

SENATE BILL NO. 145

INTRODUCED BY MAZUREK

IN THE SENATE

January 18, 1985	Introduced and referred to Committee on Business and Industry.
January 25, 1985	Committee recommend bill do pass as amended. Report adopted.
January 26, 1985	Bill printed and placed on members' desks.
January 28, 1985	Second reading, do pass.
January 29, 1985	Considered correctly engrossed.
January 30, 1985	Third reading, passed. Ayes, 48; Noes, ..
	Transmitted to House.

IN THE HOUSE

February 27, 1985	Introduced and referred to Committee on Business and Labor.
March 14, 1985	Committee recommend bill be concurred in. Report adopted.
March 16, 1985	Second reading, concurred in.
March 18, 1985	Third reading, concurred in. Returned to Senate.

IN THE SENATE

March 18, 1985	Received from House.
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March 19, 1985

Sent to enrolling.

Reported correctly enrolled.

1 Senate BILL NO. 145
 2 INTRODUCED BY [Signature]
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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING STOCKHOLDING
 5 REQUIREMENTS, NUMBER LIMITATIONS, AND MEETINGS OF DIRECTORS
 6 OF BANKS AND TRUST COMPANIES; AMENDING SECTIONS 32-1-301,
 7 32-1-322, 32-1-324, 32-1-325, AND 32-1-356, MCA."
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 32-1-301, MCA, is amended to read:

11 "32-1-301. Organization and incorporation -- articles
 12 of agreement. Any three or more persons desiring to
 13 associate themselves together for the purpose of becoming a
 14 corporation to engage in any one or more or all of the
 15 businesses mentioned in this chapter shall sign and
 16 acknowledge, in the manner provided for the acknowledgment
 17 of deeds of real estate, articles of agreement which shall
 18 set forth:

19 (1) the corporate name of the proposed corporation,
 20 which shall not be the name of any other corporation
 21 theretofore granted and then doing business of a similar
 22 character in this state or any imitation of such name,
 23 provided that it shall be lawful to use the name theretofore
 24 used by any corporation previously incorporated and doing
 25 business in the state of Montana but which has been

1 disincorporated, liquidated, dissolved, and entirely out of
 2 business. No banking corporation hereafter organized shall
 3 adopt or use the name of any other banking corporation or
 4 association, or of any friendly association.

5 (2) the name of the city or town and county in which
 6 the principal office of the corporation is to be located;

7 (3) the amount of the capital stock of the
 8 corporation, the number of shares into which it is to be
 9 divided, and the par value of such shares; the amount of
 10 capital stock actually subscribed in good faith at the time
 11 of the signing of such articles of agreement; and the amount
 12 of the capital stock actually paid up in lawful money of the
 13 United States and in the custody of some banking institution
 14 designated as the depository thereof until the proposed
 15 corporation is fully organized and authorized to engage in
 16 business;

17 (4) the names and places of residence of the several
 18 shareholders and the number of shares subscribed by each;

19 (5) the number of the board of directors and the names
 20 of those agreed upon for the first year. The articles may
 21 provide that the number of directors elected at each annual
 22 meeting, ~~within the limits specified in this chapter,~~ shall
 23 constitute the board for the year, all vacancies to be
 24 filled by the board taking the action, and also may provide
 25 that a majority of the full board of trustees may increase

1 the number of the directors of the bank, not exceeding two,
2 ~~within the limits specified in this chapter,~~ and appoint
3 persons to fill the resulting vacancies between meetings of
4 the stockholders.

5 (6) the purpose for which the association or company
6 is formed, which may be set forth by the use of the general
7 terms herein defined, with reference to each line of
8 business in which the proposed corporation desires to
9 engage."

10 Section 2. Section 32-1-322, MCA, is amended to read:

11 "32-1-322. Board of directors -- qualifications,
12 tenure, and vacancies. (1) The affairs of the bank shall be
13 managed by a board of directors, not less than ~~3--or--more~~
14 ~~than--it~~ three in number, all of whom shall be stockholders
15 ~~of the bank as required by 32-1-324~~ and of whom at least
16 two-thirds must be residents of this state. A person who has
17 been convicted of a crime against the banking laws of the
18 United States or of any state may not be elected a director.

