

CHAPTER 111

INSURANCE. BONDS MUTUAL COMPANIES

H. F. 289

AN ACT amending section nine thousand fifty-eight (9058), Code of 1931, relative to provisions of bonds of certain mutual insurance companies.

Be it enacted by the General Assembly of the State of Iowa:

1 That section nine thousand fifty-eight (9058), Code of 1931, is
2 hereby amended by inserting the words "a fidelity" in line 5 after
3 the word "give", and by striking out all of said section beginning
4 with the word "as" in the eleventh line thereof.

House File No. 289. Approved March 9, 1934.

CHAPTER 112

BANKS. REORGANIZATION, ISSUANCE OF PREFERRED STOCK, RIGHTS OF
CERTIFICATE HOLDERS

H. F. 122

AN EMERGENCY ACT to provide for the issuance of preferred stock of one or more classes by state banks, savings banks and trust companies organized under the laws of this state that have been reorganized and/or recapitalized, or are in the process of reorganization and/or recapitalization; providing for the consent of "certificate holders" and subordinating the rights of "certificate holders" in and to earnings or income of such banks and trust companies, to the rights of holders of preferred stock, both as to dividends and sinking fund; and binding nonconsenting "certificate holders" upon written consent of required number and amount; providing for public bodies as "certificate holders" entering into written consents and subordination agreements; further defining the term "reorganization" as used in this act and as used in chapters one hundred fifty-six (156), one hundred fifty-nine (159) and one hundred sixty (160), acts of the Forty-fifth General Assembly; and providing rules of construction in event of conflict or unconstitutionality of a part of the act.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. That it is hereby declared that a public emergency
2 has existed affecting the welfare of the people of Iowa growing out
3 of the abnormal disruption in economic and financial processes;
4 that because of this, a large number of banks and trust companies
5 in this state have been and still are unable to carry on in an ordi-
6 nary and normal manner; and depositors of many of the banks and
7 trust companies of Iowa have entered into depositors' agreements
8 and pursuant thereto and to the laws of this state, a number of
9 such banks and trust companies have reorganized and/or recap-
10 italized, and a number are in the process of reorganization and/or
11 recapitalization.

1 SEC. 2. That many of these depositors' agreements provide in
2 substance for the payment of the earnings of the bank or trust
3 company into a trust fund created as part of such reorganization
4 and/or recapitalization.

1 SEC. 3. That the reconstruction finance corporation and other
2 governmental agencies have advised the officials of this state that

3 prior to their purchase of preferred stock in such banks or trust
4 companies, the rights of the "certificate holders" as to the earnings
5 of the bank or trust company sufficient to the payment of dividends
6 and sinking fund requirements for the retirement of such preferred
7 stock so purchased, must be subordinate, junior and inferior to the
8 rights of the holders of preferred stock issued to the reconstruction
9 finance corporation or other governmental agency.

1 SEC. 4. In the event any state bank, savings bank or trust
2 company organized under the laws of this state, proposing to issue
3 preferred stock pursuant to the laws of this state, shall have there-
4 tofore been reorganized and/or recapitalized or shall then be in pro-
5 cess of reorganization and/or recapitalization (whether pursuant
6 to the provisions of chapters 159 and 160 of the laws of the Forty-
7 fifth General Assembly, and amendments thereto, or otherwise)
8 pursuant to a plan of reorganization and/or recapitalization pro-
9 viding that the future earnings or income of such state bank, sav-
10 ings bank or trust company, or any portion thereof be pledged, as-
11 signed or trusteeed for the benefit of depositors, creditors or holders
12 of trust certificates of such state bank, savings bank or trust com-
13 pany (hereinafter, for convenience, referred to as "certificate hold-
14 ers"), the rights of such "certificate holders" in such earnings or
15 income may, with the written consent of a majority of such "cer-
16 tificate holders" holding claims totalling in the aggregate 75% of the
17 claims of all "certificate holders" for whose benefit such earnings
18 shall have been pledged, assigned, or trusteeed, be made subordinate,
19 junior and inferior to the rights of holders of preferred stock issued
20 pursuant to the laws of this state, both as to the payment of divi-
21 dends and any sinking fund or other requirements, if any, for the
22 retirement of such preferred stock.

