deposits.

(c) Any state bank, with the approval of the commissioner and by vote of stockholders owning two-thirds of the stock of the bank entitled to vote, may authorize an increase in the common stock of the bank in the category of authorized but unissued stock. Such authorized but unissued stock may be issued to employes of the bank pursuant to a stock option or stock purchase plan adopted in accordance with par. (d), or in exchange for convertible preferred stock and convertible capital debentures in ac-

cordance with the terms and provisions of such securities. Authorized but unissued stock may also be issued for such other purposes and considerations as may be approved by the board of directors of the bank and by the commissioner.

(d) 1. Any state bank may grant options to purchase, sell or enter into agreements to sell shares of its capital stock to its employes, for a consideration of not less than 100 per cent of the fair market value of the shares on the date the option is granted or, if pursuant to a stock purchase plan, 85 per cent of the fair market value on the date the purchase price is fixed, pursuant to the terms of an employe restricted stock option plan or an employe stock purchase plan which has been adopted by the board of directors of the bank and approved by the holders of at least two-thirds of the outstanding shares of the bank entitled to vote and by the commissioner. Stock options issued hereunder shall not extend beyond a period of 10 years from date of issuance and shall otherwise qualify as restricted stock options under s. 71.032.

2. Employe stock options and stock purchase agreements ^{and} ~~may~~ provide that options may be exercisable or that shares may be purchased on any business day. A notarized notice specifying the number of shares issued pursuant to option and stock purchase plans and the amount paid in therefor shall be executed by the president, vice president or cashier of the bank and filed with the commissioner not later than the 10th day of the month following issuance and no stock shall be deemed validly issued until the commissioner has issued his certificate specifying the amount of stock so purchased, the purchase price thereof having been duly paid into the capital of the bank, and his approval thereof.

SECTION 7. 221.06 and 221.07 of the statutes are amended to read:

221.06 Whenever, within a period of 6 months from the date of the filing of the articles of incorporation, a bank organizing under this chapter has complied with all provisions of the law, and has adopted bylaws approved by the commissioner of banks, and has provided itself with suitable banking quarters, and has supplied the necessary books, forms, stationery, furniture and equipment for the proper and orderly transaction of the business of banking, it shall give notice in writing to the commissioner that it is so prepared, and the commissioner shall make or cause to be made an examination. *The commissioner may for cause shown, upon written application submitted to him prior to expiration of the aforesaid 6 months' period, grant one extension of time not to exceed 90 days in which a bank organizing under this chapter may give notice to the commissioner that it is prepared for the aforesaid examination prior to issuance of certificate of authority.*

(1) If such examination satisfies the commissioner that such bank has complied with all provisions of the law, that the stock subscriptions have been fully paid in lawful money, and it appears that such bank is lawfully entitled to commence business, he shall forthwith give to such bank a certificate of authority under his hand and official seal that such bank is authorized to commence business. *The certificate of authority to commence business shall constitute the charter of the bank and shall be given a charter number by the commissioner.*

(2) If the commissioner has reason to believe that the stockholders have formed the corporation for any other than the legitimate business contemplated by this chapter, or that any of the facts stated in the declaration are untrue, or that other reasons exist, which would make the opening of the bank injurious to the public interest, he may, with the advice and consent of the attorney general, withhold the certificate herein mentioned. ~~The commissioner may, in his discretion, and for cause shown, upon written application submitted to him prior to expiration of the aforesaid 6 months' period, grant one extension of time not to exceed~~

~~90 days in which a bank organizing under this chapter may give notice to the commissioner that it is prepared for the aforesaid examination prior to issuance of certificate of authority.~~

221.07 The bank shall cause the certificate issued hereunder to be published *within 15 days of the issuing of the certificate* in some newspaper printed in the village, town or city where such bank is located, or if no newspaper is printed in such place, in a newspaper printed in the county where the bank is located; or if no newspaper is printed in such county, in a newspaper printed in an adjoining county. ~~Such notice shall be printed once each week for 4 successive weeks, and the first printing thereof shall be within 15 days of the issuing of the certificate.~~ Proof of publication shall be filed with the commissioner of banks. In the event of any bank failing to comply with the provisions of this section the commissioner shall cause the notice to be published and the bank shall be liable for the expense thereof, and in addition thereto such bank shall be subject to a penalty of \$100, which amount shall be collected by the commissioner, and when recovered shall be paid into the state treasury.