19 (2) The directors shall be elected for a term of 1
20 year at the annual meeting of the stockholders, which shall
21 be held on any business day before April 15 of each calendar
22 year. If the election is not held on the day fixed for the
23 annual meeting, the corporation may not thereby be
24 dissolved, but an election may be held at any other time
25 agreeable to the bylaws of the corporation, and the persons

1 so elected shall hold their office until the second Tuesday
2 of the following January or until others are elected and
3 qualified. Every director shall take and subscribe an oath
4 that he will diligently and honestly perform his duty in the
5 office, that he will not knowingly violate or permit a
6 violation of any of the provisions of this chapter, and that
7 he is the owner in good faith of the required number of
8 shares of stock ~~in the bank standing in his name on the~~
9 ~~books of the bank~~ as required by 32-1-324. The oaths shall
10 be made in duplicate, one copy of which shall be transmitted
11 to the department and filed in its office and one copy shall
12 be kept on file in the office of the bank.

13 (3) In case of death or resignation of one or more of
14 the directors, the vacancy shall be filled by the board, and
15 the directors so appointed shall hold office until the next
16 annual election."

17 Section 3. Section 32-1-324, MCA, is amended to read:

18 "32-1-324. Director's shares of stock. No person shall
19 be eligible for election as director of a bank unless he is
20 a stockholder of the bank or the owning bank holding company
21 as defined in the federal Bank Holding Company Act of 1956,
22 as that act reads on October 1, 1985, owning in his own
23 right shares thereof of the par value of at least \$1,000,
24 and every person elected to be a director, who after such
25 election shall cease to be the owner in his own right of the

1 amount of such stock aforesaid or shall hypothecate or in
 2 any way pledge such stock as security for any loan or debt,
 3 shall immediately notify the department of such sale or
 4 hypothecation, and such director may be removed from the
 5 office of director by the department, unless such disability
 6 be removed by the acquisition of other shares of stock or
 7 release of such pledge within the time prescribed by the
 8 department."

9 Section 4. Section 32-1-325, MCA, is amended to read:

10 "32-1-325. Selection of officers and employees --
 11 ~~meetings-and~~ minutes of meetings. ~~{1}-The-board-of-directors~~
 12 ~~of-a-bank-must-hold-a-meeting-at-least-once-a-month-~~

13 ~~{2}{1}~~ The board of directors may elect a president,
 14 one or more vice-presidents, a cashier and one or more
 15 assistant cashiers, and other officers and employees which
 16 they may from time to time consider to be to the best
 17 interest of the bank and fix their compensation. The
 18 president shall be chosen from the board of directors.

19 ~~{3}{2}~~ The board of directors shall also elect a
 20 secretary, who shall keep a correct report of the meetings
 21 of the board and of the stockholders in a book kept for that
 22 purpose, which minutes shall particularly disclose the dates
 23 of the meetings and the names of the directors or
 24 stockholders present. This record of the meetings of the
 25 board of directors shall be subscribed to by the presiding

1 officer and secretary. The minutes shall be read and
 2 approved at the following meeting of the board of directors,
 3 and the minutes of the following meeting shall show that
 4 fact. The minute book shall be kept in the office of the
 5 bank at all times and shall be presented to the department
 6 at the time of its examination of the books. The department
 7 shall include in its report of examination of the bank a
 8 statement of the dates on which the meetings were held since
 9 the last examination of the bank by it and the names of the
 10 directors in attendance at each of those meetings. A person
 11 who makes a false entry in the book or who changes or alters
 12 an entry made in it is guilty of a misdemeanor."

13 Section 5. Section 32-1-356, MCA, is amended to read:

14 "32-1-356. Procedure for change in number of
 15 directors. (1) A state bank or trust company may increase or
 16 diminish the number of its directors or may provide that the
 17 number of directors elected at each annual meeting ~~7-within~~
 18 ~~the-limits-specified-in-this-chapter,~~ shall constitute the
 19 board for the year, with all vacancies to be filled by the
 20 board taking the action, and also may provide that a
 21 majority of the full board of directors may increase the
 22 number of the directors of the bank, not exceeding two,
 23 ~~within--the--limits--specified--in--this--chapter,~~ and appoint
 24 persons to fill the resulting vacancies between meetings of
 25 the stockholders by amending its articles of incorporation

1 at any regular annual meeting, or at any special meeting
 2 called and noticed for that purpose, of the stockholders of
 3 the bank or trust company. However, the number of directors
 4 may not at any time be less than ~~3-or-more-than-11~~ three.

