

## A BILL

FOR AN ACT DEFINING THE TERM PRIVATE BANKERS, REQUIRING THEM TO MAKE CERTAIN REPORTS TO THE AUDITOR OF STATE, AND FOR THE PROTECTION OF DEPOSITORS; ALSO, IMPOSING CERTAIN PENALTIES FOR THE VIOLATION OF ITS PROVISIONS, AND PRESCRIBING THE MANNER OF ENFORCING THE SAME.

SECTION 1. *Be it enacted by the General Assembly of the State of Iowa,* That all individuals, firms, copartnerships or other aggregation of capital for the purpose of doing a banking business, buying and selling exchange, receiving the funds of others on deposit and loaning the same in connection with their own moneys or otherwise, not incorporated and organized under the laws of the United States, or the laws of the state of Iowa, as savings banks, shall be known as private bankers, and subject to all the restrictions of this act.

SEC. 2. All private bankers shall, on or before the first day of July, 1880, make and furnish to the auditor of state a sworn statement of the amount of capital by them invested in the banking business; upon receipt of which statement the auditor shall issue a certificate, or license, allowing them to engage in or continue the business, by a compliance with the provisions of this act.

SEC. 3. The sworn statement of the banker, and the certificate of the auditor, shall be published in some newspaper published in the county where the place of business of said banker is located, at least in four consecutive numbers of the paper.

SEC. 4. The auditor, before issuing the certificate or license, is hereby authorized, in his discretion, to make a personal examination of the amount of capital invested in the business by said private banker or bankers, or cause the same to be made by some suitable person, to be appointed by said auditor, which examination shall be at the expense of the banker.

SEC. 5. Such private bankers shall be allowed to solicit and receive deposits of the money of others in the following manner and amounts: The unimpaired capital of such banker shall at all times be equal to ten per cent of the amount of the deposits; and in case of loss or increase of deposits beyond this limit, it shall be the duty of such banker to either increase the capital invested in the business or refuse to receive deposits until the capital re-

6 gains this ratio. And it shall be the duty of the auditor to withdraw his license or certifi-  
 7 cate on failure of such banker to comply with the provisions of this section, and publish a  
 8 notice of this withdrawal in some newspaper published in the county where said bank is lo-  
 9 cated, also in some paper published at the capital of the state, the expense of such publica-  
 10 tions to be charged to such banker.

SEC. 6. From and after the first day of July, 1880, it shall be the duty of each of said  
 2 bankers to file with the auditor a sworn statement of the condition of their banks once in  
 3 three months, upon the call of the auditor, showing the amount of capital stock, the amount  
 4 of deposits bearing interest and the rate of interest paid, the amount of deposits not bearing  
 5 interest, the amount of loans, the amount of securities or bonds held, the amount of cash on  
 6 hand, the amount due such banker from banks and bankers and the amount due to banks  
 7 and bankers. This statement shall be published in some newspaper published in the county  
 8 where such bank is located, at the expense of the bank, in four consecutive numbers. From  
 9 these reports the auditor shall make up and publish, in his biennial report, a statement of  
 10 the liabilities and resources of private banks, such as he is required to publish of savings  
 11 banks and other banking institutions authorized by the laws of this state.

SEC. 7. Whenever it shall appear to the auditor, from the quarterly reports or otherwise,  
 2 that any private banker is conducting his business in an unsafe manner, thereby endanger-  
 3 ing the safety of the money of depositors, it shall be his duty to prescribe and enforce the  
 4 remedy; and in case any such banker shall refuse or neglect to comply with the require-  
 5 ments of the auditor, he shall at once communicate the fact to the attorney-general, whose  
 6 duty it shall be to institute proper proceedings against such banker or bank, to compel a  
 7 compliance with the directions of the auditor. The auditor may examine into the affairs of  
 8 any bank or banker, or authorize any suitable person or persons to do so, giving them power  
 9 to administer oaths to any person whose testimony may be required for such examination,  
 10 also to compel the attendance of such person by subpoena; and all books, papers, and other  
 11 matters which may be necessary to examine, shall be produced, and their production com-  
 12 pelled in like manner. The expense of any examination made in pursuance of this act shall  
 13 be paid by the bank so examined, on the certificate of the auditor that the amount charged  
 14 is just and reasonable.

SEC. 8. The capital of such private banker or bank, as returned to the auditor, and the  
 2 surplus profits, shall be subject to the same rates of taxation and rules of valuation as other  
 3 taxable property by the revenue laws of this state: but in no case shall the deposits with said  
 4 bank or banker, nor securities held by them for money loaned, be subject to taxation as as-

5 sets of the bank or bankers; nor shall the capital or surplus profits of said banks or bankers  
6 be exempt from assessment or taxation by reason of the investment of their deposits, capital  
7 or profits, in United States or other non-taxable bonds or securities.

SEC. 9. All private banks, doing business under the provisions of this act, are hereby pro-  
2 hibited from advertising in any manner, either by publication or otherwise, any greater  
3 amount of capital than they have actually employed in use in said business; and in case they  
4 wish to reduce or withdraw any portion of their capital, three months before said reduction  
5 shall take place they shall apply to the auditor for permission to make such reduction, and if  
6 granted, his certificate authorizing such reduction shall be published in some newspaper pub-  
7 lished in the county, at least thirty days before said withdrawal of capital shall be made, or  
8 reduction take place: this, however, shall not be construed to apply to losses in legitimate  
9 business.

SEC. 10. The individual property of the stockholders of all banking companies, organ-  
2 ized under the general incorporation laws of this state, shall be liable for the debts of such  
3 company due its depositors.

SEC. 11. Any intentional fraud on the part of any bank or banker in deceiving the public,  
2 or any depositor or creditor, in relation to their means or liabilities, or the diversion of their  
3 capital from their legitimate business, whereby insufficient funds are kept to pay all their lia-  
4 bilities, or the violation of any of the provisions of this act, is hereby made a misdemeanor,  
5 and upon conviction thereof the guilty party shall be fined in a sum not less than five hun-  
6 dred dollars, or be imprisoned in the county jail not less than one year, or both such fine and  
7 imprisonment, in the discretion of the court; and said conviction shall work a complete rev-  
8 ocation of said certificate or license issued by the auditor, and forever prevent the guilty  
9 party from engaging in a banking business under the laws of this state.

SEC. 12. This act being deemed of immediate importance, shall take effect from and after  
2 its publication in the *Iowa State Register* and *Iowa State Journal*, newspapers published at Des  
3 Moines, Iowa.