SECTION 8. 221.08 (1) and (10) of the statutes are amended to read:

221.08 (1) The affairs of the bank shall be managed by a board of not less than 5 directors, all of whom shall be residents of the state of Wisconsin, and a majority of whom shall be residents of the county or adjoining counties in which such bank shall be located, except that where a bank is located within one mile of the state boundary line, one such director may be a resident of another state if he resides within 25 miles of the bank, providing that 75 per cent of the capital stock of such bank is owned by residents of ~~the~~ *this* state of Wisconsin. No person who ~~shall have~~ *has* been convicted of a crime against the banking laws of the United States, or of any state of the union, shall be elected director. They shall be elected by the stockholders and hold office for one year and until their successors have been elected and have qualified. *If the bylaws provide for a minimum and maximum number of directors, the stockholders may at any annual meeting vote to elect less than the maximum number and to authorize the board to appoint directors to the unfilled offices at any time prior to the next annual meeting. In no event shall the stockholders elect less than 5 directors nor shall the board be permitted to appoint more than 2 persons to such unfilled offices.*

(10) The board of directors shall elect a secretary, who shall keep a correct record of the minutes of the meeting in a book kept for that purpose, which minutes shall particularly disclose the date of ~~said~~ *the* meeting ~~and~~ the names of the directors present, and the reason for the absence of each ~~and every~~ director not in attendance at the meeting. This record of the meeting of the board of directors shall be subscribed to by the presiding officer. ~~Such~~ *The* minutes shall be read and approved at the next succeeding meeting, by the board of directors, and the minutes of such next succeeding meeting shall show such fact. ~~Such~~ *The* minute book shall be kept in the vault of the bank at all times *except when actually needed elsewhere within the bank.* It ~~shall be~~ *is* the duty of the bank examiner to examine such book at the time he examines the bank and to include in his report of examination of such bank, a statement of the dates on which such meetings were held since the last examination of ~~said~~ *the* bank by the bank examiner and the names of the directors in attendance at each of ~~said~~ *these* meetings.

SECTION 9. 221.14 (1) of the statutes is amended to read:

221.14 (1) Real estate necessary for the convenient transaction of its business, including with its banking offices other apartments to rent as source of income. No bank shall invest in a banking office, including

apartments connected therewith, together with furniture and fixtures, or become liable thereon in a sum exceeding ~~50~~ 60 per cent of its capital and surplus; ~~provided, that~~ but in lieu thereof it may invest, with the approval of the commissioner of banks, not to exceed ~~35~~ 40 per cent of its capital and surplus in the stocks, bonds or obligations of a bank building corporation. Any bank not owning its banking offices shall not hereafter invest in furniture and fixtures a sum exceeding ~~15~~ 20 per cent of its capital and surplus.

SECTION 10. 221.27 and 221.28 of the statutes are amended to read:

221.27 Every bank shall keep on hand ~~at all times~~ at least 12 per cent of its total deposits, of which such portion as the board of directors ~~may determine~~ *determines*, may be on deposit in banks approved by the commissioner of banks as reserve banks; except in the cases of banks which ~~shall be~~ *are* approved by the commissioner as reserve banks, which banks shall at all times keep on hand at least 20 per cent of their total deposits in lawful money or on deposit in banks subject to the approval of the commissioner, as reserve banks. Cash items shall not be considered as a part of the reserve of any bank. United States government bonds, ~~home owner loan corporation bonds or federal farm mortgage corporation bonds~~ *securities* owned by any such bank to an amount not exceeding one-third of the ~~required~~ *reserve required for demand deposits, and to an amount not exceeding seven-twelfths of the reserve required for time and savings deposits,* may be considered as a part of such required reserve; ~~provided, that if such United States government securities have a maturity of 18 months or less; but any bank or trust company incorporated under the laws of this state which is or hereafter may become a member of the federal reserve bank system of the United States of America shall be required to carry during the period of such membership only such cash reserve funds as may be required from time to time to be maintained by national bank members of said the federal reserve bank system. In determining its reserve requirement a bank may average its deposits over 2-week periods from Thursday to the 2nd following Wednesday or in such manner as is approved by the commissioner.~~

221.28 Whenever the reserve of any bank ~~shall fall~~ *falls* below the amount required herein to be kept, such bank shall not increase its loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight or on demand, and the commissioner of banks shall notify any bank whose reserve ~~may be~~ *is* below the amount herein required, to make good such reserve, and in case the bank fails, for 30 days thereafter to make good such reserve, the commissioner ~~may assess such bank \$100 for each 2-week period which the bank has been in default or may notify the attorney general and he shall institute proceedings for the appointment of a receiver and to wind up the business of the bank. Such assessment shall be paid to the commissioner and if any such bank fails or refuses to pay such assessment the commissioner may maintain an action for the recovery thereof.~~

SECTION 11. 221.29 (1) (cm) of the statutes is amended to read:

221.29 (1) (cm) Providing such liabilities are in the form of notes and secured by ~~not less than a like amount of~~ direct obligations of the United States *having a par value of at least 105 per cent of the amount of such loan and* which will mature not more than 18 months from the date such liabilities to the bank are entered into, no limitation shall apply, except if such liability exceeds 100 per cent of the capital stock and surplus of the lending bank, such bank must, before the creation of such liability, obtain the approval of the commissioner of banks.

SECTION 12. 221.31 (1) (intro. par.) of the statutes is amended to read:

221.31 (1) (intro. par.) (1) No bank or mutual savings bank shall loan more than ~~\$1,000~~ \$2,500 in the aggregate to any director, officer or employe, except under the following conditions:

Approved September 8, 1965.