5 (2) When a bank or trust company decides to call a
 6 special meeting of the stockholders for the purpose of
 7 amending its articles of incorporation relative to the
 8 number of directors, written or printed notice of the
 9 meeting must be deposited in the post office, addressed to
 10 each stockholder of record entitled to vote at the meeting
 11 under the articles of incorporation or amendments to them
 12 and the laws and constitution of Montana at his last known
 13 place of residence, at least 10 days previous to the date
 14 set for the holding of the meeting. In addition, the notice
 15 must be published once a week for 2 consecutive weeks in a
 16 newspaper published in the county where the principal place
 17 of business of the corporation is situated. If no newspaper
 18 is published in the county, it is not necessary to publish
 19 the notice. However, the matter of amending the articles of
 20 incorporation to change the number of directors may be
 21 submitted to and acted upon at any annual meeting of the
 22 stockholders without special notice.

23 (3) If, at the time and place specified in the notice
 24 of the special meeting or at the annual meeting of the
 25 stockholders, stockholders representing two-thirds of all

1 the shares of stock of the corporation appear in person or
 2 by proxy and vote in favor of the amendment, a certificate
 3 of the proceedings showing a compliance of the provisions of
 4 this chapter and the amendment relative to the number of
 5 directors shall be prepared, certified, and sworn to and
 6 filed with the department. The department shall, within 30
 7 days after the receipt of the certificate, either approve or
 8 reject the amendment. The action of the department on the
 9 amendment is final. If it approves the amendment, it shall
 10 notify the bank, whereupon the certificate with the
 11 department's approval attached to it shall be filed in the
 12 office of the county clerk and recorder of the county in
 13 which the bank is situated and a certified copy of it shall
 14 be filed in the office of the secretary of state. Upon the
 15 filing of the certified copy with the secretary of state,
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APPROVED BY COMM. ON
BUSINESS & INDUSTRY

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 5 the bank or trust company. However, the number of directors
 6 may not at any time be less than ~~3-or-more-than-11~~ three.

7 (2) When a bank or trust company decides to call a
 8 special meeting of the stockholders for the purpose of
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25 (3) If, at the time and place specified in the notice

1 of the special meeting or at the annual meeting of the
 2 stockholders, stockholders representing two-thirds of all
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-End-

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 5 the bank or trust company. However, the number of directors
 6 may not at any time be less than ~~3-or-more-than-11~~ three.

7 (2) When a bank or trust company decides to call a
 8 special meeting of the stockholders for the purpose of
 9 amending its articles of incorporation relative to the
 10 number of directors, written or printed notice of the
 11 meeting must be deposited in the post office, addressed to
 12 each stockholder of record entitled to vote at the meeting
 13 under the articles of incorporation or amendments to them
 14 and the laws and constitution of Montana at his last known
 15 place of residence, at least 10 days previous to the date
 16 set for the holding of the meeting. In addition, the notice
 17 must be published once a week for 2 consecutive weeks in a
 18 newspaper published in the county where the principal place
 19 of business of the corporation is situated. If no newspaper
 20 is published in the county, it is not necessary to publish
 21 the notice. However, the matter of amending the articles of
 22 incorporation to change the number of directors may be
 23 submitted to and acted upon at any annual meeting of the
 24 stockholders without special notice.

25 (3) If, at the time and place specified in the notice

1 of the special meeting or at the annual meeting of the
 2 stockholders, stockholders representing two-thirds of all
 3 the shares of stock of the corporation appear in person or
 4 by proxy and vote in favor of the amendment, a certificate
 5 of the proceedings showing a compliance of the provisions of
 6 this chapter and the amendment relative to the number of
 7 directors shall be prepared, certified, and sworn to and
 8 filed with the department. The department shall, within 30
 9 days after the receipt of the certificate, either approve or
 10 reject the amendment. The action of the department on the
 11 amendment is final. If it approves the amendment, it shall
 12 notify the bank, whereupon the certificate with the
 13 department's approval attached to it shall be filed in the
 14 office of the county clerk and recorder of the county in
 15 which the bank is situated and a certified copy of it shall
 16 be filed in the office of the secretary of state. Upon the
 17 filing of the certified copy with the secretary of state,
 18 the amendment becomes effective."