23 Upon such written consent being executed by a majority in num-
24 ber of such "certificate holders" holding claims totalling in the
25 aggregate 75% of the claims of such "certificate holders," all such
26 "certificate holders" shall be bound thereby whether or not they
27 shall have consented.

1 SEC. 5. Such state banks, savings banks or trust companies shall
2 issue preferred stock of one or more classes in the same manner as
3 provided by law for the issuance of preferred stock in state banks,
4 savings banks or trust companies organized under the laws of this
5 state.

1 SEC. 6. The state of Iowa, through the executive council, in its
2 discretion, and any county, city, town, municipality, township or
3 school district, in the discretion of its governing board, when a
4 "certificate holder" as defined in section 4 of this act, may enter into
5 the written consent and subordination agreement as provided in
6 section 4 of this act, through and by any member or officer desig-
7 nated for that purpose by such public body. Joining in such written
8 consent and subordination agreement shall not be a waiver of any
9 preference or of the right to participate in the state sinking fund
10 for public deposits.

1 SEC. 7. The reorganization of state banks, savings banks and
 2 trust companies referred to in this act and in chapters one hundred
 3 fifty-six (156), one hundred fifty-nine (159) and one hundred sixty
 4 (160), acts of the Forty-fifth General Assembly and acts amendatory
 5 thereto, may with the approval of the superintendent of banking
 6 be brought about through the use of the existing corporation
 7 or by the organization of a new bank, where such bank as so re-
 8 organized acquires all or a portion of the assets, and assumes all or
 9 a portion of the liabilities, of one or more existing banks.

1 SEC. 8. Insofar as the provisions of this act may conflict with
 2 other acts or parts thereof, the provisions of this act shall control.

1 SEC. 9. Should any section of this act, or any part thereof be
 2 held by any court of competent jurisdiction to be unconstitutional
 3 or invalid, such decision shall affect only the specific provisions
 4 which may be held invalid or unconstitutional and shall not affect
 5 the validity of the remaining portions of this act.

1 SEC. 10. This act, being adopted to meet an emergency, and
 2 being deemed of immediate importance, it shall be in full force and
 3 effect from and after its publication in the Freeman-Journal, a
 4 newspaper published at Webster City, Iowa, and The Ackley World-
 5 Journal, a newspaper published at Ackley, Iowa.

House File No. 122. Approved November 27, 1933.

I hereby certify that the foregoing act was published in The Ackley World-Journal,
 November 30, 1933, and the Webster City Freeman-Journal, December 1, 1933.

MRS. ALEX MILLER, *Secretary of State.*

CHAPTER 113

BANKS. WAIVERS BY PRIVATE AND PUBLIC CERTIFICATE HOLDERS

H. F. 331

AN EMERGENCY ACT providing for the waiver by "certificate holders" of the earnings or income of banks or trust companies and waiving the contribution of any part of the future earnings or income of the bank or trust company into the trust fund created for the benefit of "certificate holders" or the application of any part of the earnings or income to the payment of outstanding certificates of trust; and binding nonconsenting "certificate holders" upon written waiver of required number and amount; providing for public bodies as "certificate holders" entering into such written consents or waivers; and providing rules of construction in event of conflict or unconstitutionality of a part of the act.

WHEREAS, a public emergency has existed and still exists affecting the welfare of the people of Iowa, growing out of the economic disruption in economic and financial processes, and because of this a large number of banks and trust companies in this state have been and still are unable to carry on in an ordinary and normal manner and depositors of many banks and trust companies of Iowa have entered into depositor agreements, and pursuant thereto and to the laws of this state, a number of such banks and trust companies have reorganized and/or recapitalized and a number are in the process of reorganization and/or recapitalization; and