-End-

SENATE BILL NO. 145
INTRODUCED BY MAZUREK

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING STOCKHOLDING REQUIREMENTS, NUMBER LIMITATIONS, AND MEETINGS OF DIRECTORS OF BANKS AND TRUST COMPANIES; AMENDING SECTIONS 32-1-301, 32-1-322, 32-1-324, 32-1-325, AND 32-1-356, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 32-1-301, MCA, is amended to read:

"32-1-301. Organization and incorporation -- articles of agreement. Any three or more persons desiring to associate themselves together for the purpose of becoming a corporation to engage in any one or more or all of the businesses mentioned in this chapter shall sign and acknowledge, in the manner provided for the acknowledgment of deeds of real estate, articles of agreement which shall set forth:

(1) the corporate name of the proposed corporation, which shall not be the name of any other corporation theretofore granted and then doing business of a similar character in this state or any imitation of such name, provided that it shall be lawful to use the name theretofore used by any corporation previously incorporated and doing business in the state of Montana but which has been

disincorporated, liquidated, dissolved, and entirely out of business. No banking corporation hereafter organized shall adopt or use the name of any other banking corporation or association, or of any friendly association.

(2) the name of the city or town and county in which the principal office of the corporation is to be located;

(3) the amount of the capital stock of the corporation, the number of shares into which it is to be divided, and the par value of such shares; the amount of capital stock actually subscribed in good faith at the time of the signing of such articles of agreement; and the amount of the capital stock actually paid up in lawful money of the United States and in the custody of some banking institution designated as the depository thereof until the proposed corporation is fully organized and authorized to engage in business;

(4) the names and places of residence of the several shareholders and the number of shares subscribed by each;

(5) the number of the board of directors and the names of those agreed upon for the first year. The articles may provide that the number of directors elected at each annual meeting, ~~within the limits specified in this chapter,~~ shall constitute the board for the year, all vacancies to be filled by the board taking the action, and also may provide that a majority of the full board of trustees may increase



1 the number of the directors of the bank, not exceeding two,
 2 ~~within the limits specified in this chapter,~~ and appoint
 3 persons to fill the resulting vacancies between meetings of
 4 the stockholders.

5 (6) the purpose for which the association or company
 6 is formed, which may be set forth by the use of the general
 7 terms herein defined, with reference to each line of
 8 business in which the proposed corporation desires to
 9 engage."

10 Section 2. Section 32-1-322, MCA, is amended to read:

11 "32-1-322. Board of directors -- qualifications,
 12 tenure, and vacancies. (1) The affairs of the bank shall be
 13 managed by a board of directors, not less than ~~3--or--more~~
 14 ~~than--11~~ three in number, all of whom shall be stockholders
 15 ~~of-the-bank~~ as required by 32-1-324 and of whom at least
 16 two-thirds must be residents of this state. A person who has
 17 been convicted of a crime against the banking laws of the
 18 United States or of any state may not be elected a director.

19 (2) The directors shall be elected for a term of 1
 20 year at the annual meeting of the stockholders, which shall
 21 be held on any business day before April 15 of each calendar
 22 year. If the election is not held on the day fixed for the
 23 annual meeting, the corporation may not thereby be
 24 dissolved, but an election may be held at any other time
 25 agreeable to the bylaws of the corporation, and the persons

1 so elected shall hold their office until the second Tuesday
 2 of the following January or until others are elected and
 3 qualified. Every director shall take and subscribe an oath
 4 that he will diligently and honestly perform his duty in the
 5 office, that he will not knowingly violate or permit a
 6 violation of any of the provisions of this chapter, and that
 7 he is the owner in good faith of the required number of
 8 shares of stock ~~in--the--bank--standing--in--his--name--on--the~~
 9 ~~books--of--the--bank~~ as required by 32-1-324. The oaths shall
 10 be made in duplicate, one copy of which shall be transmitted
 11 to the department and filed in its office and one copy shall
 12 be kept on file in the office of the bank.

13 (3) In case of death or resignation of one or more of
 14 the directors, the vacancy shall be filled by the board, and
 15 the directors so appointed shall hold office until the next
 16 annual election."

17 Section 3. Section 32-1-324, MCA, is amended to read:

18 "32-1-324. Director's shares of stock. No person shall
 19 be eligible for election as director of a bank unless he is
 20 a stockholder of the bank or the owning bank holding company
 21 as defined in the federal Bank Holding Company Act of 1956,
 22 as that act reads on October 1, 1985, owning in his own
 23 right shares thereof of the par value of at least \$1,000,
 24 and every person elected to be a director, who after such
 25 election shall cease to be the owner in his own right of the

1 amount of such stock aforesaid or shall hypothecate or in
 2 any way pledge such stock as security for any loan or debt,
 3 shall immediately notify the department of such sale or
 4 hypothecation, and such director may be removed from the
 5 office of director by the department, unless such disability
 6 be removed by the acquisition of other shares of stock or
 7 release of such pledge within the time prescribed by the
 8 department."

9 Section 4. Section 32-1-325, MCA, is amended to read:

10 "32-1-325. Selection of officers and employees --
 11 ~~meetings and minutes of meetings. (1) The board of directors~~
 12 ~~of a bank must hold a meeting at least once a month.~~
 13 (1) THE BOARD OF DIRECTORS OF A BANK MUST HOLD A MEETING AT
 14 LEAST QUARTERLY.

15 ~~(2)~~(2) The board of directors may elect a
 16 president, one or more vice-presidents, a cashier and one or
 17 more assistant cashiers, and other officers and employees
 18 which they may from time to time consider to be to the best
 19 interest of the bank and fix their compensation. The
 20 president shall be chosen from the board of directors.

21 ~~(3)~~(3) The board of directors shall also elect a
 22 secretary, who shall keep a correct report of the meetings
 23 of the board and of the stockholders in a book kept for that
 24 purpose, which minutes shall particularly disclose the dates
 25 of the meetings and the names of the directors or

1 stockholders present. This record of the meetings of the
 2 board of directors shall be subscribed to by the presiding
 3 officer and secretary. The minutes shall be read and
 4 approved at the following meeting of the board of directors,
 5 and the minutes of the following meeting shall show that
 6 fact. The minute book shall be kept in the office of the
 7 bank at all times and shall be presented to the department
 8 at the time of its examination of the books. The department
 9 shall include in its report of examination of the bank a
 10 statement of the dates on which the meetings were held since
 11 the last examination of the bank by it and the names of the
 12 directors in attendance at each of those meetings. A person
 13 who makes a false entry in the book or who changes or alters
 14 an entry made in it is guilty of a misdemeanor."

15 Section 5. Section 32-1-356, MCA, is amended to read:

16 "32-1-356. Procedure for change in number of
 17 directors. (1) A state bank or trust company may increase or
 18 diminish the number of its directors or may provide that the
 19 number of directors elected at each annual meeting, ~~within~~
 20 ~~the limits specified in this chapter,~~ shall constitute the
 21 board for the year, with all vacancies to be filled by the
 22 board taking the action, and also may provide that a
 23 majority of the full board of directors may increase the
 24 number of the directors of the bank, not exceeding two,
 25 ~~within the limits specified in this chapter,~~ and appoint

1 persons to fill the resulting vacancies between meetings of
 2 the stockholders by amending its articles of incorporation
 3 at any regular annual meeting, or at any special meeting
 4 called and noticed for that purpose, of the stockholders of
 5 the bank or trust company. However, the number of directors
 6 may not at any time be less than ~~3-or-more-than-11~~ three.

7 (2) When a bank or trust company decides to call a
 8 special meeting of the stockholders for the purpose of
 9 amending its articles of incorporation relative to the
 10 number of directors, written or printed notice of the
 11 meeting must be deposited in the post office, addressed to
 12 each stockholder of record entitled to vote at the meeting
 13 under the articles of incorporation or amendments to them
 14 and the laws and constitution of Montana at his last known
 15 place of residence, at least 10 days previous to the date
 16 set for the holding of the meeting. In addition, the notice
 17 must be published once a week for 2 consecutive weeks in a
 18 newspaper published in the county where the principal place
 19 of business of the corporation is situated. If no newspaper
 20 is published in the county, it is not necessary to publish
 21 the notice. However, the matter of amending the articles of
 22 incorporation to change the number of directors may be
 23 submitted to and acted upon at any annual meeting of the
 24 stockholders without special notice.

25 (3) If, at the time and place specified in the notice

1 of the special meeting or at the annual meeting of the
 2 stockholders, stockholders representing two-thirds of all
 3 the shares of stock of the corporation appear in person or
 4 by proxy and vote in favor of the amendment, a certificate
 5 of the proceedings showing a compliance of the provisions of
 6 this chapter and the amendment relative to the number of
 7 directors shall be prepared, certified, and sworn to and
 8 filed with the department. The department shall, within 30
 9 days after the receipt of the certificate, either approve or
 10 reject the amendment. The action of the department on the
 11 amendment is final. If it approves the amendment, it shall
 12 notify the bank, whereupon the certificate with the
 13 department's approval attached to it shall be filed in the
 14 office of the county clerk and recorder of the county in
 15 which the bank is situated and a certified copy of it shall
 16 be filed in the office of the secretary of state. Upon the
 17 filing of the certified copy with the secretary of state,
 18 the amendment becomes effective."

-End-